Annual Report of
Subsidiary Companies of
Sundaram-Clayton Limited
for the year 2016-2017

CONTENTS

TVS MOTOR COMPANY LIMITED

Board of Directors	VENU SRINIVASAN *Chairman & Managing Director* SUDARSHAN VENU *Joint Managing Director* H. LAKSHMANAN T. KANNAN C. R. DUA R. RAMAKRISHNAN Dr. LAKSHMI VENU PRINCE ASIRVATHAM HEMANT KRISHAN SINGH
Audit & Risk Management Committee	T. KANNAN *Chairman* C.R. DUA R. RAMAKRISHNAN PRINCE ASIRVATHAM
Stakeholders' Relationship Committee	R. RAMAKRISHNAN *Chairman* VENU SRINIVASAN SUDARSHAN VENU
Nomination and Remuneration Committee	T. KANNAN *Chairman* C.R. DUA H. LAKSHMANAN
Corporate Social Responsibility Committee	VENU SRINIVASAN *Chairman* H. LAKSHMANAN PRINCE ASIRVATHAM
President & CEO	K.N. RADHAKRISHNAN
Chief Financial Officer	S.G. MURALI
Company Secretary	K.S. SRINIVASAN
Statutory Auditors	V. SANKAR AIYAR & Co., Chartered Accountants, 2-C, Court Chambers, 35 New Marine Lines, Mumbai - 400 020. Tel. : 022-22004465 E-mail : mumbai@vsa.co.in
Cost Auditor	A.N. RAMAN Cost Accountant, No. 10 P, Muthukumaraswami Salai, Off. Baby Nagar 1st Main Road, Velachery, Chennai - 600 042. Tel. : 044-22433462 E-mail : anraman@gmail.com
Secretarial Auditors	S. KRISHNAMURTHY & CO., Company Secretaries, No. 16, Pattammal Street, Mandaveli, Chennai - 600 028. Tel. : 044-42074012 E-mail : skco.cs@gmail.com
Shares listed with	BSE Ltd., Mumbai. National Stock Exchange of India Ltd., Mumbai.

Bankers
STATE BANK OF INDIA
Corporate Accounts Group Branch,
Chennai.

Registered Office
"Jayalakshmi Estates", 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@tvsmotor.com
Website: www.tvsmotor.com

Share Transfer Agent
Sundaram-Clayton Limited,
"Jayalakshmi Estates", 1st 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

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

Subsidiary Companies
Sundaram Auto Components Limited, 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 Holding USA Inc., Delaware, USA

Directors' report to the Shareholders

The directors have pleasure in presenting the twenty-fifth annual report and the audited financial statements for the year ended 31st March 2017.

1. COMPANY PERFORMANCE

The Company continued to grow ahead of the industry for the third year in succession, registering sales of 28.58 lakhs two-wheeler in 2016-17, growing by 11% over last year. Sales of motorcycles increased by 6% and scooters by 7%. Three-wheeler sales of the Company declined by 38% in 2016-17, mainly on account of restricted availability of foreign exchanges in some of the African countries. Sales of spare parts grew by 9%. Till October 2016, the domestic sales of the Company grew by 22%. Post demonetization, the two-wheeler Industry declined by 5%. The normalcy in availability of cash is slowly getting restored.

The Company also extended significant discounts in the last week of March 2017 to the dealers to enable them to sell BS III emission compliant stocks remaining with them consequent to the order of Hon'ble Supreme Court.

The Company's products and services continued to top the quality charts. Across categories almost all the products have bagged top honours in the J.D. Power 2017 Study. For the third consecutive year, the Company was rated No.1 Two-wheeler manufacturer of the country. In addition, the Company also topped in customer service in inaugural JD Power Customer Satisfaction Index (CSI 2016).

Total revenue of the Company including other income increased from Rs.12,195 Cr in the previous year to Rs.13,363 Cr in the current year. Despite lower sales from November 2016 to March 2017 due to demonetization and impact of discount to the dealers to sell BS III stocks, Profit before tax (PBT) for the year 2015-16 increased from Rs.628.94 Cr in the previous year to Rs.698.68 Cr in the current year. Similarly, PAT increased from Rs.489.28 Cr in the previous year to Rs.558.08 Cr in 2016-17.

2. FINANCIAL HIGHLIGHTS

Details	Year ended 31-03-2017	Year ended 31-03-2016
SALES		
Quantitative	(Numbers in lakhs)	
Motorcycles	10.77	10.17
Mopeds	9.11	7.38
Scooters	8.70	8.13
Three-wheeler	0.69	1.11
Total vehicles sold	**29.27**	**26.79**

Details	Year ended 31-03-2017	Year ended 31-03-2016
Financials	(Rupees in crores)	
Motorcycles	5003.91	4570.75
Mopeds	2308.37	1721.60
Scooters	3633.11	3315.66
Three-wheelers	662.25	1040.88
Spares & Accessories and raw materials	1456.18	1304.41
Other Operating Income	126.24	137.62
Other Income	173.37	103.85
Sales (including Excise duty) & other income	**13363.43**	**12194.77**
EBITDA	1030.44	913.72
Less:		
Finance Charges & Interest (Gross)	43.95	48.73
Depreciation	287.81	236.05
Profit before tax	698.68	628.94
Provision for tax	140.60	139.66
Profit after tax	558.08	489.28

3. DIVIDEND

The board of directors of the Company (the board) at their meeting held on 27th October 2016, declared a first interim dividend of Rs.1.25 per share (125%) for the year 2016-17, thereby absorbing a sum of Rs.70.25 Cr including dividend distribution tax. The same was paid to the shareholders on 10th November 2016.

The board again at its meeting held on 6th March 2017 declared a second interim dividend of Rs.1.25 per share (125%) for the year 2016-17, thereby absorbing a sum of Rs.71.04 Cr including dividend distribution tax. The same was paid to the shareholders on 18th March 2017.

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

Thus, the total amount of both dividends for the year ended 31st March 2017 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

Two-wheeler

Domestic two-wheeler industry grew at 7% in 2016-17. Higher growth rate of 16% was observed till October 2016 through revival of urban demand boosted by the 7th pay commission. Despite lower than normal monsoon in south, output improved over last year leading to 4% agri GDP growth. Effect of this would have been visible in second half of 2016-17. However, Government of India's decision to demonetize 86% of the legal tender led to severe fall of demand across industries from November 2016. Two-wheeler industry also suffered a decline of 5% in the period from November 2016 to March 2017.

In the domestic market, two-wheeler industry grew from 165 lakhs in 2015-16 to 176 lakhs in 2016-17. Scooter as a category continued to gain category share in total two-wheeler industry. Scooters grew at 11% (from 50.3 lakhs to 56 lakhs) and the category share increased to 32% due to changing consumer preferences and leading urban demand. The motorcycle category grew at 4% (111 lakhs). Within motorcycles, continued traction in urban demand enabled the premium segment to grow by 16% (from 14.7 lakhs in 2015-16 to 17.1 lakhs in 2016-17). In contrast, commuting segment declined by 1% (from 85 lakhs in 2015-16 to 84 lakhs in 2016-17). Mopeds grew by 23% in 2016-17.

Crude oil prices continued to remain subdued for major part of the year. Similarly, commodity prices were also soft, leading to lower economic growth and in turn reduced availability of foreign exchange in key countries in Africa, which impacted exports of two-wheeler and three-wheeler from India. Changes in duty structure in Srilanka also affected Company's exports. Consequently, export of two-wheeler which consistently grew in the past declined for the first time by 5.8% during 2016-17.

Three-wheeler

The three-wheeler industry inclusive of diesel vehicles (3 plus 1 segment) declined by 24% (from 5.99 lakhs in 2015-16 to 4.57 lakhs in 2016-17). Exports share of three-wheeler industry reduced from 65% in 2015-16 to 58% in 2016-17, due to a decline by 32% in export sales (from 3.90 lakhs in 2015-16 to 2.64 lakhs in 2016-17). Three-wheeler domestic passenger market declined by 7% during 2016-17 (from 2.09 lakhs in 2015-16 to 1.94 lakhs in 2016-17).

BUSINESS OUTLOOK AND OVERVIEW

Good fiscal health and higher rural focus rolled out in Central Financial Budget 2017-18 is likely to improve demand in rural markets. However, the monsoon forecast of possible 5% shortfall can be a dampener for growth of agricultural sector. The informal sector is likely to grow slowly and is still recovering from the effects of demonetization. The implementation of Goods and Services Tax (GST) during 2017-18 may lead to some down stocking by the Company to avoid any transition loss.

The advancement of retail sales due to heavy discount offered by the dealers to clear BSIII stocks can also marginally affect the sales during the first quarter of 2017-18. Consequently, the growth in two-wheeler industry during 2017-18 is expected to be around 6% to 8% over 2016-17.

New Product Launches and Initiatives

The Company has a strategic partnership with BMW Motorrad to develop and manufacture sub-500cc bikes both for domestic and global markets. The BMW G310R is the first motorcycle to be manufactured under this partnership and manufacturing and exports of this motorcycle has commenced. The Company will launch their own motorcycle based on this common platform in FY 2017-18.

During the year 2016-17, the following new products and variants were launched.

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.

TVS Jupiter is the No.2 Scooter brand in India and has crossed one million customer base, the fastest ever in the scooter category. To commemorate the same, the Million R edition was launched in June 2016. The Million R was an instant hit with its Royal Wine color, Beige colored interior panels, dual tone seat and 3D logo. The popularity of the color (Royal Wine) led to its extension to the ZX series subsequently. To infuse further excitement, 2 new colors, Mystic Gold and Jade Green were introduced in January 2017.

TVS Scooty Zest 110:

TVS Scooty has always been at the forefront of women empowerment. Keeping true to this trend a special expedition to the Himalayas had been created with Scooty Zest 110. This one-of-a-kind roadtrip made Scooty Zest 110 become world's first 110cc Scooter to scale the highest motorable road of the world (Khardung La) with a woman rider. A limited-edition Zest was launched to commemorate this great feat. As one of the fast-moving colours in the portfolio, it was a constant reminder of the great Himalayan achievement.

StaR City+:

StaR City+ is a stylishly superior 110cc motorcycle delivering an ideal combination of smooth performance, power and fuel economy. It comes with tubeless tyres and digital fuel gauge. Chocolate Brown Gold edition & New Spotlight White colors were introduced in StaR City+ in 2016-17.

TVS Sport:

TVS Sport is an entry level 100cc motorcycle that stands for best in class mileage and durability. It comes with all gear electric start option, aluminium grab rail, chrome muffler guard and a sporty instrument cluster. Black Silver dual tone color and Volcano Red refreshes were introduced in 2016-17.

The superior quality of the Company's products and services was well established again in the recent JD Power Study.

In IQS (Initial Quality Study), the Company's products have the lowest number of defects compared to competitors. In premium motorcycles, Apache RTR 160 is on top and Apache RTR 180 is in top 3 position. In economy motorcycles (all motorcycles less than 125cc), TVS StaR City+ is on top and TVS Sport and TVS Victor 110 are in the top 5. 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 Jupiter, TVS Sport and Apache RTR 160 and 180 secured rank in the top 3 in their respective categories.

The Company was rated No.1 in the inaugural CSI study 2016 by JD Power.

Domestic Sales

Apache continues its growth trend with 13% increase over previous year. New Apache RTR 200 4V was received very well in the market and is contributing well to the Apache brand.

With the launch of TVS Victor 110, the Company grew 6% in the commuter motorcycle category bucking the declining trend of the industry.

TVS Jupiter has been able to make a mark with periodic introduction of limited edition which kept the brand momentum high and clocking at a growth rate of 14%.

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

Exports sales - two-wheeler and three-wheeler

The Company's two-wheeler exports grew by 2.4% in 2016-17 amidst the declining two-wheeler exports industry. The Company's three-wheeler exports, which are primarily dependent on Africa declined by 40% due to non-availability of foreign exchange in those markets.

Opportunities and Threats

Proposed thrust in rural India, efficient implementation of various Government schemes and improved rural economy will aid improvement of two-wheeler penetration.

Growing middle class, aspirational life style, need for mobility and increased penetration levels will continue to trigger growth of two-wheeler industry. Emergence of alternate energy based mobility vehicles is requirement of future.

The Company is committed to support this initiative by developing suitable technology and business solutions. Strong presence of the Company in all segments of two-wheeler industry, planned new launches and expanded network of dealers will help the Company to consolidate its gain further and grow ahead of the Industry in the coming years.

RISKS AND CONCERNS

Smooth GST transition and a good monsoon are essential for growth in domestic two-wheeler demand. Continued non-availability of foreign exchange in key export markets, remains a concern. The sustained momentum in scooters and motorcycles and success of planned launches are 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

The Board has established a robust Risk Management framework to identify, monitor and minimize risks as well as to identify business opportunities.

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

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

The Board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. The Company's Audit and Risk Management Committee is overseeing all the risks that the organization faces such as strategic, financial, market, IT, legal, regulatory, reputational and other risks and recommends suitable action. Risk 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 actions to address such identified gaps have strengthened the process across the Company.

The Company significantly enhanced the executives and manager's problem solving competency by certifying 130 of them in Green belt and Black belt in the current year. Workmen contribution to suggestion schemes and Quality Control Circle (QCC) projects have yielded significant results in achieving Quality Cost Delivery (QCD) targets and eliminating unsafe incidents.

Cost Management

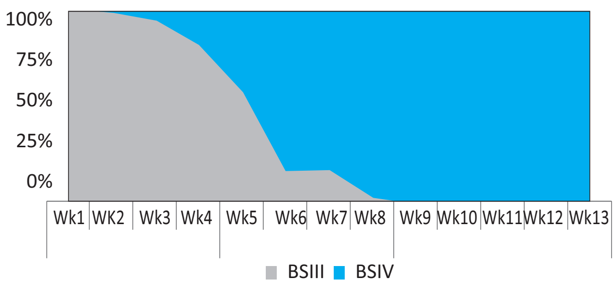
The Company continues to focus on all elements of cost. Raw materials / components and conversion cost constitute major element of material cost. Focus on employee productivity and effectiveness of communication cost helps to reduce fixed cost of the Company.

Process improvement, waste elimination and productivity improvements across the supply chain will continue to receive greater attention. The Company will pursue process innovation, value engineering and alternate sourcing to reduce material costs during this year.

Research and Development

TVS Apache 200, TVS Victor and TVS XL 100 has won many prestigious awards for the indigenous design. The Company's Research and Development (R&D) team has developed technology and the entire product range is compliant with BSIV emission norms, reducing the emissions substantially. BSIII to BSIV transition was carried out smoothly in a planned manner as depicted in the chart:

BSIII to BSIV Production changeover -
(share of weekly production in %)



The Company's team is continuously working on many advanced engine technologies to improve fuel efficiency, performance and to meet future emission norms for international and domestic markets. It continues to work on hybrid technology and advanced brake systems for improved safety.

The R&D team continues their efforts in developing cutting edge technologies that are relevant for the near and long term future requirements of the Company's business plans. These developments are centered on customers, emerging needs of environment, safety and sustainability. The Company also collaborates with leading research establishments and educational institutions, both within and outside the country to explore and develop breakthrough opportunities. The R&D team has so far published 106 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. In the last year, the racing team had 90% winning positions in the events that they took part. TVS Racing has won 13 out of 14 National championships.

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, transparency and process control. The Company enhanced the Customer Relationship Management framework by going closer to customer by mobile apps and improving the process efficiency by digitalizing various dealership processes.

During the year, the Company was appraised for CMM level 3 standards on IT developments by CMM institute, various initiatives on Internet of Things (IoT) and industry 4.0 was adopted in manufacturing to improve process efficiency, productivity and traceability. Advanced analytics platforms were also used to improve supply chain transparency and improve productivity in manufacturing.

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

The Company is ISO 27001:2005 certified for all manufacturing units and sales offices. Business continuity plan for major businesses 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. The Company ensures adherence to all statues.

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 and Risk Management Committee. Based on periodical testing, the framework is strengthened from time to time, to ensure adequacy and effectiveness of Internal Financial Control.

Occupational Health & Safety (OHS)

The Company has successfully completed 4th recertification audit process of Occupational Health & Safety system through implementation of OHSAS18001:2007 standard in Hosur & Mysuru plants. During this year, as a part of continual improvement in safety, around 771 proactive hazard control measures have been implemented across Hosur, Mysuru and Himachal Pradesh Plants. Significant reduction in noise levels achieved at 21 locations with implementation of proactive noise control techniques in machines & equipments. The overall Plant Safety Rating System (PSRS) score have improved from "Silver" status to "Gold" status. The Company's Plant-2 at Hosur & Mysuru plants have achieved "Platinum" status once in PSRS during last year. Towards building a sustainable safety culture, periodical safety trainings have been organized and around 6077 employees were covered during last year. Also as a part of "Buckle up & Strap up" - Road Safety campaign, around 154 test riders & drivers and about 65 family members (spouse & children above 13 years) were inculcated awareness on road safety by experts from the field.

The Environmental Management System ISO 14001:2004 has been upgraded to ISO 14001: 2015 standard at Hosur and Mysuru plants. Reducing the environment footprint is the prime focus of the Company. Hosur and Mysuru plants have achieved Zero-Liquid Discharge(ZLD) by recycling and reusing of treated trade effluent. Hazardous wastes viz., paint sludge and chemical sludge are co-generated in cement factory and onsite storage of hazardous waste in secured landfill is nil. Towards abatement of volatile organic compounds (VOC), the Company has commissioned regenerative thermal oxidizer (RTO) at Mysuru plant. Workplace Condition Assessment (WCA) was carried out by M/s Intertek at Hosur site and the Company scored 90% (high performance score) against average global score of 78% (medium performance score). The green belts and farm ponds make the plants the ideal nesting spots for migratory birds.

HUMAN RESOURCE DEVELOPMENT (HRD)

HRD framework has Manpower planning & Resourcing, Employee engagement, Performance & Compensation management, Competency based development, Career & Succession planning and Organization Development. Towards sustenance and delivering improved results, each of these constituents have a structured approach, guidelines, policies and standard operating procedures which are reviewed and updated periodically.

Role based competency development for junior management and Leadership development for middle and senior management are planned and executed through in-house programs, continuing education, exposure to globally acclaimed programs, challenging project assignments and job rotations and integrated with talent management process.

The Company continues to maintain its record of good industrial relations without any interruption in work. As on 31st March 2017, the Company had 5267 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, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas market in which the Company operates, changes in the government regulations, tax laws and other statutes and incidental factors.

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

i. that in the preparation of annual accounts for the financial year ended 31st March 2017, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;

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

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

iv. that the directors had prepared the annual accounts for the financial year ended 31st March 2017 on a "going concern basis";

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

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

6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Over 21 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

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

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

Based on the recommendation of the CSR Committee, the board has approved the projects / programmes carried out as CSR activities by the following non-profitable organizations having an established track record for more than the prescribed years in undertaking similar programmes / projects, constituting more than 2% of average net profits, made during the three immediately preceding financial years, towards CSR spending for the current financial year 2016-2017 amounting to Rs.919.50 lakhs:

S.No.	Name of the Institution	Amount spent (Rs. in Lakhs)
1	Srinivasan Services Trust	470.00
2	Sri Sathya Sai Central Trust	285.00
3	Sri Sathya Sai Loka Seva Trust	100.00
4	National Institute of Mental Health and Neurosciences	64.50
	Total	919.50

Presently, SST is working in 5,000 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering about 31,44,590 population and 7,19,890 families. Its major focus areas are: Economic development, health care, quality education, environment and infrastructure.

Of the 5,000 villages, 3,172 villages (19,19,952 population and 4,27,048 families) have been funded by the Company during the year.

Achievements in these 3,172 villages are:

Economic development:

- 2,96,003 families living in these villages have a monthly income of above Rs.15,000/- which make them financially secured.
- 2,985 farmers groups have been formed with 42,965 members.
- Improved agriculture practices enabled 1,92,147 farmers owning 2,08,925 hectares to increase the yields higher than the state average by 15%.
- 1,74,958 families earn more than Rs 3,500/- per month through livestock.

Women empowerment:

- Formed 8,115 Self Help Groups with 1,22,604 women as members.
- Out of 1,22,604 members, 1,17,762 members are in income generation activities. They earn a minimum income of Rs. 3000/- per month.

Health care:

- 63,996 children in the age group below 5 are not malnourished.
- 3,99,710 women are free from anaemia.
- 2,87,009 households made access to toilet facilities.
- The morbidity percentage reduced from 9% to 5%.
- Enrolment in anganwadis increased from 86% to 100% and attendance is 99%.
- 1,441 anganwadis have met all the Integrated Child Development Services Scheme (ICDS) standards.
- 88% involvement of mother volunteers in anganwadis have ensured their proper functioning.

Quality education:

- 100% enrolment of children in schools. There are no drop outs in the schools.
- Number of percentage of slow learners reduced in schools from 27% to 8%.
- Out of 1,460 schools, 999 schools are now model schools.
- 93,007 illiterate women out of 1,33,505 have been made literate.

Environment and Infrastructure:

- 2,65,176 households dispose solid waste through individual and common compost pits. 89 tons of vermi compost generated per month from wastes.
- Sewage water from 2,64,583 households disposed through soak pits, kitchen gardens and drain.
- Safe drinking water made available to 2,994 villages.

Community takes care of their development needs. 8,853 social leaders are active in this effort.

As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual report on CSR containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the board for the financial year 2016-17 are given by way of Annexure IV attached to this Report.

7. PERFORMANCE OF SUBSIDIARIES & ASSOCIATE

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

Subsidiaries

1. Sundaram Auto Components Limited, Chennai;
2. TVS Housing Limited, Chennai;
3. PT. TVS Motor Company Indonesia, Jakarta;
4. TVS Motor Company (Europe) B.V., Amsterdam, Netherlands;
5. TVS Motor (Singapore) Pte. Limited, Singapore;
6. Sundaram Holding USA Inc., Delaware, USA;
7. Green Hills Land holding LLC, South Carolina, USA;
8. Component Equipment Leasing LLC, South Carolina, USA;
9. Workspace Project LLC, South Carolina, USA; and
10. Premier Land Holding LLC, South Carolina, USA.

Associate

- Emerald Haven Realty Limited, Chennai.

SUBSIDIARIES

Sundaram Auto Components Limited (SACL)

Sales of SACL grew 5% upto October 2016 but were affected during the period from November 2016 to March 2017 consequent to impact of demonetization. In addition, the change from BS III to BS IV emission norms resulted in OEMs' reducing their inventory which lead to lower offtake from SACL. Consequently, the turnover of plastic components business declined marginally from Rs. 552 Cr in 2015-16 to Rs.539 Cr in 2016-17.

Total turnover of SACL including Two-wheeler distribution business grew by 4% and revenue increased from Rs.2795 Cr to Rs. 2916 Cr. SACL earned a profit before tax of Rs.35 Cr during the year 2016-17.

SACL was recognized and awarded certificates in the areas of new product development support, innovation and material handling from Takata, Daimler India and Hannon Automotive respectively during the year.

SACL at their meeting held on 22nd October 2016, declared first interim dividend of Rs.5 per share on 1,20,50,000 equity shares of Rs.10 each, absorbing a sum of Rs.7.25 Cr including dividend distribution tax.

SACL at their meeting held on 3rd March 2017 declared second interim dividend of Rs.1.50 per share on 1,45,50,000 equity shares of Rs.10 each, absorbing a sum of Rs.2.63 Cr including dividend distribution tax.

Hence, the total amount of dividend paid per share, aggregates to Rs.6.50 (65%) paid to the Company for the year ended 31st March 2017 thereby absorbing a sum of Rs.9.88 Cr including dividend distribution tax.

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

EHRL is the developer of Nedungundram, Chennai project of TVSH. Phase 1 was developed as apartments and all the 448 apartments have been sold and customers have taken possession. Phase 2 was launched as villas and row houses and as of 31st March 2017, 98% of the 120 villas and row houses have been sold and customers have taken possession of the same. During the year, EHRL launched 15 Public Purpose Plots and successfully sold over 73% of the plots and construction of villas are in full progress.

PT.TVS Motor Company Indonesia (PT TVSM)

The industry for the year 2016-17 has suffered a decline of 8%. The bebek segment declined by 26%, the sports motorcycle segment dropped by 12% and the matic segment was the least affected with a marginal decline of 4%.

The segment share of matic has now gone upto 78%. The continued decline of two-wheeler industry was attributed to slower economic growth due to subdued commodity prices and further tightening of credit by multi finance companies.

PT TVSM focus to improve export of products from Indonesia has been successful. The total two-wheeler sales increased from 17,100 vehicles in 2015-16 to 26,750 vehicles in 2016-17.

Export of two-wheeler sales increased from 15,000 to 25,000 numbers, registering a growth of 67% over previous year. PT TVSM continues to focus on African, LATAM and ASEAN countries. The increased sales and focus on cost reduction helped PT TVSM to reduce EBITDA loss from 6.42 Mn USD in 2015-16 to 3.15 Mn USD in 2016-17.

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

The Company 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 Holding USA Inc. (SHUI) and its subsidiaries

SACL has made an investment of 3.6 Mn USD in SHUI, a Company established under the applicable provisions of Laws of United States of America. SHUI's wholly owned subsidiaries are:

1. Green Hills Land holding LLC, South Carolina, USA;
2. Component Equipment Leasing LLC, South Carolina, USA;
3. Workspace Project LLC, South Carolina, USA; and
4. Premier Land Holding LLC, South Carolina, USA.

SHUI has acquired land in Dorchester County, USA for its plant, where it will manufacture High Pressure Die Cast and Gravity Cast parts. Construction at the site is expected to begin during the first half of 2017-18 and commercial production is expected to commence towards the end of 2018-19.

Financial position of all subsidiaries and associate company are provided as part of consolidated financial statements in Form AOC-1 in the manner required under Section 129 of the Act, 2013 read with the Companies (Accounts) Rules, 2014.

8. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company are prepared in accordance with the provisions of Section 129 of the Act, 2013 read with the Companies (Accounts) Rules, 2014 and Regulation 33 of SEBI (LODR) Regulations 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 the business hours.

The consolidated profit before tax of the Company and its subsidiaries & associate amounted to Rs.657.96.Cr for the financial year 2016-17 as compared to Rs.580.09 Cr in the previous year.

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Independent Directors (IDs)

At the 22nd AGM held on 14th July 2014, M/s T Kannan, R Ramakrishnan, C R Dua, Prince Asirvatham and Hemant Krishan Singh were appointed as IDs for the first term of five consecutive years from the conclusion of the 22nd AGM and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Act, 2013 as determined by the board from time to time.

On appointment, each ID has acknowledged the terms of appointment as set out in their letter of appointment. The terms cover, *inter alia*, duties, right to access information, disclosure of their interest / concern, dealing in Company's shares, remuneration and expenses, insurance and indemnity. The IDs are provided with copies of the Company's policies and charters of various committees of the board.

In accordance with Section 149(7) of the Act, 2013 all IDs have declared that they meet the criteria of independence as provided under Section 149(6) of the Act, 2013.

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

Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 17th March 2017 and all the Independent Directors were present at the Meeting.

Complete feedback on Non-Independent Directors and details of various activities undertaken by the Company were provided to them to facilitate their review / evaluation through a set of questionnaire.

Non-Independent Directors (Non-IDs) and their evaluation

The Independent Directors (IDs) used various criteria and methodology as practiced in Industry for evaluation of Non-IDs namely M/s. Venu Srinivasan, Chairman and Managing Director, Sudarshan Venu, Joint Managing Director, H Lakshmanan and Dr. Lakshmi Venu, Directors.

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

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

Chairman

The IDs reviewed the performance of Chairman of the Board by benchmarking the achievement of the Company with industry under his stewardship. The IDs appreciated the probity, quality and leadership of Chairman and his proactive role on strategic issues and passion for customer centricity, improving the quality of the products and for guarding the values of the Company.

Board

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

The board upon evaluation concluded that it is well balanced in terms of diversity of experience with expert in each domain viz., Engineering, Finance, Marketing, Legal, Administration and International economy. The Company has a board with wide range of expertise in all aspects of business.

The IDs unanimously evaluated the prerequisites of the board viz., formulation of strategy, acquisition & allocation of overall resources, setting up policies, directors' selection process including succession planning and cohesiveness on key issues.

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

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

All IDs have expressed their overall satisfaction with the support received from the management and the excellent work done by the management during the last year.

The IDs appreciated the management for their hard work and commitment to meet the corporate goals and also expressed that the relationship between the top management and board is smooth and seamless.

Directors retirement by rotation

In terms of Section 152 of the Act, 2013 two-third of the total number of directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting.

Mr Sudarshan Venu, joint managing director, who is liable to retire by rotation, at the ensuing AGM, and being eligible, offers himself for re-appointment.

The nomination and remuneration committee and the board recommended his re-appointment. The brief resume has been furnished in the Notice convening the AGM of the Company. Appropriate resolution for his re-appointment is being placed for approval of the shareholders at the ensuing AGM.

Key Managerial Personnel (KMP)

Mr 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, 2013. There is no change in KMP during the year.

Nomination and Remuneration Policy

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

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

The process of appointing a director / KMP / SMP is that when there is a need or 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 in addition to what the existing members hold.

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

Remuneration payable to Non-executive Independent Directors

The shareholders, at the 20th annual general meeting of the Company, held on 12th September 2012, approved the remuneration, by way of commission not exceeding 1% of the Net profits, in aggregate, payable to non-executive and independent directors of the Company (NE-IDs) for every year, for a period of 5 years commencing from 1st April 2013 to 31st March 2018.

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

In view of the increased involvement and participation by such NE-IDs and having regard to their contribution and involvement in policy issues concerning the Company's operations, the board, on the recommendation of NRC, proposed to seek the authorization of the Shareholders, by way of a special resolution, in terms of Section 197 of the Act, 2013 to continue with payment of commission to NE-IDs from 1st April 2018.

Evaluation of the Independent Directors and committees of directors

In terms of Section 134 of the Act, 2013 and the Corporate Governance requirements as prescribed under SEBI (LODR) Regulations, the board reviewed and evaluated Independent directors and its committees viz., Audit & Risk Management Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee based on the evaluation criteria laid down by the NRC.

Independent Directors

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

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

Committees

Board delegates specific mandates to its various committees, to optimize directors' skills and talent besides complying with key regulatory aspects.

- Audit and Risk Management Committee for overseeing financial reporting and risk minimisation;

- Nomination and Remuneration Committee for selecting and compensating directors / employees;
- Stakeholders' Relationship Committee for redressing investors grievances; and
- Corporate Social Responsibility Committee for overseeing CSR initiatives.

The performance of each Committee was evaluated by the board after seeking inputs from its members on the basis of the specific terms of reference, its charter, time spent by the committees in considering key issues, major recommendations, action plans and work of each Committee.

The board is satisfied with overall effectiveness and decision making of all committees. The board reviewed each committee's terms of reference to ensure that the Company's existing practices remain appropriate. Recommendations from each committee are considered and approved by the board prior to implementation.

Number of board meetings held

The number of board meetings held during the financial year 2016-17 are provided as part of Corporate Governance Report prepared in terms of SEBI (LODR) Regulations.

10. AUDITORS

Statutory Auditor

The Company at its 22nd 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 years, from the conclusion of the said AGM, subject to ratification at every AGM, at such remuneration in addition to reimbursement of all applicable taxes, out of pocket expenses, travelling and other expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

It is therefore proposed to re-appoint them as statutory auditors for the fifth consecutive year in the first term of five 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, 2013 from them conveying their eligibility for being statutory auditors of the Company for the year 2017-18.

The Auditors' Report for the financial year 2016-17 does not contain any qualifications, reservations and adverse remarks and the same is attached with the annual financial statements.

Secretarial Auditor

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

As required under Section 204 of the Act, 2013, the Secretarial Audit Report for the year 2016-17, given by them is attached to this report. The Secretarial Audit Report does not contain any qualifications, reservations or other remarks.

The Board at its meeting held on 27th April 2017 has re-appointed M/s S Krishnamurthy & Co., Company Secretaries, Chennai as Secretarial Auditor for the financial year 2017-18.

Cost Auditor

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the board, re-appointed Mr A N Raman, Cost Accountant, Chennai 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 2017-18.

The Company has also received necessary certificate under Section 141 of the Act, 2013 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 and is also required to be ratified by the members, at the ensuing AGM as per Section 148(3) of the Act 2013.

The Company has filed the Cost Audit Report of 2015-16 on 13th September 2016.

11. CORPORATE GOVERNANCE

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

A separate section on Corporate Governance and a certificate from the statutory auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI (LODR) Regulations 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 Regulation 17(8) of SEBI (LODR) Regulations pertaining to CEO/CFO certification for the financial year ended 31st March 2017.

12. BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of SEBI (LODR) Regulations, the Business Responsibility Report for the year 2016-17 describing the initiatives taken from environment, social and governance perspectives, in the prescribed format is given as Annexure VIII.

13. POLICY ON VIGIL MECHANISM

The Audit and Risk Management Committee has adopted a Policy on Vigil Mechanism in accordance with the provisions of the Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, which provides a formal mechanism for all directors, employees and other stakeholders of the Company to report to the management, their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Code of conduct or ethics policy.

The policy also provides a direct access to the Chairperson of the Audit and Risk Management 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 www.tvsmotor.com/pdf/Whistle-Blower-Policy.pdf.

14. PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act 2013 for the year ended 31st March 2017.

15. STATUTORY STATEMENTS

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

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

Material changes and commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

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

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

Annual Return

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

Employee's remuneration

Details of employees receiving the remuneration as prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure III. In terms of first proviso to Section 136(1) of the Act, 2013, the Annual Report, excluding the aforesaid annexure is being sent to the shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company during business hours and any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

Comparative analysis of remuneration paid

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

Details of material related party transactions

Details of material related party transactions under Section 188 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, are given in Annexure VI to this report in the prescribed form.

Details of loans / guarantees / investments made

The details of loans and guarantees under Section 186 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2016-17 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, 2013.

Please refer note No. 3 to Notes on accounts for the financial year 2016-17, for details of investments made by the Company.

Reporting of fraud

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

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.

16. 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 excellent 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
27th April 2017

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 2016-17:

i. Optimal utilization of plant and equipments.

ii. Hybrid solar heat pump for engine pre heating at Captive Power Plant (CPP).

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

iv. Process water heating through refrigerant heat pumps.

v. Installed 2.5 MW roof top solar plant at Hosur (1 MW) & Mysuru (1.5 MW).

The above measures have resulted in an annual saving of approximately Rs.5 crores.

2. Proposed measures during the year 2017-18:

i. Optimal utilization of plant and equipments.

ii. Hybrid solar heat pump for engine pre-heating at CPP (Mysuru).

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

iv. Additional Installation of roof-top Solar Power Plant of 2MW capacity at Hosur & Himachal Pradesh.

v. Implementation of other planned energy efficient projects.

The above measures are expected to yield an annual saving of approximately Rs.6 crores.

3. Steps taken for utilizing alternate sources of energy (2016-17):

During the year 2016-17, the Company has utilized the renewable energy to an extent of 270 lakh units. The Company is planning to increase the utilization of renewable energy to an extent of 425 lakh units during the year 2017-18.

Towards continual commitment of utilizing renewable energy, the Company has commissioned 2.5 MW roof-top solar plants in 2016-17, with an estimated annual generation of 40 lakh units per annum.

4. Capital investment in energy conservation equipment:

In the year 2016-17, the Company had invested Rs.3 crores towards optimization of compressors, Alternate source of heat energy with refrigerant heating and in replacement of conventional lights into LED lighting, as "Energy Efficient" measures.

The Company is planning to invest around Rs.6.5 crores in energy saving equipment in 2017-18 viz., solar thermal plant, solar power equipment and other energy efficient systems.

B. TECHNOLOGY ABSORPTION FOR 2016-17

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

i. Designed, developed and launched new variant of Jupiter with safety features like Synchronized Braking System (SBS) and improved performance.

ii. Design, development and productionisation of all current models meeting BSIV norms.

iii. Design and development of high performance motorcycle.

iv. Design and development of new generation concept engine.

v. Design, development and productionisation of a new engine for international business.

Future plan of action:

i. Development of new technologies for reduction of emission & reduction of CO_2 to meet future emission norms.

ii. Development of new technologies for enhanced safety.

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

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

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

vi. Development of skills and techniques to improve fit and finish quality of products.

vii. Development of new technologies to reduce noise, vibration & 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 Research & Development- Rs.244.72 cr

C. FOREIGN EXCHANGE-ACTUAL EARNINGS AND OUTGO

1. Export activities:

During the year, export of two-wheeler was 3.68 lakh units and of three-wheeler was 0.57 lakh units. The Company continued to export components and sub-assemblies to its subsidiary in Indonesia.

2. Total foreign exchange used and earned:

	(Rupees in crores)
Foreign exchange used	1952.76
Foreign exchange earned	2026.96

For and on behalf of the Board

Bengaluru
27th April 2017

VENU SRINIVASAN
Chairman

Annexure - II to Directors' Report to the shareholders

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

for the financial year ended 31st March 2017

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	L35921TN1992PLC022845
ii)	Registration Date	:	10.06.1992
iii)	Name of the Company	:	TVS Motor Company Limited
iv)	Category / Sub-Category of the Company	:	Public Company - Limited by Shares
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006 Tel. : 044 - 2827 2233 Fax : 044 - 2825 7121
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", 1st Floor, No.29, Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959 E-mail: raman@scl.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Core 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	83.21%
2	Three-wheeler	30912	5.10%
3	Parts & Accessories	30913	8.98%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate Company	% of shares held	Applicable Section of the Act, 2013
1	Sundaram-Clayton Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	L35999TN1962PLC004792	Holding Company	57.40%	2(46)
2	Sundaram Auto Components Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	U29249TN1992PLC051417	Subsidiary	100%	2(87)

Sl. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate Company	% of shares held	Applicable Section of the Act, 2013
3	TVS Housing Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	U70101TN2010PLC075027	Subsidiary	100%	2(87)
4	TVS Motor Company (Europe) B.V. Claude, Debussylaan 24 1082 MD, Amsterdam	NA	Subsidiary	100%	2(87)
5	TVS Motor (Singapore) Pte. Limited 17, Phillip Street, # 05-01, Grand Building, Singapore - 048 695	NA	Subsidiary	100%	2(87)
6	PT. TVS Motor Company Indonesia Gedung Wirausaha 3rd Floor, Jalan, H.R. Rasuna Said, Kav. C5, Jakarta 12920	NA	Subsidiary	42.96% held by the Company; 20.22% held by Sl. No.4; and 36.82% held by Sl. No.5	2(87)
7	Sundaram Holding USA Inc., 2711, Centerville Road, #400 Wilmington, New Castle - 19808 State of Delaware, USA.	NA	Subsidiary	68% held by S.No.2	2(87)
8	Green Hills Land Holding LLC, 1703, Laurel Street, Columbia, South Carolina - 29201, USA	NA	Subsidiary	100% held by S. No. 7	2(87)
9	Component Equipment Leasing LLC, 1703, Laurel Street, Columbia, South Carolina - 29201, USA	NA	Subsidiary		
10	Workspace Project LLC, 1703, Laurel Street, Columbia, South Carolina - 29201, USA	NA	Subsidiary		
11	Premier Land Holding LLC, 1703, Laurel Street, Columbia, South Carolina - 29201, USA	NA	Subsidiary		
12	Emerald Haven Realty Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006.	U45200TN2010PLC075953	Associate	49%	2(6)

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

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2016)				No. of Shares held at the end of the year (as on 31st March 2017)				Change in % of 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	5,38,28,325	2,428	5,38,30,753	11.33	4,69,74,458	2,428	4,69,76,886	9.89	(1.44)
b) Banks / FI	22,97,866	67,216	23,65,082	0.50	4,79,064	67,216	5,46,280	0.11	(0.39)
c) Insurance Companies	1,31,90,065	–	1,31,90,065	2.78	1,18,40,455	–	1,18,40,455	2.49	(0.29)
d) FIIs	6,85,56,793	11,000	6,85,67,793	14.43	8,78,66,583	6,000	8,78,72,583	18.49	4.06
Sub-total (B)(1)	13,78,73,049	80,644	13,79,53,693	29.04	14,71,60,560	75,644	14,72,36,204	30.98	1.94
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	77,95,730	66,856	78,62,586	1.65	46,77,255	65,856	47,43,111	1.00	(0.65)
ii) Overseas	68	68	136	–	68	68	136	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	3,73,62,182	58,53,266	4,32,15,448	9.10	3,50,46,637	54,20,018	4,04,66,655	8.52	(0.58)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	84,61,234	–	84,61,234	1.78	44,04,186	–	44,04,186	0.93	(0.85)
c) Directors and their relatives	28,45,966	5,000	28,50,966	0.60	28,45,966	5,000	28,50,966	0.60	–
d) Others (specify)	20,32,685	27,580	20,60,265	0.43	25,45,490	1,57,580	27,03,070	0.57	0.14
Sub-total (B)(2):	5,84,97,865	59,52,770	6,44,50,635	13.56	4,95,19,602	56,48,522	5,51,68,124	11.62	(1.94)
Total Public Shareholding (B) = (B)(1) + (B)(2)	**19,63,70,914**	**60,33,414**	**20,24,04,328**	**42.60**	**19,66,80,162**	**57,24,166**	**20,24,04,328**	**42.60**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**46,90,53,700**	**60,33,414**	**47,50,87,114**	**100.00**	**46,93,62,948**	**57,24,166**	**47,50,87,114**	**100.00**	**–**

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	272,682,786 (57.40)	–	–	–	–	–	–	272,682,786	57.40

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

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.								
25,468,060	01-04-2016	Opening Balance						
(5.36%)	08-04-2016	Transfer / Sale	57,720	0.01	25,410,340	5.35		
	15-04-2016	Transfer / Sale	50,000	0.01	25,360,340	5.34		
	22-04-2016	Transfer / Sale	100,000	0.02	25,260,340	5.32		
	29-04-2016	Transfer / Sale	8,800,000	1.85	16,460,340	3.46		
	29-04-2016	Transfer / Purchase	8,550,000	1.80	25,010,340	5.26		
	06-05-2016	Transfer / Purchase	900,000	0.19	25,910,340	5.45		
	20-05-2016	Transfer / Purchase	270,000	0.06	26,180,340	5.51		
	27-05-2016	Transfer / Sale	374,455	0.08	25,805,885	5.43		
	03-06-2016	Transfer / Purchase	250,000	0.05	26,055,885	5.48		
	10-06-2016	Transfer / Sale	74,384	0.02	25,981,501	5.47		
	24-06-2016	Transfer / Sale	136,161	0.03	25,845,340	5.44		
	08-07-2016	Transfer / Sale	1,350,000	0.28	24,495,340	5.16		
	15-07-2016	Transfer / Sale	521,225	0.11	23,974,115	5.05		
	30-09-2016	Transfer / Sale	630,000	0.13	23,344,115	4.91		
	07-10-2016	Transfer / Purchase	4,747	0.00	23,348,862	4.91		
	07-10-2016	Transfer / Sale	225,000	0.05	23,123,862	4.87		
	28-10-2016	Transfer / Sale	136,000	0.03	22,987,862	4.84		
	18-11-2016	Transfer / Purchase	1,609,330	0.34	24,597,192	5.18		
	25-11-2016	Transfer / Purchase	430,000	0.09	25,027,192	5.27		
	02-12-2016	Transfer / Sale	12,000	0.00	25,015,192	5.27		
	02-12-2016	Transfer / Purchase	136,083	0.03	25,151,275	5.29		
	09-12-2016	Transfer / Purchase	48,000	0.01	25,199,275	5.30		
	16-12-2016	Transfer / Purchase	10,000	0.00	25,209,275	5.31		
	16-12-2016	Transfer / Sale	1,019,000	0.21	24,190,275	5.09		
	23-12-2016	Transfer / Sale	360,000	0.08	23,830,275	5.02		
	13-01-2017	Transfer / Sale	246,000	0.05	23,584,275	4.96		
	20-01-2017	Transfer / Purchase	170,000	0.04	23,754,275	5.00		
	03-02-2017	Transfer / Sale	168,000	0.04	23,586,275	4.96		
	10-02-2017	Transfer / Sale	820,000	0.17	22,766,275	4.79		
	17-02-2017	Transfer / Sale	292,000	0.06	22,474,275	4.73		
	03-03-2017	Transfer / Purchase	226,083	0.05	22,700,358	4.78		
	10-03-2017	Transfer / Sale	1,125,000	0.24	21,575,358	4.54		
	10-03-2017	Transfer / Purchase	356,000	0.07	21,931,358	4.62		
	15-03-2017	Transfer / Sale	181,700	0.04	21,749,658	4.58		
	15-03-2017	Transfer / Purchase	244,000	0.05	21,993,658	4.63		
	17-03-2017	Transfer / Sale	130,462	0.03	21,863,196	4.60		
	24-03-2017	Transfer / Sale	159,303	0.03	21,703,893	4.57		
	31-03-2017	Transfer / Sale	301,535	0.06	21,402,358	4.50		
	31-03-2017	Closing Balance					21,402,358	4.50

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
JWALAMUKHI INVESTMENT HOLDINGS								
20,725,563	01-04-2016	Opening Balance						
(4.36%)	31-03-2017	Closing Balance					20,725,563	4.36
CARTICA CAPITAL LTD								
–	01-04-2016	Opening Balance						
	05-08-2016	Transfer / Purchase	12,765,628	2.69	12,765,628	2.69		
	12-08-2016	Transfer / Purchase	370,000	0.08	13,135,628	2.76		
	19-08-2016	Transfer / Purchase	446,000	0.09	13,581,628	2.86		
	30-09-2016	Transfer / Purchase	1,439,516	0.30	15,021,144	3.16		
	07-10-2016	Transfer / Purchase	1,501,085	0.32	16,522,229	3.48		
	14-10-2016	Transfer / Purchase	760,109	0.16	17,282,338	3.64		
	21-10-2016	Transfer / Purchase	1,653,473	0.35	18,935,811	3.99		
	28-10-2016	Transfer / Purchase	1,322,476	0.28	20,258,287	4.26		
	02-12-2016	Transfer / Sale	154,112	0.03	20,104,175	4.23		
	09-12-2016	Transfer / Sale	784,060	0.17	19,320,115	4.07		
	31-03-2017	Transfer / Purchase	150,000	0.03	19,470,115	4.10		
	31-03-2017	Closing Balance					19,470,115	4.10
FRANKLIN TEMPLETON MUTUAL FUND								
15,664,436	01-04-2016	Opening Balance						
(3.30%)	08-04-2016	Transfer / Sale	425,000	0.09	15,239,436	3.21		
	22-04-2016	Transfer / Sale	60,000	0.01	15,179,436	3.20		
	29-04-2016	Transfer / Sale	500,000	0.11	14,679,436	3.09		
	06-05-2016	Transfer / Purchase	425,000	0.09	15,104,436	3.18		
	13-05-2016	Transfer / Purchase	150,000	0.03	15,254,436	3.21		
	20-05-2016	Transfer / Purchase	100,000	0.02	15,354,436	3.23		
	03-06-2016	Transfer / Purchase	400,000	0.08	15,754,436	3.32		
	10-06-2016	Transfer / Purchase	200,000	0.04	15,954,436	3.36		
	17-06-2016	Transfer / Purchase	25,000	0.01	15,979,436	3.36		
	24-06-2016	Transfer / Purchase	100,000	0.02	16,079,436	3.38		
	28-06-2016	Transfer / Purchase	76,065	0.02	16,155,501	3.40		
	15-07-2016	Transfer / Purchase	48,935	0.01	16,204,436	3.41		
	22-07-2016	Transfer / Purchase	325,000	0.07	16,529,436	3.48		
	29-07-2016	Transfer / Purchase	509,810	0.11	17,039,246	3.59		
	05-08-2016	Transfer / Purchase	240,190	0.05	17,279,436	3.64		
	12-08-2016	Transfer / Purchase	100,000	0.02	17,379,436	3.66		
	30-09-2016	Transfer / Sale	150,000	0.03	17,229,436	3.63		
	07-10-2016	Transfer / Sale	1,050,000	0.22	16,179,436	3.41		
	14-10-2016	Transfer / Sale	16,990	0.00	16,162,446	3.40		
	21-10-2016	Transfer / Sale	206,382	0.04	15,956,064	3.36		
	28-10-2016	Transfer / Sale	347,744	0.07	15,608,320	3.29		
	04-11-2016	Transfer / Sale	187,180	0.04	15,421,140	3.25		

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
	11-11-2016	Transfer / Sale	1,056,171	0.22	14,364,969	3.02		
	18-11-2016	Transfer / Sale	70,507	0.01	14,294,462	3.01		
	18-11-2016	Transfer / Purchase	20,899	0.00	14,315,361	3.01		
	16-12-2016	Transfer / Sale	830,766	0.17	13,484,595	2.84		
	23-12-2016	Transfer / Sale	250,000	0.05	13,234,595	2.79		
	30-12-2016	Transfer / Sale	150,000	0.03	13,084,595	2.75		
	06-01-2017	Transfer / Sale	633,013	0.13	12,451,582	2.62		
	20-01-2017	Transfer / Sale	179,831	0.04	12,271,751	2.58		
	27-01-2017	Transfer / Sale	975,534	0.21	11,296,217	2.38		
	03-02-2017	Transfer / Sale	375,604	0.08	10,920,613	2.30		
	10-02-2017	Transfer / Sale	440,282	0.09	10,480,331	2.21		
	24-02-2017	Transfer / Sale	500,000	0.11	9,980,331	2.10		
	03-03-2017	Transfer / Sale	100,000	0.02	9,880,331	2.08		
	10-03-2017	Transfer / Sale	200,000	0.04	9,680,331	2.04		
	15-03-2017	Transfer / Sale	550,000	0.12	9,130,331	1.92		
	17-03-2017	Transfer / Sale	50,000	0.01	9,080,331	1.91		
	31-03-2017	Closing Balance					9,080,331	1.91

ICICI PRUDENTIAL BALANCED ADVANTAGE FUND

1,901,028	01-04-2016	Opening Balance						
(0.40%)	08-04-2016	Transfer / Sale	49,902	0.01	1,851,126	0.39		
	15-04-2016	Transfer / Sale	99,266	0.02	1,751,860	0.37		
	22-04-2016	Transfer / Sale	2,126	0.00	1,749,734	0.37		
	06-05-2016	Transfer / Purchase	535,257	0.11	2,284,991	0.48		
	13-05-2016	Transfer / Purchase	505,490	0.11	2,790,481	0.59		
	28-06-2016	Transfer / Purchase	72,800	0.02	2,863,281	0.60		
	15-07-2016	Transfer / Purchase	95,800	0.02	2,959,081	0.62		
	22-07-2016	Transfer / Sale	99,115	0.02	2,859,966	0.60		
	26-07-2016	Transfer / Sale	868,385	0.18	1,991,581	0.42		
	29-07-2016	Transfer / Sale	1,473,556	0.31	518,025	0.11		
	05-08-2016	Transfer / Purchase	88,977	0.02	607,002	0.13		
	09-09-2016	Transfer / Purchase	1,387,991	0.29	1,994,993	0.42		
	16-09-2016	Transfer / Purchase	797,809	0.17	2,792,802	0.59		
	30-09-2016	Transfer / Sale	95,800	0.02	2,697,002	0.57		
	14-10-2016	Transfer / Purchase	457,379	0.10	3,154,381	0.66		
	21-10-2016	Transfer / Sale	779,411	0.16	2,374,970	0.50		
	28-10-2016	Transfer / Sale	318,612	0.07	2,056,358	0.43		
	11-11-2016	Transfer / Purchase	1,562,185	0.33	3,618,543	0.76		
	16-12-2016	Transfer / Purchase	14,970	0.00	3,633,513	0.76		
	23-12-2016	Transfer / Purchase	557,679	0.12	4,191,192	0.88		
	30-12-2016	Transfer / Purchase	556,851	0.12	4,748,043	1.00		
	06-01-2017	Transfer / Purchase	314,443	0.07	5,062,486	1.07		
	03-02-2017	Transfer / Purchase	149,332	0.03	5,211,818	1.10		

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
	10-02-2017	Transfer / Purchase	1,354,205	0.29	6,566,023	1.38		
	17-02-2017	Transfer / Purchase	671,359	0.14	7,237,382	1.52		
	24-02-2017	Transfer / Sale	400,000	0.08	6,837,382	1.44		
	24-02-2017	Transfer / Purchase	6,297	0.00	6,843,679	1.44		
	10-03-2017	Transfer / Purchase	161,773	0.03	7,005,452	1.47		
	31-03-2017	Transfer / Purchase	233,390	0.05	7,238,842	1.52		
	31-03-2017	Closing Balance					7,238,842	1.52
TREE LINE ASIA MASTER FUND (SINGAPORE) PTE LTD								
6,900,000	01-04-2016	Opening Balance						
(1.45%)	31-03-2017	Closing Balance					6,900,000	1.45
ABU DHABI INVESTMENT AUTHORITY								
2,902,572	01-04-2016	Opening Balance						
(0.61%)	22-04-2016	Transfer / Purchase	724,272	0.15	3,626,844	0.76		
	29-04-2016	Transfer / Purchase	970,328	0.20	4,597,172	0.97		
	06-05-2016	Transfer / Purchase	1,165,100	0.25	5,762,272	1.21		
	06-05-2016	Transfer / Sale	912,600	0.19	4,849,672	1.02		
	20-05-2016	Transfer / Purchase	187,606	0.04	5,037,278	1.06		
	27-05-2016	Transfer / Purchase	1,980,543	0.42	7,017,821	1.48		
	27-05-2016	Transfer / Sale	187,606	0.04	6,830,215	1.44		
	22-07-2016	Transfer / Sale	871,172	0.18	5,959,043	1.25		
	21-10-2016	Transfer / Purchase	460,957	0.10	6,420,000	1.35		
	31-03-2017	Closing Balance					6,420,000	1.35
COLUMBIA ACORN INTERNATIONAL								
1,609,551	01-04-2016	Opening Balance						
(0.34%)	08-04-2016	Transfer / Purchase	3,561,730	0.75	5,171,281	1.09		
	15-04-2016	Transfer / Purchase	790,531	0.17	5,961,812	1.25		
	22-04-2016	Transfer / Purchase	312,785	0.07	6,274,597	1.32		
	29-04-2016	Transfer / Purchase	327,403	0.07	6,602,000	1.39		
	24-06-2016	Transfer / Sale	185,069	0.04	6,416,931	1.35		
	30-12-2016	Transfer / Sale	148,558	0.03	6,268,373	1.32		
	31-03-2017	Closing Balance					6,268,373	1.32
LIFE INSURANCE CORPORATION OF INDIA								
5,327,945	01-04-2016	Opening Balance						
(1.12%)	31-03-2017	Closing Balance					5,327,945	1.12
WF ASIAN SMALLER COMPANIES FUND LIMITED								
–	01-04-2016	Opening Balance						
	16-12-2016	Transfer / Purchase	2,976,267	0.63	2,976,267	0.63		
	13-01-2017	Transfer / Purchase	872,239	0.18	3,848,506	0.81		
	31-03-2017	Closing Balance					3,848,506	0.81

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	55,870 (0.01)	–	–	–	–	–	–	55,870	0.01
T Kannan	5,000	–	–	–	–	–	–	5,000	–
C R Dua	Nil	–	–	–	–	–	–	Nil	–
Prince Asirvatham	1,000 –	–	–	–	–	–	–	1,000	–
R Ramakrishnan	1,08,000 (0.02)	–	–	–	–	–	–	1,08,000	0.02
Hemant Krishan Singh	Nil	–	–	–	–	–	–	Nil	–
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	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**
Change in Indebtedness during the financial year			
- Addition	–	291.57	291.57
- Reduction	109.28	–	109.28
Net Change	**109.28**	**291.57**	**182.29**
Indebtedness at the end of the financial year			
i) Principal Amount	444.38	662.82	1,107.20
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	0.78	1.30	2.08
Total (i + ii + iii)	**445.16**	**664.12**	**1,109.28**

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	51.00	48.00	99.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	135.68	135.68
	(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	1388.00	833.00	2221.00
	- others, specify	–	–	–
5.	Others - Employer contribution to provident and other funds	8.67	8.16	16.83
	Total (A)	**1447.67**	**1024.84**	**2472.51**
	Ceiling as per the Act, 2013	–	–	5566.49

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

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

Particulars of Remuneration	Name of Directors					Total Amount
	TK	CRD	PA	RK	HKS	
Independent Directors						
Fee for attending board / committee meetings	2.20	1.80	2.00	1.80	1.20	9.00
Commission	18.00	18.00	18.00	18.00	15.00	87.00
Others, please specify	–	–	–	–	–	–
Total (1)	20.20	19.80	20.00	19.80	16.20	96.00
	Name of Directors					
	HL	Dr. LV				
Other Non-Executive Directors						
Fee for attending board / committee meetings	1.60	0.40				2.00
Commission	–	–				–
Others, please specify	–	–				–
Total (2)	1.60	0.40				2.00
Total (B) = (1+2)						98.00
Total Managerial Remuneration (A) + (B)						2570.51
Overall Ceiling as per the Act, 2013						6123.14

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

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	418.84	165.15	18.29	602.28
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	56.05	30.07	3.53	89.65
	(c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission - as % of profit	–	–	–	–
	- others, specify	–	–	–	–
5.	Others - Employer contribution to provident and other funds	7.63	3.80	0.43	11.86
	Total	482.52	199.02	22.25	703.79

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

Bengaluru
27th April 2017

VENU SRINIVASAN
Chairman

Annexure - IV to Directors' Report to the shareholders

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

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

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

2. Overview of projects or programmes being undertaken:

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

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

4. Composition of the CSR Committee:

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

5. Average net profit of the Company for last three financial years Rs. 452.26 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) Rs. 9.06 Cr

7. Details of CSR spent during the financial year:
   (a) Total amount spent for the financial year Rs. 9.19 Cr
   (b) Amount unspent, if any Not Applicable
   (c) Manner in which the amount spent during the financial year is detailed below.

1	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road Chennai - 600 006. Tamil Nadu Phone No: 044-2833 2115 E-mail: aj@scl.co.in	Sri Sathya Sai Central Trust, Prasanthi Nilayam - 515 134 Anantapur District, Andhra Pradesh, India Telefax: +91-8555-287390 E-mail: finance@sssct.org	Sri Sathya Sai Loka Seva Trust Sathya Sai Grama, P.O., Muddenahalli - 562 101 Chikkaballapur district, Karnataka, India Phone No: +91-8156-262424	National Institute of Mental Health & Neurosciences, (NIMHANS) Hosur Road, Lakkasandra, Bengaluru, Karnataka - 560 029 Phone No: 080-2699 5001 E-mail: dirstaff@nimhans.ac.in
2	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act, 2013	• Eradicating hunger, poverty, promoting preventive healthcare and sanitation and make 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	Promoting free Medical Care is one of the objects of the Trust	Promoting free Education is one of the objects of the Trust	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, Education, Environment, Health and Infrastructure	Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge.	Education	Mental health and neuro sciences
4	Areas in which Projects / Programmes undertaken:				
	Local Area / Others:	• Venkatagiri Mandal, Andhra Pradesh • Anbil village, Trichy district, Tamil Nadu	Sri Sathya Sai Institute of Higher Medical Sciences at Prasanthi Gram, Andhra Pradesh and at Whitefield, Bangalore, Sri Sathya Sai General Hospital at Prasanthi Nilayam and at Whitefield, Bangalore and Sri Sathya Sai Mobile Hospital. Prasanthi Nilayam, Puttaparthi and Whitefield, Bangalore	Muddenahalli	Bengaluru
	State & district:	• Andhra Pradesh, Nellore district • Tamil Nadu, Trichy district	Andhra Pradesh, Anantapur district and Karnataka, Bangalore district	Karnataka, Chikkaballapur District	Karnataka, Bengaluru
	Amount outlay (budget) project or programme-wise	Rs. 925.60 lakhs	Rs. 7450 lakhs	Rs. 1100 lakhs	Rs. 64.50 lakhs
5	Amount spent on the projects or programmes:	Rs.470 lakhs	Rs. 285 lakhs	Rs. 100 lakhs	Rs. 64.50 lakhs
6	**Sub-heads:**				
	Direct expenses on projects / programmes:	Rs. 902.22 lakhs (including contribution of the Company of Rs. 470 lakhs)	Rs. 7440 lakhs (including contribution of the Company of Rs. 285 lakhs)	Rs. 250 lakhs (including contribution of the Company of Rs. 100 lakhs)	Rs. 64.50 lakhs
	Overheads:	Nil	Nil	Nil	Nil
7	Cumulative expenditure upto the reporting period:	Rs. 902.22 lakhs (including contribution of the Company of Rs. 470 lakhs)	Rs. 7440 lakhs (including contribution of the Company of Rs. 285 lakhs)	Rs. 250 lakhs (including contribution of the Company of Rs. 100 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 Directors' Report

Not applicable

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

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

For and on behalf of the Board

VENU SRINIVASAN
Chairman and Managing Director and
Chairman of CSR Committee

Bengaluru
27th April 2017

Annexure - V to Directors' Report to the shareholders

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

Sl. No.	Name of the Director (M/s)	Designation	Ratio to Median Remuneration	% increase in remuneration
1	Venu Srinivasan	CMD	1:233	4%
	Sudarshan Venu	JMD	1:165	7%
	H Lakshmanan	NENID	–	–
	Dr. Lakshmi Venu	NENID	–	–
	T Kannan	NEID	1:3	20%
	C R Dua	NEID	1:3	20%
	Prince Asirvatham	NEID	1:3	20%
	R Ramakrishnan	NEID	1:3	20%
	Hemant Krishan Singh	NEID	1:2	25%
	K N Radhakrishnan	President & CEO	NA	6%
	S G Murali	CFO	NA	10%
	K S Srinivasan	CS	NA	12%
2	The percentage increase in the median remuneration of employees in the financial year;		4%	
3	The number of permanent employees on the rolls of Company;		5267	
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2016-17		11%	
	b. Average percentile increase in the managerial remuneration in the financial year 2016-17.		5%	
	There are no exceptional circumstances for increase in the managerial remuneration.			
5	Affirmation that the remuneration is as per the remuneration policy of the Company.		Remuneration paid during the year 2016-17 is as per the Remuneration Policy of the Company	

CMD - Chairman and Managing Director
JMD - Joint Managing Director
NENID - Non Executive Non Independent Director
NEID - Non Executive Independent Director
CEO - Chief Executive Officer
CFO - Chief Financial Officer
CS - Company Secretary

For and on behalf of the Board

Bengaluru
27th April 2017

VENU SRINIVASAN
Chairman

Annexure - VI to Directors' Report to the shareholders

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	2016-17
(d)	Date(s) of approval by the Board, if any:	3rd May 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-wheeler and Three-wheeler	Based on dealer price	2347.54
Purchase	Plastic Components and Dies & Moulds	Mark-up on cost of raw materials and conversion cost	362.41
	Land and buildings	Guideline value	10.02
Rendering of Services	Share of cost of salary, training expenses, rent, sharing of common expenses	At Cost	0.66

For and on behalf of the Board

Bengaluru
27th April 2017

VENU SRINIVASAN
Chairman

Annexure - VII to Directors' Report to the shareholders

DETAILS OF LOANS AND GUARANTEES UNDER SECTION 186 OF THE COMPANIES ACT 2013 FOR THE FINANCIAL YEAR 2016-2017

S. No.	Name of the body corporate	Nature of relationship	Purpose of loan / acquisition / guarantee / security	Amount of loan / security / guarantee (Rs. in Cr)	% to Free Reserves as on 31.03.2017	Purpose for which the loan / guarantee utilised by the recipient
1	PT. TVS Motor Company Indonesia	Wholly owned subsidiary	Guarantee	117.96	5.20	To facilitate for availing credit facilities
2	TVS Credit Services Limited	–	Guarantee	29.17	1.29	

For and on behalf of the Board

Bengaluru
27th April 2017

VENU SRINIVASAN
Chairman

Annexure - VIII to Directors' Report to the shareholders

BUSINESS RESPONSIBILITY REPORT (BRR)

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

Introduction

TVS Motor Company Limited (TVS Motor or TVSM) is one of the largest two-wheeler manufacturer in India, with a revenue of Rs. 13,363 Cr for the year 2016-17.

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

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L35921TN1992PLC022845
2.	Name of the Company	TVS Motor Company Limited
3.	Registered office address	"Jayalakshmi Estates", No. 29 (Old No.8), Haddows Road, Chennai - 600 006
4.	Website	www.tvsmotor.com
5.	E-mail id	contactus@tvsmotor.com
6.	Financial Year reported	2016-17
7.	Sector(s) that the Company is engaged in	Manufacture of two-wheelers and three-wheelers
8.	Three key products/ services that the Company manufactures/provides	1. Two-wheelers 2. Three-wheelers 3. Parts & Accessories (Please refer to Company's website for complete list of its products)

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

9. Total number of locations where business activity is undertaken by the Company:

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

   ii. Number of National Locations -

   A. The Company has three manufacturing locations:

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

B. The Company has Area Offices across pan India.

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

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

Section B: Financial details of the Company

1.	Paid up Capital	Rs. 47.51 Crores
2.	Total Revenue	Rs. 13,363 Crores (Standalone)
3.	Profit after tax	Rs. 558.08 Crores (Standalone)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of net profit	Rs. 9.19 Crores (Being more than 2% of the average net profits for the three immediately preceding financial years)
5.	List of activities in which expenditure in 4 above has been incurred	• Eradicating hunger, poverty, promoting preventive health-care and sanitation and making available safe drinking water; • Promoting education, including special education and employment enhancing vocational skills especially among children, women and livelihood enhancement projects; • Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; • Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water; • Rural development projects; and • Health care activities.

Section C: Other Details

1.	Does the Company have any Subsidiary Company / Companies ?	Yes. The Company has Ten subsidiaries based both in India and abroad as on 31st March 2017.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company ? If yes, then indicate the number of such subsidiary Company(s)	Yes. The Company positively influences and encourages its subsidiaries to adopt Business Responsibility (BR) initiatives. All the Company's subsidiaries are guided by the Company to conduct their business in an ethical, transparent and accountable manner. It encompasses suppliers, customers, employees and other stakeholders.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company ? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	Suppliers, distributors are critical to the Company's operations and supply chain sustainability issues can impact the operations. The Company engages with suppliers through various channels for operational issues and also focuses on emerging and futuristic technologies.

The suppliers and vendors are provided awareness on environmental and social issues. The vendor meets are used as a platform to raise awareness on health & safety, environmental and community initiatives of the Company.

Special emphasis is laid on skill development and up-gradation of the dealer and channel partner resources.

Section D: BR Information

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

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

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

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

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

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

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

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

P5 Businesses should respect and promote human rights.

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

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

P8 Businesses should support inclusive growth and equitable development.

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

S. No.	Question	Business Ethics	Product Responsibility	Well being of employee	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy / policies for ?	Y	Y*	Y*	Y*	Y*	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders ?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y (ISO 14001: 2015/ OHSAS 18001: 2007)	-	Y	Y
		All the policies of the Company are in compliance with national / international standards wherever applicable.								

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

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

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

S. No.	Question	Business Ethics	Product Responsibility	Well being of employee	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principle	-	-	-	-	-	-	-	-	-

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

3. Governance Related to BR

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

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

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

This is the first BR Report and is published as part of the Annual Report for the financial year 2016-17. The same can be viewed at www.tvsmotor.com/pdf/TVS-Motor-Company-BR-Report-2016-2017.pdf.

Section E : Principle-wise Performance

Principle 1: Ethics, Transparency and Accountability

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

Yes.

The Company acts with integrity in accordance with its core principles of Trust, Value and Service. TVSM has adopted a separate Code of Business Conduct and Ethics (CoBC) which specifically pertains to the Company's Directors and Senior Management one level below the Directors, including all the functional heads.

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

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

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

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

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

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

The code of conduct to regulate, monitor and report trading by insiders has been adopted for regulating, monitoring and reporting Insider Trading by employees and other connected persons.

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

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

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

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

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

Principle 2: Product Life Cycle Sustainability

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

1) Conservation of resources by reducing the steel content in vehicles (like Apache, StaR City, Victor and Jupiter) without affecting performance, durability and statutory requirements.

2) Taken actions to reduce the vehicle exhaust emissions in all the Company's products, adoption of advanced technologies for weight reduction, friction reduction and optimized fuelling.

   TVSM's approach towards climate change mitigation focuses on product innovation to improve fuel efficiency and reducing the environmental footprint during product life cycle.

   Valuable fossil fuel resources have been conserved by using fuel efficient oil and extending oil drain interval of the Company's vehicles.

3) For customer safety and health, the Company has introduced ANTI-SKID Braking System brakes (ABS) / Combined Braking System brakes (CBS) in 3 of its products. Also better ergonomics is effected in all products.

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

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

1) By reducing the steel content up to 1.5 kg in many of the steel frames in the Company's products, 3.66 Million Metric tonnes of CO_2 equivalent Global Warming Potential (GWP) is reduced annually.
2) TVSM has achieved significant reduction of Hydrocarbon and NOx emissions in all models. This has helped in meeting BS IV emission norms.
3) Achieved improved ergonomics for rider comfort, seating posture considering joint angles to minimize strain to the rider in most of the Company's two-wheelers.

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

By development and use of lubricating oils (TRU4 premium and Synthetic), and extending oil drain intervals from 3000 km to 6000 km, both fuel and oil consumption have been reduced. About 5 Million litres of petrol and 1.2 million litres of oil have been conserved annually. This amounts to reduction of about 11,500 Metric tonnes of CO_2 equivalent GWP annually.

The Company has achieved significant increase in fuel economy of about 7.0 kmpl under standard conditions in its mopeds. By implementing this, 19.21 million litres of fossil fuel is saved and 44576 Metric Tonnes of CO_2 emissions are avoided annually. The Company's three-wheelers with LPG / CNG etc., helps in reducing emission.

TVSM continuously work on improvement of fuel economy. Over last two years, the fuel economy of TVS Sport model has increased by 3 kmpl under standard conditions. This amounts to 0.75 million litres of fuel savings and 1749 Metric tonnes of CO_2 emissions reduction.

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

Yes. The Company has taken many initiatives to ensure sustainable sourcing and has encouraged its suppliers to get TS certification and ISO 14001 certification.

Expiry dates of the certificates are monitored regularly through SAP, and auto e-mail reminders are sent to suppliers 90 days in advance.

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

Formed Total Productive Maintenance (TPM) clusters with selected suppliers to promote TPM culture across suppliers. External consultants are engaged for TPM activities.

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

The Company encourages major suppliers (Tier-1) to set up manufacturing facilities closer to TVSM plant locations.

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

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

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

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).**

Products

1. In the product design, efforts have been taken to increase product recyclability and, currently, it is about 90%. This enables the use of recycled input materials, reducing the demand for virgin material and contributing to the conservation of the global resource base.
2. The Company is working on using recycled Poly Propylene (100%) in some components. For example, cover bottom floor & cover fuel tank for two-wheelers are under implementation.
3. Recycled rubbers are implemented in two components of three-wheelers.

Process

1. In process design, all efforts have been taken to minimize the generation of waste viz., water based CED (Cathode Electro Deposition) paint process, powder coating, use of robots in painting, MQL (Minimum Quantity Lubrication)etc.
2. Elimination of hazardous processes like copper plating, bonderising, black chrome plating etc.
3. Consequent to the use of renewable energy (e.g., wind & solar) & EB power, the in-house captive power plant operation is restricted to one day a month. This has resulted drastic reduction of waste oil generation from captive power plant.

Waste

1. Used thinner is distilled and reused in the paint process (overall 90%).
2. The process water in Hosur & Mysuru plants, is recycled upto 80% through Reverse Osmosis & Evaporator Plants. Both the plants have Zero liquid discharge.
3. The treated sewage is used for gardening within the premises (100%).
4. The solid wastes which are hazardous in nature viz., Effluent Treatment Plant sludge (100%) at Hosur and Mysuru sites and which cannot be used in the facility are sent to Cement Industry as raw material for cement manufacturing (Co-processing).
5. Paint sludge/waste containing oil is used for co-incineration (partial replacement to coal) in the cement industry.
6. Used engine oil (100%) which is removed from three-wheeler Export vehicles is being recycled and reused.
7. Other category of used oil viz., treated coolant, hydraulic oil etc., is sent to authorised recycling agency (100%).
8. All other categories of wastes are disposed through authorized agencies.
9. Recyclable packing materials are being evaluated for conservation of resources (reducing Carton boxes usage).

Principle 3: Employee Wellbeing

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

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

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

The Company has provided extended mediclaim policy coverage for the benefit of employees and their family members. Flexi-time benefit is also available for the employees.

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

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

1	Total number of employees on roll	5,267 as at 31st March, 2017
2	Total number of employees hired on temporary / contractual / casual basis.	7,312 as at 31st March, 2017
3	Number of permanent women employees	272 as at 31st March, 2017
4	Number of permanent employees with disabilities	Nil
5	Employee association recognised by management?	The Company has one Labour Union representing the interests and welfare of all union employees / workmen. Union elections are held once in 4 years as per the by-laws of the Union. The Company maintains a good and cordial relationship with the Union.
6	Percentage of permanent employees who are members of this recognised employee association?	100% of permanent employees in the workers grade are members of the Union.
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	NIL
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? (a) Permanent Employees - 95% (b) Permanent Women Employees - 100% (c) Casual/Temporary/Contractual Employees - 100% (d) Employees with Disabilities- NIL	The Company has established TVS-IQL for training the employees and making them competent in the role they are performing along with training them to handle the next role in line. Safety training involving road safety, first aid and fire safety, etc., is conducted for the employees.

Principle 4: Stakeholder Engagement

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

   Yes.

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

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

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

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

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders.**

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

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

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

Principle 5: Human rights

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

   The Company does not have a separate Human Rights Policy.

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

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

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

Principle 6: Environmental

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

   The Company has been certified with ISO 14001:2015 & OSHAS 18001:2007 and has been consistently promoting the certification of all its key stakeholders, suppliers, dealers and contractors.

   The Company's Environment, Occupational Health & Safety (EHS) Policy commits to provide support to suppliers, dealers and contractors in adopting sound EHS practices.

   - Towards achieving this commitment, the Company is supporting its suppliers to obtain EHS certification and the same is monitored through online system, regularly.
   - Dealers are encouraged to use authorised recycling agency for disposal of waste oil/ battery.
   - To conserve the natural resource water, automation is being implemented for vehicle washing at dealer end.

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

   By the Company's EHS Policy, the Company has commitment to combat climate change by improving energy efficiency and use of renewable energy. Following actions have been carried out towards this:

   - The Company has its own captive power plant (CPP) and towards reducing fossil fuel consumption, implemented "Waste Heat recovery system" in CPP between 2002- 2012. Total emission reduction due to this implementation at Hosur and Mysuru along with other energy efficient initiatives is 11,410 ton of CO_2 eq per annum.
   - The Company has switched over from fossil fuel (CPP) to EB power during 2013. At this juncture as an alternate to EB power, the Company invested in 7.2 MW wind power. Over the years, the Company has

invested in group captive mode to the tune of 20 MW and improved the share of wind power from 19%(2013) to 30% (2016).

- Through sustained efforts towards renewable energy, the Company has implemented Roof-top Solar power 3.5 MW, Heat pumps 400 tons, Solar water heating 225 KW for engine preheating, solar air heating 46 KW and compressor waste heat recovery for its various process applications.
- With all these clean development mechanism (CDM) initiatives, the share of renewable energy usage is at 29% during 2016-17 and is being planned to take it to 50% by 2020 as Company's vision.
- The Company has started "Life cycle assessment" of its products and services using GaBi Software through tracking and monitoring GWP, energy consumptions, acidification etc.

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

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

Risk Identification and Assessment

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

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

Risk Mitigation and Monitoring

The severity of any particular risk is assessed along with the concerned departments qualitatively and the risk mitigation measures like adopting best available technology, implementation of objectives, improvement of compliance management process, adopting effective engineering controls etc., are proposed, agreed upon and monitored to implementation/dropped if circumstances change.

4. Does the Company have any project related to Clean Development Mechanism? If Yes, whether any environmental compliance report is filed?

Please refer Principle numbers 2 and 6.

With all the CDM initiatives, the Company premises are covered 30% with greeneries and attract migratory birds every year.

The Company periodically files returns to Pollution control board as per legal requirement.

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

Clean Technology:

The Company has always been making progress on developing products with fuel efficient and environment friendly technologies.

The Company is in the process of developing new hybrid vehicles with high fuel economy and significant reduction in exhaust emissions. Three-wheeler 'King' is equipped with engines which can be operated using CNG, LPG and Gasoline.

The Company has achieved significant reduction of Hydrocarbon and NOx emissions in all TVSM two & three-wheeler models. The Company’s vehicles are compliant with BS IV norms.

The Company has started life cycle assessment of its products and services using GaBi software through tracking and monitoring global warming potential, energy consumption, acidification etc.

Above initiative is apart from details shared in Principle 2, Question 2.5.

All new paint plants are with direct fired gas based clean fuel technology.

Energy efficiency:

Conventional lighting is changed over to energy efficient LED lighting across the Company. Hosur - 100%, Mysuru - 100%, HP - 100%.

Further all expansion projects are with energy efficient LED lighting technologies including office areas.

Also all Company's buildings are designed with natural lightings and ventilation with daylight harvesting to conserve energy.

All motors used are energy efficient. High capacity motors (more than 10 HP) are equipped with variable frequency drives as a standard.

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

Please refer to the Annexures to the Directors' Report for energy efficiency initiatives.

Renewable energy:

Details as mentioned in Question no. 4 of Principle 6.

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

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

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

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

Principle 7: Policy Advocacy

1. **Is your Company a member of any trade and chamber or association?**

   The Company is a member of:

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

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

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

   The Company works closely with leading Industry Associations and Chambers of Commerce at International National, State and Local levels to advocate and pursue various causes that are in the larger interests of industry, economy, society and the public. From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development and women empowerment.

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

a) Works with Government education departments and local panchayats to improve education;
b) Introduces new income generation activities, increase in agriculture and better Livestock management;
c) Coordinates between local bodies, government and community to maintain a clean environment;
d) Provides easy access to Primary Healthcare and adoption of proper sanitation, hygiene and nutrition; and
e) Supports government bodies in developing infrastructure such as roads, drinking water facilities and more.

Principle 8: Inclusive Growth

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

   Yes. As given in the Annexure IV to the Directors' Report for the year 2016-17.

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

   SST, the CSR arm of the Company does its work by its own in house team.

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

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

   Yes. The Company believes that every activity should result in some impact. The Company has measurable parameters for all its activities in all the 5 focus areas viz., Economic development, Healthcare, Quality Education, Infrastructure Development and Conservation of Environment. These are constantly checked by in-house internal audit system. External evaluation is also being done to validate the impact.

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

S.No	Project	Amount
1.	Promoting Education	Rs.919.50 Lakhs
2.	Economic Development, Health care, Quality education, Environment and Infrastructure	
3.	Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge.	
4.	Health care activities - Mental health and neurosciences	

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

   Yes.

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

Principle 9: Customer value

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

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

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

   TVSM sold 2.54 Crores two wheelers since 2001-02 to December 2016 and 1.29 lakhs three wheelers since 2007-08 to December 2016; 192 number of consumer cases are pending in District Forum and 51 number of appeals in State Commission are pending under Consumer Protection Act, 1986.

   Out of 3.83 crores vehicles sold, 243 consumer cases are pending, which works out to only 0.0006%.

   The Company has CRM through which the Company interacts with customers and collects their feedback, which has influence over its product and service improvements.

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

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

   Necessary technical information and product usage instructions are provided in the Product Owner's Manual cum Service Booklet and it is provided to every customer on purchase of vehicle and contains information relating to safety, operation and maintenance of the vehicle. At the time of vehicle delivery, technical features of the vehicle are explained to the customer. Product related information is also available on the Company's website. Maintenance tips, service reminders are provided at regular intervals.

   The service technicians/mechanics of the Company's dealers are trained in the Product Training Centres regularly. Regular audits are conducted by external agency to ascertain effectiveness of after sales service provided by dealers to consumers. On a routine basis, the Company's service department managers visit the dealership service centres, gives onsite training to dealers' service mechanic / technicians, meeting the consumers and resolving customer's complaints over product usage. Right from the delivery of vehicle, throughout, the Company takes necessary customer care through well established after sales service system.

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

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.**

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

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

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

For and on behalf of the Board

Bengaluru
27th April 2017

VENU SRINIVASAN
Chairman

Report on Corporate Governance

1. Company's philosophy on code of governance

   As a TVS Group Company, the Company has a strong legacy of fair, transparent and ethical governance practices. The Company's philosophy on corporate governance is founded on the fundamental ideologies of the group viz., Trust, Value 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, Code of Conduct for Prevention of Insider Trading for board of directors and senior management personnel and Code of practices for fair disclosure of unpublished price sensitive information.

2. Board of directors

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

   2.1 Composition and category of directors:

   As on 31st March 2017, 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. The board also has a 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 the said means.

   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 and Risk Management 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 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 & risk management committee meetings.

   During the year 2016-17, the board met five times on 3rd May 2016, 26th July 2016, 27th October 2016, 24th January 2017 and 6th March 2017 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 Act, 2013 and Regulation 25(3) of SEBI (LODR) Regulations.

2.3 Attendance and other directorships:

The details of attendance of the directors at the board meetings during the year and at the last annual general meeting held on 2nd August 2016 and other directorships and committee memberships / chairmanships as on 31st March 2017 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	5	No	15	3	–
Sudarshan Venu	(DIN 03601690)	JMD	5	Yes	3	1	–
H Lakshmanan	(DIN 00057973)	NE-NID	5	Yes	13	5	3
Dr. Lakshmi Venu	(DIN 02702020)	NE-NID	2	Yes	8	1	–
R Ramakrishnan	(DIN 00809342)	NE-ID	3	Yes	10	6	3
T Kannan	(DIN 00040674)	NE-ID	4	Yes	8	3	3
C R Dua	(DIN 00036080)	NE-ID	4	No	17	4	1
Prince Asirvatham	(DIN 00193260)	NE-ID	4	Yes	2	1	–
Hemant Krishan Singh	(DIN 06467315)	NE-ID	5	Yes	1	–	–

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

* includes private companies and bodies corporate.

** includes committees where the director is also Chairman.

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. Lakshmi Venu are related to each other. None of the other directors on the board is related to any other director.

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 and Risk Management 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 a 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 topics such as director's rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc 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: www.tvsmotor.com/policies-adopted-by-the-board.aspx

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 members of the board and senior management personnel (the Code) approved by the board.

The Code has been communicated to directors and the senior management personnel. The Code has also been displayed on the Company's website in the following link 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 2017. 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 / appointed, nature of their expertise in specific functional areas, other directorships and committee memberships, shareholdings and relationships, if any, with other directors are provided in the Notice convening the ensuing annual general meeting of the Company.

2.8 Committees of the board:

The board has, in order to make a focused attention on business and for better governance and accountability, constituted the following mandatory committees, viz., Audit and Risk Management Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and non-mandatory Committee, viz., Administrative Committee. The terms of reference of these Committees are determined by the Board and their performance are reviewed. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also briefs the Board about the summary of discussions had in the Committee Meetings. The minutes of the Committee Meetings are placed before the subsequent board meetings.

3. Audit and Risk Management Committee

During the year, the Audit Committee of the Board of Directors of the Company was renamed as 'Audit and Risk Management Committee' for additionally entrusting the Committee with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing / identifying / assessing all risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and evaluating adequate risk management infrastructure in place and capable of addressing those risks.

The primary objective of the Audit and Risk Management Committee alongwith the above referred objectives 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 and Risk Management Committee of the Company is entrusted with the responsibility to supervise the Company's internal control, financial reporting process, risk management and *inter alia* performs the following functions:

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

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

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

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

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

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

m. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a 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;

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

s. To review on a half yearly basis the risk management framework for the operations of the Company that are deemed necessary and Company's performance against the identified risks of the Company;

t. To formulate strategies towards identifying any areas that may materially affect the Company's overall risk exposure and to review the Risk Management Plan;

u. To adequately transmit necessary information with respect to material risks to senior executives / the board / relevant committees;

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

w. 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 and Risk Management Committee were apprised to the board by the Chairman of the Committee, for board's 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 2017, the Committee consists of the following non-executive independent directors viz., M/s T Kannan, C R Dua, R Ramakrishnan and Prince Asirvatham.

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

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

Chairman of the Committee was present at the last AGM held on 2nd August 2016.

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

Date of the Meeting	Members present (M/s)
02.05.2016	T Kannan, C R Dua, R Ramakrishnan and Prince Asirvatham
25.07.2016	T Kannan, C R Dua, R Ramakrishnan and Prince Asirvatham
26.10.2016	T Kannan and Prince Asirvatham
23.01.2017	T Kannan, C R Dua and Prince Asirvatham

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., and Sundaram Holding USA Inc., and its four subsidiaries referred elsewhere in this annual report.

The Audit and Risk Management 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 its income or networth exceeds 20% of the consolidated income or networth of the Company during the previous financial year.

Copy of the said policy is available on the Company's website in the following link 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 2016-17 were in the ordinary course of business and at arms' length, hence 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 Indian Accounting Standard 24 (IND AS 24) notified vide the Companies (Indian Accounting Standard) Rules, 2015.

Details of material related party transactions are enclosed as Annexure VI to the directors' report for the year ended 31st March 2017.

Related Party Transactions Policy:

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

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

5.2 Disclosure of accounting treatment:

Pursuant to the notification, issued by the Ministry of Corporate Affairs dated February 16, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015, the Company has adopted "IND AS" with effect from 1st April 2016. Accordingly, the financial statements for the year 2016-17 have been prepared in compliance with the Companies (Indian Accounting Standards) Rules, 2015.

5.3 Risk Management:

The board has established a Risk Management Policy which formalizes Company's approach to oversee and manage 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 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 and Risk Management Committee reviews reports given by members of the management team and recommends suitable action.

The Company has a Risk Mitigation Committee including the Chief Executive Officer and the Chief Financial Officer of the Company, as the members of the Committee. 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 or penalty and stricture imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital markets, during the last three years.

5.5 Disclosure by senior management personnel:

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

5.6 CEO and CFO Certification:

The Chairman and Managing Director 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 and CFO certification for the financial year ended 31st March 2017.

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.

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

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

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

As at 31st March 2017, 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 and Mr K S Srinivasan, company secretary acts as the secretary of the Committee.

During the year, the Committee met on 3rd May 2016 and all the members were present at the meeting.

Mr T Kannan, Chairman of the NRC was present at the annual general meeting held on 2nd August 2016.

6.2. The broad terms of reference of 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 NRC is as follows:

- To make recommendations to the board with respect to incentive, compensation plans for executive director(s) and remuneration to 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 to 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, 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 SMP for 2016-17.

The NRC has the overall responsibility for evaluating and approving the compensation plans, policies and programmes applicable to SMP. The NRC also delegated its authority to 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 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 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 to the board the amount 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 board for the employees of the Company.

6.6 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 2016-17:

(Rs. in lakhs)

Executive Directors	Salary	Commi-ssion	Perqui-sites	Contribution to PF and other funds	Total
CMD	51.00	1388.00	–	8.67	1447.67
JMD	48.00	833.00	135.68	8.16	1024.84

There is no separate provision for payment of severance fees. The notice period is mutually agreed between these directors and the board. The tenure of office of executive directors is for five years from their respective dates of appointment.

The above remuneration to CMD and JMD are notwithstanding their holding similar position in the holding company, viz., Sundaram-Clayton Limited (SCL) and drawing remuneration, as approved by its shareholders, from time to time, provided that the total remuneration drawn by them 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.

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% of the net profits of the Company, in aggregate, 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.18 lakhs per annum is payable to each such IDs, who serve as members of the Audit and Risk Management Committee as well and Rs.15 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, as calculated pursuant to Section 198 of the Act, 2013. The above remuneration 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.

6.7 Particulars of sitting fees / commission paid to the non-executive and independent / non-independent directors during the financial year 2016-17 are as follows:

(Rs. in lakhs)

Name of the Director (M/s)	Sitting fees	Commission	Total
H Lakshmanan	1.60	–	1.60
Dr. Lakshmi Venu	0.40	–	0.40
T Kannan	2.20	18.00	20.20
C R Dua	1.80	18.00	19.80
R Ramakrishnan	1.80	18.00	19.80
Prince Asirvatham	2.00	18.00	20.00
Hemant Krishan Singh	1.20	15.00	16.20
Total	11.00	87.00	98.00

6.8 Details of shareholdings of non-executive directors in the Company as on 31st March 2017:

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

* Mr Venu Srinivasan, Mr Sudarshan Venu and Dr. Lakshmi Venu are relatives in terms of Section 2(77) of the Act, 2013.

There are no other pecuniary relationships or transactions of the non-executive directors' vis-à-vis of the Company.

7. Stakeholders' Relationship Committee: (SRC)

7.1 The Stakeholders' Relationship Committee consists of three members viz., M/s Venu Srinivasan and Sudarshan Venu, executive and non-independent directors and 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 2nd August 2016.

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

7.3 The 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)
03.05.2016 26.07.2016	R Ramakrishnan, Venu Srinivasan and Sudarshan Venu
27.10.2016	Venu Srinivasan and Sudarshan Venu
24.01.2017	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 Annual Report, 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 2016-17:

S.No	Nature of complaints	No. of complaints
1.	Non-receipt of share certificates, including bonus share certificates	5
2.	Non-receipt of dividend warrants	9
3.	Non-receipt of annual reports	1
	TOTAL	15

7.6 All the queries and complaints received during the financial year ended 31st March 2017, were duly redressed and no queries were pending at the year end.

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

7.7 Reconciliation of Share Capital Audit:

A 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). The report was placed before the board for perusal.

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. Corporate Social Responsibility Committee

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

The details of CSR Policy, initiatives and spending are spelt out in the directors report.

During the year, the Committee met on 3rd May 2016 and all the members were present at the meeting.

9. Administrative Committee

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

During the year, the Committee met on 20th March 2017 and all the members were present at the meeting.

10. General body meeting

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

Year	Venue of the meeting	Date	Time
2013-14	The Music Academy, New No.168, (Old No.306), T.T.K. Road, Royapettah, Chennai 600 014	14.07.2014	10.00 AM
2014-15		29.07.2015	10.00 AM
2015-16		02.08.2016	10.35 AM

10.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2013-14 to 2015-16 approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of special resolution	Date of AGM
2013-14	1) Appointment of M/s T Kannan, C R Dua, Prince Asirvatham, R Ramakrishnan and Hemant Krishan Singh, as Independent Directors of the Company for the first term of five years each; and 2) 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
2015-16	Nil	02.08.2016

10.3 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 poll at the venue of the meeting for all the items at the AGM held on 2nd August 2016.

11. Means of communication to shareholders

The board believes that effective communication of information is an essential component of corporate governance. The Company regularly interacts with shareholders through multiple channels of communication such as results announcement, annual report, media releases, Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

11.1 Quarterly results:

The unaudited quarterly financial results of the Company were published in English and regional newspapers.

11.2 Newspapers wherein results are normally published:

The results are normally published in English Newspapers viz. The Hindu, Business Line, The Times of India, Economic Times, Business Standard, The New Indian Express and Regional Newspaper viz., Dinamani.

11.3 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 products, 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.

12. General shareholder information

12.1 Annual General Meeting:

Day, Date and time	:	Friday, 11th August 2017 10.00 A.M.
Venue	:	The Music Academy, New No.168 (Old No.306), T.T.K. Road, Royapettah, Chennai - 600 014.

12.2 Financial year	:	1st April to 31st March
Financial calendar	:	2017-2018
Financial reporting for the quarter ending	:	Financial calendar
30th June, 2017	:	between 15th July and 14th August, 2017
30th September, 2017	:	between 15th October and 14th November, 2017
31st December, 2017	:	between 15th January and 14th February, 2018
31st March, 2018	:	between 15th April and 30th May, 2018

12.3 Particulars of dividend payment:

The board of directors of the Company at their meeting held on 27th October 2016, declared a first interim dividend of Rs.1.25 per share (125%) for the year 2016-17 absorbing a sum of Rs.70.25 Cr including dividend distribution tax. The same was paid to the shareholders on 10th November 2016.

The board at its meeting held on 6th March 2017 again declared a second interim dividend of Rs.1.25 per share (125%) for the year 2016-17 absorbing a sum of Rs.71.04 Cr including dividend distribution tax. The same was paid to the shareholders on 18th March 2017.

Hence, the total amount of both dividends, for the year ended 31st March 2017 aggregate to Rs.2.50 per share (250%) on 47,50,87,114 equity shares of Re.1/- each, absorbing Rs.141.29 crore including dividend distribution tax.

Dividend distribution policy

SEBI vide its circular dated 8th July 2016 mandated the top 500 listed companies based on market capitalization to formulate Dividend Distribution Policy which shall be disclosed in their annual reports and on their websites.

Accordingly, the board at its meeting held on 24th January 2017 had formulated a Dividend Distribution Policy in accordance with Regulations 43A of SEBI (LODR) Regulations and the same is available on the Company's website at: www.tvsmotor.com/pdf/Dividend-Distribution-Policy.pdf.

12.4 Listing on Stock Exchanges:

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

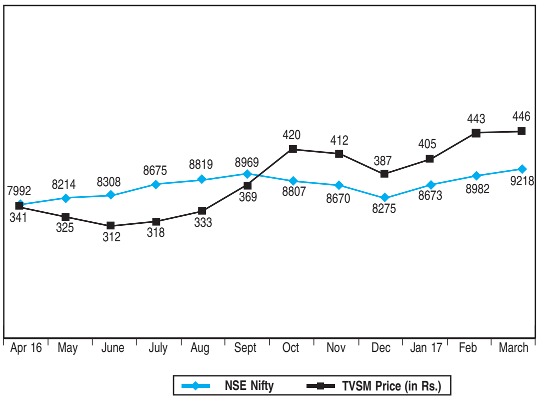
(Note: Annual listing fees and custodial charges for the year 2017-18 were duly paid to the above Stock Exchanges and Depositories)

12.5 Market Price Data: (in Rs.)

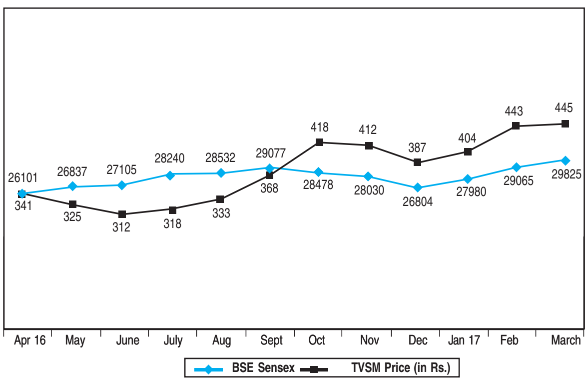
Month	NSE (Monthly)		BSE (Monthly)	
	High price	Low price	High price	Low price
April 2016	340.85	310.10	340.90	310.15
May 2016	325.40	277.50	325.35	277.95
June 2016	311.80	279.10	311.70	280.30
July 2016	317.90	285.80	317.55	285.85
August 2016	332.95	292.60	333.00	292.60
September 2016	368.60	310.00	368.40	310.90
October 2016	420.00	365.90	418.00	366.20
November 2016	411.70	338.00	412.00	338.90
December 2016	387.40	346.40	387.20	346.00
January 2017	405.00	355.40	404.45	355.00
February 2017	443.35	381.50	442.80	381.50
March 2017	445.65	414.00	444.80	414.00

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

SHARE PRICE MOVEMENT - NSE



SHARE PRICE MOVEMENT - BSE



12.7 Share Transfer Agents and share transfer system:

a. Sundaram-Clayton Limited, the holding company, which has been registered with SEBI as share transfer agents in Category II, has been appointed as the share transfer agent of the Company (STA) with a view to rendering prompt and efficient service to the investors and in compliance with Regulation 7 of the SEBI (LODR) Regulations. The shareholders have also been advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company effective 1st October 2004.

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

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

d. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors and other miscellaneous correspondences relating to change of address, mandates, etc., are processed by the STA within 7 days.

e. 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.

f. Certificates have also been received from a Company Secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.

g. The Company, as required under Regulation 6(2)(d) of SEBI (LODR) Regulations, has designated the following e-mail IDs, namely investorscomplaintssta@scl.co.in/ contactus@tvsmotor.com for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.

h. A certificate signed by the compliance officer of the STA 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.

12.8 Shareholding pattern of the Company as on 31st March 2017

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	4,69,76,886	9.89
Banks / Financial Institutions	5,46,280	0.11
Insurance Companies	1,18,40,455	2.49
Foreign Institutional Investors	8,78,72,583	18.49
Total Institutions (B)	**14,72,36,204**	**30.98**
Bodies Corporate	47,43,111	1.00
Individuals holding nominal capital in excess of Rs. 2 lakh	40,81,901	0.86
Individuals holding nominal capital upto Rs. 2 lakh	4,07,88,940	8.59
NRI Repatriable	7,11,871	0.15
NRI Non- Repatriable	4,83,812	0.10
Overseas Body Corporate	136	–
Foreign National (Individuals)	1,000	–
Directors & their relatives	28,50,966	0.60
Trusts	2,501	–
Clearing members	15,03,886	0.32
Total Non-Institutions (C)	**5,51,68,124**	**11.62**
Total Public Shareholding (B+C)	**20,24,04,328**	**42.60**
Grand Total (A+B+C)	**47,50,87,114**	**100.00**

12.9 Distribution of shareholding as on 31st March 2017:

Shareholding (Range)	No. of members	%	No. of shares	%
Upto 5000	1,05,109	98.84	3,16,39,971	6.66
5001 - 10000	718	0.68	52,96,169	1.11
10001 - 20000	236	0.22	35,06,884	0.74
20001 - 50000	123	0.12	39,55,552	0.83
50001 - 100000	47	0.04	32,55,082	0.69
100001 & above	109	0.10	42,74,33,456	89.97
Total	**1,06,342**	**100.00**	**47,50,87,114**	**100.00**

12.10 Dematerialization of shares and liquidity:

The promoter holding consisting of 27,26,82,786 equity shares of 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 19,66,80,162 shares have been dematerialized as on 31st March, 2017 accounting for 97.17%.

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

12.12 Other Disclosures

a) 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) Company is a net exporter. Company has a forex hedging policy and covers are appropriately taken to hedge the currency risk. The exposure and cover taken are reviewed by the Audit and Risk Management 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 two-wheeler and three-wheeler are done based on market conditions. Company has not entered into any commodity derivatives with any of the bankers.

12.13 Plant Locations:

Hosur : Post Box No. 4, Harita
Hosur - 635 109, Tamil Nadu
Tel : 04344-276780-84
Email : contactus@tvsmotor.com

Mysuru : Post Box No.1
Byathahalli Village, Kadakola Post
Mysuru - 571 311, Karnataka
Tel : 0821 - 2596561
Email : contactus@tvsmotor.com

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

12.14 Address for investor correspondence:

(i) For transfer / dematerialization of shares, payment of dividend on shares and any other query relating to the shares of the Company	:	Sundaram-Clayton Limited Share Transfer Agent (STA) Unit: TVS Motor Company Limited "Jayalakshmi Estates", I Floor, No. 29, Haddows Road, Chennai - 600 006.
(ii) For any query on non-receipt of annual report	:	Email: raman@scl.co.in sclshares@gmail.com
(iii) For investors' grievance & general correspondence	:	Email : contactus@tvsmotor.com investorscomplaintssta@scl.co.in

13. Non-mandatory disclosures

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

13.1 The Board:

As the Company has an executive chairman, disclosure under this head is not mandatory. The Non-Independent directors of the Company are liable to retire by rotation and if eligible, offer themselves for re-appointment. Specific tenure has been fixed for the independent directors in terms of Section 149 of the 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.

13.2 Shareholder rights:

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

13.3 Audit qualifications:

The financial statements of the Company are unmodified.

14. Request to shareholders

Shareholders are requested to follow the general safeguards / procedures as detailed hereunder so as to enable 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, 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 Companies 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.

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, 2010 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 124(6) of the Companies Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Accordingly a sum of Rs.19.71 lakhs, being unclaimed dividend, was transferred to IEPF during the year.

Transfer of shares to IEPF

As per amended IEPF (Accounting, Audit, Transfer and Refund) Rules, 2017, the Company is required to transfer the underlying shares for which the dividends were not claimed for 7 consecutive years, to IEPF authority. In this regard, the Company has sent notices on 25th October 2016 and 1st April 2017 to those shareholders who have not claimed their dividends from the year 2009-10, advising them to claim the dividends expeditiously. The Company will transfer such shares including the shares in suspense account upon notification by the Ministry of Corporate Affairs.

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
2009-2010 2nd Interim	21.07.2010	20.08.2010	20.08.2017
2010-2011 1st Interim	20.01.2011	19.02.2011	19.02.2018
2010-2011 2nd Interim	29.07.2011	28.08.2011	28.08.2018
2011-2012 1st Interim	14.03.2012	13.04.2012	13.04.2019
2011-2012 2nd Interim	24.05.2012	23.06.2012	23.06.2019
2012-2013 1st Interim	01.02.2013	03.03.2013	03.03.2020
2012- 2013 2nd Interim	30.04.2013	30.05.2013	30.05.2020
2013-2014 1st Interim	25.10.2013	24.11.2013	24.11.2020
2013-2014 2nd Interim	29.04.2014	29.05.2014	29.05.2021

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to IEPF
2014-2015 1st Interim	03.02.2015	05.03.2015	05.03.2022
2014-2015 2nd Interim	29.04.2015	29.05.2015	29.05.2022
2015-2016 1st Interim	29.01.2016	28.02.2016	28.02.2023
2015-2016 2nd interim	12.03.2016	11.04.2016	11.04.2023
2016-2017 1st Interim	27.10.2016	26.11.2016	26.11.2023
2016-2017 2nd Interim	06.03.2017	05.04.2017	05.04.2024

Any person whose shares / unclaimed dividend has been transferred to the Fund, may claim such shares / dividend from the IEPF Authority by submitting an online application in Form IEPF-5 available on the website www.iepf.gov.in along with fee specified by the Authority from time to time in consultation with the Central Government.

15. UNCLAIMED SHARE CERTIFICATES

In terms of the provisions of Regulation 39(4) read with Schedule VI of SEBI (LODR) Regulations, the unclaimed share certificates are required to be dematerialized and transferred to "Unclaimed Suspense Account". As required under 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 31st March 2016	1,009	9,82,800
No. of shares transferred to the shareholders on request from 1st April 2016 to 31st March 2017	16	19,422
No. of Shares in the Unclaimed suspense account as on 31st March 2017	993	9,63,378

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Rule 11 of the Companies (Accounts) Rules, 2014, permits circulation of annual report 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 sent to those shareholders whose e-mail ids have not been either registered with the Company or with the depositories.

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

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

To

The Shareholders of TVS Motor Company Limited,
Chennai

On the basis of the written declarations received from members of the board and senior management personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, it is hereby certified that both the members of the board and the senior management personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the board for the year ended 31st March 2017.

VENU SRINIVASAN
Chairman & Managing Director

Place : Bengaluru
Date : 27th April 2017

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

To

The Board of Directors
TVS Motor Company Limited

We certify that we have reviewed the financial statements prepared based on the first time adopted Indian Accounting Standards for the year ended 31st March 2017 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 and are in compliance with applicable Indian Accounting Standards, 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.

We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit and Risk Management Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

We have indicated to the Auditors and the Audit and Risk Management Committee of the following:

(a) significant changes in internal control over financial reporting during the year;

(b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(c) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Venu Srinivasan	S G Murali
Chairman & Managing Director	Chief Financial Officer

Place : Chennai
Date : 17th April 2017

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 2017 as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations].

Compliance of the 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 SEBI (LODR) Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

S. VENKATRAMAN
Partner
Membership Number: F34319

Place : Bengaluru
Date : 27th April 2017

Form No. MR-3
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members of
TVS Motor Company Limited,
[CIN: L35921TN1992PLC022845]
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 2016 to 31st March 2017 ("the year"/ "audit period"/ "period under review").

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

We are issuing this report based on

(i) Our verification of the books, papers, minute books, registers and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the year as well as after 31st March 2017 but before the issue of this report;

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

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

In our opinion, during the audit period covering the financial year ended on 31st March 2017, the Company has generally complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with our letter of even date annexed to this report as Annexure – A.

1. We report as regards compliance with specific statutory provisions that:

1.1. We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions/ clauses of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder.

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

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

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

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

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

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

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

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

(vi) Secretarial Standards (SS-1) on "Meetings of the Board of Directors" and Secretarial Standards (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India.

(vii) Listing agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

1.2. During the period under review and also considering the compliance related action taken by the Company after 31st March 2017 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

(i) Complied with the applicable clauses of the Acts / Rules / Regulations / Agreements mentioned under paragraph 1.1 (i), (ii), (iii), (iv) and (vii) above; and

(ii) Generally complied with the applicable clauses of the Act / Rule and Regulations under FEMA and Secretarial Standards mentioned under paragraphs 1.1(v) and (vi) above.

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

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

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

(b) Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

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

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

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

(ii) There was no other law that was specifically applicable to the Company, considering the nature of its business. Hence the requirement to report on compliance with specific laws under paragraph 1.2 above did not arise.

2. We further report as regards Board processes that:

2.1 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. There was no change in composition of the Board of Directors during the period under review.

2.2 Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent at least seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the meetings:

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

(ii) Additional subjects/ information and supplementary notes.

Consent of the Board for circulating the above items separately or at the meeting is obtained as required under the Secretarial Standards.

2.3 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

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

(i) Majority decisions were carried through; and

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

3 We further report as regards the compliance mechanism in place that:

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

4 We further report as regards specific events and actions that:

4.1 During the audit period, the following specific events and actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations and standards took place:

(i) Further investments were made in its wholly owned subsidiaries as detailed below:

(a) Rs.24 crores in Sundaram Auto Components Limited by way of subscription to rights issues for 30,00,000 equity shares of Rs.10/- each at a premium of Rs.70/- per share;

(b) USD 8 mn in PT. TVS Motor Company Limited, Indonesia, by way of subscription to 800,000 shares of USD 10 each; and

(c) Loan of USD 80,05,683 payable to the Company by TVS Motor (Singapore) Pte. Limited (TVSM Sg) was converted into 1,07,87,657 ordinary shares of Sg $1/- each in the capital of TVSM Sg

The Company also invested USD 500,000 in TVSM Sg by way of subscription to 6,94,600 ordinary shares of Sg $1/- each

(ii) Further investments were made in associate and other company as detailed below:

(a) Rs.40 crores in Emerald Haven Realty Limited by way of subscription to 4,00,00,000 equity shares of Rs. 10/- each; and

(b) Rs.64.99 crores was made in TVS Credit Services Limited by way of subscription to 1,06,55,700 equity shares of Rs. 10/- each at a premium of Rs. 51/- per share.

For S Krishnamurthy & Co
Company Secretaries

K. SRIRAM
Partner
Membership No: F6312
Certificate of Practice No: 2215

Date : 27th April 2017
Place: Chennai

Annexure – A to Secretarial Audit Report of even date

To,

The Members of
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 2017 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.

2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.

3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2017 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

Partner
Membership No: F6312
Certificate of Practice No: 2215

Date : 27th April 2017
Place: Chennai

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2017

To the members of TVS Motor Company Limited

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of TVS Motor Company Limited, ('the Company'), which comprises the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing 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 standalone Ind AS financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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 Ind AS financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2017, and its profit, total comprehensive income its cash flows and the changes in equity for the year ended on that date.

Other Matters

8. The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us and our report for the year ended 31st March 2016 and 31st March 2015 dated 3rd May 2016 and 29th April 2015 respectively, expressed an unmodified opinion on those standalone financial statements and have been restated to comply with Ind AS. Adjustments made to the previously issued said statutory financial information for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

   Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') and 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.

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

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

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

    (c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

    (d) in our opinion, the aforesaid Standalone Ind AS financial statements, comply with the Accounting Standards prescribed under Section 133 of the Act;

    (e) on the basis of written representations received from the directors as on 31st March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017, from being appointed as a director in terms of Section 164 (2) of the Act;

    (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 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 given to us:

    i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 39(a) to the Standalone Ind AS financial statements.

    ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses -Refer Note No. 29(D) to the Standalone Ind AS 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.

    iv. the Company has provided requisite disclosures in the Standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8thNovember, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures and relying on management representation we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management (Refer Note No.43).

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

S. VENKATRAMAN
Partner
Membership No.: 34319

Place: Bengaluru
Date : 27th April 2017

Annexure A to Independent Auditors' Report - 31st March 2017
(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 unsecured loan granted in an earlier year to a company covered in the register maintained under Section 189 of the Act has been converted into equity shares during the year. No other unsecured loans have been granted during the year to companies covered in the register maintained under Section 189 of the Act.

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

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

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

(vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, 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 2017 for a period of more than six months from the date they became payable.

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

Name of the Statute / (Nature of dues)	Period of dues	Amount (Rs. in Cr)	Forum where dispute is pending
Central Excise Act, 1944 (Cenvat/Excise Duty)	1998-2015	38.46	Central Excise and Service Tax Appellate Tribunal
	2009-2015	2.07	Assistant / Deputy / Commissioner of Central Excise
Finance Act, 1994 (Service Tax)	1999-2011	4.56	Assistant / Deputy / Commissioner of Central Excise
	2002-2014	1.46	Central Excise and Service Tax Appellate Tribunal
Customs Act, 1962 (Customs Duty)	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	0.05	Hon'ble High Court of Orissa
Income Tax Act, 1961 (Income Tax and Interest thereon)	2012-2013	7.71	Tribunal (ITAT)
Income Tax Act, 1961 (Income Tax and Interest thereon)	2013-2014	6.96	Commissioner Appeal
Income Tax Act, 1961 TDS (Income Tax and Interest thereon)	2007-2017	0.40	Department Authorities
Wealth Tax Act, 1957	2007-2009	0.98	Commissioner (Appeals)

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Financial Institutions / Banks. 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 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 177 and Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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

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

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

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

S. VENKATRAMAN
Partner
Membership No.: 34319

Place: Bengaluru
Date : 27th April 2017

Annexure - B to the Independent Auditors' Report - 31st March 2017 (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, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Managements' Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Bengaluru
Date : 27th April 2017

Balance Sheet as at 31st March 2017

Rupees in crores

	Notes	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
ASSETS				
Non-current assets				
Property, plant and equipment	2	1,930.64	1,672.67	1,381.01
Capital work-in-progress	2	62.28	30.96	89.36
Other intangible assets	2	53.23	46.92	31.52
Financial assets				
i. Investments	3	1,587.90	1,214.86	989.72
ii. Loans	4	–	55.30	50.14
iii. Others (Bank deposits)		0.12	0.10	0.08
Non-Current tax assets (Net)		24.67	11.26	34.39
Other non-current assets	5	58.94	33.74	34.14
		3,717.78	3,065.81	2,610.36
Current assets				
Inventories	6	966.95	696.33	733.78
Financial assets				
i. Trade receivables	7	723.77	578.03	503.58
ii. Cash and cash equivalents	8	4.37	28.34	2.85
iii. Bank balances other than (ii) above	9	4.14	4.40	2.46
iv. Others	10	13.51	29.28	22.78
Current tax assets (Net)		1.88	26.84	68.14
Other current assets	11	472.27	523.15	609.80
		2,186.89	1,886.37	1,943.39
Total Assets		5,904.67	4,952.18	4,553.75
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12	47.51	47.51	47.51
Other equity	13	2,360.82	1,910.83	1,636.03
		2,408.33	1,958.34	1,683.54
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	14	468.76	494.23	519.83
Provisions	15	50.80	39.99	43.73
Deferred tax liabilities (net)	16	125.70	143.74	128.38
		645.26	677.96	691.94
Current liabilities				
Financial liabilities				
i. Borrowings	17	616.38	264.23	399.76
ii. Trade payables	18	1,859.36	1,543.71	1,478.50
iii. Other financial liabilities	19	79.61	215.61	83.72
Provisions	15	62.87	58.47	39.47
Other current liabilities	20	232.86	233.86	176.82
		2,851.08	2,315.88	2,178.27
Total liabilities		3,496.34	2,993.84	2,870.21
Total equity and liabilities		5,904.67	4,952.18	4,553.75
Significant accounting policies	1			

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

S.G. MURALI
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

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

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Bengaluru
Date : 27th April 2017

Statement of Profit and Loss for the year ended 31st March 2017

Rupees in crores

		Notes	Year ended 31-03-2017	Year ended 31-03-2016
I	Revenue from operations	21	13,190.06	12,090.92
II	Other income	22	173.37	103.85
III	Total income (I + II)		13,363.43	12,194.77
IV	Expenses:			
	Cost of material consumed	23	8,620.88	7,657.23
	Purchase of stock-in-trade	23	291.22	251.41
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	(58.73)	70.53
	Excise duty		1,054.75	986.26
	Employee benefits expense	24	745.64	652.39
	Finance costs	25	43.95	48.73
	Depreciation and amortisation expense	2	287.81	236.05
	Other expenses	26	1,679.23	1,663.23
	Total expenses		12,664.75	11,565.83
V	Profit before exceptional items and tax (III - IV)		698.68	628.94
VI	Exceptional items		–	–
VII	Profit before tax		698.68	628.94
VIII	Tax expense	27		
	i) Current tax		159.78	122.11
	ii) Deferred tax		(19.18)	17.55
IX	Profit for the year (VII - VIII)		558.08	489.28
X	Other comprehensive income			
	A. Items that will not be reclassified to profit or loss:			
	Remeasurements of post employment benefit obligations		(8.19)	(11.84)
	Change in fair value of equity instruments		44.55	1.43
	Income tax relating to these items		(0.69)	2.37
	B. Items that will be reclassified to profit or loss:			
	Fair value changes on cash flow hedges		(3.77)	0.52
	Income tax relating to these items		1.30	(0.18)
	Other comprehensive income for the year, net of tax (X)		33.20	(7.70)
XI	Total comprehensive income for the year - (IX + X)		591.28	481.58
XII	Earnings per equity share (Face value of Re.1/- each)			
	Basic & Diluted earnings per share (in rupees)	35	11.75	10.30

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Partner
Membership No.: 34319

Place : Bengaluru
Date : 27th April 2017

Statement of changes in Equity

a	Equity Share Capital	Rupees in crores
	As at 01-04-2015	47.51
	Changes in equity share capital	–
	As at 31-03-2016	47.51
	Changes in equity share capital	–
	As at 31-03-2017	47.51

b Other Equity

	Reserves & Surplus			Other Reserves		
	General reserve	Capital reserve	Retained earnings	Equity Instruments Fair Valued through Other Comprehensive Income	Hedging reserve	Total
Balance as at 01-04-2015	865.94	6.43	720.34	41.29	2.03	1,636.03
Add : Profit for the year 2015-16			489.28			489.28
Other comprehensive income for the year 2015-16			(9.24)	1.20		(8.04)
Less : Residual value of part of assets, whose useful life exhausted	0.30					0.30
Add : Change in fair value of hedging instruments, net of tax					2.37	2.37
Less : Reclassification to profit or loss, net of tax					2.03	2.03
Less : Distribution to shareholders :						
2014-15 Second Interim dividend paid			54.64			54.64
2015-16 First Interim dividend paid			47.51			47.51
2015-16 Second Interim dividend paid			71.26			71.26
Less : Dividend Tax			33.07			33.07
Balance as at 31-03-2016	865.64	6.43	993.90	42.49	2.37	1,910.83
Add : Profit for the year 2016-17			558.08			558.08
Other comprehensive income for the year 2016-17			(6.44)	42.11		35.67
Less : Reclassification to profit or loss, net of tax					2.37	2.37
Less: Change in fair value of hedging instruments, net of tax					0.10	0.10
Less : Distribution to shareholders :						
2016-17 First Interim dividend paid			59.39			59.39
2016-17 Second Interim dividend paid			59.39			59.39
Less : Dividend Tax			22.51			22.51
Balance as at 31-03-2017	865.64	6.43	1,404.25	84.60	(0.10)	2,360.82

Nature and purpose of Other Reserves

1. General reserve is part of retained earnings. This is available for distribution to share holders.
2. Capital reserve

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

3. Hedge Reserve - Refer Note No. 29(D)

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S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Bengaluru
Date : 27th April 2017

Cash Flow Statement

Rupees in crores

			Year ended 31-03-2017		Year ended 31-03-2016
A. Cash flow from operating activities					
Net profit before tax			698.68		628.94
Add: Depreciation and amortisation for the year		287.81		236.05	
Loss on sale of fixed assets		2.34		3.39	
Net (profit) / loss on sale of investments		(0.05)		–	
Unrealised exchange (gain) / loss		1.87		(9.40)	
Increase in Fair Value of Investments		(80.76)		(51.96)	
Dividend income		(8.91)		(11.46)	
Interest income		(49.35)		(38.73)	
Finance cost		43.95		48.73	
Provisions		8.77		6.02	
			205.67		182.64
Operating profit before working capital changes			904.35		811.58
Adjustments for:					
Trade receivables		(148.86)		(77.98)	
Inventories		(270.62)		37.45	
Other current assets		50.88		86.65	
Other Financial assets		12.15		(6.84)	
Trade payables		316.90		78.14	
Other financial liabilities (excluding current maturity of long term loans)		7.06		15.87	
Other Current Liabilities		(1.00)		57.04	
Other Non - Current assets		(17.93)		84.96	
			(51.42)		275.29
Cash generated from operations			852.93		1,086.87
Direct taxes paid			(129.00)		(145.78)
Net cash from operating activities	(A)		723.93		941.09
B. Cash flow from investing activities					
Purchase of Property, Plant and Equipment		(529.37)		(549.15)	
Purchase of Intangible Assets		(32.85)		(30.78)	
Sale of fixed assets		7.79		32.82	
Payments for Capital work-in-progress		(31.32)		58.40	
Payments for Capital Advances		(26.48)		1.53	
Purchase of investments		(194.38)		(171.17)	
Sale / disposal of investments		0.23		–	
Interest received		49.35		38.73	
Dividends received		8.91		11.46	
			(748.12)		(608.16)
Net cash from / (used in) investing activities	(B)		(748.12)		(608.16)

Cash Flow Statement – *(continued)*

			Rupees in crores		
			Year ended 31-03-2017		Year ended 31-03-2016
C. Cash flow from financing activities					
Borrowings:					
Term loan availed / (repaid)		(169.34)		88.60	
Loans (given) / received back		1.75		(5.16)	
Short term borrowings availed / (repaid)		279.23		(134.14)	
Other bank balances		0.24		(1.96)	
Finance cost paid		(43.29)		(46.91)	
Dividend and dividend tax paid		(141.29)		(206.48)	
			(72.70)		(306.05)
Net cash from / (used in) financing activities	(C)		(72.70)		(306.05)
Total	(A)+(B)+(C)		(96.89)		26.88
Cash and cash equivalents at the beginning of the year			(131.95)		(158.83)
Cash and cash equivalents at the end of the year			(228.84)		(131.95)
D. Net increase / (decrease) in cash and cash equivalents			(96.89)		26.88

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

VENU SRINIVASAN
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SUDARSHAN VENU
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H. LAKSHMANAN
Director

As per our report annexed
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S.G. MURALI
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Bengaluru
Date : 27th April 2017

1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the standalone financial statements of the Company.

a) Brief description of the Company

TVS Motor Company Limited ('the Company') is a public limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Nungambakkam, Chennai - 600006, Tamil Nadu, India.

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

b) Basis of preparation

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

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

The financial statements upto year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 31 and 32 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position and financial performance.

c) Use of estimates

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

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

d) Significant Estimates and judgments

The areas involving critical estimates or judgments are:

i) Estimation of fair value of unlisted securities- (Refer Note 28)

ii) Defined benefit obligation - (Refer Note 33)

iii) Estimation of useful life of Property, Plant and Equipment - Refer Note 1(f) and 1(g)

iv) Estimation and evaluation of provisions and contingencies relating to tax litigations - Refer Note 39(a).

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances, rebates and amounts collected on behalf of third parties. It includes Excise Duty but excludes Value Added Tax, Sales Tax and Service tax.

Sale of products:

Revenue from sale of products is recognised, when significant risks and rewards of ownership pass to the dealer / customer, as per terms of contract and it is probable that the economic benefits associated with the transaction will flow to the Company.

f) Property, Plant and Equipment

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

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

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

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

g) Depreciation and amortization

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

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

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

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

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

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

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

h) Intangible assets

Intangible assets acquired are recorded at their acquisition cost and are amortised on straight line basis over its useful life, viz., 2 years in the case of software and 6 to 10 years in the case of Design, Development and Technical knowhow.

i) Impairment

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

j) Foreign currency translation

(i) Functional and presentation currency

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

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

(ii) Transactions and balances

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

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

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

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

k) Hedge accounting

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

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 28. Movements in the hedging reserve in shareholders' equity are shown in Note 29. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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

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

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

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

l) Inventories

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

i) Cost of raw materials, components, stores, spares, work-in-progress and finished goods are ascertained on a moving average basis.

ii) Cost of finished goods and work-in-progress comprises of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

m) Employee benefits

i) Short term obligations:

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

ii) Other long term employee benefit:

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

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

iii) Post-employment obligation:

The Company operates the following post-employment schemes:

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

b) Defined contribution plans such as provident fund.

Pension and gratuity obligation:

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

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

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

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

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

Provident fund:

The eligible employees of the 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.

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

iv) Bonus plans:

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

n) Taxes on income

Tax expense comprises of current and deferred taxes.

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

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

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

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

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

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

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

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

o) Government Grants

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

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

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

p) Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

r) Leases

Leases of property, plant and equipment where the Company, as a lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of lease at fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

s) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

t) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

u) Investments and Other financial assets

i) Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement

At Initial recognition, the Company measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains/(losses) in the period in which it arises.Interest income from these financial assets is included in other income.

Equity instruments:

The Company subsequently measures all investments in equity (except of the subsidiaries/associate) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Investment in subsidiaries / associates:

Investment in subsidiaries / associates are measured at cost less provision for impairment.

iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment mythology applied depends on whether there has been significant increase in credit risk. Note29 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

iv) Derecognition of financial assets

A financial asset is derecognised only when:

a) the Company has transferred the rights to receive cash flows from the financial asset or

b) the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

v) Income recognition

Interest Income:

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends:

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

v) Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gain / (loss).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

w) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

Notes on accounts

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total intangible assets
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value										
as at 01-04-2016	98.26	473.53	2,675.80	30.90	14.57	74.28	3,367.34	52.15	45.65	97.80
Additions	10.99	70.07	407.39	23.16	4.37	13.39	529.37	7.88	24.97	32.85
Sub-total	109.25	543.60	3,083.19	54.06	18.94	87.67	3,896.71	60.03	70.62	130.65
Sales / deletion	0.01	4.69	84.08	1.28	0.15	8.11	98.32	–	0.04	0.04
Total	109.24	538.91	2,999.11	52.78	18.79	79.56	3,798.39	60.03	70.58	130.61
Depreciation / Amortisation										
Upto 31-03-2016	–	122.73	1,490.69	16.61	9.98	54.66	1,694.67	33.84	17.04	50.88
For the year	–	18.15	227.56	3.75	1.84	10.01	261.31	14.73	11.77	26.50
Sub-total	–	140.88	1,718.25	20.36	11.82	64.67	1,955.98	48.57	28.81	77.38
Withdrawn on										
assets sold / deleted	–	3.86	75.06	1.27	0.13	7.91	88.23	–	–	–
Total	–	137.02	1,643.19	19.09	11.69	56.76	1,867.75	48.57	28.81	77.38
Carrying value										
As at 31-03-2017	109.24	401.89	1,355.92	33.69	7.10	22.80	1,930.64	11.46	41.77	53.23
As at 31-03-2016	98.26	350.80	1,185.11	14.29	4.59	19.62	1,672.67	18.31	28.61	46.92

Capital work-in-progress (at cost) as at 31-03-2017

(a) Building	5.96
(b) Plant & equipment	56.32
Total	62.28

a) Cost of buildings includes Rs.7.12 crores (Last year Rs.33.79 crores) pertaining to buildings constructed on leasehold lands.
b) Tools & dies included under current assets in earlier years are now included under Plant & Equipment in accordance with Ind AS requirements.
c) Land includes lease hold land of Rs.0.51 crores, whose ownership is transferrable at the end of the lease term.

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total intangible assets
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value										
as at 01-04-2015[d]	137.98	385.22	2,308.68	28.79	13.88	69.14	2,943.69	29.75	37.49	67.24
Additions	3.57	89.31	440.72	2.39	1.44	11.72	549.15	22.62	8.16	30.78
Sub-total	141.55	474.53	2,749.40	31.18	15.32	80.86	3,492.84	52.37	45.65	98.02
Sales / deletion	43.29	1.00	73.60	0.28	0.75	6.58	125.50	0.22	–	0.22
Total	98.26	473.53	2,675.80	30.90	14.57	74.28	3,367.34	52.15	45.65	97.80
Depreciation / Amortisation										
Upto 31-03-2015	–	106.81	1,382.94	12.03	8.99	51.91	1,562.68	26.29	9.43	35.72
For the year	–	15.96	188.98	4.83	1.73	9.16	220.66	7.78	7.61	15.39
Transfer to reserve	–	–	0.30	–	–	–	0.30	–	–	–
Sub-total	–	122.77	1,572.22	16.86	10.72	61.07	1,783.64	34.07	17.04	51.11
Withdrawn on										
assets sold / deleted	–	0.04	81.53	0.25	0.74	6.41	88.97	0.23	–	0.23
Total	–	122.73	1,490.69	16.61	9.98	54.66	1,694.67	33.84	17.04	50.88
Carrying value										
As at 31-03-2016	98.26	350.80	1,185.11	14.29	4.59	19.62	1,672.67	18.31	28.61	46.92
As at 01-04-2015	137.98	278.41	925.74	16.76	4.89	17.23	1,381.01	3.46	28.06	31.52

Capital work-in-progress (at cost) as at 31-03-2016

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

Capital work-in-progress (at cost) as at 01-04-2015

(a) Building	0.76
(b) Plant & equipment	88.60
Total	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) Tools & dies included under current assets in earlier years are now included under Plant & Equipment in accordance with Ind AS requirements.
c) Land includes lease hold land of Rs.6.79 crores, whose ownership is transferrable at the end of the lease term.
d) Refer Note No. 32 A.1.1

Notes on accounts - *(continued)*

3. INVESTMENTS

Sl. No.	Particulars	Subsidiary/ associates	No. of shares / units			Face Value	Currency	Rupees in crores		
			As at 31-03-2017	As at 31-03-2016	As at 01-04-2015			As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
1	2	3	4	5	6	7	8	9	10	11
(a)	**Investment in Equity Instruments Fair valued through OCI:**									
	Quoted :									
(i)	Suprajit Engineering Limited, Bengaluru		28,92,000	28,92,000	28,92,000	1.00	INR	69.54	37.89	37.54
(ii)	Ucal Fuel Systems Limited, Chennai		91,760	91,760	91,760	10.00	INR	1.99	0.96	1.01
	Unquoted :									
(iii)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited)		32,50,000	32,50,000	32,50,000	10.00	INR	1.10	1.02	0.94
(iv)	TVS Lanka (Private) Limited, Colombo		50,00,000	50,00,000	50,00,000	10.00	LKR	9.48	9.22	8.14
(v)	TVS Motor Services Limited, Chennai		3,80,000	3,80,000	3,80,000	10.00	INR	0.38	0.38	0.38
(vi)	Green Infra Wind Power Projects Limited, New Delhi		1,11,600	63,600	–	10.00	INR	0.03	0.03	–
(vii)	TVS Credit Services Limited, Chennai		1,06,55,700	–	–	10.00	INR	76.70	–	–
(viii)	Green Infra Wind Power Generation Limited, New Delhi		2,16,000	–	–	10.00	INR	0.11	–	–
(ix)	Suryadev Alloys & Power Private Limited, Chennai		2,500	–	–	10.00	INR	0.02	–	–
(b)	**Investment in Equity Instruments valued at Cost:**									
(i)	Sundaram Auto Components Limited, Chennai	Subsidiary	1,45,50,000	1,15,50,000	1,15,50,000	10.00	INR	84.90	60.90	60.90
(ii)	TVS Motor Company (Europe) B.V., Amsterdam	Subsidiary	2,25,301	2,25,301	2,25,301	100.00	EUR	1.80	1.80	1.80
(iii)	TVS Motor (Singapore) Pte. Limited, Singapore	Subsidiary	7,62,84,702	6,48,02,445	6,43,64,301	1.00	SGD	147.13	90.22	88.21
(iv)	PT.TVS Motor Company Indonesia, Jakarta	Subsidiary	60,97,000	52,97,000	42,97,000	97,400.00	IDR	217.39	163.94	96.99
(v)	TVS Housing Limited, Chennai	Subsidiary	50,000	50,000	50,000	10.00	INR	0.05	0.05	0.05
(vi)	Sundaram Business Development Consulting (Shanghai) Co. Ltd., Shanghai	Subsidiary	–	2,220	2,220	100.00	USD	–	0.18	0.18
(vii)	Emerald Haven Realty Limited,Chennai (formerly known as Green Earth Homes Limited)	Associate	8,00,00,000	4,00,00,000	4,00,00,000	10.00	INR	80.00	40.00	40.00
	Total value of Equity Instruments (a) + (b)							690.62	406.59	336.14
(c)	**Investments in Preference Shares (Unquoted):**									
(i)	TVS Motor Services Limited, Chennai		55,10,10,000	54,60,10,000	44,60,10,000	10.00	INR	871.78	788.76	636.64
(ii)	Pinnacle Engines Inc., USA (face value 0.01 cent)		24,09,638	24,09,638	24,09,638	0.0001	USD	11.70	11.70	11.70
(iii)	Axiom Research Labs Private Limited, Delhi		82	–	–	10.00	INR	1.00	–	–
	Total value of Preference shares (c)							884.48	800.46	648.34
(d)	**Other non–current Investments:**									
	Pension Funds / Government Securities (Unquoted):									
(i)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai						INR	6.14	4.06	2.40
(ii)	Life Insurance Corporation Pension Policy, Mumbai						INR	6.66	3.75	2.84
(iii)	National Savings Certificates (Rs.37,100/– deposited with Sales Tax authorities)						INR	–	–	–
	Total value of other investments (d)							12.80	7.81	5.24
	Total (a) + (b) + (c) + (d)							1,587.90	1,214.86	989.72
	Aggregate amount of quoted investments and market value thereof							71.53	38.85	38.55
	Aggregate amount of unquoted investments							1,516.37	1,176.01	951.17
	Total							1,587.90	1,214.86	989.72

1. Refer Note No. 31(Note 1) for interalia valuation relating to first time adoption.
2. During the Financial Year 2016-17, the Company converted outstanding loan of Rs.53.55 crores given to M/s. TVS Motor (Singapore) Pte. Limited into Equity Shares of the same company.
3. All Investments are fully paid up.

Notes on accounts – *(continued)*

Rupees in crores

		As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
4	LOANS			
	Loan to Subsidiary (Unsecured, considered good)	–	55.30	50.14
		–	55.30	50.14
5	OTHER NON-CURRENT ASSETS			
	Capital advances	35.51	9.03	10.56
	Advances other than capital advances:			
	Prepaid lease rent	2.81	2.91	3.00
	Deposits made	20.62	21.80	18.57
	Share application money paid (pending allotment)	–	–	2.01
		58.94	33.74	34.14
6	INVENTORIES			
	Raw materials and components	509.85	310.95	295.58
	Goods-in-transit - Raw materials and components	113.65	103.38	88.92
	Work-in-progress	93.57	63.55	48.71
	Finished goods	157.21	130.80	234.02
	Stock-in-trade	53.03	50.73	32.88
	Stores and spares	39.64	36.92	33.67
		966.95	696.33	733.78
	Tools & dies earlier included under Inventory are now included under Plant & Equipment as per Ind AS.			
7	TRADE RECEIVABLES			
	Secured, considered good	14.80	13.21	11.46
	Unsecured, considered good	708.97	564.82	492.12
	Doubtful	5.22	4.69	4.38
		728.99	582.72	507.96
	Less: Allowance for doubtful debts	5.22	4.69	4.38
		723.77	578.03	503.58
8	CASH AND CASH EQUIVALENTS			
	Balances with banks in current accounts	4.11	6.72	2.07
	Deposits with maturity of less than three months	–	21.11	0.10
	Cheques / drafts on hand	0.02	–	0.03
	Cash on hand	0.24	0.51	0.65
		4.37	28.34	2.85
	Cash and cash equivalents for the purpose of cash flow statement			
	Cash and cash equivalents as shown above	4.37	28.34	2.85
	Less : Over drafts utilised [Grouped under financial liabilities - Borrowings (Note No. 17)]	(233.21)	(160.29)	(161.68)
		(228.84)	(131.95)	(158.83)
9	OTHER BANK BALANCES			
	Earmarked balances with banks (for unpaid dividend)	4.14	4.40	2.46
		4.14	4.40	2.46

Notes on accounts – *(continued)*

Rupees in crores

		As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
10	FINANCIAL ASSETS - OTHERS (CURRENT)			
	Unsecured, Considered Good:			
	Employee Advances	9.18	8.94	10.91
	Security Deposits	4.23	3.85	3.52
	Inter corporate Deposits	–	3.00	3.00
	Claims receivable	0.10	0.59	0.94
	Derivative financial instruments - receivable	–	9.28	0.45
	Hedge asset - receivable	–	3.62	3.96
		13.51	29.28	22.78
11	OTHER CURRENT ASSETS			
	VAT/IT/Excise receivable	271.85	327.28	205.91
	Balance with Excise	107.85	105.80	283.34
	Prepaid expense	16.10	12.53	9.53
	Vendor advance	38.40	33.67	48.43
	Trade Deposits	0.72	0.66	0.28
	Export Incentive receivable	37.35	43.21	62.31
		472.27	523.15	609.80

12 EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and fully paid up

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Number	Rupees in crores	Number	Rupees in crores	Number	Rupees in crores
Authorised: Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully paid up: Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51	47,50,87,114	47.51
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 31st March 2011	47,50,87,114	47.51	47,50,87,114	47.51	47,50,87,114	47.51

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Number	Rupees in crores	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	47,50,87,114	47.51	47,50,87,114	47.51	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	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.

Notes on accounts – *(continued)*

(d) Shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of the year — Rupees in crores

Name of shareholder	Class of share	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
		Number of shares held	% of holding	Number of shares held	% of holding	Number of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40	27,26,82,786	57.40

(e) Shareholders holding more than five percent at the end of the year (other than (d))

Name of shareholder	Class of shares	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
		Number of shares held	Number of shares held	Number of shares held
Reliance Capital Trustee Company Limited, Mumbai	Equity	2,14,02,358	2,54,68,060	2,96,67,945

13 OTHER EQUITY

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
General reserve	865.64	865.64	865.94
Capital reserve	6.43	6.43	6.43
Retained earnings	1,404.25	993.90	720.34
Other Reserves	84.50	44.86	43.32
	2,360.82	1,910.83	1,636.03

14 NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Description	Frequency	No. of instal-ments due	Maturity	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Secured:						
Term Loan from Bank	Quarterly	-	Apr 2016	-	11.35	56.75
FCNRB Term Loan - I	End of Tenure	-	Jul 2016	-	66.26	62.50
FCNRB Term Loan - II	End of Tenure	-	Nov 2016	-	66.26	-
ECB Loan from Bank	End of Tenure	4	Dec 2018	129.09	132.51	-
State owned corporation	Yearly	4	2022-27	157.08	157.08	157.08
Unsecured:						
Term Loan from NBFC				-	-	62.20
Sales Tax Deferral						
Phase - 1	Yearly	5	2020-21	31.65	37.97	44.30
Phase - 2	Yearly	11	2027-28	173.00	188.73	188.73
Total Borrowings :				490.82	660.16	571.56
Less : Current maturities of long-term borrowings (Refer Note No. 19)				22.06	165.93	51.73
Total Long-term Borrowings				468.76	494.23	519.83

Details of securities created:

(i) Term loan from Banks - First and exclusive charge on specific plant and equipment.

(ii) ECB loan from Bank - Exclusive charge over assets procured out of proceeds of the loan.

(iii) Soft loan - State owned corporation viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.

Amount payable in each instalments:

Description	Currency	Amount	Rate of Interest
ECB Loan from Bank	USD	20 Million USD in 4 equal instalments between Jul 2018 to Dec 2018.	3 Month USD LIBOR plus Margin
Sales tax deferral Phase-1	INR	6.33 crores per annum	Nil
Sales tax deferral Phase-2	INR	15.73 crores per annum	Nil
State owned corporation	INR	10.00, 67.23, 75.40 and 4.45 crores (four instalments between 2022 and 2027)	0.10%

Notes on accounts – *(continued)*

15 PROVISIONS

Rupees in crores

	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Current	Non-current	Current	Non-current	Current	Non-current
Provision for Employee Benefits						
(a) Pension	28.09	33.57	29.89	25.89	14.78	31.91
(b) Leave salary	1.96	17.23	1.62	14.10	1.74	11.82
(c) Gratuity	9.36	–	–	–	–	–
Others						
(a) Warranty	23.46	–	26.96	–	22.95	–
	62.87	50.80	58.47	39.99	39.47	43.73

16 DEFERRED TAX LIABILITIES (NET)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
The balance comprises temporary differences attributable to:			
Depreciation	251.78	217.17	188.32
Others	17.18	5.51	4.01
Total deferred tax liability (A)	268.96	222.68	192.33
Deferred tax asset consists of :			
- tax on employee benefit expenses	29.21	30.55	24.47
- tax on warranty provision	10.55	9.33	7.94
- tax on others	1.81	1.62	3.16
- Unused tax credits (MAT credit entitlement)	101.69	37.44	28.38
Total deferred tax assets (B)	143.26	78.94	63.95
Net deferred tax liability (A) - (B)	125.70	143.74	128.38

Movement in deferred tax:

	Depreciation	Others	Total
As at 01-04-2015			128.38
Charged / (credited):			
- to profit or loss	28.85	(2.24)	26.61
- to other comprehensive income		(2.19)	(2.19)
- Unused tax credits (MAT credit entitlement)		(9.06)	(9.06)
As at 31-03-2016			143.74
Charged / (credited):			
- to profit or loss	34.61	10.46	45.07
- to other comprehensive income	–	1.14	1.14
- Unused tax credits (MAT credit entitlement)	–	(64.25)	(64.25)
As at 31-03-2017			125.70

17 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Borrowings repayable on demand from banks			
Secured*	158.21	118.72	67.85
Unsecured#	190.00	41.57	128.62
Short term loans from banks (Unsecured)	268.17	103.94	203.29
	616.38	264.23	399.76
* Includes overdraft utilisation	108.21	118.72	67.85
# Includes overdraft utilisation	125.00	41.57	93.83
	233.21	160.29	161.68

Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.

Notes on accounts – *(continued)*

Rupees in crores

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
18 TRADE PAYABLES			
Dues to Micro and Small Enterprises **	34.39	46.22	35.03
Dues to enterprises other than Micro and Small Enterprises	1,824.97	1,497.49	1,443.47
	1,859.36	1,543.71	1,478.50

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
19 OTHER FINANCIAL LIABILITIES			
Current Maturities of long term borrowings			
(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 - Phase 1	6.33	6.33	6.33
(v) Sales tax deferral loan from Karnataka Government - Phase 2	15.73	15.73	–
	22.06	165.93	51.73
Interest accrued but not due on loans	3.26	2.60	0.78
Trade deposits received	23.62	21.94	20.17
Unclaimed Dividends (Not due for transfer to Investor Education and Protection Fund)	4.14	4.40	2.46
Payables against capital goods	24.39	20.74	8.58
Derivative Instruments - Payable	1.99	–	–
Hedge Liability	0.15	–	–
	79.61	215.61	83.72
20 OTHER CURRENT LIABILITIES			
Statutory dues	134.68	103.40	78.77
Employee related	47.42	37.51	26.49
Advance received from customers	48.76	85.11	63.45
Money held under trust	2.00	7.84	8.11
	232.86	233.86	176.82

	Year ended 31-03-2017	Year ended 31-03-2016
21 REVENUE FROM OPERATIONS (INCLUDING EXCISE DUTY)		
Sale of products*	12,932.96	11,870.53
Sale of raw materials	107.17	68.94
Sale of services	23.69	13.83
Other operating revenue	126.24	137.62
	13,190.06	12,090.92

* Net of Rs.57.09 crores, being discount allowed during March 2017 for sale of BS III compliant vehicles, beside other discount.

Notes on accounts – *(continued)*

		Rupees in crores	
		Year ended 31-03-2017	Year ended 31-03-2016
22 OTHER INCOME			
Dividend income			
(i) From subsidiaries		8.21	10.97
(ii) From other investments designated as Fair Value through OCI		0.70	0.49
Interest income		49.35	38.73
Profit on sale of Investments		0.05	–
Increase in Fair value of Investments*		81.85	52.54
Government Grant#		31.56	–
Other non-operating income		1.65	1.12
		173.37	103.85

* Increase in Fair value of Investments represents changes in Fair Value of preference shares held in TVS Motor Services Limited and Other non-current investments.

\# Relatable to operations of the Company.

23 MATERIAL COST			
Cost of Material consumed:			
Opening stock of raw materials and components		310.95	295.58
Add: Purchases		8,819.78	7,672.60
		9,130.73	7,968.18
Less: Closing stock of raw materials and components		509.85	310.95
		8,620.88	7,657.23
Purchases of stock-in-trade			
Spare parts		95.35	115.46
Engine oil		81.57	61.99
Raw materials		107.17	63.10
Finished goods		7.13	10.86
		291.22	251.41
Changes in inventories of finished goods, work-in-progress and stock-in-trade:			
Opening stock:			
Work-in-progress		63.55	48.71
Stock-in-trade		50.73	32.88
Finished goods (Includes excise duty of Rs.9.43 Crores)		130.80	234.02
	(A)	245.08	315.61
Closing stock:			
Work-in-progress		93.57	63.55
Stock-in-trade		53.03	50.73
Finished goods (Includes excise duty of Rs.27.47 Crores)		157.21	130.80
	(B)	303.81	245.08
	(A) - (B)	(58.73)	70.53
24 EMPLOYEE BENEFITS EXPENSE			
Salaries, wages and bonus		648.09	561.03
Contribution to provident and other funds		37.76	39.55
Staff welfare expenses		59.79	51.81
		745.64	652.39

Notes on accounts – *(continued)*

		Rupees in crores	
		Year ended 31-03-2017	Year ended 31-03-2016
25	FINANCE COSTS		
	Interest	42.64	48.96
	Exchange differences	1.31	(0.23)
		43.95	48.73
26	OTHER EXPENSES		
	(a) Consumption of stores, spares and tools	57.19	50.68
	(b) Power and fuel	90.62	88.29
	(c) Rent	18.29	15.96
	(d) Repairs - buildings	10.03	9.31
	(e) Repairs - plant and equipment	54.18	51.66
	(f) Insurance	8.87	4.52
	(g) Rates and taxes (excluding taxes on income)	8.53	4.75
	(h) Audit fees	0.75	0.54
	(i) Cost Audit fees	0.05	0.05
	(j) Packing and freight charges	461.53	402.89
	(k) Advertisement and publicity	288.81	317.71
	(l) Other marketing expenses	266.75	303.15
	(m) Loss on sale of fixed assets	2.34	3.39
	(n) Foreign exchange loss	5.36	17.72
	(o) Corporate social responsibility expenditure*	9.20	7.16
	(p) Contributions to electoral trust	6.58	–
	(q) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.10 lakh, whichever is higher)	390.15	385.45
		1,679.23	1,663.23

* Refer Note No. 44 for details on Corporate social responsibility expenditure.

27	INCOME TAX EXPENSES		
	(a) Income tax expense		
	Current tax:		
	Current tax on profits for the year	157.64	119.30
	Adjustments for current tax of prior periods	2.14	2.81
	(A)	159.78	122.11
	Deferred tax:		
	Decrease / (increase) in deferred tax assets	(0.07)	(3.56)
	(Decrease) / increase in deferred tax liabilities	45.14	30.17
	Unused tax (credit) [MAT credit entitlement]	(57.94)	(12.46)
	Unused tax (credit) / reversal [MAT credit entitlement] of prior periods	(6.31)	3.40
	(B)	(19.18)	17.55
	(A) + (B)	140.60	139.66

Notes on accounts – *(continued)*

	Year ended 31-03-2017	Year ended 31-03-2016
	Rupees in crores	
27 INCOME TAX EXPENSES - *(continued)*		
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	698.68	628.94
Tax at the Indian tax rate of 21.34% (2015-2016 – 21.34%) (Company paid tax under Section 115 JB [Minimum Alternate Tax] of Income Tax Act, 1961)	149.10	134.22
Ind AS transition adjustments, [1/5th of the Opening adjustments are considered for calculation]	9.48	–
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Dividend Income	(1.82)	(2.41)
Capital Receipt	–	(2.21)
Other items	0.88	(10.30)
Tax Relating to Earlier Years	2.14	2.81
Deferred Tax Liability	45.07	26.61
MAT Credit Entitlement	(64.25)	(9.06)
Income tax expense	140.60	139.66

28 FAIR VALUE MEASUREMENTS

Financial Instruments by category	As at 31-03-2017			As at 31-03-2016			As at 01-04-2015		
	FVTPL*	FVOCI*	Amortised cost	FVTPL*	FVOCI*	Amortised cost	FVTPL*	FVOCI*	Amortised cost
Financial assets									
Investments									
- Equity instruments	–	159.35	–	–	49.50	–	–	48.01	–
- Preference shares	871.78	–	12.70	788.76	–	11.70	636.64	–	11.70
- Debt Instruments	–	–	12.80	–	–	7.81	–	–	5.24
Loans	–	–	–	–	–	55.30			50.14
Trade receivables	–	–	723.77	–	–	578.03	–	–	503.58
Cash and cash equivalents	–	–	4.37	–	–	28.34	–	–	2.85
Derivative financial assets	–	–	–	9.28	3.62	–	0.45	3.96	–
Other Financial assets	–	–	13.51	–	–	16.38	–	–	18.37
	871.78	159.35	767.15	798.04	53.12	697.56	637.09	51.97	591.88
Financial liabilities									
Borrowings	–	–	1,107.20	–	–	924.39	–	–	971.32
Trade Payables	–	–	1,859.36	–	–	1,543.71	–	–	1,478.50
Derivative Financial Liability	1.99	0.15	–	–	–	–	–	–	–
Other Financial Liability	–	–	55.41	–	–	49.68	–	–	31.99
	1.99	0.15	3,021.97	–	–	2,517.78	–	–	2,481.81

*FVTPL - Fair Valued Through Profit and Loss; FVOCI - Fair Valued through Other Comprehensive Income

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Notes on accounts – *(continued)*

Financial assets and liabilities measured at fair value - recurring fair value measurements

Rupees in crores

As at 31-03-2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	–	–	871.78	871.78
Financial Investments at FVOCI	3	71.53	–	87.82	159.35
		71.53	–	959.60	1,031.13
Financial liabilities					
Derivatives	19	–	2.14	–	2.14
		–	2.14	–	2.14

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31-03-2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3			12.70	12.70
Debt Instruments	3			12.80	12.80
		–	–	25.50	25.50
Financial Liabilities					
Borrowings	14, 17, 19			1,107.20	1,107.20
		–	–	1,107.20	1,107.20

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31-03-2016	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	–	–	788.76	788.76
Financial Investments at FVOCI	3	38.85	–	10.65	49.50
Derivatives designated as hedges	10	–	3.62		3.62
Derivatives not designated as hedges	10	–	9.28		9.28
		38.85	12.90	799.41	851.16

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31-03-2016	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3	–	–	11.70	11.70
Debt Instruments	3	–	–	7.81	7.81
		–	–	19.51	19.51
Financial Liabilities					
Borrowings	14, 17, 19	–	–	924.39	924.39
		–	–	924.39	924.39

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 01-04-2015	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	–	–	636.64	636.64
Financial Investments at FVOCI	3	38.55	–	9.46	48.01
Derivatives designated as hedges	10	–	3.96	–	3.96
Derivatives not designated as hedges	10	–	0.45	–	0.45
		38.55	4.41	646.10	689.06

Notes on accounts – *(continued)*

Assets and liabilities which are measured at amortised cost for which fair values are disclosed — Rupees in crores

As at 01-04-2015	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3	–	–	11.70	11.70
Debt Instruments	3	–	–	5.24	5.24
		–	–	16.94	16.94
Financial Liabilities					
Borrowings	14, 17, 19	–	–	971.32	971.32
		–	–	971.32	971.32

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers between levels 1 and 2 during the year.

The Company's policy is to recognise transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value measurements using significant unobservable inputs (level 3)

	Unlisted Preference Shares	Unlisted Equity Shares	Debt Instruments	Total
As at 01-04-2015	636.64	9.46	5.24	651.34
Additions	100.00	0.06	4.16	104.22
Gains / (losses) recognised in profit or loss	52.12	–	(1.59)	50.53
Gains / (losses) recognised in other comprehensive income	–	1.13	–	1.13
As at 31-03-2016	788.76	10.65	7.81	807.22
Additions	5.00	65.30	2.25	72.55
Gains / (losses) recognised in profit or loss	78.02	–	2.74	80.76
Gains / (losses) recognised in other comprehensive income	–	11.87	–	11.87
As at 31-03-2017	871.78	87.82	12.80	972.40

(iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at			Significant unobservable input	Probability weighted range for the year ended			Sensitivity
	31-03-2017	31-03-2016	01-04-2015		31-03-2017	31-03-2016	01-04-2015	
Preference shares	871.78	788.76	636.64	a) Earnings growth rate b) Risk adjusted discount rate	20-30% 18.32%	20-30% 17.80%	20-30% 17.80%	If the growth rate increases by 5% and reduction in discount rate by 50bps, the value of preference shares will increase by 2% and vice versa.
Unquoted Equity shares	87.82	10.65	9.46	a) Earnings growth rate b) Risk adjusted discount rate	1-3% 8%	1-3% 8%	1-3% 8%	Not significant

Notes on accounts – *(continued)*

(v) Valuation processes

Rupees in crores

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of the Company and unlisted equity securities are estimated based on market information for similar type of companies. Risk adjustments have been derived based on the market risk premium adjusted for companies relevered financial data.

(vi) Fair value of financial assets and liabilities measured at amortised cost

	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Investments						
Preference shares	12.70	12.70	11.70	11.70	11.70	11.70
Debt Instruments	12.80	12.80	7.81	7.81	5.24	5.24
	25.50	25.50	19.51	19.51	16.94	16.94
Financial Liabilities						
Borrowings	1,107.20	1,107.20	924.39	924.39	971.32	971.32
	1,107.20	1,107.20	924.39	924.39	971.32	971.32

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for Preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

29 FINANCE RISK MANAGEMENT

The company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit Risk		Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information (more specifically described below). In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.
a.	Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
b.	Domestic Trade Receivables	Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. The Company extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. The Company has extensive reporting and review systems to constantly monitor the outstandings.
c.	Export Trade Receivables	The Company's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with ECGC Limited.
Liquidity Risk	INR denominated borrowings (Other than soft loans given by Govt. Authorities)	The Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company worksout a detailed annual operating plans to assess the fund requirements - both short term and long

Notes on accounts – *(continued)*

29 FINANCE RISK MANAGEMENT - *(continued)*

Risk	Exposure arising from	Risk Parameters and Mitigation
Liquidity Risk	INR denominated borrowings (Other than soft loans given by Govt. Authorities)	term. Detailed monthwise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
Market Risk - Foreign exchange		The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board.The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
Export trade receivables and Import Payables		The company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
Foreign currency denominated borrowings		The Company has hedged its borrowings by covering the principal repayments.
Market Risk - Interest rate	Foreign currency denominated borrowings	The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(A) Credit risk

Basis of recognition of expected credit loss provision

<table>
<tr><th>Rating</th><th>Category</th><th>Description of category</th><th>Investments</th><th>Loans and deposits</th><th>Trade receivables</th></tr>
<tr><td>1</td><td>High Quality assets, negligible credit risk</td><td>Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.</td><td rowspan="3">12 month expected credit losses</td><td rowspan="3">12 month expected credit losses</td><td rowspan="5">Life time expected credit losses (simplified approach)</td></tr>
<tr><td>2</td><td>Quality assets, low credit risk</td><td>Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.</td></tr>
<tr><td>3</td><td>Standard Assets, moderate credit risk</td><td>Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.</td></tr>
<tr><td>4</td><td>Substandard Assets, relatively high credit risk</td><td>Assets where there has been a significant increase in credit risk since initial recognition.</td><td colspan="2" rowspan="2">Life time expected credit losses</td></tr>
<tr><td>5</td><td>Low quality assets, very high credit risk</td><td>Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.</td></tr>
<tr><td>6</td><td>Doubtful assets, credit impaired</td><td>Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.</td><td colspan="3">Asset is written off</td></tr>
</table>

Notes on accounts – *(continued)*

29 FINANCE RISK MANAGEMENT - *(continued)*

As at 31-03-2017

a) Expected credit loss for investments, loans and other financial assets

Rupees in crores

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	25.50	0%	–	25.50
	1	Other financial assets	13.51	0%	–	13.51

b) Expected credit loss for trade receivables under simplified approach

	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	722.08	6.91	728.99
Expected loss rate		76%	
Expected credit losses	–	5.22	5.22
Carrying amount of trade receivables	722.08	1.69	723.77

As at 31-03-2016

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	19.51	0%	–	19.51
	1	Loans	55.30	0%	–	55.30
	1	Other financial assets	16.38	0%	–	16.38

b) Expected credit loss for trade receivables under simplified approach

	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	577.04	5.68	582.72
Expected loss rate	–	83%	
Expected credit losses	–	4.69	4.69
Carrying amount of trade receivables	577.04	0.99	578.03

As at 01-04-2015

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	16.94	0%	–	16.94
	1	Loans	50.14	0%	–	50.14
	1	Other financial assets	18.37	0%	–	18.37

b) Expected credit loss for trade receivables under simplified approach

	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	503.30	4.66	507.96
Expected loss rate	–	94%	
Expected credit losses	–	4.38	4.38
Carrying amount of trade receivables	503.30	0.28	503.58

Notes on accounts – *(continued)*

29 FINANCE RISK MANAGEMENT - *(continued)*

Reconciliation of loss allowance provision - Loans and deposits

Rupees in crores

Reconciliation of Loss allowance	Loss allowance measured at 12 month Expected credit losses
Loss allowance on 01-04-2015	-
Write offs	-
Recoveries	-
Loss allowance on 31-03-2016	-
Write offs	-
Recoveries	-
Loss allowance on 31-03-2017	-

Reconciliation of loss allowance provision - Trade receivables

Loss allowance on 01-04-2015	4.38
Changes in loss allowance	0.31
Loss allowance on 31-03-2016	4.69
Changes in loss allowance	0.53
Loss allowance on 31-03-2017	5.22

(B) Liquidity risk

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Floating rate			
- Expiring within one year (bank overdraft and other facilities)	665.73	627.05	327.72
- Expiring beyond one year (bank loans)	–	–	–

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging from 30 to 180 days.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

As at 31-03-2017

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	616.38	6.33	15.73	239.39	229.37	1,107.20
Trade payables	1,859.36					1,859.36
Other financial liabilities	55.41					55.41
Derivatives	0.15			1.99		2.14

As at 31-03-2016

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	275.58	88.32	66.26	164.15	330.08	924.39
Trade payables	1,543.71					1,543.71
Other financial liabilities	49.68					49.68

As at 01-04-2015

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	411.11	17.68	22.70	136.05	383.78	971.32
Trade payables	1,478.50					1,478.50
Other financial liabilities	31.99					31.99

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes on accounts – *(continued)*

29 FINANCE RISK MANAGEMENT - *(continued)*

(C) Market risk

Rupees in crores

(i) Foreign exchange risk

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

	As at 31-03-2017		As at 31-03-2016	As at 01-04-2015
Exposure in foreign currency	USD	EUR	USD	USD
Financial assets				
Trade receivables	182.94	10.51	128.09	142.83
Derivatives	–	–	12.90	4.41
Exposure to foreign currency risk (assets) (A)	182.94	10.51	140.99	147.24
Financial liabilities				
Foreign currency loan	129.09	70.55	298.97	240.78
Trade payables	195.48	1.40	196.93	102.13
Derivatives	2.14	–	–	–
Exposure to foreign currency risk (liabilities) (B)	326.71	71.95	495.90	342.91
Net Exposure (A) - (B)	(143.77)	(61.44)	(354.91)	(195.67)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

	Impact on profit after tax*		Impact on other components of equity*	
	As at 31-03-2017	As at 31-03-2016	As at 31-03-2017	As at 31-03-2016
USD sensitivity				
INR/USD Increases by 10%	10.64	26.26	(10.64)	(26.26)
INR/USD Decreases by 10%	(10.64)	(26.26)	10.64	26.26
EURO sensitivity				
INR/EURO Increases by 10%	4.54	–	(4.54)	–
INR/EURO Decreases by 10%	(4.54)	–	4.54	–

* Holding all other variables constant

(ii) Interest Rate risk

Domestic INR borrowings are based on fixed rate of interest. Normally for short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, Company resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Variable rate borrowings	488.28	484.07	456.35
Fixed rate borrowings	618.92	440.32	514.97

Sensitivity	Impact on profit after tax	
	As at 31-03-2017	As at 31-03-2016
Increase in interest rates by 100 bps	3.61	3.58
Decrease in interest rates by 100 bps	(3.61)	(3.58)

(iii) Price Risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

(i) Disclosure of effects of hedge accounting on financial position

(a) Disclosure of effects of hedge accounting on financial position as at 31-03-2017

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in the value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
Foreign exchange forward contracts, PCFC	172.78	–	172.63		Apr'17 to Aug'17	(3.72)	3.72

Notes on accounts – *(continued)*

29 FINANCE RISK MANAGEMENT - *(continued)*

Rupees in crores

(b) Disclosure of effects of hedge accounting on financial position as at 31-03-2016

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in the value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	570.21		566.59		Apr'16 - Mar'17	0.52	(0.52)

(c) Disclosure of effects of hedge accounting on financial position as at 01-04-2015

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in the value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	958.69	–	955.59	–	Apr'15 - Mar'16	(3.42)	3.42

(ii) Disclosure of effects of hedge accounting on financial performance :
for the year ended 31-03-2017 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC	(0.15)	–	(3.62)	Revenue

for the year ended 31-03-2016 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC	3.62	–	(3.10)	Revenue

30 CAPITAL MANAGEMENT

(a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet)

The company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Net debt	1,102.83	896.05	968.47
Total equity	2,408.33	1,958.34	1,683.54
Net debt to equity ratio	45.79%	45.76%	57.53%

Notes on accounts – *(continued)*

30 CAPITAL MANAGEMENT - *(continued)*

The company also monitors Interest coverage ratio : Rupees in crores

Company's earnings before interest and taxes (EBIT) divided by Interest

The Company's strategy is to maintain a optimum interest coverage ratio The Interest coverage ratio were as follows:

	Year ended 31-03-2017	Year ended 31-03-2016
EBIT	742.63	677.67
Interest	43.95	48.73
Interest coverage ratio	16.90	13.91

(b) Dividends

	Year ended 31-03-2017	Year ended 31-03-2016
(i) Equity shares Interim dividends for the year ended 31-03-2016 of Rs.2.50 (31-03-2015 – Rs.1.90) per fully paid share	141.29	140.71
Interim dividends for the year ended 31-03-2017 of Rs.2.50 (31-03-2016 – Rs.2.50) per fully paid share		
(ii) Dividends not recognised at the end of the reporting period	–	–

31 RECONCILIATIONS BETWEEN PREVIOUS GAAP AND IND AS

I) Reconciliation of total equity as at 31-03-2016 and 01-04-2015

	As at 31-03-2016	As at 01-04-2015
Total equity (shareholder's funds) as per previous GAAP	1,936.80	1,645.36
Adjustments:		
Valuation of Investments at Fair Value	30.29 *	(22.74)#
Proposed Dividend	–	65.56
Measurement of Financial Liabilities at Amortised Cost and impact of Derivative Contracts	(1.44)	(0.95)
Tax adjustments	(7.31)	(3.69)
Total equity as per Ind AS	1,958.34	1,683.54

Refer Note 1 Below

II) Reconciliation of total comprehensive income for the year ended 31-03-2016

Profit after tax as per previous GAAP	432.14
Adjustments:	
Add / Less: Actuarial Loss / (Gain) on Employee defined benefit plans recognised in "Other Comprehensive Income"	11.84
Add: Increase in fair value of financial assets	50.53
Less: Measurement of Financial Liabilities at Amortised Cost and impact of Derivative Contracts	(0.49)
Add: Reversal of Provision for Diminution	1.07
Less: Tax on above	(5.81)
Profit after tax as per Ind AS	489.28
Other comprehensive income (net of tax)	
i. Items that will not be reclassified to profit and loss	(8.04)
ii. Items that will be reclassified to profit and loss	0.34
Total comprehensive income as per Ind AS	481.58

Note 1:

AS per Ind AS 101 (refer note 32 [A.1.2]), the Company has elected to measure equity investments in overseas subsidiaries at fair value and considered as Deemed Cost.

The terms of issue of Preference shares held by the Company in TVSMS contain an option to receive appropriate number of equity shares of TVSCS [subsidiary of TVSMS] in lieu of redemption. Accordingly, the preference shares are treated as Debt and fair valued. (Refer Note 32 A.2.2)

Notes on accounts – *(continued)*

Rupees in crores

31 RECONCILIATIONS BETWEEN PREVIOUS GAAP AND IND AS - *(continued)*

In respect of other equity investments, these are fair valued at each balance sheet date and the changes in fair value are reflected in Other Comprehensive Income.

Company Name	Cost as per Previous GAAP	Fair Value as at 01-04-2015
Overseas Subsidiaries:		
TVS Motor (Singapore) Pte. Limited, Singapore	201.20	88.21
TVS Motor Company (Europe) B.V., Amsterdam	1.80	1.80
PT.TVS Motor Company Indonesia	221.24	96.99
Sundaram Business Development Consulting, Shanghai	1.25	0.18
Preference Shares :		
TVS Motor Services Limited, Chennai	446.01	636.64
Other Equity Investments :		
Suprajit Engineering Limited, Bengaluru	0.08	37.54
Ucal Fuel Systems Limited, Chennai	0.25	1.01
Green Infra BTV Limited, New Delhi	3.25	0.94
TVS Lanka (Private) Limited, Colombo	2.08	8.14
Other Investments :		
ICICI Prudential Life Insurance, Mumbai	8.79	2.40
Life Insurance Corporation Pension Policy, Mumbai	13.48	2.84
	899.43	876.69

In accordance with Ind AS, the difference of Rs.22.74 crores as on 01-04-2015 between above stated cost of Rs. 899.43 crores as per Previous GAAP and Fair value of Rs. 876.69 crores is adjusted against Other Equity.

* Net increase of Rs.30.29 crores, for the year 2015-16 is consequent to changes in Fair Value of preference shares held in TVS Motor Services Limited, Chennai and Other Equity / Other Investments.

32 TRANSITION TO IND AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note No. 1 have been applied in preparing the financial statements for the year ended 31-03-2017, the comparative information presented in these financial statements for the year ended 31-03- 2016 and in the preparation of opening Ind AS balance sheet as at 01-04-2015 (The Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position and financial performance is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost - Property, Plant and Equipment and Intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 - Intangible Assets.

Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at previous GAAP carrying value.

Notes on accounts – *(continued)*

32 TRANSITION TO IND AS - *(continued)*

A.1.2 Deemed cost - Equity Investments

Ind AS 101 permits first time adopter to elect to measure the investments in subsidiaries, associates and joint venture at cost determined in accordance with Ind AS 27 or deemed cost. Deemed cost for the purpose of transition shall mean fair value of the investment at the entity's date of transition to Ind AS or previous GAAP carrying amount at that date (previous GAAP cost). A first-time adopter may choose either fair value or Previous GAAP carrying amount in each subsidiary, joint venture or associate that it elects to measure using a deemed cost.

Accordingly, the company has elected to measure equity investments in overseas subsidiaries at fair value and investments in domestic subsidiaries and associates at previous GAAP carrying cost.

A.1.3 Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The company has elected to apply this exemption for its investment in equity investments.

A.1.4 Business Combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 01-04-2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVOCI;
- Impairment of financial assets based on expected credit loss model.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

A.2.3 Government Loans

A first-time adopter has the option to apply the requirements in Ind AS 109 (Financial Instruments) and Ind AS 20 (Accounting for Government Grants and Disclosure of Government Assistance) prospectively to government loans existing at the date of transition to Ind AS and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Accordingly the Company has elected to apply the above option to Sales tax deferral loans which continue to be valued at previous GAAP value.

A.2.4 Hedge Accounting

The Company had designated various hedging relationships as cash flow hedges under the previous GAAP. On the date of transition to Ind AS entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

B. Notes to first-time adoption

Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31-03-2016 increased by Rs.11.84 crores. There is no impact on the total equity as at 31-03-2016.

Notes on accounts – *(continued)*

33 EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plans as per actuarial valuation

Rupees in crores

	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
As at 01-04-2015	50.33	(57.47)	(7.14)	46.69	–	46.69	13.56		13.56
Current service cost	3.39	–	3.39	2.73	–	2.73	3.24		3.24
Interest expense / (income)	4.03	(4.60)	(0.57)	3.76	–	3.76	1.09		1.09
Total amount recognised in profit or loss	7.42	(4.60)	2.82	6.49	–	6.49	4.33	–	4.33
Remeasurements									
Return on plan assets, excluding amounts included in interest expense / (income)		(0.80)	(0.80)			–			–
(Gain) / loss from change in demographic assumptions	–		–			–			–
(Gain) / loss from change in financial assumptions	–		–			–			–
Experience (gains) / losses	9.12		9.12	2.60		2.60	0.92		0.92
Total amount recognised in other comprehensive income	9.12	(0.80)	8.32	2.60	–	2.60	0.92	–	0.92
Employer contributions		(9.48)	(9.48)			–			–
Benefit payments	(4.22)	4.22	–			–	(3.09)		(3.09)
As at 31-03-2016	62.65	(68.13)	(5.48)	55.78	–	55.78	15.72	–	15.72
Current service cost	4.28	–	4.28	2.87		2.87	3.30		3.30
Interest expense / (income)	4.96	(5.41)	(0.45)	4.11		4.11	1.19		1.19
Total amount recognised in profit or loss	9.24	(5.41)	3.83	6.98	–	6.98	4.49	–	4.49
Remeasurements									
Return on plan assets, excluding amounts included in interest expense / (income)	–	0.24	0.24	–		–	–		–
(Gain) / loss from change in demographic assumptions	–		–			–			–
(Gain) / loss from change in financial assumptions	4.34		4.34			–			–
Experience (gains) / losses	11.21		11.21	(1.10)		(1.10)	(1.02)		(1.02)
Total amount recognised in other comprehensive income	15.55	0.24	15.79	(1.10)	–	(1.10)	(1.02)	–	(1.02)
Employer contributions		(4.78)	(4.78)	–		–			–
Benefit payments	(4.92)	4.92	–	–		–			–
As at 31-03-2017	82.52	(73.16)	9.36	61.66	–	61.66	19.19	–	19.19

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.

The net liability disclosed above relates to funded and unfunded plans are as follows:

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Present value of funded obligations	82.52	62.65	50.33
Fair value of plan assets	(73.16)	(68.13)	(57.47)
Deficit of funded plan	9.36	(5.48)	(7.14)
Unfunded plans	80.85	71.49	60.25
Deficit before asset ceiling	90.21	66.01	53.11

The significant actuarial assumptions were as follows:

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Discount rate	7.0%	8.0%	8.0%
Salary growth rate	6.0%	6.0%	6.0%
Mortality rate	IALM (2006-08) ultimate	IALM (2006-08) ultimate	IALM (2006-08) ultimate
Attrition rate (Gratuity and Leave salary)	3.0%	3.0%	3.0%
Attrition rate (Pension)	0.0%	0.0%	0.0%

Notes on accounts – *(continued)*

33 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

Rupees in crores

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 58.

(i) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation - Gratuity					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016
Discount rate	0.50%	0.50%	79.15	60.09	86.17	65.42
Salary growth rate	0.50%	0.50%	86.19	65.44	79.10	60.05
Mortality	5.00%	5.00%	82.53	62.66	82.51	62.64

	Impact on defined benefit obligation - Pension					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016
Discount rate	0.50%	0.50%	58.21	52.65	65.46	59.21
Salary growth rate	0.50%	0.50%	62.70	56.71	60.66	54.87
Mortality	5.00%	5.00%	61.67	55.78	61.65	55.76

	Impact on defined benefit obligation - Leave Salary					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016
Discount rate	0.50%	0.50%	18.29	14.98	20.17	16.52
Salary growth rate	0.50%	0.50%	20.17	16.52	18.28	14.97
Mortality	5.00%	5.00%	19.19	15.72	19.19	15.72

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(ii) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets under perform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The Company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Company intends to maintain the above investment mix in the continuing years.

Changes in bond: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yield increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy. The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2017 consists of Government and Corporate bonds, although the

Notes on accounts – *(continued)*

33 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

Rupees in crores

Company also invests in equities, cash and mutual funds. The Company believes that equities offer the best returns over the long term with an acceptable level of risk.

(iii) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of Rs. 11.47 crores (previous year Rs.10.13 crores) has been recognised in the Statement of Profit and Loss.

34 RELATED PARTY DISCLOSURE

(a) (i) Related parties and their relationship where control exists

Holding company:
Sundaram-Clayton Limited, Chennai

Ultimate holding company:
T V Sundram Iyengar & Sons Private Limited, Madurai

Subsidiaries:
Sundaram Auto Components Limited, Chennai
TVS Motor Company (Europe) B.V, Amsterdam
TVS Motor (Singapore) Pte. Limited, Singapore
PT. TVS Motor Company Indonesia, Jakarta
TVS Housing Limited, Chennai
Sundaram Holding USA Inc, Delaware, USA
Green Hills Land holding LLC, South Carolina, USA
Component Equipment Leasing LLC, South Carolina, USA
Workspace Project LLC, South Carolina, USA
Premier Land Holding LLC, South Carolina, USA.

Associate company:
Emerald Haven Realty Limited, Chennai (Formerly known as Green Earth Homes Limited)

(ii) Other related parties and their relationship where transaction exists:

Fellow subsidiaries:
TVS Electronics Limited, Chennai
Southern Roadways Limited, Madurai
Sundaram Industries Private Limited, Madurai
Lucas-TVS Limited, Chennai
Lucas Indian Service Limited, Chennai
TVS Auto Assist (India) Limited, Chennai

Associate / Joint venture of holding / subsidiary / fellow subsidiary company:
Brakes India Private Limited, Chennai

Associate / Joint venture of holding / subsidiary / fellow subsidiary company - *(continued)*
TVS Srichakra Limited, Madurai
Wheels India Limited, Chennai
Sundram Fasteners Limited, Chennai
India Nippon Electricals Limited, Chennai
Sundaram Brake Linings Limited, Chennai
TVS Auto Bangladesh Limited, Dhaka
TVS Lanka Private Limited, Colombo
TVS Logistics Services Limited, Chennai
Harita Techserv Limited, Chennai

Subsidiaries of associate / joint venture:
Upasana Engineering Limited, Chennai
TVS Dynamic Global Freight Services Limited, Chennai
TVS Commutation Solutions Limited, Chennai

Enterprises in which directors are interested:
TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)
Designo Lifestyle Solutions Private Limited
Dua Associates
Dua Consulting Private Limited
McCann-Erickson (India) Private 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 relative have significant influence:
Harita-NTI Limited, Chennai

Notes on accounts – *(continued)*

Rupees in crores

34 RELATED PARTY DISCLOSURE - *(continued)*	As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
(b) Transactions with related parties:		
(i) Purchase of goods		
- ultimate holding company		
(TV Sundram Iyengar & Sons Private Limited, Madurai)	0.42	0.33
- holding company (Sundaram-Clayton Limited, Chennai)	304.30	346.61
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	362.41	351.35
PT.TVS Motor Company Indonesia, Jakarta	0.46	18.38
- fellow subsidiaries		
TVS Electronics Limited, Chennai	0.13	0.15
Sundaram Industries Private Limited, Madurai	0.07	0.29
Lucas-TVS Limited, Chennai	79.01	78.91
Lucas Indian Service Limited, Chennai	6.45	4.95
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	13.24	19.93
TVS Srichakra Limited, Madurai	272.47	278.86
Wheels India Limited, Chennai	4.42	6.98
Sundram Fasteners Limited, Chennai	51.95	73.39
India Nippon Electricals Limited, Chennai	209.00	194.92
Sundaram Brake Linings Limited, Chennai	9.60	10.76
- subsidiaries of associate / joint venture		
Upasana Engineering Limited, Chennai	14.94	12.81
- enterprises over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	1.18	0.81
- enterprises in which directors are interested		
TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)	0.73	0.65
Designo Lifestyle Solutions Private Limited	0.09	–
(ii) Sale of goods		
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	2,347.54	2,216.94
PT. TVS Motor Company Indonesia, Jakarta	58.88	28.69
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Sundram Fasteners Limited, Chennai	3.06	3.05
TVS Auto Bangladesh Limited, Dhaka	262.46	161.31
TVS Lanka Private Limited, Colombo	224.08	272.14

Notes on accounts – *(continued)*

34 RELATED PARTY DISCLOSURE - *(continued)*

(b) Transactions with related parties: – *(continued)*

	Rupees in crores As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
(iii) Purchase of assets		
- subsidiary company		
(Sundaram Auto Components Limited, Chennai)	10.02	3.96
(iv) Rendering of services (including interest and reimbursements received)		
- holding company (Sundaram-Clayton Limited, Chennai)	2.43	1.45
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	0.66	0.20
TVS Motor (Singapore) Pte. Limited, Singapore	2.34	4.27
PT. TVS Motor Company Indonesia, Jakarta	1.29	1.48
- fellow subsidiary (Southern Roadways Limited, Madurai)	0.01	0.01
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	0.53	0.49
(v) Availing of services (includes sub-contract charges paid)		
- ultimate holding company		
(TV Sundram Iyengar & Sons Private Limited, Madurai)	0.45	–
- holding company (Sundaram-Clayton Limited, Chennai)	64.62	58.47
- fellow subsidiaries		
TVS Electronics Limited, Chennai	1.11	0.98
Southern Roadways Limited, Madurai	2.23	2.87
TVS Auto Assist (India) Limited, Chennai	1.81	–
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	75.29	69.85
Harita Techserv Limited, Chennai	2.43	2.69
- subsidiaries of associate / joint venture		
TVS Dynamic Global Freight Services Limited, Chennai	22.42	33.95
TVS Commutation Solutions Limited, Chennai	0.03	3.45
- enterprises in which directors are interested		
Dua Associates	3.19	0.96
Dua Consulting Private Limited	3.60	4.40
McCann-Erickson (India) Private Limited	6.99	6.80
(vi) Investments made during the year		
- subsidiary companies		
TVS Motor (Singapore) Pte. Limited, Singapore	56.91	–
PT. TVS Motor Company Indonesia, Jakarta	53.45	66.94
Sundaram Auto Components Limited, Chennai	24.00	–
- associate / joint venture (Emerald Haven Realty Limited, Chennai)	40.00	–
(vii) Remuneration to key management personnel:		
- Short-term employee benefits	24.56	23.40
- Post-employment benefits	0.17	0.08
(viii) Dividend received from:		
subsidiary company (Sundaram Auto Components Limited, Chennai)	8.21	10.97
Associate of ultimate holding company (TVS Lanka Private Limited, Colombo)	0.37	0.19
(ix) Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	68.17	68.17

Notes on accounts – *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
34 RELATED PARTY DISCLOSURE - *(continued)*		
(c) Balances with related parties (unsecured):		
(i) Trade receivables		
- ultimate holding company		
(T V Sundram Iyengar & Sons Private Limited, Madurai)	0.03	0.03
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	150.21	131.89
PT. TVS Motor Company Indonesia, Jakarta	14.12	33.49
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Auto Bangladesh Limited, Dhaka	36.78	3.43
TVS Lanka Private Limited, Colombo	37.44	20.41
- enterprises in which directors are interested		
Designo Lifestyle Solutions Private Limited	0.02	0.02
(ii) Loans and advances receivable		
- subsidiary company (TVS Motor (Singapore) Pte. Limited, Singapore)	-	55.30
(iii) Trade payables		
- holding company (Sundaram-Clayton Limited, Chennai)	25.73	28.90
- fellow subsidiaries		
Lucas-TVS Limited, Chennai	12.40	10.89
Lucas Indian Service Limited, Chennai	0.91	0.41
Sundaram Industries Private Limited, Madurai	0.01	0.03
TVS Auto Assist (India) Limited, Chennai	0.28	-
TVS Electronics Limited, Chennai	0.06	0.01
- associate company (Emerald Haven Realty Limited, Chennai)	1.26	1.49
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	2.06	2.00
TVS Srichakra Limited, Madurai	31.99	28.98
Wheels India Limited, Chennai	0.86	0.84
Harita Techserv Limited, Chennai	0.21	0.21
India Nippon Electricals Limited, Chennai	31.57	30.62
Sundaram Brake Linings Limited, Chennai	1.73	1.75
Sundram Fasteners Limited, Chennai	7.34	8.44
TVS Logistics Services Limited, Chennai	2.20	2.60
- subsidiaries of associate / joint venture		
TVS Dynamic Global Freight Services Limited, Chennai	1.98	2.15
TVS Commutation Solutions Limited, Chennai	0.02	0.03
Upasana Engineering Limited, Chennai	1.71	1.57
- enterprises in which directors are interested		
Dua Consulting Private Limited	0.10	0.10
McCann-Erickson (India) Private Limited	0.81	0.81
TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)	0.04	–
- enterprise over which key management personnel and their relatives have significant influence (Harita-NTI Limited, Chennai)	0.22	0.17
(iv) Obligation arising out of agreements facilitating credit to subsidiary company (PT. TVS Motor Company Indonesia, Jakarta)	117.96	205.38

Notes on accounts – *(continued)*

		Rupees in crores	
		As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
35	EARNINGS PER SHARE		
	Profit after tax	558.08	489.28
	Number of equity shares	47,50,87,114	47,50,87,114
	Face value of the share (in rupees)	1.00	1.00
	Weighted average number of equity shares	47,50,87,114	47,50,87,114
	Basic and diluted earnings per share for continued operations (in rupees)	11.75	10.30
	Basic and diluted earnings per share for discontinued operations (in rupees)	–	–
	Basic and diluted earnings per share for continued and discontinued operations (in rupees)	11.75	10.30
36	WARRANTY PROVISION (CURRENT)		
	Opening balance	26.96	22.95
	Add: Provision for the year (net)	23.46	26.96
		50.42	49.91
	Less: Payments / debits (net)	26.96	22.95
	Closing balance	23.46	26.96
37	MICRO SMALL AND MEDIUM ENTERPRISES DISCLOSURE		
	Trade payables includes amount due to Micro Small and Medium Enterprises	34.88	46.24
	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)	34.88	46.24
	(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		
	(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
38	PAYMENT TO AUDITORS COMPRISES		
	As statutory auditors	0.60	0.42
	Taxation matters	0.10	0.10
	Certification matters	0.05	0.02
		0.75	0.54
	Miscellaneous expenses include travel and stay expenses of auditors	0.09	0.18
		0.84	0.72

Notes on accounts – *(continued)*

		Rupees in crores	
		As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
39	CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR		
	(a) Claims against the company not acknowledged as debts:		
	(i) Excise	29.64	48.96
	(ii) Service tax	6.49	6.55
	(iii) Customs	1.87	1.96
	(iv) Sales tax	1.73	15.33
	(v) Income tax	20.24	14.33
	(vi) Others	3.50	3.50
	The future cash flows on the above items are determinable only on receipt of the decisions / judgments that are pending at various forums / authorities.		
	The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
	(b) Other money for which the company is contingently liable:		
	(i) On bills discounted with banks	48.14	54.87
	(ii) On factoring arrangements	1.90	4.21
	(c) Commitments:		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	463.70	137.01
	(d) Other commitments:		
	On import of capital goods under Export Promotion Capital Goods Scheme	45.48	45.45
40	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	150.31	141.43
	(b) Capital Expenditure (including WIP)	46.12	40.08
	R&D Expenditure not eligible for weighted deduction - claimed U/s.35		
	(a) Revenue Expenditure	18.90	18.85
	(b) Capital Expenditure		
	(i) Land and Building	–	–
	(ii) Others	29.39	26.02
		244.72	226.38

41 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2017	Amount outstanding as at 31-03-2016
(a)	Loans and advances				
	Loans and advances in the nature of loans made to subsidiary company	TVS Motor (Singapore) Pte. Limited, Singapore		–	55.30
		Maximum amount due at any time			
		During the year	55.30		
		During the previous year	55.30		

Notes on accounts – *(continued)*

41 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 31-03-2017	Amount outstanding as at 31-03-2016
(b)	Investments by the Company				
(i)	In subsidiary companies	Sundaram Auto Components Limited, Chennai [1,45,50,000 (last year-1,15,50,000) Equity shares of Rs.10/- each fully paid up]		84.90	60.90
		Maximum amount held at any time			
		During the year	84.90		
		During the previous year	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]		1.80	1.80
		Maximum amount held at any time			
		During the year	1.80		
		During the previous year	1.80		
		TVS Motor (Singapore) Pte. Limited, Singapore [7,62,84,702 (last year 6,48,02,445) Ordinary shares of Singapore $ 1/- each fully paid up]		147.13	90.22
		Maximum amount held at any time			
		During the year	147.13		
		During the previous year	90.22		
		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 [60,97,000 Equity shares (Last year - 52,97,000) of Indonesian Rp.97,400/- each fully paid up]		217.39	163.94
		Maximum amount held at any time			
		During the year	217.39		
		During the previous year	163.94		

Notes on accounts – *(continued)*

41 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 31-03-2017	Amount outstanding as at 31-03-2016
(i)	In subsidiary companies *(continued)*	Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai [Nil (Last year - 2,220) Equity shares of of USD 100/- each fully paid up]		–	0.18
		Maximum amount held at any time			
		During the year	0.18		
		During the previous year	0.18		
(ii)	in associate companies	Emerald Haven Realty Limited, Chennai, (Formerly known as Green Earth Homes Limited) [8,00,00,000 (Last year - 4,00,00,000) Equity shares of Rs. 10/- each fully paid up]		80.00	40.00
		Maximum amount held at any time			
		During the year	80.00		
		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		13.63	13.63
		Maximum amount held at any time			
		During the year	13.63		
		During the previous year	13.63		

	As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
42 DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEES GIVEN		
(a) Loans given - Refer Note No.4		
(b) Investments made - Refer Note No.3		
(c) Guarantee given by the Company:		
(i) Guarantee given to Financial Institution / Bank to facilitate credit to PT. TVS Motor Company Indonesia, Jakarta	117.96	205.38
(ii) Letter of comfort given to Financial Institution / Bank to facilitate credit to TVS Credit Services Limited, Chennai	29.17	33.34

43 DETAILS OF SPECIFIED BANK NOTES

Value in rupees

Particulars	Specified bank notes	Other denomination	Total
Closing cash in hand as on 8.11.2016	39,80,000.00	31,24,748.00	71,04,748.00
(+) Permitted receipts	–	15,65,073.00	15,65,073.00
(-) Permitted payments	–	11,05,999.00	11,05,999.00
(-) Amount deposited in Banks	39,80,000.00	6,59,869.00	46,39,869.00
Closing cash in hand as on 30.12.2016	–	29,23,953.00	29,23,953.00

44 CORPORATE SOCIAL RESPONSIBILITY

Expenditure incurred on Corporate Social Responsibility (CSR) activities:

(a) Gross amount required to be spent during the year is Rs.9.06 crores (last year Rs.7.15 crores)

(b) Amount spent during the year:

Rupees in crores

Sl. No.	Particulars	In cash	Yet to be paid in cash	Year ended 31-03-2017	Year ended 31-03-2016
1	Construction / acquisition of any asset	–	–	–	–
2	Expenses incurred through trusts	9.20	–	9.20	7.16

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

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

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

S.G. MURALI
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Bengaluru
Date : 27th April 2017

Board of Directors
H. LAKSHMANAN, Chairman
R. RAMAKRISHNAN
Dr. LAKSHMI VENU
S. SANTHANAKRISHNAN
C. N. PRASAD
S. G. MURALI

Audit Committee
H. LAKSHMANAN, Chairman
R. RAMAKRISHNAN
S. SANTHANAKRISHNAN

Nomination and Remuneration Committee
R. RAMAKRISHNAN, Chairman
H. LAKSHMANAN
S. SANTHANAKRISHNAN

Corporate Social Responsibility Committee
H. LAKSHMANAN, Chairman
R. RAMAKRISHNAN
Dr. LAKSHMI VENU

Chief Executive Officer
RAJESH OOMMEN

Chief Financial Officer
J ASHOK CHAKRAVARTHI

Company Secretary
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

The directors are pleased to present the twenty-fifth annual report together with the audited financial statements for the year ended 31st March 2017.

Financial Highlights

(Rs.in crores)

Details	Year ended 31.03.2017	Year ended 31.03.2016
Sales and other income (A)	**2,915.95**	2,798.17
Expenses		
Cost of material consumed	**318.25**	322.51
Purchase of stock in trade	**2,328.44**	2,227.82
Changes in inventories of finished goods, stock-in-trade and work-in-progress	**0.79**	(27.79)
Excise duty	**56.52**	60.61
Employee benefit expenses	**56.79**	50.99
Finance costs	**3.40**	3.75
Depreciation and amortisation expense	**15.51**	13.07
Other expenses	**111.16**	107.28
Total expenses (B)	**2,890.86**	2,758.24
Profit before exceptional items and tax (A) - (B)	**25.09**	39.93
Add: Exceptional items	**9.84**	3.23
Profit before tax	**34.93**	43.16
Less: Income tax expense:		
Current Tax	**7.31**	11.93
Deferred Tax	**2.54**	1.85
Profit for the period	**25.08**	29.38
Other Comprehensive income for the period, net of tax	**(0.65)**	(0.47)
Total comprehensive income for the period	**24.43**	28.91

Preparation of financial statements under Indian Accounting Standards

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16th February, 2015 relating to the Companies (Indian Accounting Standard) Rules, 2015, TVS Motor Company Limited (TVSM), the holding company, is required to adopt Indian Accounting Standards ("IND AS") from financial year 2016-17.

In terms of Rule 4(1)(ii) of the aforesaid rules, the holding, subsidiary, joint venture and associate companies are required to comply with IND AS from financial year 2016-17. Accordingly, the financial statements of the Company for the year 2016-17 have been prepared in compliance with the said rules.

Changes in Share Capital

The Company's paid-up Equity Share Capital as on 31st March 2017 is Rs.14.55 Cr as compared to Rs.11.55 Cr in the previous year.

During the year, the board of directors (the board) has allotted 5,00,000 and 25,00,000 equity shares of Rs.10 each at a premium of Rs.70 per share to TVSM, the holding company, on rights basis in two tranches on 29th June 2016 and 21st January 2017 respectively.

Dividend

The board, at their meeting held on 22nd October 2016, declared first interim dividend of Rs.5 per share on 1,20,50,000 equity shares of Rs.10 each fully paid up, absorbing a sum of Rs.7.25 Cr including dividend distribution tax and paid to the holding company viz., TVS Motor Company Limited (TVSM) on 25th October 2016.

The board at their meeting held on 3rd March 2017, declared second interim dividend of Rs.1.50 per share on 1,45,50,000 equity shares of Rs.10 each fully paid up, absorbing a sum of Rs.2.63 Cr including dividend distribution tax and paid to TVSM on 7th March 2017.

Hence, the total amount of dividend paid per share, aggregate to Rs.6.50 (65%) for the year ended 31st March 2017 thereby absorbing a sum of Rs.9.88 Cr including dividend distribution tax.

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

Industry Performance

This year has been an eventful year for the Indian automotive industry. From the ban on diesel cars to demonetization and the very recent ban on sale and registration of BS III vehicles, auto manufacturers in India have experienced a handful of major challenges in this fiscal year.

The two-wheeler industry, which has been with high double-digit growth till October, 2016 is likely to nullify the note ban shocks and close the outgoing financial year with a 5% - 7% growth.

During the demonetization period, only moped sales have remained relatively insulated and have maintained their double-digit growth, albeit on a low base, growing 26.8%. On other hand, scooters while continuing to out-pace the industry growth, has grown so far at 12.5%, which though is much lower than 24.7% growth till the month of September 2016. Motorcycles, which had been on the path of revival from the de-growth and flat sales reported since fiscal 2013, again returned to low growth levels of 5.1% in the aftermath of demonetisation.

The Indian passenger vehicle industry recorded robust sales in the last month of the fiscal year 2016-17. The continuing surge in SUV sales and increased offtake by app-based taxi service providers have helped drive gains. From the month of April 2016 to February 2017 period, the passenger vehicle industry had registered total sales of 2,764,206 units i.e., 235,794 units short of the 3 million mark. Thus, as per the latest industry sales update of the major OEMs which have sold a total of 259,992 units in March 2017, the 3 million mark has been breached for the first time and is headed for higher numbers when the other eight OEMs announce their March sales.

Commercial vehicle OEMs ended fiscal year 2016-17 with muted sales numbers. Sales results of four leading OEMs reveals a 3.4% year on year growth. While the commercial vehicle industry was motoring along smoothly due to the replacement-led demand till end of October 2016 with total sales of 399,000 units and year on year growth of nearly 7%, it was buffeted strongly by the wind of demonetisation and more recently by the mandatory shift to BS IV emission norms. Commercial vehicle players also saw sales slowdown as buyers delayed their fleet expansion plans expecting that the upcoming GST may bring down vehicle prices.

Category	2015-16	2016-17	Variance
	(Nos. in lakhs)		(in %)
Two wheelers	189	199	5%
Passenger Vehicles	34.4	37.7	9%
Medium and Heavy Commercial vehicles	3.4	3.3	-2%

Company Performance

Sales of the Company grew 5% upto October 2016 but were affected during the period from November 2016 to March 2017 consequent to impact of demonetization. In addition, the change from BS III to BS IV emission norms resulted in the OEM reducing the inventory. Consequently the turnover of Plastic components business declined marginally from Rs.552 Cr in 2015-16 to Rs.539 Cr in 2016-17. Total turnover of the Company including Two wheeler distribution business grew by 4% and revenue increased from Rs.2,795 Cr to Rs.2,914 Cr and earned a profit before tax of Rs.35 Cr during the year 2016-17.

Business outlook

GDP is expected to be around 7% and the inflation is expected at 4.5% levels.

The note ban-induced liquidity crisis has resulted in sales falling 11.3% between November 2016 and January 2017. The conversion to BS IV emission norms, which has come into effect from 1st April 2017, also resulted in some inventory correction taking place across OEMs from February, 2017. ICRA Ltd, a premier rating agency, expects some deferred purchases during Q3 and Q4 to result in better sales in fiscal 2018, leading to 8 to 10% growth during the year.

The passenger vehicle industry's capacity was augmented by 320,000 vehicles in the year 2016-17. The industry's manufacturing capacity is likely to be expanded by 1.4 million units during the period 2017-2018. Passenger vehicle sales in India are likely to grow in the range of 7% to 9% next year on the back of low fuel prices and an accommodative monetary policy stance by the Reserve Bank of India.

ICRA predicts that the Commercial vehicle industry is likely to witness 6% to 8% growth in FY 2018 aided by higher budgetary allocation towards the infrastructure and rural sectors. Potential implementation of a scrappage programme will also trigger replacement demand.

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 2017-18 are expected to grow by 9%.

Awards

The Company was recognized and rewarded by the following customers during the year 2016-17;

Takata	:	Best Support for New product development
Daimler India	:	Nominated for Excellence in Innovation
Hannon Automotive Systems India	:	Best Trolley Management

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. (SHUI) & its subsidiaries:

The Company along with its holding company, viz., Sundaram-Clayton Limited has made an investment of 5.3 Mn USD in SHUI a company established under the applicable provisions of Laws of United States of America. SHUI's wholly owned subsidiaries are:

1. Green Hills Land holding LLC, South Carolina, USA
2. Component Equipment Leasing LLC, South Carolina, USA
3. Workspace Project LLC, South Carolina, USA
4. Premier Land Holding LLC, South Carolina, USA

SHUI has acquired land in Dorchester County, USA for its plant, where it will manufacture High Pressure Die Cast and Gravity Cast parts. Construction at the site is expected to begin during the first half of 2017-18 and commercial production is expected to commence towards the end of 2018-19.

The loss after tax for the financial year ended 31st March 2017 was USD 939,237 as against USD 310,318 in the previous year ended 31st March 2016 due to pre commencement operational expenses.

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.4.64 Cr.

Ministry of Corporate Affairs vide its notification dated 14th October 2014 has exempted the Companies in preparation of consolidated financial statements by 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, the Company is exempted from preparation of consolidated financial statements.

However, the salient features of the financial statement of the Subsidiary and Associate in Form AOC-I, are annexed as Annexure IV, in terms of Section 129(3) of the Companies Act 2013 (the Act, 2013) read with Rule 5 of the Companies (Accounts) Rules, 2014.

Risk Management

The Board has established a robust Risk Management framework to identify, monitor and minimize risks as well as to identify business opportunities.

Risk evaluation and management is an ongoing process. As a process, risks associated with the business are identified and prioritized based on the Company's overall risk appetite, tolerance, strategy, severity and taking account of the current and prospective economic and financial environment.

The risk function is mainly looked after by a team under CEO of the Company embedded in the business. Process owners are identified for each risk and metrics are developed for monitoring and minimization control risk exposure through a harmonizing financial, credit and operational reporting systems.

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

Directors' responsibility statement

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

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

(b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(c) that the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the directors had prepared the accounts for the financial year ended 31st March 2017 on a going concern basis; and

(e) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors

Independent Directors (ID's)

In line with the requirements of the Act 2013, the board consists of two independent directors viz., Mr R Ramakrishnan and Mr S Santhanakrishnan. IDs hold office for a fixed term and are not liable to retire by rotation.

In accordance with Section 149(7) of the Act 2013, both the IDs have declared that they 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 www.sundaramautocomponents.com

Separate meeting of Independent Directors:

During the year under review, a separate meeting of IDs was held on 3rd March 2017. Both IDs were present and they were enlightened about the objectives and process involved in evaluating the performance of board, Non-IDs, Chairman and timeliness of flow of information from management. A set of questionnaires along with the list of activities undertaken by the Company was also provided to them for facilitating them to carry out their review /evaluation.

Non-Independent Directors (Non-IDs)

IDs were accomplished with the criteria and methodology and inputs for evaluation of Non-IDs namely, M/s. H Lakshmanan, Dr. Lakshmi Venu, C N Prasad and S G Murali.

IDs evaluated the performance of all Non-IDs individually, through a set of questionnaires, reviewing their attributes towards overall level of contribution to the Company's growth.

IDs were completely satisfied with the versatile performance of all Non-IDs.

Chairman

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

Board

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

The board upon evaluation concluded that it is well balanced in terms of diversity of experience and had an expert in each domain viz., Engineering, Finance, Marketing and Administration. The Company endeavours to have a diverse board representing a range of experience at policy-making levels in business and technology.

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

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

All IDs have expressed their overall satisfaction with the support received from the management and the excellent work done by the management during the last year.

The IDs appreciated the management for their hard work and commitment to meet the corporate goals and also expressed that the relationship between the top management and board is smooth and seamless.

Directors liable to retire by rotation

In terms of Section 152 of the Act 2013, two-third of the total number of directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting.

Mr C N Prasad, non-executive and non-independent director, who is liable to retire at the ensuing AGM and being eligible, offers his candidature for re-appointment.

The Nomination and remuneration committee of directors at their meeting held on 17th April 2017 recommended the re-appointment of Mr C N Prasad as director of the Company.

Policy on Directors appointment and remuneration of Directors, Key Managerial Personnel

In accordance with Section 178 of the Act 2013 the Nomination and Remuneration Committee has formulated a Nomination & Remuneration Policy (NRC Policy) to ensure that executive directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a director.

Nomination and Remuneration Policy

Directors:

NRC will recommend the remuneration for executive and non-executive directors. This will be then approved by the board and shareholders. The non-executive independent directors are appointed to the board of the Company in terms of regulatory requirements.

The board has approved the payment of remuneration by way of profit related commission to the non-executive Independent directors, for the financial year 2016-17, based on the recommendation of the Nomination and Remuneration Committee. The approval of the shareholders by way of an ordinary resolution was obtained at the twenty fourth annual general meeting held on 1st June 2016, in terms of Sections 197 and 198 and any other applicable provisions of the Act 2013.

Commission:

The Company benefits from the expertise, advise and inputs provided by the IDs. The IDs devote their valuable time in deliberating on strategic and critical issues in the course of the board / committee meetings of the Company and give their valuable advice, suggestions and guidance to the management of the Company, from time to time and hence IDs are being paid by way of commission.

As approved by the shareholders at the annual general meeting of the Company held on 1st June 2016, Non-executive and Independent Directors are being paid commission, subject to a maximum, as determined by the board, for each such director from the financial year 1st April 2015.

A commission of Rs.9 lakhs per annum is paid to each IDs for the financial year 2016-17, who serve as members of the audit committee as well. The amount of commission for every financial year will be decided by the board and will be within the limits as prescribed under the provisions of the Companies 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.

Independent Directors:

Independent Director is a director who has no direct or indirect pecuniary relationship with the Company and or any of its officers. They should meet all criteria specified in Section 149(7) of the Act 2013 and rules made thereunder.

Key Managerial Personnel (KMP)

Change in Chief Financial Officer:

During the year under review, Mr S Rangarajan, continued as Chief Financial Officer of the Company till 8th November 2016 and Mr J Ashok Chakravarthi, AGM-Finance was appointed as the Chief Financial Officer, effective 9th November 2016.

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

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

Corporate Governance

Board Meetings:

During the year under review, the board met five times on 29th April 2016, 22nd July 2016, 22nd October 2016, 21st January 2017 and 3rd March 2017 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.

All members of the Audit Committee possess requisite qualification and have sound knowledge of finance, accounts, etc.

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

1. Mr H Lakshmanan, Chairman
2. Mr R Ramakrishnan, independent director
3. Mr S Santhanakrishnan, independent director

Nomination and Remuneration Committee:

In terms of Section 178 of the Act 2013, the Nomination and Remuneration Committee is required to consist of minimum of three members, of which not less than one-half shall be independent directors.

The following are the members of Nomination and Remuneration Committee of the Company as on the date of this Report:

1. Mr R Ramakrishnan, Chairman, independent director
2. Mr H Lakshmanan, Non-Executive Non Independent director
3. Mr S Santhanakrishnan, independent director

Remuneration criteria to Directors:

The non - executive / independent director(s) receive remuneration by way of fees for attending meetings of board or any committee in which director(s) is member.

In addition to the sitting fees, the non - executive independent director(s) shall be entitled to commission from the Company subject to the monetary limit approved by shareholders of the Company and aggregate commission amount would not exceed the limit as prescribed under the provisions of the Act 2013.

Corporate Social Responsibility Committee (CSR):

The following directors are the members of CSR committee of the Company as on the date of this report:

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

Based on the recommendation of the CSR Committee, the board has approved the projects / programs to be carried out as CSR activities by Srinivasan Services Trust (SST) and Sri Sathya Sai Loka Seva Trust by undertaking these programmes / projects, in compliance with the CSR policy of the Company and contributed Rs. 70 lakhs constituting more than 2% of average net profits, for the immediate past three financial years, towards CSR spending for the current financial year 2016-2017.

SST, over 21 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.

Sri Sathya Sai Loka Seva Trust is providing services to the society for more than five decades. It is engaged in providing free education, free health-care to deprived classes of society by conducting regular medical camps and establishing hospitals and nurturing children with value-based education coupled with high academic standards and shaping them into good human beings and citizens of the Motherland.

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.

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:

As per the provisions of Section 139 of the Act 2013, the transitional period of office of M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, as Statutory Auditors of the Company will conclude from the close of the forthcoming Annual General Meeting of the Company.

The Board of Directors place on record its appreciation and gratitude for the services rendered by M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, as the Statutory Auditors of the Company for over two decades.

The Board of Directors of the Company has recommended the appointment of M/s V Sankar Aiyar & Co., Chartered Accountants, Mumbai, (ICAI Firm Registration Number 109208W) as the Statutory Auditors of the Company, subject to the approval of the shareholders.

They will hold office as statutory auditors for a period of five years from the conclusion of the 25th Annual General Meeting till the conclusion of 30th Annual General Meeting of the Company, subject to ratification of the appointment by Members at every Annual General Meeting held during their tenure of office as statutory auditors.

Secretarial Auditor:

As required under Section 204 of the Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company is required to appoint a Secretarial Auditor for auditing 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 submitted their report for the year 2016-17.

The board has re-appointed them as Secretarial Auditor for carrying out the secretarial audit for the financial year 2017-18.

Both the Statutory Auditors Report and Secretarial Audit Report are free from any qualification, reservation or adverse remark or disclaimer, and hence do not warrant any explanation or comments by the board.

Statutory Statements

Deposits

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act 2013, for the year ended 31st March 2017.

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

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

Material changes and commitments:

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and to the date of the report.

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

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

Annual Return:

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

Employee's remuneration:

Details of employees receiving the remuneration as prescribed under Section 197 of the Act 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure III. In terms of first proviso to Section 136(1) of the Act, 2013, the Annual Report, excluding the aforesaid annexure is being sent to the shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company during business hours and any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

Details of material related party transactions:

Details of material related parties under Section 188 of the Act 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in Annexure VI to this report in the prescribed form.

Details of loans / guarantees / investments made:

As regards furnishing the details of loans and guarantees under Section 186 of the Act 2013 for the financial year 2016-17, the Company has not extended any guarantee or loans to other companies during the year under review.

However, please refer note no. 6 to Notes on accounts for the financial year 2016-17, for details of investments made by the Company.

Reporting of fraud

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

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

For and on behalf of the Board

Place : Chennai
Date : 17th April 2017

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 2016-17

- Installed roof top solar panels at the plant located in Hosur, as a green power source for the plant with the capacity of 0.42MW;
- Installed Servo hydraulic pumps & motors and variable frequency drive equipment for identified 9 high energy consuming injection moulding machines; and
- 13 High energy efficient all electric injection moulding machines were purchased during the year as part of expansion.

The above measures resulted in an annual savings of Rs.0.75 crore.

1.2 Proposed measures for the year 2017-18:

- Installation of roof top solar panels at plants located in Chennai and Mysore for 0.88 MW capacity;
- Elevated type LPG fired oven with canopy will be installed in the proposed paint shop to minimize heat loss; and
- Reduction of energy consumption by relocation, commonisation of cooling towers and chillers respectively.

The above measures are expected to result in an annual saving of approximately Rs.0.65 crore.

2. Steps taken for utilizing alternate sources of energy during the year 2017-18

During the year 2016-17, the Company has utilized the power generated through wind energy to an extent of 12042 MW. The Company is planning to continue the utilization of the wind energy for the year 2017-18 to an extent of 12,500 MW. The Company as an initiative for the year 2017-18 is taking up the project of increasing green energy from 0.42MW to 1.20MW as a power source for factory.

3. Capital investment- Energy conservation Equipments

The Company during the year 2016-17 invested in "Energy Efficient All Electric Injection Moulding Machines and Auxiliaries". The total investment in this project or expansion is Rs.12 Cr. These new machines are expected to reduce the power consumption upto 35% 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	51.36

For and on behalf of the Board

Place : Chennai
Date : 17th April 2017

H Lakshmanan
Chairman

Annexure - II

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
for the financial year ended 31st March 2017

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

I. REGISTRATION AND OTHER DETAILS:

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, Tele : (044) 2827 22 33, Fax : (044) 2825 71 21

vi) Whether listed company Yes / No : No

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products	NIC Code of the product	% to total turnover of the Company
1.	Plastic Moulded components	2520	18.51
2.	Two-Wheelers	3410	81.49

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Motor Company Limited Address: No:29, Haddows Road, Chennai – 600006.	L35921 TN1992PLC022845	Holding Company	100%	2(46)
2.	Sundaram Holding USA Inc. Address: 2711, Centerville Road, #400 Wilmington, New Castle – 19808, State of Delaware, USA	NA	Subsidiary	68%	2(87)
3.	Green Hills Land Holding LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary	100 % held by S.No.2	2(87)
4.	Component Equipment Leasing LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary		
5.	Workspace Project LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary		
6.	Premier Land Holding LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary		
7.	Green Infra Wind Energy Theni Limited Address: 2nd Floor, Tower No. 2, NBCC Plaza Sector-V, Pushp Vihar, Saket, New Delhi – 110017.	U40109DL 2011PLC275063	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 :

S No	Name of the Shareholders (M/s.)	Shareholding at the beginning of the year		Share holding at the end of the year		% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	
1.	TVS Motor Company Limited (Holding Company) and its six nominees	1,15,50,000	100%	1,45,50,000	100%	-
	TOTAL	1,15,50,000	100%	1,45,50,000	100%	-

(iii) Change in Promoters' Shareholding:

TVS Motor Company Limited (Holding Company) and its six nominees

Particulars	Shareholding as at 1st April 2016		Shareholding as at 31st March 2017	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
At the beginning of the year	1,15,50,000	100.00	-	-
Acquisition of shares on rights basis:				
29.06.2016	5,00,000	4.33	1,20,50,000	100.00
21.01.2017	25,00,000	21.65	1,45,50,000	100.00
At the End of the year	-	-	1,45,50,000	100.00

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

(v) Shareholding of Directors and Key Managerial Personnel: **Nil**

V. INDEBTEDNESS

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

(Rs.in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	23.54	0.87	24.41
ii) Interest due but not paid	0.10	-	0.10
iii) Interest accrued but not due	-	-	-
Total (i+ii+iii)	23.64	0.87	24.51
Change in Indebtedness during the financial year			
• Addition	12.98	0.56	13.54
• Reduction	(8.98)	-	(8.98)
Net Change	4.00	0.56	4.56
Indebtedness at the end of the financial year			
i) Principal Amount	27.57	1.43	29.00
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	0.07	-	0.07
Total (i+ii+iii)	**27.64**	**1.43**	**29.07**

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:

Sl.No	Particulars of Remuneration	Name of Directors				Total Amount
		RK		SSK		
1.	Independent Directors					
	Fee for attending board / committee meetings	45,000		60,000		1,05,000
	Commission	9,00,000		9,00,000		18,00,000
	Others	-		-		-
	Total (A)	**9,45,000**		**9,60,000**		**19,05,000**
		HL	**CNP**	**SGM**	**Dr LV**	**Total Amount**
2.	Other Non –Executive Directors					
	Fee for attending board / committee meetings	60,000	15,000	25,000	30,000	1,30,000
	Commission	-	-	-	-	-
	Others	-	-	-	-	-
	Total (B)	**60,000**	**15,000**	**25,000**	**30,000**	**1,30,000**
	Total (A) + (B)					**20,35,000**
	Overall Ceiling as per the Act					**75,80,960**

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

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs. In lakhs)

S.No	Particulars of Remuneration	Key Managerial Personnel				
		CEO	CFO		CS	Total
			SR 01.04.2016 to 09.11.2016	JA 21.01.2017 to 31.03.2017		
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	79.82	-	4.62	-	84.44
	(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	**79.82**	**-**	**4.62**	**-**	**84.44**

SR – Mr S Rangarajan; JA – Mr J Ashokchakravarthi

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board

Place : Chennai
Date : 17th April 2017

H Lakshmanan
Chairman

Annexure - IV

FORM No. AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Statement containing salient features of the financial statement of subsidiaries :-

S.No	Particulars	
	Name of the subsidiary	**Sundaram Holding USA Inc.,**
1.	The date since when subsidiary was acquired	9th September 2015
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1st April 2016 to 31st March 2017
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	USD as at 31st March 2017 $1 = Rs.64.81
4.	Share capital	5,294,432
5.	Reserves & Surplus	(939,237)
6.	Total assets	4,097,195
7.	Total Liabilities	4,097,195
8.	Investments	-
9.	Turnover	-
10.	Profit before taxation	(939,187)
11.	Provision for taxation	-
12.	Profit after taxation	(939,237)
13.	Proposed Dividend	-
14.	% of shareholding	68%

Part "B": Associate:-

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

S.No	Name of Associate	Green Infra Wind Energy Theni Limited
1.	Latest audited Balance Sheet Date	31st March 2017
2.	Date on which the Associate acquired	11.01.2011
3.	Shares of Associate held by the Company on the year end:- (i) No. of shares	30,00,000
	(ii) Amount of Investment in Associate / ~~Joint Venture~~	Rs.3,00,00,000/-
	(iii) Extend of Holding %	21.58%
4.	Description of how there is significant influence	Voting Power
5.	Reason why the Associate /~~Joint Venture~~ is not consolidated	The Company, being an intermediate WOS of TVS Motor Company Limited (TVSM), has been exempted from preparation of consolidated financial statements, as per the notification dated 14th October 2014 issued by the MCA in this regard.
6.	Networth attributable to Shareholding as per latest audited Balance Sheet	Rs.4,43,71,554/-
7.	Profit / Loss for the year:- i. Considered in Consolidation	Not applicable
	ii. Not Considered in Consolidation	Not applicable

As per our report annexed

H LAKSHMANAN
Chairman

C N PRASAD
Director

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration No: 004207S

J ASHOK CHAKRAVARTHI
Chief Financial Officer

RAJESH OOMMEN
Chief Executive Officer

P D DEV KISHAN
Company Secretary

M BALASUBRAMANIYAM
Partner
Membership No. F 7945

Place : Chennai
Date : 17-04-2017

Annexure - V

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

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

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

2. Overview of projects or programmes undertaken:

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

3. Web-link to the CSR policy and projects or programmes - www.sundaramautocomponents.com

4. Composition of the CSR Committee.

Sl. No.	Name of the Directors (M/s.)	Designation	Status
1.	Mr H Lakshmanan	Non-Independent director	Chairman
2.	Dr. Lakshmi Venu	Non-Independent director	Member
3.	Mr R Ramakrishnan	Independent director	Member

5. Average net profit of the Company for last three financial years — Rs. 30.99 Cr
6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) — Rs. 0.62 Cr
7. Details of CSR spent during the financial year
   (a) Total amount to be spent for the financial year — Rs. 0.70 Cr
   (b) Amount unspent, if any — Not Applicable
   (c) Manner in which the amount spent during the financial year is detailed below.

1.	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road Chennai - 600 006 Tamil Nadu Phone No : 044-28332115 Mail ID : aj@scl.co.in	Sri Sathya Sai Loka Seva Trust, Sathya Sai Grama, P.O. Muddenahalli - 562101 Chikkaballapur district, Karnataka, India. Phone No: +91 8156-62424
2.	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act, 2013	• Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; • Promotion of Education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects; • Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; • ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and • rural development projects	Promoting free Education is one of the objects of the Trust
3.	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure	Education
4.	Areas in which Projects / Programmes undertaken		
	Local Area / Others	• Venkatagiri Mandal, Andhra Pradesh • Anbil village, Trichy district, Tamil Nadu	Muddenahalli
	State & district	- Nellore District, Andhra Pradesh - Trichy District, Tamil Nadu	Chikkabalapur, Karnataka
	Amount outlay (budget) project or programme-wise	Rs.925.60 Lakhs	Rs.1100 Lakhs
5.	Amount spent on the projects or programmes	Rs.902.22 Lakhs (including contribution of Sundaram Auto Components Limited of Rs.55 Lakhs)	Rs.15 Lakhs
6.	Sub-heads		
	Direct expenses on projects / programmes	Rs.902.22 Lakhs	Rs.250 Lakhs (including contribution of the Company of Rs.15 lakhs)
	Overheads	Nil	Nil
7.	Cumulative expenditure upto the reporting period	Rs.902.22 Lakhs (including contribution of Sundaram Auto Components Limited of Rs.55 Lakhs)	Rs.250 Lakhs (including contribution of the Company of Rs.15 lakhs)

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

   Not applicable

9. CSR Committee states the CSR activities being undertaken / proposed will be implemented and monitoring as per CSR Policy and is in compliance with CSR objectives and Policy of the Company.

   To discharge the duties cast under provisions of the Act, members of the CSR Committee visit places where CSR activities were undertaken.

For and on behalf of the Board

Place : Chennai
Date : 17th April 2017

H Lakshmanan
Chairman and Chairman of CSR Committee

Annexure - VI

FORM No. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contract, arrangement or transaction at arm's length basis:
   (a) Name of the related party — TVS Motor Company Limited
   (b) Nature of relationship — Holding Company
   (c) Duration of the contracts / arrangements / transactions — 2016-17
   (d) Date (s) of approval by the Board, if any: — 29th April 2016 and 21st January 2017

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	2,328.44
Sale	Plastic Components and Dies & Moulds	Mark-up on cost of raw materials and conversion cost	296.68

For and on behalf of the Board

Place : Chennai
Date : 17th April 2017

H Lakshmanan
Chairman

Form No. MR-3

Secretarial Audit Report for the financial year ended 31st March 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Sundaram Auto Components Limited, [CIN:U29249TN1992PLC051417]
Jayalakshmi Estates, No. 29(8), Haddows Road, Chennai-600006

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by SUNDARAM AUTO COMPONENTS LIMITED (hereinafter called "the Company") during the financial year from 1st April 2016 to 31st March 2017 ("the year"/ "audit period"/ "period under review").

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

We are issuing this report based on:

(i) Our verification of the books, papers, minute books and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the year as well as after 31st March 2017 but before the issue of this report;

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

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

In our opinion, during the audit period covering the financial year ended on 31st March 2017, the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with our letter of even date annexed to this report as Annexure – A.

1. We report as regards compliance with specific statutory provisions that:

1.1. We have examined the books, papers, minute books and other records maintained by the Company and made available for our verification, the forms, returns, reports, disclosures and information filed/ disseminated during the year according to the applicable provisions/ clauses of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder.

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

(iii) Secretarial Standards (SS-1) on "Meetings of the Board of Directors" and Secretarial Standards (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India (Secretarial Standards).

1.2. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2017 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

(i) Complied with the applicable provisions/ clauses of the Act and Rules mentioned under paragraph 1.1 (i) above;

(ii) Generally complied with the applicable rules/ regulations under FEMA mentioned under paragraph 1.1 (ii) above; and

(iii) Generally complied with the applicable Secretarial Standards mentioned under paragraph 1.1 (iii) above.

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

(i) The Company, in view of being an unlisted company and also in view of non-arising of certain events, was not required to comply with the following laws/ guidelines/ regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:

(a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder with respect to Foreign Direct Investment and External Commercial Borrowings;

(b) Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'); and

(c) Listing agreements with stock exchanges.

(ii) There was no other law that was specifically applicable to the Company, considering the nature of its business. Hence the requirement to report on compliance with specific laws under paragraphs 1.1 and 1.2 above did not arise.

2. We further report as regards Board processes that:

2.1 The Board of Directors of the Company is duly constituted with a proper balance of Non-Executive Directors and Independent Directors. The Company does not have any Executive Director but has a Chief Executive Officer in terms of section 203(1)(i) of the Act. The Board also has a woman director. Re-appointment of the retiring director at the annual general meeting held on 1st June 2016 was carried out in compliance with the provisions of the Act. There was no change in composition of the Board of Directors during the period under review.

2.2 Adequate notice was given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent atleast seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the meetings and consent of the Board for circulating them separately or at the meeting was duly obtained as required under the Secretarial Standards:

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

(ii) Additional subjects/ information and supplementary notes.

2.3 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

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

(i) Majority decisions were carried through; and

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

3. We further report as regards the compliance mechanism in place that:

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

4. We further report as regards specific events and actions that:

4.1 During the audit period, the following specific events and actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations and standards took place:

(i) Rs.24 crores was raised from its holding company TVS Motor Company Limited by way of their subscription to the Company's rights issues aggregating to 30,00,000 equity shares of Rs.10/- each at a premium of Rs.70/- per share; and

(ii) Further investment of USD 3,600,000 was made in the Company's foreign subsidiary Sundaram Holding USA, Inc. by way of subscription to 36,00,000 common stock if USD 1 each at par.

For S. Krishnamurthy & Co
Company Secretaries

K. Sriram,
Partner
Membership No.F6312
Certificate of Practice No: 2215

Date : 17th April 2017
Place : Chennai

Annexure - A to Secretarial Audit Report of even date

To,

The Members,
Sundaram Auto Components Limited, [CIN:U29249TN1992PLC051417]
Jayalakshmi Estates, No. 29(8), Haddows Road, Chennai-600006.

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2017 is to be read along with this letter

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.

2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.

3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2017 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,
Partner
Membership No.F6312
Certificate of Practice No: 2215

Date : 17th April 2017
Place : Chennai

Independent Auditors' Report to the members of Sundaram Auto Components Limited, Chennai for the year ended 31st March 2017

To the Members of

Sundaram Auto Components Limited

Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of Sundaram Auto Components Limited, Chennai - 600006 ("the company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, 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

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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including Other Comprehensive Income), Changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We conducted our audit of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of 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 Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations furnished to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS;

a) of the state of affairs (financial position) of the Company as at March 31, 2017;

b) of the Profit (financial performance including Other Comprehensive Income) for the year ended on that date;

c) of the Changes in Equity for the year ended on that date; and

d) of the 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-"A", a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

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

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

   e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

   f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure - "B".

   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations furnished to us :

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer note no. 36 (i) to the Ind AS financial statements.

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

      iii. There were no amounts which were required to be transferred to the Investors Education and Protection fund by the Company.

      iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 41 to the Ind AS financial statements.

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

M BALASUBRAMANIYAM
Partner
Membership No.F7945

Place : Chennai
Date : 17th April 2017

Annexure - "A" to Independent Auditors' Report to the members of Sundaram Auto Components Limited, Chennai for the year ended 31st March 2017

Annexure "A" 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 2017.

1. (a) The company has maintained 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. In our opinion the interval is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were reported 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. The discrepancies between the physical stocks and the books were not material and have been properly dealt with in the books of account.

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 nor has furnished any guarantee nor provided any security. Hence reporting on whether there is compliance with provisions of section 185 of the Companies Act, 2013 does not arise.

   The company has made an investment in the subsidiary company during the year to the tune of Rs. 24.24 crore. This is in compliance with provisions of section 186 of the Companies Act, 2013.

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. According to the information and explanations furnished to us, the requirement for maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government of India under Section 148 of the Companies Act, 2013 is not applicable to the Company for the year under audit.

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, marginal delays were noticed in remittance of Income Tax deduction at source and Service Tax into Government.

   (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 2017 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
	Excise Duty	0.36	Assistant Commissioner of Central Excise
Finance Act,1994	Service Tax	0.18	Central Excise and Service Tax Appellate Tribunal
		0.08	Assistant Commissioner, Hosur
Income Tax Act,1961	Income Tax	0.60	Commissioner of Income Tax (Appeals), Chennai
Tamil Nadu Value Added Tax Act, 2006	CST	0.08	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. The Company has not borrowed from any financial institution or Government nor has issued any debenture.

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 with the approval by the shareholders through ordinary resolution in the annual general meeting held on June 01, 2016 to comply with section 197 of the Companies Act, 2013.

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. 31(b) to the Ind AS 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 BALASUBRAMANIYAM
Partner
Membership No.F7945

Place : Chennai
Date : 17th April 2017

Annexure - "B" to Independent Auditors' Report to the members of Sundaram Auto Components Limited, Chennai for the year ended 31st March 2017

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, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (hereinafter "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, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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, 2017, 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 BALASUBRAMANIYAM
Partner
Membership No.F7945

Place : Chennai
Date : 17th April 2017

Balance Sheet as at 31st March 2017

Rupees in crores

	Notes	**As at 31.03.2017**	As at 31.03.2016	As at 01.04.2015
Assets				
Non-current assets				
Property, plant and equipment	2	145.18	112.43	89.01
Capital work in progress	3	1.53	16.25	3.55
Investment property	4	32.56	28.12	24.83
Goodwill	5	2.20	2.20	-
Other intangible assets	5	0.30	0.35	0.12
Financial assets				
i. Investments	6	27.61	3.29	3.27
ii. Others	7	0.10	0.12	0.04
Other non-current assets	8	17.13	17.45	19.59
Total non-current assets		226.61	180.21	140.41
Current assets				
Inventories	9	167.64	149.63	140.85
Financial assets				
i. Trade receivables	10	101.22	60.97	79.18
ii. Cash and cash equivalents	11	0.93	0.51	2.78
iii. Bank balances other than (ii) above		-	-	-
iv. Other financial assets		-	-	-
Current tax assets (Net)	12	0.55	0.59	0.29
Other current assets	13	17.08	22.66	20.39
Total current assets		287.42	234.36	243.49
Total Assets		514.03	414.57	383.90
Equity and liabilities				
Equity				
Equity share capital	14	14.55	11.55	11.55
Other equity	15	153.73	118.18	102.49
Total equity		168.28	129.73	114.04
Liabilties				
Non-current liabilities				
Financial liabilities				
Borrowings	16	-	-	8.96
Provision - Employee benefit obligations	17	2.73	1.50	0.96
Deferred tax liabilities (Net)	18	11.17	8.91	7.10
Total non-current liabilities		13.90	10.41	17.02
Current liabilities				
Financial liabilities				
i. Borrowings	19	29.07	15.43	2.52
ii. Trade payables	20	214.08	178.28	163.21
iii. Other financial liabilities	21	39.03	44.20	39.49
Other current liabilities	22	49.63	36.49	47.55
Provision	17	0.04	0.03	0.07
Total current liabilities		331.85	274.43	252.84
Total liabilities		345.75	284.84	269.86
Total equity and liabilities		514.03	414.57	383.90
Significant Accounting Policies	1			

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

H LAKSHMANAN, Chairman — C N PRASAD, Director — M BALASUBRAMANIYAM, Partner, Membership No. F 7945

Place : Chennai
Date : 17-04-2017

J ASHOK CHAKRAVARTHI, Chief Financial Officer — RAJESH OOMMEN, Chief Executive Officer — P.D. DEV KISHAN, Company Secretary

Statement of Profit and Loss for the year ended 31st March 2017

Rupees in crores

	Notes	**31.03.2017**	31.03.2016
Income			
Revenue from operations	23	2,913.87	2,795.35
Other income	24	2.08	2.82
Total income		2,915.95	2,798.17
Expenses			
Cost of material consumed	25	318.25	322.51
Purchase of stock in trade	25	2,328.44	2,227.82
Changes in inventories of finished goods, Stock-in -Trade and work-in-process	25	0.79	(27.79)
Excise duty		56.52	60.61
Employee benefit expenses	26	56.79	50.99
Finance costs	27	3.40	3.75
Depreciation and amortisation expense	2 & 5	15.51	13.07
Other expenses	28	111.16	107.28
Total expenses		2,890.86	2,758.24
Profit before exceptional items and tax		25.09	39.93
Exceptional items	29	9.84	3.23
Profit before tax		34.93	43.16
Income tax expense			
Current tax	30	7.31	11.93
Deferred tax	30	2.54	1.85
Profit for the period		25.08	29.38
Other comprehensive income			
Items that may not be reclassified to profit or loss			
"Remeasurement of post employment benefit obligations arising on accountof actuarial losses"		(0.93)	(0.51)
Change in fair value of FVOCI equity instruments		-	-
Income tax relating to these items		0.28	0.04
Items that will be reclassified to profit or loss			
Change in fair value of FVOCI debt instruments		-	-
Income tax relating to these items		-	-
Other comprehensive income for the period, net of tax		(0.65)	(0.47)
Total comprehensive income for the period		24.43	28.91
Earnings per equity share			
Basic & Diluted earnings per share	37	20.21	25.43
Significant Accounting Policies	1		

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

H LAKSHMANAN, Chairman — C N PRASAD, Director — M BALASUBRAMANIYAM, Partner, Membership No. F 7945

Place : Chennai
Date : 17-04-2017

J ASHOK CHAKRAVARTHI, Chief Financial Officer — RAJESH OOMMEN, Chief Executive Officer — P.D. DEV KISHAN, Company Secretary

Cash Flow Statement

Rupees in crores

	Year ended 31.03.2017		Year ended 31.03.2016	
Cash flow from operating activities				
Profit before income tax		34.93		43.16
Adjustments for				
Depreciation and amortisation expense	15.51		13.07	
Loss on disposal of property, plant and equipment	0.07		0.09	
(Gain) on disposal of property, plant and equipment	(9.86)		(3.59)	
Impact of fair valuation of hedge instruments	0.17		0.16	
Interest income classified as investing cash flows	(0.86)		(0.88)	
Finance costs	3.40		3.75	
		8.43		**12.60**
Change in operating assets and liabilities				
(Increase)/Decrease in trade receivables	(40.25)		18.21	
(Increase) in inventories	(18.01)		(8.78)	
Increase in trade payables	35.80		15.07	
Increase in provisions	0.31		(0.01)	
(Increase) in other financial liabilities	(0.80)		0.28	
Increase in other current liabilities	13.14		(11.06)	
(Increase) in other financial assets	0.02		(0.08)	
(Increase)/decrease in other non-current assets	0.73		2.44	
(Increase)/decrease in other current assets	5.58		(2.26)	
		(3.47)		13.81
Cash generated from operations		**39.89**		**69.57**
Less: Income taxes paid		7.68		12.53
Net cash inflow from operating activities		**32.21**		**57.04**
Cash flows from investing activities				
Payments for property, plant and equipment	(48.85)		(40.10)	
Payments for property, plant and equipment - Cwip	14.72		(12.70)	
Payments for purchase of investment	(24.32)		(0.02)	
Proceeds from sale of property, plant and equipment	10.41		4.67	
Interest received	0.86		0.88	
Net cash outflow from investing activities		**(47.17)**		**(47.27)**
Cash flows from financing activities				
Interest paid	(3.40)		(3.75)	
Dividends paid to company's shareholders	(8.21)		(10.98)	
Dividend Tax paid	(1.67)		(2.24)	
Proceeds from issue of share capital	24.00		-	
Receipt of Short term loan	10.07		-	
Repayment of term loans	(8.98)		(7.98)	
Net cash inflow (outflow) from financing activities		**11.81**		**(24.95)**
Net increase (decrease) in cash and cash equivalents		(3.15)		(15.18)
Cash and cash equivalents at the beginning of the financial year				
Cash and cash equivalents	0.51		2.78	
Cash credit balance	(15.43)	(14.92)	(2.52)	0.26
Cash and cash equivalents at end of the year				
Cash and cash equivalents	0.93		0.51	
Cash credit balance	(19.00)	(18.07)	(15.43)	(14.92)

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

H LAKSHMANAN
Chairman

C N PRASAD
Director

M BALASUBRAMANIYAM
Partner
Membership No. F 7945

Place:Chennai
Date : 17-04-2017

J ASHOK CHAKRAVARTHI
Chief Financial Officer

RAJESH OOMMEN
Chief Executive Officer

P D DEV KISHAN
Company Secretary

1. SIGNIFICANT ACCOUNTING POLICIES

a) Brief description of the Company

Sundaram Auto Components Limited ("the reporting entity" or referred to as "the Company") is a public limited company incorporated and domiciled in India. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Chennai - 600006, Tamil Nadu, India.

The Company manufactures injection moulded plastic components used in automobile industry and trades in automobiles. The Company has manufacturing plants located at Chennai and Belagondapally near Hosur in Tamil Nadu, Mysore in Karnataka and Nalagarh in Himachal Pradesh.

b) Basis of preparation

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

Disclosures under Ind AS are made only in respect of material items and in respect of items that will be useful to the users of financial statements in making economic decisions and accordingly details relating to name of customers from whom receivables are due, the amount of inventories recognized as an expense etc, are not furnished.

The financial statements upto year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer note 38 and 39 for an explanation on how the transition from GAAP to Ind AS has affected the Company's financial position, financial performance, cash flow and total equity.

c) Use of estimates

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

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

d) Critical Estimates and judgements are made in respect of

Estimation of useful life of Property, Plant and Equipment – Refer note 1(f) and 1(g)

e) Revenue recognition

i) Sale of products:

Revenue from sale of products is recognised when the products are delivered to the dealer / customer or when delivered to the designated carrier and when risks and rewards of ownership pass to the dealers / customers, as per terms of contract.

Revenue is measured and recognized at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates. It includes excise duty but excludes Value Added Tax and Sales Tax.

ii) Dividend income:

Dividend from investments is recognised when the right to receive the same is established.

Significant accounting policies - *(continued)*

iii) Interest income:

Interest income is recognised on time proportion basis, determined by the amount outstanding and the rate applicable.

f) Property, Plant and Equipment

Freehold Land is stated at historical cost. All other items of property plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overhead expenditure incurred upto the date the asset is ready for its intended use. However, cost excludes excise duty, value added tax and service tax, wherever credit of the duty or tax is availed.

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

g) Depreciation and amortization

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

ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company are furnished below:

Description	Years
Factory building and other buildings	30
Material handling equipment	3
Plant and Equipment	10
Electrical equipment	15
Furniture and fixtures	16
Computers and information systems	3
Mobile phones	2
Vehicles	5

iii) Tools and dies used for manufacture of components for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 3-5 years.

iv) Residual values and useful lives are reviewed, and depreciation is accordingly charged, at the end of each reporting period. (Presently, the company retains 5% of the cost of the asset as its residual value other than mobile phones)

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

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

h) Intangible assets

i) Software and License fee

Intangible assets acquired are recorded at their acquisition cost and are amortised over its useful life, viz., 2 years in the case of software and license fee.

ii) Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

i) Transactions in foreign currencies

i) Transactions in foreign currencies are translated into the functional currency using 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 are recognised as income or expense in the year in which they arise.

j) Hedge accounting

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

Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges):

The Company enters into forward contracts to hedge risks which are designated as fair value hedges. Gains or losses arising on fair valuation of such forward contracts are recognized in the statement of profit and loss and are included in other income/expenses.

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

k) Inventories

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

i) Cost of Raw materials, components, stores, spares, Work-in-process and Finished goods are ascertained on a moving average basis.

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

l) Employee benefits

i) Short term obligations:

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

ii) Other long term employee benefit:

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

iii) Post-employment obligation:

The Company operates the following post-employment schemes:

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

b) Defined contribution plan such as provident fund.

Pension and gratuity obligation:

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

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

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

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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

Provident fund:

The Company regularly contributes the amounts due to the Regional Provident Fund Commissioner.

Significant accounting policies - *(continued)*

iv) Bonus plans:

The liability to pay Bonus is provided for in accordance with the provisions of the Payment of Bonus Act, 1965.

m) Income Tax

Tax expense comprises of current and deferred taxes.

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

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

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

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

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

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

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

n) Government Grants

During the year, the company has not received any grant from the Government.

o) Provisions and contingent liabilities

i) Provisions:

A provision is recorded when the Company has a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that may, but probably will not require a cash outflow, the same is disclosed as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

q) Leases

In respect of assets acquired on lease, where the Company, as a lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of lease at fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases acquired in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are charged to the statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

r) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Impairment is assessed taking into account cash inflows likely from use of such assets and their carrying value.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

s) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are displayed within borrowings in current liabilities in the balance sheet.

t) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

u) Other financial assets and Investments

i) Classification

The Company has classified its financial assets as follows:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- Those measured at amortized cost.

The classification was based on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement – financial assets:-

Initially these are recognized at cost.

In addition to transaction cost attributable to such asset, corresponding effect on fair valuation is recognized in the statement of profit and loss.

Debt Instruments:

Debt instruments which are initially recognized at cost are subsequently measured based on the company's business model for managing the asset and cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of profit and loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through statement of profit and loss and is not part of a hedging relationship is recognised in statement of profit and loss and presented

Significant accounting policies - *(continued)*

in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Measurement - Equity instruments:

The Company subsequently measures all investments in equity (except of the subsidiaries/ associate) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit and loss. Dividends from such investments are recognised in statement of profit and loss as other income when the Company's right to receive payments is established.

Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Investment in subsidiary / associate:

Investments in subsidiary / associate are measured at cost.

iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment mythology applied depends on whether there has been significant increase in credit risk. Note 32 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

iv) De-recognition of financial assets

A financial asset is derecognised only when:

a) the Company has transferred the rights to receive cash flows from the financial asset or

b) the Company retains the contractual rights to receive the cash flows of the financial asset, but a contractual obligation exists to pay the such flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

v) Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit and loss as other gain/(loss).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

w) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.In respect of other assets, it is treated as current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

x) Business Combinations:

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a business comprises the

- Fair values of the assets acquired;
- Liabilities incurred to the former owners of the acquired business;

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, measured initially at their fair values at the acquisition date.

y) Investment property:

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the company is classified as investment property. Investment Property is measured initially at its cost including related transaction cost and applicable borrowing cost. Subsequent expenditure is capitalised to the assets' carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item is measured reliably.

y) Earnings Per Share:

(ab) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for new equity shares issued during the year (note 37)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share after taking into account:

the post income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(iii) Other Comprehensive Income is not considered for computing earnings per share.

z) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction, production or erection of a qualifying asset are capitalized if such qualifying asset takes a substantial period of time to get ready for its intended use. Substantial period is determined on a case to case basis depending on the nature of the asset and time involved in making them ready for use.

Notes on accounts

2 PROPERTY, PLANT & EQUIPMENT

Rupees in crores

Description	Property, Plant & Equipment							
	Freehold Land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Computers	Vehicles	Total
Gross carrying amount								
Deemed Cost as at 01-04-2015	3.87	26.03	56.07	1.31	0.71	0.95	0.07	89.01
Additions	1.56	5.02	28.41	1.35	0.30	0.82	0.09	37.55
Sub-total	**5.43**	**31.05**	**84.48**	**2.66**	**1.01**	**1.77**	**0.16**	**126.56**
Sales / deletion	0.09	0.65	0.36	0.09	–	–	–	1.19
Closing Gross carrying amount	**5.34**	**30.40**	**84.12**	**2.57**	**1.01**	**1.77**	**0.16**	**125.37**
Accumulated depreciation								
For the year	–	1.11	11.12	0.16	0.08	0.45	0.03	12.95
Sub-total	–	1.11	11.12	0.16	0.08	0.45	0.03	12.95
Withdrawn on assets sold / deleted	–	0.01	–	–	–	–	–	0.01
Closing accumulated depreciation	**–**	**1.10**	**11.12**	**0.16**	**0.08**	**0.45**	**0.03**	**12.94**
Net carrying amount								
As at 31-03-2016	**5.34**	**29.30**	**73.00**	**2.41**	**0.93**	**1.32**	**0.13**	**112.43**
Gross carrying amount								
As at 01-04-2016	5.34	30.40	84.12	2.57	1.01	1.77	0.16	125.37
Additions**	0.13	15.10	30.53	2.30	0.08	0.48	0.05	48.67
Sub-total	**5.47**	**45.50**	**114.65**	**4.87**	**1.09**	**2.25**	**0.21**	**174.04**
Sales / deletion	0.36	0.04	0.41	0.07	–	0.20	0.08	1.16
Closing gross carrying amount	**5.11**	**45.46**	**114.24**	**4.80**	**1.09**	**2.05**	**0.13**	**172.88**
Accumulated depreciation								
Upto 31-03-2016	–	1.10	11.12	0.16	0.08	0.45	0.03	12.94
For the year	–	1.53	12.66	0.27	0.10	0.68	0.04	15.28
Sub-total	–	2.63	23.78	0.43	0.18	1.13	0.07	28.22
Withdrawn on assets sold / deleted	–	0.01	0.23	0.01	–	0.20	0.07	0.52
Closing accumulated depreciation	**–**	**2.62**	**23.55**	**0.42**	**0.18**	**0.93**	**–**	**27.70**
Net carrying amount								
As at 31-03-2017	**5.11**	**42.84**	**90.69**	**4.38**	**0.91**	**1.12**	**0.13**	**145.18**

** Note:

(i) During the financial year 2016-17 an amount of Rs. 0.48 crores has been capitalised along with buildings

(ii) During the year the company has utilised bank borrowings of Rs. 11.50 crores at average rate of 10.07% for the buildings constructed.

(iii) The construction was completed over a period of 5 months.

Rupees in crores

3 CAPITAL WORK-IN-PROGRESS

Description	March 31 2017	March 31 2016	April 1 2015
Capital work-in progress (at cost)			
(a) Building	1.10	8.57	–
(b) Plant & equipment	0.43	7.68	3.55
Total	**1.53**	16.25	3.55

4 INVESTMENT PROPERTY

Opening Investment property (land at cost)	28.12	24.83	24.83
Add : Additions during the year	4.44	3.29	-
Closing Investment property (land at cost)	32.56	28.12	24.83
Fair value of the investment property	35.00	30.00	28.00

7 FINANCIAL ASSETS - OTHERS

Non-current			
Other deposits	0.10	0.12	0.04
Total other financial assets	**0.10**	**0.12**	**0.04**

8 OTHER NON-CURRENT ASSETS

Capital advances	0.79	1.58	5.96
Advances other than capital advances:			
Prepayment for lease	9.56	9.66	9.77
Taxes & Duties recoverable - (Advance income tax net of provision)	0.97	0.55	0.25
Deposit with Odisha entry tax department	3.03	2.69	2.31
Electricity deposit	2.78	2.97	1.30
Total other non-currnet assets	**17.13**	**17.45**	**19.59**

Rupees in crores

9 INVENTORIES*

Description	March 31 2017	March 31 2016	April 1 2015
Raw materials and components	12.73	10.82	10.12
Work-in-process	3.71	4.65	3.64
Finished goods	3.69	3.13	1.92
Stock-in-trade	96.70	97.11	71.54
Stock-in-trade - Two wheeler-in-transit	49.79	33.05	53.18
Stores and spares	1.02	0.87	0.45
Total inventories	**167.64**	**149.63**	**140.85**

*Inventories are valued at cost or net realizable value whichever is less

10 TRADE RECEIVABLES

Secured, considered good	–	–	–
Unsecured, considered good	101.22	60.97	79.18
Doubtful	0.17	1.00	0.91
Total	101.39	61.97	80.09
Less: Provision for doubtful receivables	0.17	1.00	0.91
Total	**101.22**	**60.97**	**79.18**

11 CASH AND CASH EQUIVALENTS

Balances with banks - Current account	0.89	0.46	0.25
Deposits with maturity of less than three months	–	–	2.50
Cash on hand	0.04	0.05	0.03
Total cash and cash equivalents	**0.93**	**0.51**	**2.78**

Notes on accounts - *(continued)*

Rupees in crores

5 GOODWILL & OTHER INTANGIBLE ASSETS

Description	Intangible Assets		
	Goodwill	Software	Total intangible assets
Gross carrying amount			
Deemed Cost as at 01-04-2015	–	0.12	0.12
Additions	2.20	0.35	2.55
Sub-total	**2.20**	**0.47**	**2.67**
Sales / deletion	–	–	–
Closing gross carrying amount	**2.20**	**0.47**	**2.67**
Accumulated amortisation			
For the year	–	0.12	0.12
Sub-total	–	0.12	0.12
Withdrawn on assets sold / deleted	–	–	–
Closing accumulated amortisation	–	**0.12**	**0.12**
Net carrying amount			
As at 31-03-2016	**2.20**	**0.35**	**2.55**
Gross carrying amount			
As at 01-04-2016	2.20	0.47	2.67
Additions	–	0.18	0.18
Sub-total	**2.20**	**0.65**	**2.85**
Sales / deletion	–	–	–
Closing gross carrying amount	**2.20**	**0.65**	**2.85**
Accumulated amortisation			
Upto 31-03-2016	–	0.12	0.12
For the year	–	0.23	0.23
Sub-total	–	0.35	0.35
Withdrawn on assets sold / deleted	–	–	–
Closing accumulated amortisation	–	**0.35**	**0.35**
Net carrying amount			
As at 31-03-2017	**2.20**	**0.30**	**2.50**

12 CURRENT TAX ASSETS (NET)

Description	**March 31 2017**	March 31 2016	April 1 2015
Taxes & Duties Recoverable - (Advance income tax net of provision)	0.55	0.59	0.29
Total Current tax assets (Net)	**0.55**	**0.59**	**0.29**

13 OTHER CURRENT ASSETS

Balance with Central excise and VAT authorities	6.74	7.53	4.33
Prepaid expense	0.45	0.55	0.23
Prepayment of lease	0.11	0.11	0.10
Advance to suppliers	6.40	9.38	10.98
Employee advances	0.35	0.36	0.23
Other Advances	0.01	0.01	-
Taxes & other receivables	3.02	4.72	4.52
Total other current assets	**17.08**	**22.66**	**20.39**

6 INVESTMENTS

Sl. No.	Name of the body corporate	Subsidiary / associate	No. of shares / units			Face Value	Cur-rency	Partly paid / fully paid	Rupees in crores		
			As at 31-03-2017	As at 31-03-2016	As at 01-04-2015				As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(a)	Investment in Equity Instruments:										
	Unquoted : valued AT COST										
(i)	Green Infra Wind Energy Theni Limited, New Delhi	Associate	3,000,000	3,000,000	3,000,000	10.00	INR	Fully paid	3.00	3.00	3.00
(ii)	Sundaram Engineering Products Services Limited, Chennai	Fellow Subsidiary	-	-	7,746	10.00	INR	Fully paid	-	-	0.01
	Instruments valued AT COST : (Unquoted)										
(iii)	Sundaram Holding USA, Inc., Delaware, USA (Rs.49,928 as at March, 31 2016)	Subsidiary	3,600,750	750	-	1.00	USD	Fully paid	24.24	-	-
	Total value of Equity Instruments (a)								**27.24**	**3.00**	**3.01**
(b)	Other non-current Investments										
(i)	Life Insurance Corporation Pension Policy, Mumbai (Valued based on amortised cost method)	--	--	--	--	--	INR	Fully paid	0.36	0.29	0.26
(ii)	Mutual Fund - SBI growth fund -Unquoted;Valued AT COST	--	--	--	--	--			0.01	-	-
	Total value of other investments (b)								**0.37**	**0.29**	**0.26**
	Total								**27.61**	**3.29**	**3.27**
	Aggregate amount of quoted investments and market value thereof								-	-	-
	Aggregate amount of unquoted investments								27.61	3.29	3.27
	Aggregate amount of impairment in value of investments								-	-	-
	Total								**27.61**	**3.29**	**3.27**

Notes on accounts - *(continued)*

14 SHARE CAPITAL

(a) Authorised, issued, subscribed and fully paid up

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Number	Rupees in crores	Number	Rupees in crores	Number	Rupees in crores
Authorised:						
Equity shares of Rs.10/-each	40,000,000	40.00	40,000,000	40.00	12,000,000	12.00
Issued, subscribed and paid up:						
Equity shares of Rs.10/- each	14,550.000	14.55	11,550,000	11.55	11,550,000	11.55
Total	14,550.000	14.55	11,550,000	11.55	11,550,000	11.55

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Number	Rupees in crores	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	11,550,000	11.55	11,550,000	11.55	11,550,000	11.55
Shares issued during the year	3,000,000	3.00	–	–	–	–
Shares outstanding at the end of the year	14,550.000	14.55	11,550,000	11.55	11,550,000	11.55

(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 31-03-2017		As at 31-03-2016		As at 01-04-2015	
		Number of held	% of holding	Number of held	% of holding	Number of held	% of holding
TVS Motor Company Limited, Chennai and by its six nominees	Equity	14,550,000	100.00	11,550,000	100.00	11,550,000	100.00

(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 31-03-2017 No. of shares held	As at 31-03-2016 No. of shares held	As at 01-04-2015 No. of shares held
-	-	-	-	-

Rupees in crores

15 OTHER EQUITY

A STATEMENT OF CHANGES IN EQUITY

EQUITY SHARE CAPITAL

Particulars	Amount
As at April 1, 2015	11.55
Changes in Equity share capital	-
As at March 31, 2016	11.55
Changes in Equity share capital	3.00
As at March 31, 2017	14.55

Description		General reserve	Securities premium reserve	Retained earnings	Total
Balance as at April 1, 2015		11.93	49.35	41.21	102.49
Add: Profit for the period 2015-16		–	–	29.38	29.38
Other comprehensive income		–	–	(0.47)	(0.47)
Sub-total	**A**	11.93	49.35	70.12	131.40
Less: Distribution to shareholders					
2014-15 Second Interim Dividend paid		–	–	2.89	2.89
2015-16 First Interim dividend paid		–	–	4.62	4.62
2015-16 Second Interim dividend paid		–	–	3.47	3.47
Dividend distribution tax paid for 2014-15		–	–	0.58	0.58
Dividend distribution tax paid for 2015-16		–	–	1.65	1.65
Surcharge increase in dividend tax for FY 2014-15		–	–	0.01	0.01
Sub-total	**B**	**–**	**–**	**13.22**	**13.22**
Balance as at March 31, 2016	**C = (A-B)**	**11.93**	**49.35**	**56.90**	**118.18**
Profit for the period 2016-17		–	–	25.08	25.08
Add: Other comprehensive income		–	–	(0.65)	(0.65)
Issue of equity shares		–	21.00	–	21.00
Sub-total	**D**	11.93	70.35	81.33	163.61
Less: Distribution to shareholders					
2016-17 First interim dividend paid		–	–	6.03	6.03
2016-17 Second Interim dividend paid		–	–	2.18	2.18
Dividend distribution tax paid for 2016-17		–	–	1.67	1.67
Sub-total	**E**	**–**	**–**	**9.88**	**9.88**
Balance as at March 31, 2017	**F = (D-E)**	**11.93**	**70.35**	**71.45**	**153.73**

Rupees in crores

Nature and purpose of reserves:

Security premium reserve: This consists of premium realised on issue of shares and will be applicable / utilised in accordance with the provisions of Companies Act 2013.

General reserve: Part of retained earnings was earlier utilised for declaration of dividends as per the erst while Companies Act, 1956. This is available for distribution to share holders.

16 LONG TERM BORROWINGS

Description	Frequency	No. of instal-ments due	Maturity	As at March 31 2017	As at March 31 2016	As at April 01 2015
Secured:						
Term Loan from Bank	Quarterly	16.00	Mar, 2017	–	8.98	16.96
Total Borrowings:				–	8.98	16.96
Less: Current Maturities of long-term borrowings (Refer note no.21)				–	8.98	8.00
Total Long-term Borrowings				–	–	8.96

Details of securities created:

Term loan from Banks - First charge on the entire property, plant and equipment

Description	Currency	Amount	Rate of interest
Term loan - Bank	INR	Rs. 31 crores	Base rate + 2.35%

Notes on accounts - *(continued)*

17 PROVISIONS

Rupees in crores

Employee benefit obligations	March 31, 2017			March 31, 2016			April 1, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Pnsion	–	1.33	1.33	–	0.81	0.81	0.05	0.56	0.61
Leave Salary	0.04	0.91	0.95	0.03	0.69	0.72	0.02	0.40	0.42
Gratuity	–	0.49	0.49	–	–	–	–	–	–
Total employee benefit obligations	**0.04**	**2.73**	**2.77**	**0.03**	**1.50**	**1.53**	**0.07**	**0.96**	**1.03**

	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of of obligation	Fair value of plan assets	Net amount
April 1, 2015									
Opening values	1.85	2.12	0.27	0.61	–	(0.61)	0.42	–	(0.42)
Current service cost	0.18	–	(0.18)	0.02	–	(0.02)	0.05	–	(0.05)
Interest expense / (income)	0.15	0.19	0.04	0.05	–	(0.05)	0.03	–	(0.03)
Total amount recognised in profit or loss	**0.33**	**0.19**	**(0.14)**	**0.07**	**–**	**(0.07)**	**0.08**	**–**	**(0.08)**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense / (income)	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	–	–	–	–	–	–	0.08	–	(0.08)
Experience (gains) / losses	0.38	–	(0.38)	0.13	–	(0.13)	0.34	–	(0.34)
Total amount recognisd in other comprehensive income	**0.38**	**–**	**(0.38)**	**0.13**	**–**	**(0.13)**	**0.42**	**–**	**(0.42)**
Employer contributions	–	0.56	0.56	–	–	–	–	–	–
Benefit payments	(0.15)	(0.15)	–	–	–	–	(0.20)	–	0.20
March 31, 2016	**2.41**	**2.72**	**0.31**	**0.81**	**–**	**(0.81)**	**0.72**	**–**	**(0.72)**

	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of of obligation	Fair value of plan assets	Net amount
April 1, 2016									
Opening values	2.41	2.72	0.31	0.81	–	(0.81)	0.72	–	(0.72)
Current service cost	0.31	–	(0.31)	0.02	–	(0.02)	0.03	–	(0.03)
Interest expense / (income)	0.19	0.19	–	0.06	–	(0.06)	0.06	–	(0.06)
Total amount recognised in profit or loss	**0.50**	**0.19**	**(0.31)**	**0.08**	**–**	**(0.08)**	**0.09**	**–**	**(0.09)**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense / (income)	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	0.69	–	(0.69)	–	–	–	0.11	–	(0.11)
Experience (gains) / losses	0.13	–	(0.13)	0.44	–	(0.44)	0.14	–	(0.14)
Total amount recognisd in other comprehensive income	**0.82**	**–**	**(0.82)**	**0.44**	**–**	**(0.44)**	**0.14**	**–**	**(0.14)**
Employer contributions	–	0.33	0.33	–	–	–	–	–	–
Benefit payments	–	–	–	–	–	–	–	–	–
March 31, 2017	**3.73**	**3.24**	**(0.49)**	**1.33**	**–**	**(1.33)**	**0.95**	**–**	**(0.95)**

(i) Post-Employment benefits

Significant estimates: acturial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave Salary	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Discount rate	7.00%	8.00%	7.00%	8.00%	7.00%	8.00%
Inflation	–	–	–	–	–	–
Salary growth rate	6.00%	5.00%	6.00%	5.00%	6.00%	5.00%
Pension growth rate	–	–	–	–	–	–
Attrition rate	–	–	–	–	–	–

Assimptions regarding future mortality for pension and medical benefits are set based on acuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at 60 years.

Notes on accounts - *(continued)*

17 PROVISIONS - (continued)

Rupees in crores

(ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Gratuity — Impact on defind benefit obligation

Details	Change in assumption	Increase in assumption	Decrease in assumption
	March 31, 2017	March 31, 2017	March 31, 2017
Discount rate	0.50%	-5.17%	5.70%
Salary growth rate	0.50%	5.54%	-5.11%
Pension growth rate	–	–	–
Life expectancy	–	–	–

Pension — Impact on defind benefit obligation

Details	Change in assumption		Increase in assumption		Decrease in assumption	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Discount rate	0.50%	0.50%	-8.78%	–	9.83%	–
Salary growth rate	0.50%	0.50%	5.14%	–	-4.91%	–
Pension growth rate	–	–	–	–	–	–
Life expectancy	–	–	–	–	–	–

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(iii) Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets under perform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

Changes in bond yield: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

18 DEFERRED TAX LIABILITY / (ASSET)

The balance comprises temporary differences attributable to:

Details	March 31, 2017	March 31, 2016	April 1, 2015
Depreciation	12.45	10.11	8.13
Provision for employee benefits	(0.97)	(0.53)	(0.35)
Profision for doubtful debts	(0.06)	(0.35)	(0.31)
Others	0.13	0.14	0.13
On Financial instruments	(0.38)	(0.46)	(0.50)
Net deferred tax liability / (Asset)	11.17	8.91	7.10

Movement in deferred tax Liability / (Asset)

Details	Depreciation	Provision for employee benefits	Provision for doubtful debts	Financial Instruments	Others	Total
At April 1, 2015	8.13	(0.35)	(0.31)	(0.50)	0.13	7.10
(Charged)/credited:						-
- to profit or loss	1.98	(0.14)	(0.04)	0.04	0.01	1.85
- to other comprehensive income		(0.04)				(0.04)
At March 31, 2016	10.11	(0.53)	(0.35)	(0.46)	0.14	8.91
(Charged)/credited:						
- to profit or loss	2.34	(0.16)	0.29	0.08	(0.01)	2.54
- to other comprehensive income	-	(0.28)				(0.28)
At March 31, 2017	12.45	(0.97)	(0.06)	(0.38)	0.13	11.17

Notes on accounts - *(continued)*

Rupees in crores

Description	As at 31 March 2017	As at 31 March 2016	As at April 1 2015
19 CURRENT LIABILITIES - BORROWINGS			
Repayable on demand from banks			
Secured	10.07	–	–
Unsecured	1.43	0.87	0.73
Cash credit facility - Secured	17.57	14.56	1.79
Total borrowings under current liabilities	**29.07**	**15.43**	**2.52**
Details of securities created for Cash credit facility :			
Hypothecation of book debts and inventories of the company, both present and future			
20 TRADE PAYABLES			
Current			
Dues to Micro and Small Enterprises**	0.86	2.65	0.74
Dues to enterprises other than Micro and Small Enterprises	213.22	175.63	162.47
Total trade payables	**214.08**	**178.28**	**163.21**

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

Description	As at 31 March 2017	As at 31 March 2016	As at April 1 2015
21 OTHER FINANCIAL LIABILITIES			
Current			
Current Maturities of long term borrowings			
i) Term loans from banks	–	8.98	8.00
	–	8.98	8.00
Interest accrued and due on loans	-	0.10	0.20
Payable under hedge instruments	0.17	0.16	0.32
Liability for expenses	2.36	3.22	3.42
Employee related	3.94	3.62	2.72
Other payable towards investment property	32.56	28.12	24.83
Total other current financial liabilities	39.03	44.20	39.49
22 OTHER CURRENT LIABILITIES			
Statutory dues	21.27	19.07	16.12
Advance received from customers	28.36	17.42	31.43
Total other current liabilities	49.63	36.49	47.55

Rupees in crores

Description	Year ended 31 March 2017	Year ended 31 March 2016
23 REVENUE FROM OPERATIONS (including excise duty)		
Sale of two wheelers	2,373.38	2,241.78
Sale of components	539.16	551.63
Other operating revenue	1.33	1.94
Total revenue	2,913.87	2,795.35
24 OTHER INCOME		
Interest income	0.86	0.88
Profit on sale of Fixed assets	0.02	0.36
Provision for doubtful debts no longer required	0.82	0.21
Other non-operating income - scrap sales	0.38	1.37
Total other income	2.08	2.82

Rupees in crores

Description	Year ended 31 March 2017	Year ended 31 March 2016
25 COST OF MATERIALS CONSUMED		
Opening stock of raw materials and components	10.82	10.12
Add: Purchases	320.16	323.21
	330.98	333.33
Less: Closing stock of raw materials and components	12.73	10.82
Consumption of raw materials and components	318.25	322.51
Purchases of stock-in-trade		
Automobiles	2,328.44	2,227.82
	2,328.44	2,227.82
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	4.65	3.64
Stock-in-trade-Two Wheelers	97.11	71.54
Finished goods	3.13	1.92
(A)	104.89	77.10
Closing stock:		
Work-in-process	3.71	4.65
Stock-in-trade-Two Wheelers	96.70	97.11
Finished goods	3.69	3.13
(B)	104.10	104.89
(A) - (B)	0.79	(27.79)
26 EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	46.14	40.28
Contribution to provident and other funds	2.90	2.42
Welfare expenses	7.75	8.29
Total employee benefit expense	56.79	50.99
27 FINANCE COSTS		
Interest	3.30	3.63
Others - Credit limit renewal charges	0.10	0.12
Total finance costs	3.40	3.75
28 OTHER EXPENSES		
(a) Consumption of stores, spares and tools	3.75	4.07
(b) Power and fuel	16.74	16.22
(c) Rent	8.08	5.94
(d) Repairs - buildings	3.33	3.41
(e) Repairs - plant and equipment	11.14	9.76
(f) Repairs - Other assets	1.16	1.04
(g) Insurance	1.18	0.95
(h) Rates and taxes	3.12	2.69
(i) Audit fees	0.18	0.20
(j) Packing and freight charges	50.16	50.73
(k) Sitting fees	0.02	0.02
(l) Commission to Independent Directors	0.18	0.18
(m) Loss on sale of fixed assets	0.07	0.09
(n) Foreign exchange loss	0.66	1.01
(o) Bad debts written off	0.77	–
(p) Provision for doubtful debts	–	0.34
(q) Amount spent towards corporate social responsibility	0.70	0.41
(r) Miscellaneous / Other expenses	9.92	10.22
Total other expenses	111.16	107.28

Notes on accounts - *(continued)*

Rupees in crores

Description	Year ended 31 March 2017	Year ended 31 March 2016
29 EXCEPTIONAL ITEMS		
Profit on sale of immovabel property	9.84	3.15
Insurance claim received	–	0.08
Total exceptional items	9.84	3.23
30 INCOME TAX EXPENSE		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	7.31	11.94
MAT credit entitlement		
Adjustments for current tax of prior periods	–	(0.01)
Total current tax expense	7.31	11.93
Deferred tax		
Decrease (increase) in deferred tax assets	(0.07)	(0.18)
(Decrease) increase in deferred tax liabilities	2.33	1.81
Total deferred tax expense / (benefit)	2.26	1.81
Income tax expense	9.57	13.74
(b) Reconciliation of tax expense and the accounting profit multiplied by Indian tax rate:		
Profit before income tax expense	34.93	43.16
Tax at the Indian tax rate of 34.61% (2015-2016-34.61%)	12.09	14.94
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Capital gains on sale of land	(3.37)	(1.09)
Other items (on account of other disallowances)	0.16	(0.35)
Difference between depreciation as per books and income tax	(2.38)	(1.57)
Tax under normal provisions	6.50	11.93
Tax payable under Minimum Alternate Tax provisions @21.34%	7.31	–
Income tax expense	7.31	11.93

Description — **As at / year ended 31-03-2017** — As at / year ended 31-03-2016 — As at / year ended 31-03-2015

31 (a) Related parties and their relationship for the financial year 2016-17

Holding company

TVS Motor Company Limited, Chennai

Ultimate holding company

TV Sundram Iyengar & Sons Limited, Madurai

Sundaram - Clayton Limited, Chennai

Subsidiary

Sundaram Holding USA Inc, Delaware, USA

Subsidiaries of subsidiary of reporting entity

Green Hills Land Holding LLC, USA

Component Equipment Leasing LLC, USA

Workspace Project LLC, USA

Premier Land Holding LLC, USA

Associate

Green Infra Wind Energy Theni Limited, New Delhi

Fellow subsidiaries

Sundaram-Clayton (USA) Limited, USA

Lucas - TVS Limited, Chennai

TVS Electronics Limited, Chennai

TVS Investments Limited, Chennai (Formerly Sundaram Investment Limited, Chennai)

Group Member

Emerald Haven Realty Limited, Chennai

(Formerly known as Green Earth Homes Limited)

Rupees in crores

Description	As at / year ended 31-03-2017	As at / year ended 31-03-2016	As at / year ended 31-03-2015
31 (b) Transactions with related parties:			
(i) Purchase of goods			
- Holding Company -TVS Motor Company Ltd, Chennai	2,328.44	2,227.82	
- Ultimate Holding Company T V Sundaram Iyengar & Sons Private Limited, Madurai	0.03	0.02	
- Associate Green Infra Wind Energy Theni Limited, New Delhi	8.01	4.69	
(ii) Purchase of fixed assets			
- Holding company -TVS Motor Company Limited, Chennai	–	0.65	
- Ultimate holding company -Sundaram-Clayton Limited, Chennai	–	0.35	
(iii) Purchase of Investment			
Subsidiary Company--Sundaram Holding USA Inc., Delaware, USA	24.24	–	
(iv) Issue of Shares (including premium)			
- Holding company-TVS Motor Company Ltd., Chennai	24.00	–	
(v) Sale of goods			
- Holding Company-TVS Motor Company Ltd., Chennai	296.68	302.66	
- Fellow Subsidiary -Lucas - TVS Limited, Chennai	0.08	0.41	
(vi) Sale of fixed assets			
- Holding company-TVS Motor Company Limited, Chennai	10.02	3.96	
(vii) Sale of Investments			
- Fellow Subsidiary-TVS Investments Limited, Chennai (Formerly Sundaram Investment Limited)	–	0.01	
(viii) Rendering of services			
- Ultimate holding company-Sundaram-Clayton Limited, Chennai	2.17	1.58	
- Holding company-TVS Motor Company Limited, Chennai	–	0.03	
- Group Member-Emerald Haven Realty Limited, Chennai	0.11	0.10	
(ix) Receiving of services			
- Holding company-TVS Motor Company Limited, Chennai	0.48	0.45	
- Ultimate holding company-Sundaram-Clayton Limited, Chennai	3.08	4.09	
- Fellow subsidiaries-Lucas TVS Limited, Chennai	0.12	0.12	
TVS Electronics Limited, Chennai	0.04	0.04	
(x) Dividend paid			
- Holding company-TVS Motor Company Limited, Chennai	8.21	8.09	
31 (c) Balances with related parties:			
(i) Trade receivables			
-Holding company-TVS Motor Company Limited, Chennai	16.06	4.57	16.76
-Ultimate holding company-Sundaram-Clayton Ltd, Chennai	0.12	–	0.26
-Fellow subsidiary-Lucas - TVS Limited, Chennai	0.09	0.13	0.57
-Group Member-Emerald Haven Reality Limited, Chennai	0.03	0.01	–
(ii) Trade payables			
-Holding company-TVS Motor Company Limited, Chennai	158.82	133.23	118.89
-Ultimate holding company-Sundaram-Clayton Ltd, Chennai	0.47	1.51	–
-Fellow subsidiaries-Lucas - TVS Limited, Chennai	0.01	0.11	0.11
-Associate-Green Infra Wind Energy Theni Limited, New Delhi	0.14	0.12	0.04

Notes on accounts - *(continued)*

Rupees in crores

32 FINANCIAL RISK MANAGEMENT

The company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity mitigates the risk and the impact of hedge accounting in the financial statements.

Risk	"Exposure arising from"	Measurement	Mitigation plan
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit

The company's risk management is carried out by the treasury department under policies approved by the Board of directors. Treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to wholesale customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed by the entity. For banks and financial institutions, only high rated banks / institutions are accepted.

For other financial assets, the company assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team who assess and maintain an internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

1 : High-quality assets, negligible credit risk

2 : Quality assets, low credit risk

3 : Standard assets, moderate credit risk

4 : Substandard assets, relatively high credit risk

5 : Low quality assets, very high credit risk

6 : Doubtful assets, credit-impaired

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk The company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are included -

- Internal credit rating
- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increase in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in The company and changes in the operating results of the borrower.

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model."

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

(ii) Provision for expected credit losses

The company provides for expected credit loss based on the following:

Year ended 31 March 2017:

(a) Expected credit loss for loans, security deposits and investments

Particulars	Category	Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	"Security Deposits"	1	0.10	-	-	0.10
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at Amortized Cost	-	0.36	-	-	0.36
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	NA	NA	NA	NA	NA	NA

(b) Expected credit loss for trade receivables under simplified approach

Ageing	Less than 180 days	More than 180 days	Total
Gross carrying amount	101.22	0.17	101.39
Expected loss rate	-	100%	-
Expected credit losses (Loss allowance provision)	-	(0.17)	(0.17)
Carrying amount of trade receivables (net of impairment)	101.22	-	101.22

Year ended 31 March 2016:

(a) Expected credit loss for loans, security deposits and investments

Particulars	Category	Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	"Security Deposits"	1	0.12	-	-	0.12
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at Amortized Cost	-	0.29	-	-	0.29
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	NA	NA	NA	NA	NA	NA

(b) Expected credit loss for trade receivables under simplified approach

Ageing	Less than 180 days	More than 180 days	Total
Gross carrying amount	60.97	1.00	61.97
Expected loss rate	-	100%	-
Expected credit losses (Loss allowance provision)	-	(1.00)	(1.00)
Carrying amount of trade receivables (net of impairment)	60.97	-	60.97

As at 1 April 2015:

(a) Expected credit loss for loans, security deposits and investments

Particulars	Category	Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	"Security Deposits"	1	0.04	-	-	0.04

Notes on accounts - *(continued)*

Rupees in crores

Particulars	Category	Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at Amortized Cost	-	0.26	-	-	0.26
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	NA	NA	NA	NA	NA	NA

b) Expected credit loss for trade receivables under simplified approach

Ageing	Less than 180 days	More than 180 days	Total
Gross carrying amount	79.18	0.91	80.09
Expected loss rate	-	100%	-
Expected credit losses (Loss allowance provision)	-	(0.91)	(0.91)
Carrying amount of trade receivables (net of impairment)	79.18	-	79.18

(iv) Reconciliation of loss allowance provision – Trade receivables

Details	Amount in Crs
Loss allowance on 1 April 2015	0.91
Changes in loss allowance	0.09
Loss allowance on 31 March 2016	1.00
Changes in loss allowance	(0.83)
Loss allowance on 31 March 2017	0.17

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the entitys treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Details	31 March, 2017	31 March, 2016	1 April, 2015
Floating rate - Expiring within one year (bank overdraft and other facilities)	7.43	10.44	16.71

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

(ii) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

Particulars	Maturity	Amount (Rs. in Cr.)		
		31-Mar-17	31-Mar-16	1-Apr-15
Term loan	> than 12 months	-	-	8.96
Short-term borrowings	< than 12 months	29.07	15.43	2.52
Trade payables	< than 12 months	214.08	178.28	163.21
Consideration payable for purchase of investment property	< than 12 months	32.56	28.12	24.83
Current maturities of term loan	< than 12 months	-	8.98	8.00
Interest accrued and due on loans	< than 12 months	-	0.10	0.20
Payable under hedge instruments	< than 12 months	0.17	0.16	0.32
Employee related	< than 12 months	3.94	3.62	2.72

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Rupees in crores

(C) Market risk

(i) Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

The companys exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Details	31 March 2017		31 March 2016		01 April 2015	
	USD	JPY	USD	JPY	USD	JPY
Financial liabilities						
Foreign currency loan	-	-	-	-	-	-
Bank loan	-	-	-	-	-	-
Trade payables	7.50	2.00	4.42	-	7.34	4.49
Net exposure to foreign currency risk (liabilities)	7.50	2.00	4.42	-	7.34	4.49

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Details	Impact on profit		Impact on profit after tax	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
USD sensitivity				
INR/USD Increases by 5%	0.37	0.22	0.27	0.15
INR/USD Decreases by 5%	(0.37)	(0.22)	(0.27)	(0.15)
JPY sensitivity				
INR/JPY Increases by 5%	0.10	-	0.07	-
INR/JPY Decreases by 5%	(0.10)	-	(0.07)	-

* Holding all other variables constant

(ii) Cash flow and fair value interest rate risk

The company's main interest rate risk arises from short-term borrowings with variable rates, which expose the company to rate risk.

Interest rate risk exposure

Particulars	31-Mar-17	31-Mar-16	1-Apr-15
Variable rate borrowings	29.07	24.41	19.48
Weighted average interest rate	11.22%	15.63%	15.96%
% of total borrowings	100%	100%	100%

Sensitivity analysis

Details	Impact on profit		Impact on profit after tax	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Interest rate				
Increases by 5%	(0.16)	(0.19)	(0.12)	(0.13)
Decreases by 5%	0.16	0.19	0.12	0.13

(D) Impact of hedging activities

Disclosure of effects of hedge accounting on financial position

Type of hedges and risks	Nominal Value of the hedging instruments	Carrying amount hedging instruments (Liability)	Maturity Date	Hedge Ratio	Weighted Average price	Changes in fair value of hedging instrument
31st March 2017						
Forward Contracts	10.93	0.17	April 2017 to July 2017	1:1	INR/USD Rs.66.23 INR/JPY Rs.0.59	(0.01)
31st March 2016						
Forward Contracts	5.52	0.16	April 2016 to June 2016	1:1	INR/USD Rs.68.64	0.16
1st April 2015						
Forward Contracts	16.64	0.32	April 2015 to September 2015	1:1	INR/USD Rs.63.97 INR/JPY Rs.0.55	(0.32)

Rupees in crores

33 CAPITAL MANAGEMENT

(a) Risk management

The company's objectives in regard to managing capital are

- to safeguard its status as a going concern
- to ensure returns to shareholders
- to ensure benefits to stakeholders

In order to maintain optimum capital structure, the board may

- increase the capital by fresh issue of shares or
- reduce the same by return to equity holders
- vary the equity by increasing or reducing the quatum of dividend

Consistently, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

Rupees in crores

The company's strategy is to maintain a optimum gearing ratio. The gearing ratios were as follows:

Details	March 31, 2017	March 31, 2016	April 1, 2015
Net debt	28.14	23.90	16.70
Total equity	168.28	129.73	114.04
Net debt to equity ratio	16.72%	18.42%	14.64%

(b) Dividends

Details	March 31, 2017	March 31, 2016
(i) Equity shares		
Interim dividends for the year ended 31 March 2015 of Rs.2.50 per fully paid share	-	2.89
Interim dividends for the year ended 31 March 2016 of Rs.7.00 per fully paid share	-	8.09
Interim dividends for the year ended 31 March 2017 of Rs.6.50 per fully paid share	8.21	-
(ii) Dividends not recognised at the end of the reporting period	-	-

Rupees in crores

34 FAIR VALUE MEASUREMENTS

Financial instruments by category

Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Investments									
- Equity instruments	-	-	-	-	-	-	0.01	-	-
- Preference shares	-	-	-	-	-	-	-	-	-
- Others									
Life Insurance Corporation Pension Policy, Mumbai	0.36	-	-	0.29	-	-	0.26	-	-
Mutual Fund investments	0.01	-	-	-	-	-	-	-	-
Deposits	-	-	0.10	-	-	0.12	-	-	0.04
Trade receivables	-	-	101.22	-	-	60.97	-	-	79.18
Cash and cash equivalents	-	-	0.93	-	-	0.51	-	-	2.78
Total financial assets	0.37	-	102.25	0.29	-	61.59	0.27	-	82.00
Financial liabilities									
Trade payables	-	-	214.08	-	-	178.28	-	-	163.21
Borrowings			29.07			15.43			11.48
Other payables - Consideration payable for purchase or investment property	-	-	32.56	-	-	28.12	-	-	24.83
Others									
- Current Maturities of long term borrowings(Term loan)	-	-	-	-	-	8.98	-	-	8.00
- Interest accrued and due on loans	-	-	-	-	-	0.10	-	-	0.20
- Payable under hedge instruments	0.17	-	-	0.16	-	-	0.32	-	-
- Liability for expenses	-	-	2.36	-	-	3.22	-	-	3.42
- Employee related	-	-	3.94	-	-	3.62	-	-	2.72
Total financial liabilities	0.17	-	282.01	0.16	-	237.75	0.32	-	213.86

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Life Insurance Corporation Pension Policy, Mumbai	6			0.36	0.36
Mutual Fund Financial Investments at FVOCI:	6			0.01	0.01
Total financial assets		-	-	0.37	0.37
Financial liabilities					
Payable under hedge instruments	21	-	0.17	-	0.17
Total financial liabilities		-	0.17	-	0.17

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Others					
Deposits	7			0.10	0.10
Total financial assets		-	-	0.10	0.10
Financial Liabilities		-	-	-	-
Total financial liabilities		-	-	-	-

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2016	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Life Insurance Corporation Pension Policy, Mumbai	6			0.29	0.29
Financial Investments at FVOCI:					
Total financial assets		-	-	0.29	0.29
Financial liabilities					
Payable under hedge instruments	21	-	0.16	-	0.16
Total financial liabilities		-	0.16	-	0.16

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2016	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Deposits	7			0.12	0.12
Total financial assets		-	-	0.12	0.12
Financial Liabilities		-	-	-	-
Total financial liabilities		-	-	-	-

Notes on accounts - *(continued)*

Rupees in crores

Financial assets and liabilities measured at fair value - recurring fair value measurements

At April 1, 2015	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Investment in Sundaram Engineering Products Services Limited, Chennai	6	-	-	0.01	0.01
Life Insurance Corporation Pension Policy, Mumbai	6			0.26	0.26
Financial Investments at FVOCI:					
Total financial assets		-	-	0.27	0.27
Financial liabilities					
Payable under hedge instruments	21	-	0.32	-	0.32
Total financial liabilities		-	0.32	-	0.32

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At April 1, 2015	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Deposits	7			0.04	0.04
Total financial assets		-	-	0.04	0.04
Financial Liabilities		-	-	-	-
Total financial liabilities		-	-	-	-

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of foreign currency option contracts is determined using Black Scholes valuation model.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

Fair value measurements using significant unobservable inputs (level 3)

Datils	Unlisted Securities	Pension Assets
As at 1 April 2015	**0.01**	**0.26**
Acquistion/(Disposal)	(0.01)	0.03
Gains/losses recognised in profit or loss		
Gains/losses recognised in OCI		
31-Mar-16	**-**	**0.29**
Acquistion/(Disposal)		
Gains/losses recognised in profit or loss	-	0.07
Gains/losses recognised in OCI		
31-Mar-17	**-**	**0.36**

Valuation inputs and relationships to fair value

Particulars	Fair value as at			Significant unobservable inputs*	Probability-weighted range			Sensitivity
	31-Mar-17	31-Mar-16	1-Apr-15		31-Mar-17	31-Mar-16	1-Apr-15	
Pension Asset	0.36	0.29	0.26	Risk adjusted discount rate	7%	8%	8%	50 Basis point decrease in discount rate would have increased assets by Rs.0.02 crs and 50 Basis point increase in discount rate would have decreased the asset by Rs.0.02 Crs

(v) Valuation processes

The finance department of the company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once in every three months, in line with the group's quarterly reporting periods.

Rupees in crores

The main level 3 inputs for unlisted equity securities, contingent considerations and indemnification asset used by the group are derived based on the the discount rates that are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset"

(vi) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, deposits, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature and in-significant change in interest rate

35 BUSINESS COMBINATION

During 2015-16, the company acquired a automobile seat manufacturing business at Nalagarh, Himachal Pradesh. On the purchase of this business, assets and liabilities were recorded at fair values based on a chartered engineer's techinical valuation. Consideration paid in excess of net assets acquired has been treated as Goodwill.

Details	Amount in Crs.
Land & Building	4.33
Plant & Equipments	4.79
Current Assets	1.28
Sub total (1)	10.40
Current Liabilities (2)	(3.60)
Sub total (3)=(1)+(2)	6.80
Consideration Paid (4)	9.00
Goodwill (5)=(4)-(3)	2.20

Note:

(i) Goodwill is monitored by the management taking in to account the cash generted by the acquired business. As per the management assessment no impairment is warranted as the current level of operations and cash inflows acquired from the business is sufficient to cover the carrying value goodwill and net assets.

(ii) Following are the assumptions used by the management for the said assessment:

Annual Cash Inflow	Rs. in Cr	5.00
Remaining useful life of the assets	No.of Yrs	10
Pre-tax Discount rate	%	8%

(iii) Company has assessed a constant net cash inflow of Rs.5 Crores over the next 5 years for the purpose of impairment testing

36 OTHER DISCLOSURES

(i) Contingent liabilities

Rupees in crores

Details	31st March 2017	31st March 2016	01st April 2015
(i) Claims against the company not acknowledged as debt	2.43	3.04	2.57
(ii) Guarantees excluding Financial Guarantees	-	0.02	0.02
(iii) Other money for which the company is contingently liable"	33.19	17.89	41.09
Total	35.62	20.95	43.68

(ii) Rental expenses relating to operating Lease

Details	31st March 2017	31st March 2016
Minimum lease payments	0.16	0.08
Total	0.16	0.08

(iii) Audit Fees

Details	31st March 2017	31st March 2016
As statutory auditors	0.14	0.12
Taxation matters	0.03	0.03
Certification matters	0.01	0.01
Total	0.18	0.16

(iv) Expenditure incurred on Corporate Social Responsibility activities:

Details	31st March 2017	31st March 2016
(a) Gross amount required to be spent by the company during the year"	0.62	0.41
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset		
(ii) On purposes other than (i) above	0.70	0.41
Total	0.70	0.41

Notes on accounts - *(continued)*

Rupees in crores

(v) Consolidated financial statements:

As per Rule 6 of the Companies (Accounts) Rules, 2016, the Company, being an intermediate wholly owned subsidiary, has been exempted from preparation of CFS, since the holding company prepares consolidated fianancial statements in compliance with the applicable Accounting Standards.

(vi) Segment Reporting:

The company operates in only one segment namely, manufacturing and selling of automobile parts and trading of automobiles.

(vii)

Details	31st March 2017	31st March 2016
Trade payables include amount due to micro and small scale industrial units	0.86	2.65

Disclosure under Micro, Small and Medium Enterprises Development Act, 2006	31st March 2017	31st March 2016
(i) The principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
a) Principal (all are within agreed credit period and not due for payment)	0.86	2.65
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 payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

37 EARNINGS PER SHARE

(a) Basic and diluted earnings per share	31 March, 2017	31 March, 2016
Basic and diluted earnings per share attributable to the equity holders of the Company	20.21	25.43
(b) Earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basis earnings per share	25.08	29.38
(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	1,24,06,164	1,15,50,000

38 TRANSITION TO IND AS

These are the Company's first financial statements prepared in accordance with Ind AS.

A. Exemptions and exceptions availed

1. Deemed cost - Property, Plant, Equipments, Intangible Assets & Investment Properties

   Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Property. Company has chosen to retain the cost of the propety, plant, equipment, intangible assets and investment properties at their GAAP value.

2. Leases

   Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The company has elected to apply this exemption for such contracts/arrangements.

3. Deemed cost - Equity Investments

   Ind AS 101 permits first time adopter to elect to measure the investments in subsidiaries, associates and joint venture at cost determined in accordance with Ind AS 27 or deemed cost. Deemed cost for the purpose of transition shall mean fair value of the investment at the entity's date of transition to Ind AS or GAAP carrying amount at that date (GAAP cost). A first-time adopter may choose either Fair Value or GAAP carrying amount in each subsidiary, joint venture or associate that it elects to measure using a deemed cost.

   Accordingly the company has elected to measure equity investments in subsidiaries and associates at GAAP carrying cost.

B. Mandatory Exemptions

(I) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

(i) Investements in equity instruments carried at Fair Value through OCI.

(ii) Investements in debt instruments carried at FVPL / Amortised Cost.

(iii) Impairment of financial assets based on Expected Credit Loss Model.

(iv) Fair valuation of other financial assets and liabilities in accordance with IND AS 109.

(II) Hedge Accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of 1 April 2015 are reflected as hedges in the company's results under Ind AS.

On date of transition to Ind AS, the entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the company continues to apply hedge accounting on and after the date of transition to Ind AS.

(III) Classification and Measurement of Financial Assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

C: Notes to first-time adoption:

1. Remeasurements of post-employment benefit obligations

   Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income. Under the previous GAAP, these remeasurements were forming part of the statement of profit and loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by Rs.0.51 Crores. There is no impact on the total equity as at 31 March 2016.

2. Deferred tax

   Deferred tax have been recognised on the adjustments made on transition to Ind AS.

3. Security deposits

   Under GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, The company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by Rs.0.44 Crs as at 31 March 2016 (1 April 2015 – Rs.0.42 Crs). The prepaid rent increased by Rs.0.40 Crs as at 31 March 2016 (1 April 2015 - Rs. 0.39 Crs). Total equity decreased by Rs.0.02 Crs as on 1 April 2015. The profit for the year and total equity as at 31 March 2016 decreased by Rs.0.01 Crs due to amortisation of the prepaid rent of Rs.0.01 Crs which is partially off-set by the notional interest income of Rs.17,945 recognised on security deposits.

4. Lease hold Land

   Under GAAP, leasehold land was disclosed as part of Property, plant and equipment and amortization was claimed. Under Ind AS, the lease of land is treated as an operating lease and consequently the unamortised portion of upfront payment for lease of land has been treated as a prepayment. Consequent to this change, the amount of lease hold land decreased by Rs.9.63 Crs as at 31 March 2016 (1 April 2015 - INR 9.63 Crs). The value of prepayment of lease increased by Rs.9.39 Crs as at 31 March 2016 (1 April 2015 - INR 9.49 Crs). Total equity decreased by Rs.0.14 Crs as of 1 April 2015.The profit for the year and total equity as at 31 March 2016 decreased by Rs.0.07 Crs due to amortization of prepayment of lease.

Notes on accounts - *(continued)*

5. Borrowings

   Under GAAP, transaction fees on borrowings were charged off to expense during availment of loan. Under Ind AS, the transaction cost has is required to be deducted from the carrying amount of the borrowings on the initial recognition. These costs are recognised in the profit or loss over the tenor of the borrowing as part of the interest expense by applying the Effective Interest Rate. This has resulted in reducing the value of borrowings by Rs.0.02 Crs as at 31 March 2016 (1 April 2015 - Rs.0.02 Crs). The profit and equity for the year ending 31 March 2016 has reduced by Rs.0.02 Crs. (1 April 2015 - Rs.0.02 Crs)

6. Fair Valuation of Investments

   Under GAAP, long term investments were carried at cost less provision for other than temporary decline in the value of such investments. Under IND AS these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in the retained earnings as at the date of transition and subsequently in the statement of profit and loss for the year ended 31 March 2016. The net decrease in retained earnings as at 1 April 2015 is Rs.0.74 Crs and net increase as at 31 March 2016 is Rs.0.03 Crs.

7. Investment Property

   Under previous GAAP, investment properties were presented as part of non-current investments. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment

8. Proposed Dividend

   Under GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as recognisable events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for the interim dividend of 1 April 2015 – Rs.3.47 Crs included under provisions has been reversed correspondingly increasing retained earnings. Consequently, the total equity is increased by an equivalent amount.

9. Excise Duty

   Under GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is included in the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31 March 2016 by Rs.60.61 Crs. There is no impact on the total equity and profit.

10. Other comprehensive income

    Under Ind AS, all items of income and expense recognised in a period should be included in the Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in Statement of Profit and Loss but are shown in the statement of profit and loss as 'other comprehensive income which includes remeasurements of defined benefit plans, effective portion of gains and losses on cash flow hedging instruments and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under GAAP.

11. Goodwill

    Under GAAP, Goodwill arising on purchase of business was amortised over its useful life. Under IND AS, Goodwill is to be tested for impairment and no amortisation is permitted. This has resulted in an increase in profit and equity for the year ended 31 March 2016 by Rs.0.28 Crs.

39 RECONCILIATION OF TOTAL EQUITY AS AT MARCH 31, 2016 AND APRIL 1, 2015

Details	March 31, 2016	April 1, 2015
Total equity (shareholder's funds) as per previous GAAP	130.18	111.16
Adjustments		
Fair valuation security deposit	(0.10)	(0.03)
Mark to market (loss) / gain on forward contracts	(0.01)	(0.04)
Transaction Cost impact on borrowing	0.02	0.04
Leasehold Land amortisation	(0.20)	(0.14)
Proposed Dividend including tax	-	3.47
Fair value measurment of investments	(0.70)	(0.77)
Reversal of amortisation of goodwill	0.28	-
Deferred tax Adjusmtent on the above impact provided in retained earnings	0.26	0.37
Total adjustments	(0.45)	2.88
Total equity as per Ind AS	129.73	114.04

II) Reconciliation of total comprehensive income for the year ended March 31, 2016

Details	Notes	March 31, 2016
Profit after tax as per previous GAAP		28.64
Adjustments		
Interest income on financial assets	0.07	
Interest expense for long-term borrowings	(0.02)	
Reversal of amortisation of goodwill and accounting of rent SIPCOT operating lease amortisation	0.31	
Remeasurement of employee benefits - Actuarial gain / (loss)	0.51	
Amortisation of deposits on leasehold land	(0.11)	
MTM gain on forward contracts on Fair Value Hedge	0.16	
Increase in deferred tax	(0.18)	
Total adjustments		0.74
Profit after tax as per Ind AS		**29.38**
Other comprehensive income		(0.47)
Total comprehensive income as per Ind AS		**28.91**

III) Impact of Ind AS adoption on cash flow statement

Details	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	56.02	1.02	57.04
Net cash flow from investing activities	(46.26)	(1.01)	(47.27)
Net cash flow from financing activities	(24.80)	(0.15)	(24.95)
Net increase/(decrease) in cash and cash equivalents	(15.04)	(0.14)	(15.18)
Cash and cash equivalents as at April 1, 2015	1.00	(0.74)	0.26
Cash and cash equivalents as at March 31, 2016	(14.04)	(0.88)	(14.92)

40. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 DURING THE FINANCIAL YEAR 2016-17

Name of Body Corporate	Nature of relationship	Nature of Transaction	Amount (In Crores)
Sundaram Holding USA Inc., Deleware., USA	Subsidiary	Acquisition	24.24

41. Details of "Specified Bank Notes" (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016

Amount in Rs

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	520,000.00	24,498.00	544,498.00
(+) Permitted receipts*	91,000.00	1,103,000.00	1,194,000.00
(-) Permitted payments	-	712,792.00	712,792.00
(-) Amount deposited in Banks	611,000.00	16,600.00	627,600.00
Closing cash in hand as on 30.12.2016	-	398,106.00	398,106.00

* Permitted receipts of SBN includes amount of advances given to employees prior to 8th November 2016 returned

42. Previous years' figures have been regrouped wherever necessary to conform to the current year classification.

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

H LAKSHMANAN Chairman	C N PRASAD Director		M BALASUBRAMANIYAM Partner Membership No. F 7945
Place:Chennai Date : 17-04-2017	J ASHOK CHAKRAVARTHI Chief Financial Officer	RAJESH OOMMEN Chief Executive Officer	P D DEV KISHAN Company Secretary

TVS HOUSING LIMITED

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

The directors are pleased to present the seventh annual report together with the audited statement of accounts for the year ended 31st March 2017.

Financial highlights

(Rs. in Thousands)

Details	Year ended 31.03.2017	Year ended 31.03.2016
Sales and other income	**70,161.25**	172,301.65
Less: Expenses	**66,439.04**	164,962.45
Profit / (Loss) before tax	**3,722.21**	7,339.20
Less: Provision for taxation (including deferred tax)	**1,150.16**	5,361.00
Profit / (loss) after tax	**2,572.05**	1,978.20

Preparation of financial statements under Indian Accounting Standards

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16th February, 2015 relating to the Companies (Indian Accounting Standard) Rules, 2015, TVS Motor Company Limited (TVSM), the holding company, is required to adopt Indian Accounting Standards ("IND AS") from financial year 2016-17.

In terms of Rule 4(1)(ii) of the aforesaid rules, the holding, subsidiary, joint venture and associate companies are required to comply with IND AS from financial year 2016-17. Accordingly, the financial statements of the Company for the year 2016-17 have been prepared in compliance with the said rules.

Operation Review

In terms of the arrangement entered into with Emerald Haven Realty Limited, for the development of Nedungundram, Chennai project of the Company, Phase 1 was developed as apartments and all the 448 apartments have been sold and customers have taken possession. Phase 2 was launched as villas and row houses and as of 31st March 2017, 98% of the 120 villas and row houses have been sold and customers have taken possession of the same.

Dividend

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

Internal control systems

The Company has adequate internal control systems to ensure operational efficiency, accuracy and promptness in financial report and compliance of various laws and regulations. The internal control system is supported by the internal audit (IA) process. The IA department evaluates the efficacy and adequacy of Internal control system, its compliance with operating systems and policies of the Company and accounting procedures at all locations of the Company.

The Company has well-documented Standard Operating Procedures (SOPs), policies and procedures for various processes which are periodically reviewed.

Based on the report of IA function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Risk management

The Company has in place a mechanism to identify, assess, monitor and minimize various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

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

i. in the preparation of the annual accounts for the financial year ended 31st March 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

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

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

iv. the directors had prepared the accounts for the financial year ended 31st March 2017 on a "going concern basis"; and

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

Directors liable to retire by rotation

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

Number of board meetings held

During the year under review, the board met four times on 20th April 2016, 10th August 2016, 15th November 2016 and 27th January 2017 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 annual general meeting (AGM), at such remuneration in addition to reimbursement of applicable taxes, out of pocket expenses, travelling and other expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

It is, therefore, proposed to re-appoint them as statutory auditors from the conclusion of this AGM till the conclusion of the next 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 2017-18.

Statutory Statements:

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

The information do not apply to the Company, as the Company is not a manufacturing Company.

During the year under review, there were no foreign exchange earnings or expenditure in the Company.

Material changes and commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company.

Annual Return

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

Deposits

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31st March 2017 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Employee's remuneration

There are no employees on the rolls of the Company, hence there is no disclosure under Section 197(12) of the Act 2013 read with Rule 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Details of loans / guarantees / investments made

As regards the furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the financial year 2016-2017, the Company has not extended any guarantee or has given loans to other companies or made any investment during the year under review.

Related Party Transactions

Pursuant to the provisions of section 134(h) of the Act 2013 read with rule 8(2) of the Companies (Accounts) Rules 2014, furnishing of particulars of contracts or arrangements entered into by the Company with related parties 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 IND AS, the names of the related party and nature of the related party relationship have been provided in Note No.24 to the financial statements of the Company.

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

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

Reporting of fraud

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

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from 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 2017	Director	Director

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN for the financial year ended 31st March 2017

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U70101TN2010PLC075027
ii)	Registration Date	:	22.03.2010
iii)	Name of the Company	:	TVS Housing Limited
iv)	Category / Sub-Category of the Company	:	Public Limited Company-Limited by shares
v)	Address of the Registered office and contact details	:	"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 lots	70105	99.79

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Motor Company Limited (Holding Company) and its six nominees	L35921TN1992PLC022845	Holding Company	100	2(87)

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

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

Name of the Shareholders (M/s.)	No. of shares	% of Shareholding
TVS Motor Company Limited (Holding Company) and its six nominees	50,000	100
TOTAL	50,000	100

(iii) Change in Promoters' Shareholding (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): N.A.

(v) Shareholding of Directors :

Name of the Director	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
S G Murali (Nominee of TVS Motor Company Limited)	1	-	1	-	1	-

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

B. Remuneration to other directors:

(in Rs.)

Sl. No	Particulars of Remuneration	Name of Directors			Total Amount
		S G Murali	C Mukundhan	R Chandramouli	
1.	Directors:Fee for attending board meetings	5,000	20,000	20,000	45,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total	5,000	20,000	20,000	45,000

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: **NIL**

For and on behalf of the Board

Place : Chennai	R CHANDRAMOULI	C MUKUNDHAN
ate : 20th April 2017	Director	Director

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2017

To the Members of TVS Housing Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying Ind AS financial statements of TVS HousingLimited, Chennai ('the Company'), which comprises the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (Including Other Comprehensive Income), the Cash Flow Statementand the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial 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 Ind AS financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.An audit also includes evaluating the appropriateness ofaccounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS 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 Ind AS financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March 2017, and its profit (including comprehensive income), its cash flows and changes in equity for the year ended on that date.

Other Matters

8. The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us and our report for the year ended 31st March 2016 and 31st March 2015 dated 20th April 2016 and 24th April 2015 respectively, expressed an unmodified opinion on those standalone financial statements and have been restated to comply with Ind AS. Adjustments made to the previously issued said statutory financial information for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

   Our Opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

9. 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.

10. 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 Ind AS financial statements, comply with the Indian Accounting Standards prescribed under Section 133 of the Act;

    (e) on the basis of written representations received from the directors as on 31st March 2017, and taken on record by the Board of Directors, none of the directors isdisqualified as on 31st March 2017, from being appointed as a director in terms of section 164 (2) of the Act;

    (f) with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure 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 2017.

      ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor education and Protection Fund by the Company.

      iv. The Company did not have any holdings or dealings inSpecified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 Vide Note 28.

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 20th April, 2017

Annexure "A" to Independent Auditors' Report 31st March 2017

(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 partiescovered 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 notgranted 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) The Central Government has prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013. We have broadly reviewed the records maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under the said section and are of opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of these records with a view to determine whether they are accurate or complete.

(vii) (a) According to the recordsof the Company, the Company is generally regular indepositing 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 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, 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
ICAI Regn. No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 20th April, 2017

Annexure "B" to Independent Auditors' Report 31st March 2017

(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 TVS Housing Limited, Chennai ("the Company") as of March 31, 2017 in conjunction with our audit of the IndAS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 20th April, 2017

Balance Sheet as at 31st March 2017

(Amount in Rs.)

	Note No.	March 31, 2017	March 31, 2016	April 1, 2015
Assets				
Current assets				
Inventories	2	**3,23,71,182**	6 ,88,77,502	16,82,08,739
Financial assets				
i. Cash and cash equivalents	3	**34,06,491**	1,34,039	50,28,329
ii. Other financial assets	4	**-**	-	8,414
Current tax assets (Net)	5	**62,53,059**	95,08,887	63,03,564
Other current assets	6	**1,05,02,538**	85,93,210	31,540
Total current assets		**5,25,33,270**	8,71,13,638	17,95,80,586
Total Assets		**5,25,33,270**	8,71,13,638	17,95,80,586
Equity and Liabilities				
Equity				
Equity share capita	7	**5 ,00,000**	5,00,000	5,00,000
Other equity Reserves and surplus	8	**74,36,931**	48,64,882	28,86,678
Total equity		**79,36,931**	53,64,882	33,86,678
Liabilties				
Current liabilities Financial liabilities				
i. Trade payables	9	**9,94,239**	13,59,083	1,53,540
ii. Other financial liabilities	10	**3,87,77,939**	4,12,01,456	14,35,12,008
Other current liabilities	11	**48,24,161**	3,91,88,217	3,25,28,360
Total current liabilities		**4,45,96,339**	8,17,48,756	17,61,93,908
Total liabilities		**4,45,96,339**	8,17,48,756	17,61,93,908
Total equity and liabilities		**5,25,33,270**	8,71,13,638	17,95,80,586
Significant Accounting Policies	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 2017

Statement of Profit and Loss for the year ended 31st March 2017

(Amount in Rs.)

	Note No.	March 31, 2017	March 31, 2016
Income			
Revenue from operations	12	**7,00,16,997**	17,20,22,437
Other income	13	**1,44,252**	2,79,208
Total income		**7,01,61,249**	17,23,01,645
Expenses			
Operating Expenses	14	**5,13,01,031**	13,77,40,111
Other expenses	15	**1,51,38,005**	2,72,22,330
Total expenses		**6,64,39,036**	16,49,62,441
Profit before tax		**37,22,213**	73,39,204
Income tax expense			
Current tax	16	**11,50,164**	53,61,000
Total tax expense		**11,50,164**	53,61,000
Profit for the year		**25,72,049**	19,78,204
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**25,72,049**	19,78,204
Earnings per equity share			
Basic & Diluted earnings per share	29	**51**	40
Significant Accounting Policies	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 2017

Cash Flow Statement for the period ended 31st March 2017

(Amount in Rs.)

			For the Year ended 31.03.2017		For the Year ended 31.03.2016
A.	**Cash flow from operating activities:**				
	Net profit before extraordinary items and tax		37,22,213		73,39,204
	Add:				
	Interest income	(1,44,252)		(2,79,208)	
			(1,44,252)		(2,79,208)
	Operating profit before working capital changes		35,77,961		70,59,996
	Adjustments for:				
	Inventories	3,65,06,320		9,93,31,237	
	Other current assets	32,55,828		-	
	Loans and advances	(19,09,328)		(2,56,94,316)	
	Trade payables	(3,64,844)		12,05,543	
	Other current liabilities	(3,67,87,573)		(7,85,18,049)	
			7,00,403		(36,75,585)
	Cash generated from operations		42,78,364		33,84,411
	Income taxes paid		(10,05,912)		(85,66,323)
	Net cash from operating activities		32,72,452		(51,81,912)
B.	Cash flow from investing activities:				
	Interest received			2,87,622	
					2,87,622
	Net cash from / (used in) investing activities		-		2,87,622
C.	Cash flow from financing activities :				
			-		-
	Net cash from / (used in) financing activities		-		-
	Net increase/(decrease) in cash and cash equivalents (A+B+C)		32,72,452		(48,94,290)
	Cash and cash equivalents at the beginning of the year		1,34,039		50,28,329
	Cash and cash equivalents at the end of the year		34,06,491		1,34,039

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 2017	C MUKUNDHAN Director	R CHANDRAMOULI Director	S VENKATARAMAN Partner Membership No. 23116

Statement of Changes in Equity

Equity share capital	Note No.	Number of shares	Equity share capital (par value)- in Rs.
As at 1 April 2015	7	50,000	5,00,000
As at 31 March 2016	7	50,000	5,00,000
As at 31 March 2017	7	50,000	5,00,000

Other Equity

Amount in Rs.

	Note No.	Retained earnings
Balance as at April 1, 2015		28,86,678
Add : Profit for the year ending March 31, 2016	8	19,78,204
Balance as at March 31, 2016		48,64,882
Add : Profit for the year ending March 31, 2017	8	25,72,049
Balance as at March 31, 2017		74,36,931

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 2017

Notes

1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

a. Brief description of the Company

TVS Housing Limited ('the Company') is a public limited company incorporated and domiciled in India. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Nungambakkam, Chennai – 600006, Tamil Nadu, India.

b. Basis of preparation

i) Compliance with Ind AS

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

The financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 25 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flow.

ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for financial assets and liabilities, where applicable, are measured at fair value.

c. Use of estimates

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

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

d. 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.

e. Revenue recognition

i) Revenue from Real Estate:

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.

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates.

ii) Interest income:

Interest income is recognised on time proportion basis, determined by the amount outstanding and the rate applicable.

f. Inventories

Land is valued at the lower of cost and net realisable value. Cost includes cost of acquisition and all related costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

g. Income Tax

Tax expense comprises of current and deferred taxes.

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

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

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

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

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

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

h. Provisions and contingent liabilities

i) Provisions:

A provision is recorded when the Company has a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that may, but probably will not require 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.

i. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Refer Note 21 for segment information presented.

j. Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

k. 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.

l. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

m. Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The normal operating cycle in respect of operation relating to real estate project depends on singing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed & realisation of project into cash & cash equivalents and range from 3 to 7 years.

n. Earnings Per Share:

(i) Basic earnings per share:

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for new equity shares issued during the year (note 19)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Notes to balance sheet

(Amount in Rs.)

		As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
2	Inventories			
	Land held for Development	3,23,71,182	6,88,77,502	16,82,08,739
	Total Inventories	3,23,71,182	6,88,77,502	16,82,08,739
3	Cash and cash equivalents			
	Balances with banks	34,06,491	1,34,039	15,28,329
	Deposits with maturity of less than three months	-	-	35,00,000
	Deposits with maturity of less than three months	34,06,491	1,34,039	50,28,329
4	Other Financial Assets			
	Interest Accrued on deposits	-	-	8,414
	Total Other Financial Assets	-	-	8,414
5	Current tax assets (Net)			
	Opening balance	95,08,887	63,03,564	
	Add: Taxes paid net of refund	(21,05,664)	85,66,323	
	Less: Current tax payable for the year	(11,50,164)	(53,61,000)	
	Closing balance	62,53,059	95,08,887	

(Amount in Rs.)

		As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
6	Other current assets			
	Balance with Government authorities	1,04,89,538	75,28,839	18,540
	Advance given to vendor	13,000	10,64,371	13,000
	Total other current assets	1,05,02,538	85,93,210	31,540
9	Trade payables			
	Dues to Micro and Small Enterprises **	-	-	-
	Dues to enterprises other than Micro and Small Enterprises	9,94,239	13,59,083	1,53,540
	Total trade payables	9,94,239	13,59,083	1,53,540

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

		As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
10	Other financial liabilities			
	Payable to related parties	3,87,77,939	4,12,01,456	14,35,12,008
	Total other current financial liabilities	3,87,77,939	4,12,01,456	14,35,12,008
11	Other current financial liabilities			
	Statutory Dues	15,000	7,08,133	15,000
	Income received in advance	48,09,161	3,84,80,084	3,25,13,360
	Total other current liabilities	48,24,161	3,91,88,217	3,25,28,360

Notes on accounts

7 SHARE CAPITAL

(a) Authorised, issued, subscribed and fully paid up

(Amount in Rs.)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number	Rupees	Number	Rupees	Number	Rupees
Authorised: Equity shares of Rs.10/- each	50,000	5,00,000	50,000	5,00,000	50,000	5,00,000
Issued, subscribed and fully paid up: Equity shares of Rs.10/- each	50,000	5,00,000	50,000	5,00,000	50,000	5,00,000
(ii) Year of allotment - Year ended 31st March 2016	50,000	5,00,000	50,000	5,00,000	50,000	5,00,000

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number	Rupees	Number	Rupees	Number	Rupees
Shares outstanding at the beginning of the year	50,000	5,00,000	50,000	5,00,000	50,000	5,00,000
Shares issued during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	50,000	5,00,000	50,000	5,00,000	50,000	5,00,000

(c) (i) Rights and preferences attached to equity share:

Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

(ii) There are no restrictions attached to equity shares.

(d) Shares held by holding company at the end of the year

Name of shareholder	Class of share	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		No. of shares held	% of holding	No. of shares held	% of holding	No. of shares held	% of holding
TVS Motor Company Limited	Equity	50,000	100%	50,000	100%	50,000	100%

8 Notes to Accounts

Reserves and surplus

Amount in Rs.

	March 31, 2017	March 31, 2016	April 1, 2015
Retained earnings	74,36,931	48,64,882	28,86,678
Total reserves and surplus	74,36,931	48,64,882	28,86,678

a) Retained earnings	March 31, 2017	March 31, 2016
Opening balance	48,64,882	28,86,678
Net profit for the period	25,72,049	19,78,204
Closing balance	74,36,931	48,64,882

Notes to Statement of Profit or Loss

12 Revenue from operations

Amount in Rs.

	Year ended 31-03-2017	Year ended 31-03-2016
Income from sale of Land	7 ,00,16,997	17,20,22,437
Total revenue	7,00,16,997	17,20,22,437
13 Other income		
Interest income	1,44,252	2,79,208
Total other income	1,44,252	2,79,208
14 Cost of Sales		
Inventories at the beginning of the year: Land	6 ,88,77,502	16,82,08,739
Add: Incurred during the year: Infrastructure and Development cost	1 ,47,94,711	3,84,08,874
	8 ,36,72,213	20,66,17,613
Less: Inventories at the end of the year:	3 ,23,71,182	6 ,88,77,502
Cost of Land Sold	5,13,01,031	13,77,40,111
15 Other expenses		
Advertisement Expenses	91,60,893	1,77,26,202
Audit Fees	1,50,000	1,50,000
Consultancy and Professional Charges	2,38,522	34,964
Deputation cost	55,70,489	92,31,565
Miscellaneous Expenses	-	494
Rates & Taxes	18,101	79,105
Total other expenses	1,51,38,005	2,72,22,330

Amount in Rs.

	Year ended 31-03-2017	Year ended 31-03-2016
16 Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	11,50,164	53,61,000
Total current tax expense	11,50,164	53,61,000
Total deferred tax expense/(benefit)	-	-
Income tax expense	11,50,164	53,61,000
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	37,22,213	73,39,204
Tax at the Indian tax rate of 30.90% (2015-2016 – 33.06%)	11,50,164	24,26,341
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Deemed Income considered only for tax purpose	-	29,34,659
Income tax expense	11,50,164	53,61,000

Financial instruments and risk management

17 Fair value measurements

Financial instruments by category

Amount in Rs.

	March 31, 2017 Amortised cost	March 31, 2016 Amortised cost	April 1, 2015 Amortised cost
Financial assets			
Cash and cash equivalents	34,06,491	1,34,039	50,28,329
Others	-	-	8,414
Total financial assets	34,06,491	1,34,039	50,36,743
Financial liabilities			
Trade payables	9,94,239	13,59,083	1,53,540
Payable towards reimbursement of expenses	3,87,77,939	4,12,01,456	-
Total financial liabilities	3,97,72,178	4,25,60,539	1,53,540

The Company has no Financial Assets or Liabilities that are valued at Fair Value through Profit and Loss or Fair Value through Other Comprehensive Income

Valuation processes

The carrying amounts of trade payables, cash and cash equivalents, and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

18 Financial risk management

The company's activities expose only to credit risk.

Risk	Exposure arising from	Risk Mitigation
Credit risk	Cash and cash equivalents, financial assets measured at amortised cost.	Surplus cash is deposited only with banks/ financial institutions with high external rating

(A) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

(i) Credit risk management

Credit risk is managed on a company basis. For banks and financial institutions, only high rated banks/ institutions are accepted.

(B) Liquidity risk

(i) Maturities of financial liabilities

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of

discounting is not significant.

Contractual maturities of financial liabilities:

Particulars	Maturity	Amount in Rs.		
		March 31, 2017	March 31, 2016	April 1, 2015
Trade payables	< than 12 months	9,94,239	13,59,083	1 ,53,540
Other financial liabilities	< than 12 months	3,87,77,939	4,12,01,456	14,35,12,008

19 Capital management

Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

20 Operating Segment

(a) Description of segments and principal activities

The Company is primarily engaged in the business of Developing and subdividing real estate into lots. The entity's entire operations are reviwed by Chief operating decision makers as one Operating segment.

(b) Entity Wide disclosures

i) Company's major service is real estate development

ii) Company is domiciled and operates within India

iii) There is no major reliance on a single customer.

21 Contingent liabilities and contingent assets

(a) Contingent liabilities

The Company has no Contingent Liabilities as on date

(b) Contingent assets

The Company has no Contingent Assets as on date

22 Commitments

(a) Capital commitments

Amount in Rs.

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Property, plant and equipment	Nil	Nil	Nil
Investment property	Nil	Nil	Nil
Intangible assets	Nil	Nil	Nil

23 Additional information – Required to be disclosed under clause 5 (viii) (b):

Particulars	As at 31st March 2017	As at 31st March 2016
a. Expenditure in foreign currency	Nil	Nil
b. Earnings in foreign currency	Nil	Nil

24 Auditors' remuneration (included under other expenses)

Particulars	As at 31st March 2017	As at 31st March 2016
Payments to Auditors as		
a. Statutory Audit	1,00,000	1,00,000
b. Tax Audit	50,000	50,000

25 During the year,the company has transferred 1.38 acres (P.Y 3.45) of land to buyers by way of registration of UDS (Undivided Share)/Plots, bringing the total extent of the land to 0.83 acres as on March 2017.

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.

26 In the opinion of the management, the current assets, loans & advances have a value of realisation in ordinary course of business or at least equal to the amount at which they are stated in the balance sheet.

27 Figures of previous year have been regrouped and reclassified, wherever required.

28 Related Party Disclosure

(a) Related parties and their relationship for the financial year 2016-17

Holding company

TVS Motor Company Limited

Sundaram – Clayton Limited, Chennai

Ultimate holding company

T V Sundram Iyengar & Sons Private Limited, Madurai

Fellow subsidiaries

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 Holdings USA Inc., USA

Other related parties and their relationship where transaction exists

Associate of Holding Company:

Emerald Haven Realty Limited, Chennai

(b) Transactions with related parties:

	As at/Year ended 31-03-2017	As at/Year ended 31-03-2016	As at/Year ended 01-04-2015
(i) Availing of services			
- Associate of Holding Co.			
Emerald Haven Realty Limited, Chennai	2,25,07,076	5,02,35,709	-

(c) Balances with related parties:

(i) Other payables			
- Associate of Holding Co.			
Emerald Haven Realty Limited, Chennai	3,87,77,940	4,12,01,456	14,35,12,008

Notes to financial statements

29 Earnings per share

	31 March 2017	31 March, 2016
(a) Basic and diluted earnings per share		
Basic earnings per share attributable to the equity holders of the Company (Rs.)	51.00	40.00
(b) Reconciliations of earnings used in calculating earnings per share		
Profit attributable to equity holders of the company used in calculating basis earnings per share (Rs.)	25,72,049	19,78,204
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	50,000	50,000

30. First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (The company's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS mandatory exceptions

A.1.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. There were no estimates required to be made by the entity in accordance with Ind AS that were not required under previous GAAP.

A.2 Classification and measurement of financial assets :

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS

B. Ind-AS Transition Impact

Management has assessed that there are no changes to other equity and total comprehensive income for periods ending April 1, 2015 and March 31, 2016respectively. Accordingly the reconciliation of equity and total comprehensive income have not been presented as a part of these financial statements.

Directors' Statement

The directors present their statement to the member together with the audited financial statements of TVS MOTOR (SINGAPORE) PTE. LIMITED (the "company") for the financial year ended 31 March 2017.

1. **OPINION OF THE DIRECTORS**

   In the opinion of the directors,

   (a) the financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the company for the year then ended; and

   (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

2. **DIRECTORS**

   The directors of the company in office at the date of this statement are:
   Venu Srinivasan
   Hari Hara Iyer Lakshmanan
   Seenivasan Elayalwar

3. **ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

   Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object are, or one of whose objects is, to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

4. **DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

   The directors who were holding office at the end of the financial year, had no interest in the share capital of the company and related corporations as recorded in the register of directors' shareholdings required to be kept by the company under Section 164 of the Singapore Companies Act, Chapter 50 except as stated below:

Name of the directors and corporation in which interests are held	Number of ordinary shares of INR 1 each	
	At beginning of year	At end of year
TVS Motor Company Limited (Holding company)		
Venu Srinivasan	2,569,726	2,569,726
Hari Hara Iyar Lakshmanan	55,870	55,870

5. **SHARE OPTION**

   During the financial year, no option to take up unissued shares of the company was granted.

   During the financial year, there were no shares of the company issued by virtue of the exercise of options to take up unissued shares.

   As at the end of the financial year, there were no unissued shares of the company under option.

6. **INDEPENDENT AUDITORS**

   The independent auditor, Rama & Co., Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Board

VENU SRINIVASAN
Director

HARI HARA IYER LAKSHMANAN
Director

Singapore,
25th April, 2017

Independent Auditors' report to the Member of TVS Motor (Singapore) Pte. Limited

Opinion

We have audited the accompanying financial statements of TVS MOTOR (SINGAPORE) PTE. LIMITED (the "company"), which comprise the statement of financial position of the company as at 31 March 2017, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set above.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirement

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

RAMA & CO.
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS
SINGAPORE

Singapore,
25th April, 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017	2016
		S$	S$
ASSETS			
Non-current assets			
Investment in associate	(8)	**74,697,543**	63,967,275
Total non-current asset		**74,697,543**	63,967,275
Current assets:			
Other receivables	(9)	**-**	11,090,268
Bank balance	(10)	**637,420**	257,206
Total current assets		**637,420**	11,347,474
Total assets		**75,334,963**	75,314,749
EQUITY AND LIABILITIES			
Capital reserve:			
Share capital	(11)	**76,284,702**	64,802,445
Accumulated losses		**(955,539)**	(766,184)
Total equity		**75,329,163**	64,036,261
Current liabilities:			
Other payables	(12)	**5,800**	11,278,488
Total current liabilities		**5,800**	11,278,488
Total equity and liabilities		**75,334,963**	75,314,749

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 2017

	Note	2017	2016
		S$	S$
Revenue		–	–
Other income	(13)	**254,152**	908,764
Administrative expenses		**(15,226)**	(20,337)
Finance cost	(14)	**(428,281)**	(1,056,751)
Loss before income tax		**(189,355)**	(168,324)
Income tax	(15)	**-**	-
Loss for the year	(16)	**(189,355)**	(168,324)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(189,355)**	(168,324)

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 2017

	Share Capital S$	Accumulated Losses S$	Total S$
Balance as at 1 April 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
Issuance of shares (Note no. 11)	11,482,257	-	11,482,257
Total comprehensive loss for the year	-	(189,355)	(189,355)
Balance as at 31 March 2017	76,284,702	(955,539)	75,329,163

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 2017

	2017	2016
	S$	S$
Cash flow from operating activities:		
Loss before income tax	(189,355)	(168,324)
Adjustment for:		
Foreign currency exchange difference	(59,133)	-
Interest income	(223,423)	(908,764)
Interest expense	383,597	874,998
Withholding tax	44,684	181,753
Operating loss before working capital changes	(43,630)	(20,337)
Other receivables	-	201,724
Other payables	(450)	(335,353)
Net cash used in operating activities	(44,080)	(153,966)
Investing activities:		
Interest received	583,423	458,764
Withholding tax paid	(44,684)	(91,753)
Net cash from investing activities	538,739	367,011
Financing activities:		
Interest paid	(809,045)	(449,550)
Issuance of shares	694,600	-
Net cash used in financing activities	(114,445)	(449,550)
Net increase/ (decrease) in bank balance	380,214	(236,505)
Bank balance at beginning of year	257,206	493,711
Bank balance at end of year	637,420	257,206

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017

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 2017 were authorised for issue by the board of Directors on 25 April 2017.

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 judgement 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 judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2. Changes in Accounting Policies

a) <u>Adoption of new and revised FRSs and INT FRSs</u>

In the current financial year, the company has adopted all new and revised FRSs and INT FRSs issued by the ASC that are relevant to its operations and effective for annual periods beginning on or after 1 April 2016. 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) <u>Standards issued but not yet effective</u>

At the date of authorisation of financial statements, the following FRSs that are relevant to the company were issued but not effective:

Standard	Description	Effective date (annual periods beginning on or after)
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 January 2017
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.

2.3. Functional and Foreign Currency

a) <u>Functional and presentation currency</u>

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) <u>Foreign currency transactions</u>

Transactions in foreign currencies are measured in the functional currency of the company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss.

2.4. Associate

An associate is an entity over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

2.5. Impairment of Non-financial Assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.6. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

a) <u>Current tax</u>

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) <u>Deferred tax</u>

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.

2.7. Related Parties

A related party is a person or an entity related to the company and is further defined as follows:

a) A person or a close member of that person's family is related to the company if that person:

i) has control or joint control over the company;

ii) has significant influence over the company; or

iii) is a member of the key management personnel of the company or of a parent of the company.

b) An entity is related to the company if any of the following conditions applies:

i) the entity and the company are members of the same group i.e each parent, subsidiary and fellow subsidiary is related to the others;

ii) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;

iii) both entities are joint ventures of the same third party;

iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;

vi) the entity is controlled or jointly controlled by a person identified in (a);

vii) a person identified in (a) i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity; or

viii) the entity, or any member of the group of which it is a part, provides key management personnel services to the company or to the parent of the company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the company.

Related party transactions and outstanding balances disclosed in the financial statement are in accordance with the above definition as per FRS 24 – Related Party Disclosures.

2.8. 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.

2.9. 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 to the financial statements when material.

3. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

3.1. 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 receivables are 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 cash at bank and is readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

b) Impairment of financial assets

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.

Share capital is classified as equity instruments.

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 associate

The company follows the guidance of FRS 36 in determining the recoverability of its investment in associate. This requires assessment as to whether the carrying values of its investment can be supported by the net present values of future cash flows derived from such investment using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement. The company determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information. The carrying amount of investment in associate is disclosed in Note 8 to the financial statements.

ii) Impairment of other receivable

The company assesses at the end of the reporting period whether there is any objective evidence that a financial asset 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.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT

5.1. Categories of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	2017	2016
	S$	S$
Financial assets		
Loans and receivables:		
-Other receivable	-	11,090,268
-Bank balance	**637,420**	257,206
	637,420	11,347,474
Financial liability		
At amortised cost:		
-Other payables	**5,800**	11,278,488

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 deposited 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:

	2017	2016
In Singapore dollar	**S$**	S$
Financial asset		
Other receivable	**-**	11,090,268
Bank balance	**637,420**	257,206
	637,420	11,347,474
Financial liability		
Other payables	**-**	11,208,421
Net exposure	**637,420**	139,053

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:

	2017	2016
	S$	S$
US $ impact	**63,742**	13,905

A 10% weakening of Singapore dollar against the above currency would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

d) Liquidity risk management

Liquidity risk refer to risk that the company will not have sufficient funds to pay its debts as and when they fall due.

In the management of the liquidity risk, the company monitors and maintains a level of bank balances deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuations in cash flows.

The following table summarises the company's remaining contractual maturity for its non-derivative financial liabilities at the end of the reporting period based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the company is expected to pay.

2017	**Effective interest rate (%)**	**Carrying amount**	**Within 1 year of repayable on demand**	**Total**
		S$	**S$**	**S$**
Financial liability				
Other payables	-	5,800	5,800	5,800

2016	**Effective interest rate (%)**	**Carrying amount**	**Within 1 year of repayable on demand**	**Total**
		S$	**S$**	**S$**
Financial liability				
Other payables	-	11,278,488	11,278,488	11,278,488

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017 *(Continued)*

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.

	2017	2016
	S$	S$
Other payables	**5,800**	11,278,488
Less: Bank balance	**(637,420)**	(257,206)
Net debts	**(631,620)**	11,021,282
Total equity	**75,329,163**	64,036,261
Total capital	**74,697,543**	75,057,543
Gearing ratio	N.M.	15%

The company is not subject to externally imposed capital requirements.
N.M. – Not meaningful.

6. HOLDING COMPANY

The company is wholly-owned subsidiary of TVS Motor Company Ltd, incorporated in India. The company's ultimate holding company is Sundaram Clayton Limited, incorporated in India. The registered office of the holding company is at 29 (Old No.8) Haddows Road, Chennai 600006, and India.

Some of the company's transactions and arrangements are between members of the company and the effects of these on the basis determined between the parties are reflected in these financial statements.

Significant holding company transactions:

	2017	2016
	S$	S$
Interest expenses	**383,597**	874,998

7. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements.

Significant related party transactions:

	2017	2016
	S$	S$
Interest income	**223,423**	908,764

8. INVESTMENT IN ASSOCIATE

	2017	2016
	S$	S$
Unquoted equity shares at cost		
At beginning of the year	63,967,275	-
Addition	10,730,268	63,967,275
At end of the year	74,697,543	63,967,275

Details of the associate are as follows:

Name of associate Country of incorporation	**Principal activity**	**Proportion of ownership Interest 2017**	**2016**
P.T.TVS Motor Company Indonesia	Manufacturers of Motorcycles, motorcycles spare parts and accessories	**39%**	35%

The company did not perform equity accounting of the results of the associate as the holding company will be preparing such financial statements. These financial statements are available for public use. The registered office of the holding company, TVS Motor Company Ltd is at 29 (Old No. 8) Haddows Road, Chennai 600006, India.

9. OTHER RECEIVABLES

	2017	2016
	S$	S$
Amount due from associate (Note 9)	**-**	10,730,268
Interest receivables from associate (Note 9)	**-**	360,000
	-	11,090,268

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 (2016: 30th September and 31st March) of each year and is calculated at 8.25% on a 360 day year basis.

10. BANK BALANCES

	2017	2016
	S$	S$
Cash at bank	**637,420**	257,206

Bank balance is denominated in United States dollar.

11. SHARE CAPITAL

	2017	2016	**2017**	2016
	Number of ordinary shares		**S$**	S$
Issued and Paid Up:				
At beginning of the year	**64,802,445**	64,364,301	**64,802,445**	64,364,301
Issued during the year	**11,482,257**	438,144	**11,482,257**	438,144
At the end of the year	**76,284,702**	64,802,445	**76,284,702**	64,802,445

During the financial year, the company issued 694,600 ordinary shares at S$1 per share for cash and the company converted loan from holding company into 10,787,657 ordinary shares at S$1 per share.

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

	2017	2016
	S$	S$
Holding company (Note 6)	**-**	10,846,790
Interest payables to holding company	**-**	361,631
Withholding tax payable	**-**	63,817
Accrued expenses	**5,800**	6,250
	5,800	11,278,488

The amount due to holding company is unsecured and repayable on demand.

The interest is payable semi-annually on 30th September and 31st March (2016: 30th September and 31st March) of each year and is calculated at 8% per annum.

Other payables are denominated in the following currencies:

	2017	2016
	S$	S$
Singapore dollar	**5,800**	70,067
United States dollar	**-**	11,208,421
	5,800	11,278,488

13. OTHER INCOME

	2017	2016
	S$	S$
Foreign currency exchange gain	**30,729**	-
Interest income	**223,423**	908,764
	254,152	908,764

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017 *(Continued)*

14. FINANCE COST

	2017	2016
	S$	S$
Interest expenses	**383,597**	874,998
Withholding tax	**44,684**	181,753
	428,281	1,056,751

15. INCOME TAX

The income tax expense varied from the amount of income tax determined by applying the Singapore income tax rate of 17% (2016: 17%) to profit before income tax as a result of the following differences:

	2017	2016
	S$	S$
Loss before income tax	**(189,355)**	(168,324)
Income tax expense/(benefit) at statutory rate of 17% (2016: 17%)	**(32,190)**	(28,615)
Income tax effect of:		
- non-taxable items	**-**	(372)
- unutilised tax losses c/f	**32,190**	28,987
	-	-

The company has carry forward tax losses available for offsetting against future taxable income as follow:

	2017	2016
	S$	S$
Tax losses		
Amount at beginning of year	**363,319**	192,805
Amount in current year	**189,355**	170,514
Amount at end of year	**552,674**	363,319
Deferred tax benefit on above unrecorded	**93,955**	61,764

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:

	2017	2016
	S$	S$
Foreign currency exchange (gain)/ loss	**(30,729)**	10,157

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 31ST MARCH 2017

	2017	2016
	S$	S$
Revenue	**–**	–
Other income		
Foreign currency exchange gain	**30,729**	-
Interest income	**223,423**	908,764
	254,152	908,764
Less: Operating expenses		
Administrative expenses		
Accounting fee	**1,200**	800
Auditors' remuneration	**3,000**	3,000
Bank charges	**1,314**	833
Foreign currency exchange loss	**-**	10,157
Printing and stationery	**345**	50
Professional fee	**1,900**	2,950
Secretarial fees and charges	**7,467**	2,547
Finance cost		
Interest expense	**383,597**	874,998
Withholding tax	**44,684**	181,753
	(443,507)	(1,077,088)
Net loss for the year	**(189,355)**	(168,324)

This schedule does not form part of the statutory audited financial statements.

RE-STATED ACCOUNTS OF
TVS MOTOR (SINGAPORE) PTE. LIMITED

BALANCE SHEET AS AT 31ST MARCH 2017

	Notes	Singapore $ Mn. As at 31-03-2017	Rupees in crores As at 31-03-2017
I ASSETS			
Non-current assets			
Non-current investments	1	74.70	245.93
		74.70	245.93
Current assets			
Financial assets			
Cash and cash equivalents	2	0.64	2.96
		0.64	2.96
Total Assets		**75.34**	**248.89**
II EQUITY AND LIABILITIES			
Equity			
Equity share capital	3	76.28	260.12
Other equity	4	(0.95)	(11.26)
		75.33	248.86
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	5	0.01	0.03
		0.01	0.03
Total equity and liabilities		**75.34**	**248.89**

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

		Notes	Singapore $ Mn. As at 31-03-2017	Rupees in crores As at 31-03-2017
I	Revenue from operations		-	-
II	Other income	6	0.25	1.23
III	Total Income (I +II)		0.25	1.23
IV	Expenses:			
	Finance costs	7	0.43	2.07
	Other expenses	8	0.01	0.08
			0.44	2.15
V	Profit before exceptional items (III - IV)		(0.19)	(0.92)
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		(0.19)	(0.92)
VIII	Tax expense			
	i) Current tax		-	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		(0.19)	(0.92)
X	Other Comprehensive Income			
	A. Items that will not be reclassified to profit or loss		-	-
	B. Items that will be reclassified to profit or loss			
	Foreign currency translation adjustments		-	(1.77)
			-	(1.77)
XI	Total Comprehensive Income (IX + X)		(0.19)	(2.69)
XII	Earnings per equity share (Face value of SGD 1/- each)			
	Basic & Diluted earnings per share (in SGD / in rupees)		-	(0.12)

Notes on Accounts

		Singapore $ Mn. As at 31-03-2017	Rupees in crores As at 31-03-2017
1	**NON-CURRENT INVESTMENTS**		
	Investment in Equity instruments		
	52,24,187 fully paidup equity shares of PT.TVS Motor Company Indonesia (face value of IDR 97,400 each)	74.70	245.93
		74.70	245.93
2	**CASH AND CASH EQUIVALENTS**		
	Balances with banks in current accounts	0.64	2.96
		0.64	2.96
3	**EQUITY SHARE CAPITAL**		
	Issued, subscribed and fully paid up:		
	76,284,702 Ordinary shares of SGD 1 each	76.28	260.12
		76.28	260.12
4	**OTHER EQUITY**		
	General reserve	-	-
	Retained earnings	(0.95)	(4.48)
	Foreign currency translation reserve	-	(6.78)
		(0.95)	(11.26)

Notes on accounts - *(continued)*

		Singapore $ Mn. As at/year ended 31-03-2017	Rupees in crores As at/year ended 31-03-2017
5	**TRADE PAYABLES**		
	Current		
	Dues to Micro and Small Enterprises**	-	-
	Dues to enterprises other than Micro and Small Enterprises	0.01	0.03
		0.01	0.03

**Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

		Singapore $ Mn.	Rupees in crores
6	**OTHER INCOME**		
	Interest income	0.25	1.23
		0.25	1.23
7	**FINANCE COSTS**		
	Interest	0.43	2.07
		0.43	2.07
8	**OTHER EXPENSES**		
	(a) Audit fees	-	0.01
	(b) Miscellaneous expenses	0.01	0.07
		0.01	0.08

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 2016 up to and including 31 March 2017 ("the year 2016-2017").

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

The principal business activities of the Company are holding activities. During the year under review the Company's activities remained holding activities.

During the financial year the major shareholders of the Company's Indonesian subsidiary carried out two capital injections in the subsidiary and converted a loan in shares, which decreased the interest of the Company from 22.78% to 20.22%.

1.3. Results

The net asset value of the Company as per 31 March 2017 amounts to USD 496,592 (31 March 2016: USD 496,592). The result for the year 2016/2017 amounts to a loss of USD 1,739,378 (2015/2016: USD 1,739,378).

1.3. Future outlook

It is the intention to liquidate the Company.

Amsterdam, 29 April 2017.

Mr. R.C. Elshout
Title : Director

Mr. H. Lakshmanan
Title : Director

Mr. PJ. Stegeman
Title : Director

Mr. V.N. Venkatanathan
Title : Director

SGG Management (Netherlands) B.V.
Title : Director

Independent Auditor's Report

To

The Shareholders of TVS Motor Company (Europe) B.V.

A. Report on the audit of the financial statements 2016-2017 included in the annual report

Our opinion

We have audited the finncial statements 2016-2017 of TVS Motor Company (Europe) B.V. based in Amsterdam.

In our opinion the accompanying financial statments give a true and fair view of the financial position of TVS Motor Company (Europe) B.V. as at 31 March 2017, and of its result for the year 2016-2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet a at 31 March 2017;
2. the profit and loss account for the year 2016-2017; and
3. the notes comprising summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted out audit in accordance with Dutch Law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of TVS Motor Company (Europe) B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags-en beroepsregelsw accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion/.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of;

- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible 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.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion:

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Amsterdam, June 7, 2017

with kind regards,
Londen & Van Holland
Registeraccountants en Belastingadviseurs

C.J.H. Bijvoet RA

1. BALANCE SHEET AS AT 31 MARCH 2017

(before appropriation of result)

	Notes	31 March 2017		31 March 2016	
		USD	USD	USD	USD
ASSETS					
Fixed Assets	4.1				
Financial fixed assets		**4,345,752**		-	
			4,345,752		-
Current assets	4.2				
Receivables and prepayments		**9,954**		11,660	
Cash at bank		**437,764**		505,970	
			447,718		517,630
Total assets			**4,793,470**		517,630
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity	4.3				
Paid up share capital		**24,086,930**		25,650,518	
Foreign currency translation reserve		**(1,292,363)**		(7,781,972)	
Revaluation reserve subsidiary		**4,489,269**		4,219,239	
Other reserves		**(20,027,605)**		(19,851,815)	
Undistributed result		**3,513,757**		(1,739,378)	
			4,768,988		496,592
Current liabilities	4.4				
Creditors		**-**		5,504	
Other payable and accrued expenses		**24,482**		15,534	
			24,482		21,038
Total shareholder's equity and liabilities			**4,793,470**		517,630

2. INCOME STATEMENT FOR THE PERIOD FROM 1 APRIL 2016 UP TO AND INCLUDING 31 MARCH 2017

	Notes	2016 / 2017		2015 / 2016	
		USD	USD	USD	USD
Salary expenses	5.1	10,468		10,487	
General and administrative expenses	5.2	68,923		44,712	
			(79,391)		(55,199)
Interest income and similar income	5.3	-		3,355	
Interest expense and similar expenses	5.4	(8,230)		(8,575)	
			(8,230)		(5,220)
Result associate	5.5		3,587,113		(1,678,959)
Result on ordinary activities before taxation			3,499,492		(1,739,378)
Corporate income tax	5.6		14,265		-
Result after taxation			3,513,757		(1,739,378)

3. General notes

3.1. 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.

The principal business activities of the Company are holding activities. During the year under review the Company's activities remained holding activities.

Consolidation exemption

The Company qualifies as a so-called "small-sized company" based on the requirements mentioned in article 396, Tital 9 Book 2 of the Netherlands Civil Code and therefore has not prepared consolidated accounts as permitted by Article 407.2 Title 9 Book 2 of the Netherlands Civil Code.

Notes to the cash flow statement

In conformity with the exemption provisions of the Guidelines for Annual Reporting in The Netherlands, a cash flow statement is not presented.

Changes in estimate

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure.

The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed.

Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

Foreign currency

The annual accounts are presented in USD being the group reporting currency. The following exchange rates are used:

1 EUR = 1.0691 USD 2015/2016: 1 EUR = 1.13850 USD

1,000 IDR = 0.0751 USD 2015/2016: 1,000 IDR = 0.0758 USD

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.

3.2 General accounting principles for the preparation of the financial statements

Accounting policies

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise, the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

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.

Translation of foreign currencies

Assets and liabilities denominated in foreign currencies are converted into 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.

3.3 Principles of valuation of assets and liabilities

Financial fixed assets

Participations (associates), over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of an associate based on the net asset value is negative, it will be stated at nil. If and insofar as the Company can be held fully or partially liable for the debts of the associate, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Newly acquired associates are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the associate has changed since the previous financial statements as a result of the net result achieved by the associate is recognised in the income statement.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the realisable value. An impairment is recognised and charged to the income statement.

Foreign exchange results on net equity of subsidiaries is added to or deducted from the foreign currency translation reserve.

Impairment of non-current assets

On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement.

Current receivables

Current receivables are included at face value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables.

Cash at banks and in hand

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities.

Cash at banks and in hand is carried at nominal value.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

3.4 Principles for the determination of the result

General

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Income and expenses

Income and expenses are attributed to the period to which they relate.

Income tax

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

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.

Further to a formal decision from the Dutch tax authorities, the Company is allowed to determine its taxable amount in USD.

Share in result of non-consolidated associated companies

Where significant influence is exercised over participations the group's share in the participations' result is recorded in the profit and loss account. This result is determined on the basis of the accounting principles applied by the participation.

4. Notes to the balance sheet as at 31 March 2017

4.1 Fixed assets

4.1.1 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 the year 2016-2017 the subsidiary received additional capital stock subscription amounting to USD 15,941,870 (1,594,187 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 22.78% (as per 31 March 2016) to 20.22%

The financial statements of the subsidiary show a net asset value as per 31 March 2017 of Rp 298,452,262,571 (31 March 2016: Rp 176,874,943,718). The interest held by the Company corresponds to a net asset value of Rp 57,875,373,438 positive (USD 4,345,752 positive) as at 31 March 2017.

Management intends to sell the share of the subsidiary to a group company against net realisable value. As a consequence the valuation against net realisable value is changed from nihil to actual net realisable value. As per 31 March 2016 valuation against net realisable value was nihil, because of expected losses of the subsidiary in the coming years.

	valuation method	%	31 March 2017	31 March 2016
			USD	USD
PT TVS Motor Company Indonesia	Net asset value	20.22%	**4,345,752**	-
			4,345,752	-

Movement during the year is specified as follows:

PT TVS Motor Company		
Opening balance	**-**	-
Result for the period	**(1,614,820)**	(2,783,423)
Adjustment result previous years due to decrease of participating interest	**2,114,663**	1,461,906
Foreign exchange result on net equity	**489,609**	849,669
Revaluation subsidiary	**269,030**	829,290
	1,258,482	357,442
Impairment loss	**-**	(357,442)
Reversal impairment losses to Net Asset Value	**3,087,270**	
	4,345,752	-

4.2 Current assets

4.2.1 Receivables and prepayments

	31 March 2017	31 March 2016
	USD	USD
Prepaid management fees	**9,954**	8,102
VAT receivable	**-**	3,558
	9,954	11,660

4.2.2 Cash at bank

HSBC Bank, EUR current account	23,158	25,759
HSBC Bank, USD current account	414,606	480,211
	437,764	505,970

The cash balances are at free disposal of the Company.

4.3 Shareholder's equity

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 2017 (EUR 22,530,100).

	31 March 2017	31 March 2016
	USD	USD
Movement during the period can be summarized as follows:		
Paid up share capital		
Opening balance	**25,650,518**	24,240,134
Revaluation of share capital at balance sheet date	**(1,563,588)**	1,410,384
Balance as at 31 March	**24,086,930**	25,650,518
Foreign currency translation reserve		
Opening balance	**(7,781,972)**	(8,631,624)
Revaluation of subsidiary	**489,609**	849,652
Balance as at 31 March	**(7,292,363)**	(7,781,972)
Revaluation reserve subsidiary		
Opening balance	**4,219,239**	-
Revaluation of subsidiary	**269,030**	4,219,239
Balance as at 31 March	**4,488,269**	4,219,239
Other reserves		
Opening balance	**(19,851,815)**	(19,802,235)
Revaluation of share capital at balance sheet date	**1,563,588**	(1,410,384)
Revaluation of subsidiary	**-**	(3,389,932)
Appropriation of result	**(1,739,378)**	4,750,736
Balance as at 31 March	**(20,027,605)**	(19,851,815)
Undistributed result		
Opening balance	**(1,739,378)**	4,750,736
Appropriation of result	**1,739,378**	(4,750,736)
Result for the period	**3,513,757**	(1,739,378)
Balance as at 31 March	**3,513,757**	(1,739,378)
Total shareholder's equity	**4,768,988**	496,592

The revaluation reserve subsidiary concerns the revaluation reserve at the subsidiary representing the increase of land due to revaluation.

4.4 Short-term liabilities

4.4.1 Other payable and accrued expenses

Tax advisory fees	**2,138**	2,490
Administrative and secretarial services	**9,087**	-
Audit fees	**10,691**	10,755
Salary (and salary administration)	**2,566**	2,289
	24,482	15,534

5. Notes to the income statement for period of 1 April 2016 up to and including 31 March 2017

5.1 Salary expenses

	31 March 2017	31 March 2016
Wages	**10,468**	10,487
	10,468	10,487

5.2 General and administrative expenses

Domiciliation and management fees	**11,420**	10,683
Administrative and accounting fees	**45,625**	21,106
Audit fees	**10,790**	11,053
Tax advisory fees	**984**	1,626
Other general expenses	**104**	244
	68,923	44,712

5.3 Interest income and similar income

Foreign exchange results	-	-
VAT receivable previous year	-	3,355
	-	3,355

5.4 Interest expense and similar expenses

Bank charges	**6,866**	6,728
Foreign exchange results	**1,364**	1,847
	8,230	8,575

5.5 Result associate

Result PT TVS Motor Company Indonesia	**(1,614,820)**	(2,783,423)
Adjustment result previous periods	**2,114,663**	1,461,906
Impairment loss	**-**	(357,442)
Adjustment valuation	**3,087,270**	-
	3,587,113	(1,678,959)

5.6 Corporate income tax

	31 March 2017	31 March 2016
	USD	USD
Corporate income tax previous years	(14,265)	-
	(14,265)	-

Director and employees

The Company has five Directors (2015/2016: five) and one employee (2015/2016: one) during the period under review.

Appropriation of the result

The result after tax for the financial year ended 31 March 2017 is included in the item undistributed result in Shareholder's equity (note 4.3).

Appropriation of the result of previous years

The result after tax for the financial year ended 31 March 2016 has been added to the other reserves as adopted in the Annual General Meeting, held on 15 November 2016.

Post-balance sheet date events

Management has taken the decision to liquidate the Company, but this has not yet been formalised by the shareholder. The Company's share in the subsidiary PT TVS Motor Company Indonesia will be sold against net asset value.

6. Supplementary information

Audit

The auditor's report is included on the next page.

Distribution of profits, according to article 22 of the Articles of Association.

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 calledup 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.

Amsterdam, 29 April 2017

Mr. R.C. Elshout
Title : Director

Mr. H. Lakshmanan
Title : Director

Mr. PJ. Stegeman
Title : Director

Mr. V.N. Venkatanathan
Title : Director

SCG Management (Netherlands) B.V.
Title : Director

RE-STATED ACCOUNTS OF
TVS MOTOR COMPANY (EUROPE) B.V.

BALANCE SHEET AS AT 31ST MARCH 2017

	Notes	USD in Mn. As at 31-03-2017	Rupees in crores As at 31-03-2017
I ASSETS			
Non-current assets			
Non-Current investments	1	-	-
		-	-
Current assets			
Financial assets			
Cash and cash equivalents	2	0.44	2.84
Other Current assets	3	0.01	0.06
		0.45	2.90
Total Assets		**0.45**	**2.90**
II EQUITY AND LIABILITIES			
Equity			
Equity share capital	4	31.06	126.52
Other equity	5	(30.63)	(123.78)
		0.43	2.74
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	6	0.02	0.16
		0.02	0.16
Total equity and liabilities		0.45	2.90

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

		Notes	USD in Mn. As at 31-03-2017	Rupees in crores As at 31-03-2017
I	Revenue from operations		-	-
II	Other income		-	-
III	Total Income (I+II)		-	-
IV	Expenses:			
	Employee benefits expense	7	0.01	0.07
	Finance costs	8	-	0.01
	Other expenses	9	0.06	0.52
			0.07	0.60
V	Profit before exceptional items,(III - IV)		(0.07)	(0.60)
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		(0.07)	(0.60)
VIII	Tax expense			
	i) Current tax		(0.01)	(0.10)
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		(0.06)	(0.50)
X	Other Comprehensive Income			
	A. Items that will not be reclassified to profit or loss		-	-
	B. Items that will be reclassified to profit or loss		-	-
	Foreign currency translation adjustments		-	(0.06)
			-	(0.06)
XI	Total Comprehensive Income (IX + X)		(0.06)	(0.56)
XII	Earnings per equity share (Face value of EUR 1/- each)			
	Basic & Diluted earnings per share (in USD / in rupees)		(0.27)	(22.19)

Notes on Accounts

		USD in Mn. As at 31-03-2017	Rupees in crores As at 31-03-2017
1	**NON-CURRENT INVESTMENTS**		
	Investment in Equity instruments		
	28,87,000 fully paidup equity shares of PT.TVS Motor Company Indonesia (face value of IDR 97,400 each)	-	-
		-	-
2	**CASH AND CASH EQUIVALENTS**		
	Balances with banks in current accounts	0.44	2.84
		0.44	2.84
3	**OTHER CURRENT ASSETS**		
	Prepaid expenses	0.01	0.06
		0.01	0.06
4	**EQUITY SHARE CAPITAL**		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	500,000 Ordinary Shares of EURO 100/- each	66.78	311.64
	Issued, subscribed and fully paid up:		
	225,301 Ordinary Shares of EURO 100/- each	31.06	126.52
		31.06	126.52
5	**OTHER EQUITY**		
	General reserve	-	-
	Retained earnings	(30.63)	(136.51)
	Foreign currency translation reserve	-	12.73
		(30.63)	(123.78)

		USD in Mn. As at/yearended 31-03-2017	Rupees in crores As at/yearended 31-03-2017
6	**TRADE PAYABLES**		
	Current		
	Dues to Micro and Small Enterprises**	-	-
	Dues to enterprises other than Micro and Small Enterprises	0.02	0.16
		0.02	0.16

**Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

		USD in Mn. As at/yearended 31-03-2017	Rupees in crores As at/yearended 31-03-2017
7	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, wages and bonus	0.01	0.07
		0.01	0.07
8	**FINANCE COSTS**		
	Interest	-	-
	Others- Exchange fluctution	-	0.01
		-	0.01
9	**OTHER EXPENSES**		
	(a) Audit fees	0.01	0.07
	(b) Miscellaneous expenses	0.05	0.45
		0.06	0.52

Independent Auditors' Report

No.GA 117 0366 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, 2017, 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, 2017, 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 88,122,992,787 during the year ended March 31, 2017 and, as of that date, the Company's current liabilities exceeded its current assets by Rp 101,638,731,851. Further, the Company incurred a deficit of Rp 1,456,000,108,313 as of March 31, 2017, as a result of recurring losses from operations due to significant operating expenses. Management's plans concerning these matters are also discussed in Note 31 to the financial statements.

Our opinion is not modified in respect of these matters.

SATRIO BING ENY & REKA
Alvin Ismanto
License of Public Accountant No. AP. 0556

April 20, 2017

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017

	Notes	March 31, 2017 Rp	March 31, 2016 Rp
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**59,690,186,793**	30,984,603,733
Trade accounts receivable	6		
Related party	27	**-**	3,784,871,568
Third parties - net of allowance for impairment losses of Rp 215,211,854 at March 31, 2017		**83,408,858,459**	30,632,599,042
Inventories - net of allowance for obsolescence of Rp 1,223,471,848 and Rp 1,435,699,732 at March 31, 2017 and 2016, respectively	7	**89,099,780,603**	83,655,925,038
Prepaid taxes - current	8	**20,566,409,728**	34,245,411,429
Advances to suppliers	9	**2,319,968,700**	3,204,392,667
Other current assets		**4,119,463,826**	4,106,417,269
Total Current Assets		**259,204,668,109**	190,614,220,746
NON-CURRENT ASSETS			
Prepaid taxes - noncurrent	8	**20,388,281,768**	5,930,753,663
Deferred tax assets - net	26	**41,789,491,498**	67,851,131,734
Property, plant, and equipment - net of accumulated depreciation of Rp 156,138,473,891 and Rp 140,080,176,455 at March 31, 2017 and 2016, respectively	10	**420,707,978,399**	415,357,873,545
Security deposits		**1,113,503,257**	1,087,823,637
Deferred charges - net of accumulated amortization of Rp 139,932,322,265 and Rp 138,277,605,557 at March 31, 2017 and 2016, respectively	11,27	**-**	1,654,716,708
Total Noncurrent Assets		**483,999,254,922**	491,882,299,287
TOTAL ASSETS		**743,203,923,031**	682,496,520,033

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017 *(Continued)*

	Notes	March 31, 2017 Rp	March 31, 2016 Rp
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Bank loans	12	262,272,221,743	227,428,259,294
Trade accounts payable	13		
Related party	27	22,294,951,675	55,859,568,551
Third parties		17,555,559,816	14,705,364,375
Other accounts payable	14		
Related party	27	2,256,798,416	1,491,934,802
Third parties		7,123,896,629	4,623,177,571
Taxes payable	15	514,408,910	622,552,405
Accrued expenses	16	17,884,427,398	22,358,888,326
Current maturities of loan from a financial institution	17	29,117,428,150	28,941,680,000
Advances from customers		1,823,707,223	773,352,615
Total Current Liabilities		360,843,399,960	356,804,777,939
NON-CURRENT LIABILITIES			
Bank loans - net of current maturities	12	66,611,660,500	-
Loan from a financial institution - net of current maturities	17	-	28,978,560,600
Loan from a shareholder	18,27	-	105,436,345,776
Post-employment benefits obligation	19	17,296,600,000	14,401,892,000
Total Non-current Liabilities		83,908,260,500	148,816,798,376
EQUITY			
Capital stock - Rp 97,400 (US$ 10) par value per share Authorized - 15,000,000 shares Subscribed and paid-up - 14,191,187 ordinary shares at March 31, 2017 and 12,597,000 ordinary shares at March 31, 2016	20	1,382,221,613,800	1,226,947,800,000
Foreign exchange rate difference on paid-in capital	21	104,713,517,840	50,287,020,000
Revaluation surplus	22	262,112,214,244	244,396,214,244
Other comprehensive income	19	5,405,025,000	4,863,471,750
Deficit		(1,456,000,108,313)	(1,349,619,562,276)
Total Equity		298,452,262,571	176,874,943,718
TOTAL LIABILITIES AND EQUITY		743,203,923,031	682,496,520,033

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended March 31, 2017

	Notes	2017 Rp	2016 Rp
NET SALES	23,27	293,661,224,185	179,981,018,040
COST OF GOODS SOLD	24,27	(284,959,506,392)	(210,814,920,461)
GROSS PROFIT (LOSS)		8,701,717,793	(30,833,902,421)
Marketing	25	(13,429,034,793)	(16,726,306,485)
General and administrative	25,27	(49,810,461,086)	(60,997,898,871)
Finance cost		(27,365,215,278)	(34,390,587,577)
Gain (loss) on foreign exchange - net		774,379,413	(10,566,923,090)
Interest income		546,305,474	481,373,000
Loss on sale and disposal of			
property, plant and equipment	10	(3,196,173)	(1,588,690)
Others - net		86,081,099	3,195,391,104
LOSS BEFORE TAX		(80,499,423,551)	(149,840,443,030)
INCOME TAX EXPENSE	26	(25,881,122,486)	(20,149,698,140)
LOSS FOR THE YEAR		(106,380,546,037)	(169,990,141,170)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified			
subsequently to profit or loss:			
Revaluation surplus	22	17,716,000,000	49,134,136,700
Remeasurement of defined benefits obligation	19	722,071,000	3,432,268,000
Related tax expense	26	(180,517,750)	(858,067,000)
Total Other Comprehensive Income, net of tax		18,257,553,250	51,708,337,700
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(88,122,992,787)	(118,281,803,470)

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, 2017

	Notes	Capital Stock	Foreign exchange rate difference on paid-in capital	Other comprehensive income: Revaluation Surplus	Other comprehensive income: Remeasurement of defined benefits obligation	Deficit	Total Equity
		Rp	Rp	Rp	Rp	Rp	Rp
Balance as of April 1, 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	40,376,000,000	-	-	-	137,776,000,000
Other comprehensive income							
Revaluation surplus	22	-	-	49,134,136,700	-	-	49,134,136,700
Actuarial gains 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	(1,349,619,562,276)	176,874,943,718
Issuance of shares	18,20,21	155,273,813,800	54,426,497,840	-	-	-	209,700,311,640
Other comprehensive income							
Revaluation surplus	22	-	-	17,716,000,000	-	-	17,716,000,000
Actuarial gain on defined							
benefits obligation, net of tax		-	-	-	541,553,250	-	541,553,250
Loss for the year		-	-	-	-	(106,380,546,037)	(106,380,546,037)
Balance as of March 31, 2017		1,382,221,613,800	104,713,517,840	262,112,214,244	5,405,025,000	(1,456,000,108,313)	298,452,262,571

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, 2017

	2017 Rp	2016 Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax per statement of profit or loss and other comprehensive income	(80,499,423,551)	(149,840,443,030)
Adjustments for:		
Amortization of deferred charges	1,654,716,708	4,964,150,124
Interest and finance charges	27,365,215,278	34,390,587,577
Depreciation of property, plant and equipment	16,245,792,964	16,296,202,415
Loss on disposal of property, plant and equipment	3,196,173	1,588,690
Provision for employee benefits expense	3,625,524,000	3,034,110,000
Provision of allowance for inventory obsolescence	1,094,090,848	984,061,769
Provision for allowance for impairment losses	215,211,854	-
Interest income	(546,305,474)	(481,373,000)
Net unrealized loss on foreign exchange	88,364,481	8,500,241,660
Operating cash flows before changes in working capital	(30,753,616,719)	(82,150,873,795)
Changes in working capital:		
Trade accounts receivable	(49,089,307,923)	(7,695,504,826)
Inventories	(6,537,946,413)	(1,954,593,938)
Prepaid taxes	(20,162,819,166)	(12,264,451,036)
Advances to suppliers	884,423,967	(312,628,152)
Other current assets	1,014,353	964,127,819
Trade accounts payable	(30,659,478,409)	(544,118,103)
Other accounts payable	3,252,334,537	(1,080,194,837)
Taxes payable	(108,143,495)	(1,904,948,336)
Accrued expenses	(466,720,698)	(6,758,043,061)
Advances from customer	1,050,354,608	452,686,483
Cash used in operations	(132,589,905,358)	(113,248,541,782)
Income tax paid	(467,640,000)	(1,002,923,372)
Employee benefits paid	(8,745,000)	(95,201,000)
Proceeds from tax refund	19,851,932,762	1,147,544,284
Net Cash Used in Operating Activities	(113,214,357,596)	(113,199,121,870)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in security deposits	(24,877,945)	43,015,537
Interest received	532,244,564	491,845,882
Acquisitions of property, plant and equipment	(3,883,093,991)	(5,206,738,754)
Proceeds from sale disposal of property, plant and equipment	-	2 9,827,328
Net Cash Used in Investing Activities	(3,375,727,372)	(4,642,050,007)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock issuance	105,090,000,000	137,776,000,000
Proceeds from bank loans	171,457,871,986	503,661,480,813
Payments of bank loans	(70,807,877,395)	(439,457,233,437)
Payments of loan from a financial institution	(28,915,018,600)	(55,842,753,960)
Interest and finance charges paid	(31,372,955,508)	(25,095,836,989)
Net Cash Provided by Financing Activities	145,452,020,483	121,041,656,427
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,861,935,515	3,200,484,550
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	30,984,603,733	27,449,296,143
Effect of foreign exchange rate changes	(156,352,455)	334,823,040
CASH AND CASH EQUIVALENTS AT END OF YEAR	59,690,186,793	30,984,603,733

See accompanying notes to financial statements
which are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
March 31, 2017 and for the year then ended

1. GENERAL

PT. TVS Motor Company Indonesia (the "Company") was established within the framework of the Foreign Capital Investment Law No. 1 year 1967 as amended by Law No. 11 year 1970 based on notarial deed No. 21 dated August 8, 2005 of Siti Rayhana, S.H., substitute of Bandoro Raden Ayu Mahyastoeti Notonagoro, S.H., notary in Jakarta. The Deed of Establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. C-24361 HT.01.01.TH.2005 dated September 5, 2005. The Company's Articles of Association have been amended several times, most recently by notarial deed No. 51 dated February 22, 2017 of Susana Tanu, S.H., notary in Jakarta, regarding the issuance of shares and increase in the Company's subscribed and paid-up capital which was acknowledged by the Minister of Law and Human Rights of the Republic of Indonesia in his Notification Letter No. AHU-AH.01.03-0081513 dated February 23, 2017

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, 2017 and 2016, the Company has 354 and 325 employees, respectively.

The Company's management as of March 31, 2017 consists of the following:

President Commissioner	: Kunnath Narayanan Radhakrishnan
Commissioners	: Rangaswami Ramakrishnan
	: Ramaswamy Anandakrishnan
Director	: Venkataraman Thiyagarajan

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATION OF PSAK ("ISAK")

a. Standard, amendments to standards and interpretation effective in the current year

In the current year, the Company has applied a new standard, a number of amendments, and an interpretation to PSAK 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, 2016.

The application of the following amendments and interpretation to standards have not resulted to material impact to disclosures or on the amounts recognized in the current and prior year financial statements:

- Amendments to PSAK 7, Related Party Disclosures
- Amendments to PSAK 16, Property, Plant and Equipment
- Amendments to PSAK 19, Intangible Assets
- Amendments to PSAK 24, Employee Benefits
- Amendments to PSAK 68, Fair Value Measurement

b. Standards, amendments to standards and interpretations issued but not yet adopted

New amendments and interpretation effective for periods beginning on or after January 1, 2017, with early application permitted are as follows:

- Amendments to PSAK 1, Presentation of Financial Statements about Disclosure Initiative
- ISAK 31, Scope Interpretation of PSAK 13: Investment Property

The standard and amendment to standard effective for periods beginning on or after January 1, 2018, with early application permitted are as follows:

- PSAK 69, Agriculture
- Amendments to PSAK 16, Property, Plant and Equipment

As of the issuance date of the financial statements, the effect of adoption of these amendments and interpretations on the financial statements is not known or reasonably estimable by management.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards.

b. Basis of Presentation

The financial statements, except for the statements of cash flows, are prepared under the accrual basis of accounting. The reporting currency used in the preparation of the financial statements is the Indonesia Rupiah (Rp), while the measurement basis used is the historical cost, except for certain accounts which are measured on the bases described in the related accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The statements of cash flows are prepared using the indirect method with classifications of cash flows into operating, investing and financing activities.

c. Foreign Currency Transactions and Balances

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise

d. Transactions with Related Parties

A related party is a person or entity that is related to the Company (the reporting entity):

a. A person or a close member of that person's family is related to the reporting entity if that person:
   i. has control or joint control over the reporting entity;
   ii. has significant influence over the reporting entity; or
   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to the reporting entity if any of the following condition applies:
   i. The entity, and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   iii. Both entities are joint ventures of the same third party.
   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   vi. The entity is controlled or jointly controlled by a person identified in (a).
   vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).
   viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

e. Financial Assets

All financial assets are recognized and derecognized on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs.

The Company's financial assets are classified as loans and receivables.

<u>Loans and receivables</u>

Cash and cash equivalents except for cash on hand, trade accounts receivable, other current assets and security deposits that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortized cost using the effective interest method less impairment. Interest is recognized by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

<u>Effective interest method</u>

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.

Loans 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 the 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 receivables 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 decreases 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, bank loans, accrued expenses, 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:

	Years
Buildings	20
Machinery and tools	4 -10
Office equipment and furnitures	4
Vehicles	5

Moulds and dies are depreciated based on units of production of 150,000 units in 2017 and 2016.

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 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 or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of property, plant and equipment, are recognized as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation and any impairment loss are removed from the accounts and any resulting gain or loss is reflected in the current operations.

l. 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 costs 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 in the Company’s defined benefit 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 prevailing tax rates.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 Notes 5 and 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

NOTES TO FINANCIAL STATEMENTS
March 31, 2017 and for the year then ended *(Continued)*

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.

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 are disclosed in Notes 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, 2017 and 2016, the carrying value of land amounted to Rp 289,779,000,000 and Rp 272,063,000,000 and, respectively (Note 10).

5. CASH AND CASH EQUIVALENTS

	March 31, 2017 Rp	March 31, 2016 Rp
Cash on hand	115,338,135	133,334,957
Cash in banks		
Rupiah		
Bank Danamon Indonesia	1,366,289,306	365,854,370
Bank Mandiri	219,229,577	244,993,479
Bank Ina Perdana	163,972,435	117,167,240
Bank SBI Indonesia	60,215,353	151,761,895
Bank DBS Indonesia	59,650,357	56,332,971
The Hongkong and Shanghai Banking Corporation Limited, Jakarta	-	143,516,391
Subtotal	1,869,357,028	1,079,626,346
U.S. Dollar		
Bank DBS Indonesia	10,929,507,246	904,046,744
Bank Danamon Indonesia	7,991,262,305	5,236,823,475
Bank SBI Indonesia	6,951,022,351	3,455,543,129
Bank Mandiri	6,931,501,358	92,421,538
Deutsche Bank	159,506,586	-
The Hongkong and Shanghai Banking Corporation Limited, Jakarta	-	106,807,544
Subtotal	32,962,799,846	9,795,642,430
Total	34,832,156,874	10,875,268,776

	March 31, 2017 Rp	March 31, 2016 Rp
Time deposits		
Rupiah		
Bank Ina Perdana	6,421,691,784	6,700,000,000
Bank SBI Indonesia	5,000,000,000	-
U.S. Dollar		
Bank SBI Indonesia	13,321,000,000	13,276,000,000
Subtotal	24,742,691,784	19,976,000,000
Total	59,690,186,793	30,984,603,733
Interest rate per annum:		
Rupiah	7.5% - 8.0%	8.0% - 9.75%
U.S. Dollar	1.5%	1.75% - 2.5%

6. TRADE ACCOUNTS RECEIVABLE

a. By debtor		
Related party - TVS Motor Company Limited, India (Note 27)	-	3,784,871,568
Third parties		
Stargold Motorcycle Co	23,756,917,573	6,141,942,260
PT Gamma Sakti Indonesia	21,007,486,982	-
Agrocorp International Pte Ltd	20,975,247,685	18,318,339,718
Kosambh Multitred Private Ltd	8,748,102,646	-
PT Motormart Multi Artha	2,689,906,947	589,999,145
PT Simpur Motor Lestari	1,872,191,799	886,455,445
YAP Global	673,119,119	-
OKI General Trading LLC	-	1,529,926,240
Sunshine (Far East) Ltd - Guinea	-	1,416,858,000
Others (Below Rp 500,000,000 each)	3,901,097,562	1,749,078,234
Subtotal	83,624,070,313	30,632,599,042
Allowance for impairment losses	(215,211,854)	-
Subtotal	83,408,858,459	30,632,599,042
Net	83,408,858,459	34,417,470,610
b. By age category		
Not yet due	38,359,350,243	21,373,154,157
Past due		
1 - 30 days	11,157,808,652	9,968,792,415
31 - 60 days	15,737,141,948	320,782,977
61 - 90 days	2,286,174,529	401,726,167
91 - 120 days	2,093,417,275	-
121 - 180 days	6,736,722,396	120,849,453
Over 181 days	7,253,455,270	2,232,165,441
Subtotal	83,624,070,313	34,417,470,610
Allowance for impairment losses	(215,211,854)	-
Total	83,408,858,459	34,417,470,610
c. By currency		
Singapore Dollar	19,956,059,707	16,562,827,686
US Dollar	34,720,969,234	14,661,831,722
Rupiah	28,947,041,372	3,192,811,202
Subtotal	83,624,070,313	34,417,470,610
Allowance for impairment losses	(215,211,854)	-
Total	83,408,858,459	34,417,470,610

The changes in allowance for impairment losses are as follows:

Beginning balance	-	582,399,879
Provision during the year (Note 25)	215,211,854	-
Write off during the year	-	(582,399,879)
Ending Balance	215,211,854	-

The average credit period on sales of goods is 45 days. Interest of 2% per month is charged on 2 wheeler domestic trade account 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 45,049,508,216 and Rp 13,044,316,453 as of March 31, 2017 and 2016, respectively.

Allowance for impairment losses are recognized against trade accounts receivable that are current and past due based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

As of March 31, 2017, an allowance for impairment losses of Rp 215,211,854 was provided. No allowance for impairment losses was provided as of March 31, 2016 as there has not been a significant change in credit quality and the amounts are still recoverable.

Management believes that the allowance for impairment losses on trade accounts receivable from third parties is adequate to cover possible losses on uncollectible accounts.

Trade accounts receivable are used as collateral for a bank loan (Note 12).

7. INVENTORIES

	March 31, 2017	March 31, 2016
	Rp	Rp
Finished goods	4,893,211,361	5,295,639,033
Materials, components and spare parts	85,051,138,663	79,478,239,773
Others	378,902,427	317,745,964
Total	90,323,252,451	85,091,624,770
Allowance for inventory obsolescence	(1,223,471,848)	(1,435,699,732)
Net	89,099,780,603	83,655,925,038

The change in allowance for inventory obsolescence is as follows:

Beginning balance	1,435,699,732	1,959,536,813
Provision during the year	1,094,090,848	984,061,769
Write-off during the year	(1,306,318,732)	(1,507,898,850)
Ending Balance	1,223,471,848	1,435,699,732

Management believes that allowance for inventory obsolescence is adequate.

All inventories are insured with total coverage of US$ 7,000,000 and Rp 7,500,000,000 as of March 31, 2017 and US$ 7,000,000 as of March 31, 2016 to PT Asuransi Multi Artha Guna Tbk., PT Asuransi FPG Indonesia, and PT Chubb General Insurance Indonesia.

Inventories are used as collateral for a bank loan (Note 12).

8. PREPAID TAXES

Income tax (Note 26)	1,789,788,372	1,322,148,372
Value added tax (VAT)		
2017	20,388,281,768	-
2016	12,845,867,693	12,977,198,965
2014	-	19,946,064,092
2008	5,930,753,663	5,930,753,663
Total	40,954,691,496	40,176,165,092
Claims for VAT refund - noncurrent portion	(20,388,281,768)	(5,930,753,663)
Current portion	20,566,409,728	34,245,411,429

On December 8, 2016, based on the Supreme Court's order No. 1546/B/PK/PJK/2016, the Company shall receive VAT refund along with penalty for Rp 5,930,753,663.

On January 24, 2017, based on the Tax Decision letter No. 055-0010-2017, the Company received Rp 19,851,932,762 out of its total claim of Rp 19,946,064,092. The difference of Rp 94,131,330 was recorded as expense under taxes, permit and license in general and administrative expenses.

As of March, 2017, the objection letters for claims for VAT refund amounting to Rp 20,388,281,768 and Rp 12,388,281,768 are still in progress. 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, 2016	Additions	Deductions	Revaluation	March 31, 2017
	Rp	Rp	Rp	Rp	Rp
Revalued amount:					
Land	272,063,000,000	-	-	17,716,000,000	289,779,000,000
Cost:					
Buildings	79,942,536,922	207,000,000	-	-	80,149,536,922
Machinery and tools	104,057,259,480	684,573,240	-	-	104,741,832,720
Moulds and dies	88,595,005,404	2,473,423,401	-	-	91,068,428,805
Office equipment and furnitures	10,000,244,860	518,097,350	190,691,701	-	10,327,650,509
Vehicle	780,003,334	-	-	-	780,003,334
Total	555,438,050,000	3,883,093,991	190,691,701	17,716,000,000	576,846,452,290
Accumulated depreciation:					
Buildings	34,931,936,356	3,997,155,202	-	-	38,929,091,558
Machinery and tools	78,955,777,159	8,923,605,289	-	-	87,879,382,448
Moulds and dies	16,340,356,191	2,870,628,299	-	-	19,210,984,490
Office equipment and furnitures	9,184,777,314	373,278,984	187,495,528	-	9,370,560,770
Vehicle	667,329,435	81,125,190	-	-	748,454,625
Total	140,080,176,455	16,245,792,964	187,495,528	-	156,138,473,891
Net Book Value	415,357,873,545				420,707,978,399

	April 1, 2015	Additions	Deductions	Revaluation	March 31, 2016
	Rp	Rp	Rp	Rp	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				415,357,873,545

Depreciation expense was allocated to the following:

	March 31, 2017	March 31, 2016
	Rp	Rp
Manufacturing cost	15,791,388,790	15,855,206,989
General and administrative expenses (Note 25)	454,404,174	440,995,426
Total	16,245,792,964	16,296,202,415

The Company owns a piece of land located in Karawang, Ciampel – Kutanegara, Jawa Barat with a total area of 126,541 square meters as of March 31, 2017 and 2016, with Building Use Rights (HGB) expiring on November 11, 2028. Management believes that there will be no difficulty in the extension of the landrights since the land were acquired legally and supported by sufficient evidence of ownership.

An independent valuation of the Company's land was performed by KJPP Susan Widjojo & Rekan to determine the fair value of the land as of March 31, 2017 and 2016. The valuation which conforms to standards established by the Indonesian Appraisal Association was determined using the market approach.

Property, plant and equipment except land were insured with PT Asuransi Multi Artha Guna Tbk., PT Asuransi FPG Indonesia, and PT Chubb General Insurance Indonesia, against earthquake, fire, lightning, explosion and other possible risks for US$ 35,000,000 and Rp 7,500,000,000 as of March 31, 2017 and US$ 31,500,000 as of March 31, 2016. Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

	March 31, 2017	March 31, 2016
Loss from disposal in 2017 and 2016 are as follows:	Rp	Rp
Proceeds	-	29,827,328
Net book value	(3,196,173)	(31,416,018)
Loss on sale and disposal	(3,196,173)	(1,588,690)

11. DEFERRED CHARGES

This account consists of :

Product development	139,932,322,265	139,932,322,265
Accumulated amortization	(139,932,322,265)	(138,277,605,557)
Net	-	1,654,716,708
Movement of accumulated amortization is as follows:		
Beginning balance	138,277,605,557	133,313,455,433
Amortization of product development	1,654,716,708	4,964,150,124
Ending balance	139,932,322,265	138,277,605,557

Amortization expenses for product development are recorded under cost of goods sold (Note 24).

NOTES TO FINANCIAL STATEMENTS
March 31, 2017 and for the year then ended *(Continued)*

12. BANK LOANS

	March 31, 2017 Rp	March 31, 2016 Rp
Rupiah		
Bank DBS Indonesia	18,678,502,685	20,942,423,825
U.S. Dollar		
Bank SBI Indonesia (US$ 12,518,739 in 2017 and US$ 13,697,579 in 2016)	166,762,124,883	181,849,059,202
Deutsche Bank Singapore (US$ 10,000,000 in 2017)	133,210,000,000	-
Bank DBS Indonesia (US$ 768,206 in 2017 and US$ 1,855,738 in 2016)	10,233,254,675	24,636,776,267
Total	328,883,882,243	227,428,259,294
Less : Noncurrent portion	(66,611,660,500)	-
Current portion of bank loan	262,272,221,743	227,428,259,294

	March 31, 2017 Rp	March 31, 2016 Rp
The bank loans are repayable as follows:		
Due in the year		
2016	-	227,428,259,294
2017	262,272,221,743	-
2018	44,405,553,500	-
2019	22,206,107,000	-
Total	328,883,882,243	227,428,259,294
Accrued interest	1,691,755,842	1,254,606,322
Total	330,575,638,085	228,682,865,616

Bank DBS Indonesia

In May 2013, the Company obtained the following loan facilities from Bank DBS Indonesia:

- Trade Finance facility for accounts payable financing with a maximum limit of US$ 2,000,000 which will mature 12 months from agreement date.
- Term loan to finance the procurement of tooling and equipment for new types of scooter with a maximum limit of US$ 3,000,000 which will mature in February 2017.
- Overdraft to working capital facility with a maximum credit of Rp 15,000,000,000 which will mature 12 months from agreement date.

The Trade Finance Facility and Overdraft Working Capital Facility were extended numerous times, most recently in August 2016 and will mature 12 months from this date. Further, in March 2017, the Trade Finance Facility limit was increased from US$ 2,000,000 to US$ 5,000,000. Draw down can also be made in Indonesian Rupiah.

The term loan facility is collateralized by the Company's tooling and equipment with minimum mortgage amount of US$ 3,000,000. This facility has been fully paid in February 2017.

Interest rate per annum is at 6.50% and 11.00% for USD and IDR denominated loans, respectively.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounted to Rp 3,091,592,445 and Rp 2,015,061,871 in 2017 and 2016, respectively.

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.

The loan facilities requires the Company to maintain certain positive covenants. As of March 31, 2017 and 2016, the Company is compliant to the loan covenants.

Bank SBI Indonesia

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, 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 2017, the Company renewed the loan which will be due in March 2018. The loan bears interest rate of 7.50% per annum.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounted to Rp 13,142,248,451 and Rp 9,826,992,865 in 2017 and 2016, respectively.

Deutsche Bank Singapore

On September 23, 2016, the Company obtained a medium term loan of US$ 10,000,000 from Deutsche Bank Singapore. This loan agreement was executed in September 2016. The loan bears an interest rate of 150 basis points above three months LIBOR (net of withholding tax). The Company drew the first tranche of US$ 5,000,000 in September 2016 and the second tranche of US$ 5,000,000 in January 2017.

The loan is based on "Advance Payment and Supply Agreement" between the Company and TVS Motor Company Limited India and is secured over a lien on the collection account with Deutsche Bank, Jakarta.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounted to Rp 1,291,672,712 in 2017.

13. TRADE ACCOUNTS PAYABLE

	March 31, 2017 Rp	March 31, 2016 Rp
a. By Creditors		
Related party - TVS Motor Company Limited, India (Note 27)	22,294,951,675	55,859,568,551
Third parties		
PT Setia Guna Sejati	2,040,268,843	3,329,710,099
Chongqing Wangcheng Trading Co.,Ltd	1,999,433,878	-
PT. Gangbaro Putra	1,660,686,760	456,385,200
Daido Indonesia Manufacturing	1,184,615,550	651,568,885
PT Mitrametal Perkasa	1,031,883,313	485,768,591
PT Dharma Polimetal	296,981,707	1,215,075,500
Other (below Rp 1 billion each)	9,341,689,765	8,566,856,100
Subtotal	17,555,559,816	14,705,364,375
Total	39,850,511,491	70,564,932,926
b. By Currency		
Rupiah	23,007,775,314	12,421,448,160
U.S. Dollar	16,842,736,177	58,143,484,766
Total	39,850,511,491	70,564,932,926

14. OTHER ACCOUNTS PAYABLE

	March 31, 2017 Rp	March 31, 2016 Rp
Related party - TVS Motor Company Limited, India (Note 27)	2,256,798,416	1,491,934,802
Third parties		
PT Super Sukses Anugerah	1,045,106,708	468,284,020
Talisman Insurance Broker	824,613,580	859,153,518
PT Strategiccomm Indonesia	763,113,099	-
PT Bahana Akurasi Teknologi	492,160,700	-
PT Daekan Indar Indonesia	440,550,000	-
PT Eka Consol Utama Line	59,350,207	467,948,267
CV. Yap Global Motor	7,051,921	307,106,287
Others (below Rp 300,000,000 each)	3,491,950,414	2,520,685,479
Subtotal	7,123,896,629	4,623,177,571
Total	9,380,695,045	6,115,112,373

Other accounts payable to a related party represents bank guarantee charges and information technology service fees in 2017 and 2016.

15. TAXES PAYABLE

	March 31, 2017 Rp	March 31, 2016 Rp
Income taxes		
Article 21	309,658,376	489,380,424
Article 26	91,067,909	40,835,480
Article 4(2) Final	63,040,064	48,194,800
Article 23	43,902,571	38,138,309
Article 22	6,739,990	6,003,392
Total	514,408,910	622,552,405

16. ACCRUED EXPENSES

	March 31, 2017 Rp	March 31, 2016 Rp
Provision for sales, marketing and warranty expenses	9,178,789,854	9,789,232,501
Interest	1,781,878,364	5,789,618,594
Professional fees	2,243,060,000	2,612,811,225
Employees' social security	276,165,353	377,154,446
Others	4,404,533,827	3,790,071,560
Total	17,884,427,398	22,358,888,326

NOTES TO FINANCIAL STATEMENTS
March 31, 2017 and for the year then ended *(Continued)*

17. LOAN FROM A FINANCIAL INSTITUTION

	March 31, 2017	March 31, 2016
	Rp	Rp
US$ 12 Million IFC loan	29,172,990,533	58,016,120,531
Unamortized transaction costs	(55,562,383)	(95,879,931)
Net loan	29,117,428,150	57,920,240,600
Less current maturities	(29,117,428,150)	(28,941,680,000)
Long-term loans from a financial institution - net	-	28,978,560,600

Loan from a financial institution is repayable as follows:

Due in the year		
2016	-	28,941,680,000
2017	29,117,428,150	29,074,440,531
Total	29,117,428,150	58,016,120,531
Accrued interest	71,536,122	141,088,360
Total	29,188,964,272	58,157,208,891

On March 19, 2009, the Company entered into a 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, 2017 and 2016, this loan has outstanding principal balance of US$ 2,190,000 (Rp 29,117,428,150) and US$ 4,370,000 (Rp 58,016,120,531), respectively.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounted to Rp 2,779,224,339 and Rp 4,935,247,041 in 2017 and 2016, 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.

On July 1, 2016, the Company and TVS Motor (Singapore) Pte. Limited executed a debt to equity conversion agreement of the entire shareholder's loan amounting to USD 7,941,876, which was converted to 794,187 ordinary shares of the Company (Note 20).

Interest expense recognized in the statement of profit or loss and other comprehensive income amounted to Rp 2,214,333,940 and Rp 9,055,601,100 in 2017 and 2016, 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 254 employees and 252 employees in 2017 and 2016, respectively.

The defined benefit pension plan typically exposes the Company to actuarial risks such as: interest rate risk and salary risk.

Interest risk

A decrease in the bond interest rate will increase the plan liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability

Amounts recognized in the statement of profit or loss and other comprehensive income with respect to these post-employment benefits are as follows:

	March 31, 2017	March 31, 2016
	Rp	Rp
Service cost:		
Current service cost	2,401,735,000	2,857,431,000
Past service cost and gain from settlements	-	(1,011,133,000)
Interest cost	1,223,789,000	1,187,812,000
Components of defined benefits cost recognised in profit or loss (Note 25)	3,625,524,000	3,034,110,000
Remeasurement on the net defined benefit obligation		
Actuarial gains arising from changes in financial assumptions	(85,033,000)	(2,123,591,000)
Actuarial gains arising from experience adjustments	(637,038,000)	(1,308,677,000)
Components of defined benefit costs recognised in other comprehensive income	(722,071,000)	(3,432,268,000)
Total	2,903,453,000	(398,158,000)

The amounts recognized in statement of financial position arising from the Company's obligation with respect to its post-employment benefits are as follows:

	March 31, 2017	March 31, 2016
	Rp	Rp
Present value of post-employment benefits obligation	17,296,600,000	14,401,892,000

Changes in the present value of unfunded defined benefits obligations are as follows:

Beginning of the year	14,401,892,000	14,895,251,000
Current service cost	2,401,735,000	2,857,431,000
Interest cost	1,223,789,000	1,187,812,000
Remeasurement:		
Actuarial gains and losses arising from changes in financial assumptions	(85,033,000)	(2,123,591,000)
Actuarial gains and losses arising from experience adjustments	(637,038,000)	(1,308,677,000)
Past service cost and gain on settlements	-	(1,011,133,000)
Benefits payment	(8,745,000)	(95,201,000)
End of the year	17,296,600,000	14,401,892,000

Significant actuarial assumptions for the determination of the defined benefits obligation is discount rate and expected salary growth. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 1% higher (lower), the defined benefits obligation would decrease to Rp 15,473,275,000 (increase to Rp 19,460,329,000).
- If the expected salary growth is 1% higher (lower), the defined benefits obligation would increase to Rp 19,360,387,000 (decrease to Rp 15,305,986,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefits obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefits obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefits obligation liability recognised in the statement of financial position.

The average duration of the defined benefits obligation is 16.9 years and 18.3 years at March 31, 2017 and 2016, respectively.

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:

NOTES TO FINANCIAL STATEMENTS
March 31, 2017 and for the year then ended *(Continued)*

	March 31, 2017	March 31, 2016
Discount rate per annum	8%	8.5%
Salary increment rate per annum	7.5%	8%
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	March 31, 2017 Ordinary Shares	Percentage of Ownership	Total Capital Stock
		%	Rp
TVS Motor (Singapore) Pte., Limited	5,224,187	37%	508,835,813,800
TVS Motor Company (Europe) B.V.	2,870,000	20%	279,538,000,000
TVS Motor Company Limited, India	6,097,000	43%	593,847,800,000
Total	14,191,187	100%	1,382,221,613,800

Name of Stockholders	March 31, 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

Movements in paid-in capital are as follows:

	March 31, 2017	March 31, 2016
	Rp	Rp
Beginning of the year	1,226,947,800,000	1,129,547,800,000
Issuance of capital stock	155,273,813,800	97,400,000,000
End of the year	1,382,221,613,800	1,226,947,800,000

Changes in the Company's outstanding shares are as follows:

	March 31, 2017	March 31, 2016
	Number of Shares	Number of Shares
Beginning of the year	12,597,000	11,597,000
Issuance of capital stock for cash	800,000	1,000,000
Conversion of debt to capital stock	794,187	-
End of the year	14,191,187	12,597,000

In 2017, the loan from TVS Motor (Singapore) Pte. Limited, amounting to US$ 7,941,870 (equivalent to Rp 104,610,311,640) was converted to 794,817 shares (Note 18).

The Company also received additional capital stock subscription amounting to US$ 8,000,000 (equivalent to Rp 105,090,000,000) from TVS Motor Company Limited, India.

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.

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:

	March 31, 2017	March 31, 2016
	Rp	Rp
Beginning balance	50,287,020,000	9,911,020,000
Foreign exchange rate difference on issuance of shares	54,426,497,840	40,376,000,000
Ending balance	104,713,517,840	50,287,020,000

22. REVALUATION SURPLUS

This amount represents the increase in value of land due to revaluation.

Beginning balance	244,396,214,244	195,262,077,544
Revaluation surplus (Note 10)	17,716,000,000	49,134,136,700
Ending balance	262,112,214,244	244,396,214,244

23. NET SALES

Sales	295,594,302,930	181,920,564,920
Less sales discounts	(1,933,078,745)	(1,939,546,880)
Net	293,661,224,185	179,981,018,040

0.14% in 2017 and 21.64% in 2016, of the total net sales were made to TVS Motor Company Limited, India, the ultimate holding company (Note 27).

Details of net sales to dealers representing more than 10% of the sales are as follows:

Name of Customers	March 31, 2017 Rp	March 31, 2016 Rp
Sunshine (Far East) Ltd	65,496,495,063	41,193,356,039
Agrocorp International Pte Ltd	55,306,471,696	33,391,998,308
Golden Wings General Trading Co.	51,493,440,986	-
Stargold Motorcycle Corporation	31,763,891,553	11,381,778,306
TVS Motor Company Ltd	412,549,301	38,939,727,537
Total	204,472,848,599	124,906,860,190

24. COST OF GOODS SOLD

Raw materials and components used	218,280,319,876	139,625,056,872
Direct labor	8,700,667,892	9,400,111,150
Overhead	57,576,090,952	57,806,280,145
Total Manufacturing Cost	284,557,078,720	206,831,448,167
Finished goods		
At beginning of year	5,295,639,033	9,279,111,327
At end of year	(4,893,211,361)	(5,295,639,033)
Cost of Goods Sold	284,959,506,392	210,814,920,461

42.79% in 2017 and 55.89% in 2016 of the total purchases of raw materials and components were made from TVS Motor Company Limited, India, the ultimate holding company (Note 27).

25. OPERATING EXPENSES

Marketing

Advertising and market research	12,172,361,378	15,491,341,547
Services, trainings, and promotions	371,373,123	257,792,827
Dealer development and public relations	196,745,931	233,339,005
Free service charges	180,323,600	118,219,318
Subvention charges	-	210,388,399
Others	508,230,761	415,225,389
Total	13,429,034,793	16,726,306,485

NOTES TO FINANCIAL STATEMENTS
March 31, 2017 and for the year then ended *(Continued)*

	March 31, 2017	March 31, 2016
	Rp	Rp
General and administrative		
Salaries and allowances (Note 27)	16,826,794,290	21,265,539,460
Rental	6,166,659,195	7,508,555,896
Consultancy fees	5,949,799,737	5,309,631,453
Travel and transportation	5,298,714,742	6,025,571,109
Post-employment benefits (Note 19)	3,625,524,000	3,034,110,000
Training and development	2,591,356,341	2,132,567,273
Data processing	1,722,246,798	1,710,798,319
Research and development	1,600,737,207	1,465,429,552
Insurance	1,369,059,881	1,858,433,730
Taxes, permit and license	1,201,336,076	1,211,290,776
Honorarium	716,769,000	6,596,263,453
Professional fees	607,404,265	715,885,668
Telecommunication	508,456,902	588,313,832
Depreciation (Note 10)	454,404,174	440,995,426
Office supplies	420,800,562	390,535,746
Postage and courier	59,575,414	73,303,726
Recruitment	39,377,975	34,455,799
Business meeting	32,407,100	147,171,967
Others	619,037,427	489,045,686
Total	49,810,461,086	60,997,898,871

26. INCOME TAX

Tax expense of the Company pertains to deferred tax amounting to Rp 25,881,122,486 and Rp 20,149,698,140 in 2017 and 2016, respectively.

Current tax

The reconciliation between loss before tax per statements of profit or loss and other comprehensive income and fiscal loss is as follows:

	March 31, 2017	March 31, 2016
	Rp	Rp
Loss before tax per statements of profit or loss		
and other comprehensive income	(80,499,423,551)	(149,840,443,030)
Temporary differences:		
Provision for employee benefits - net	3,616,779,000	2,938,909,000
Depreciation of property, plant and equipment	2,043,375,138	957,147,130
Provision for accrued expenses	(610,442,647)	(5,448,136,887)
Employee vehicle ownership program	-	(754,863,747)
Total	5,049,711,491	(2,306,944,504)
Permanent differences:		
Amortization of deferred charges	1,654,716,708	4,964,150,124
Employee welfare	2,556,669,456	3,410,606,745
Tax expenses	676,065	557,273,751
Provision for inventory obsolescence	1,094,090,848	984,061,769
Interest income already subjected to final tax	(523,279,780)	(491,846,068)
Provision for impairment losses	215,211,854	-
Others	217,298,649	160,495,558
Total	5,215,383,800	9,584,741,879
Fiscal loss before fiscal loss carryforward	(70,234,328,260)	(142,562,645,655)
Fiscal loss carryforward - net of expired portion	(672,642,986,070)	(707,468,755,706)
Tax correction (unappealed tax case)	5,343,463,745	20,566,849,352
Total accumulated fiscal loss	(737,533,850,585)	(829,464,552,009)
Current tax	Nil	Nil
Prepaid taxes		
2017	467,640,000	-
2016	1,002,923,372	1,002,923,372
2015	319,225,000	319,225,000
Prepaid taxes (Note 8)	1,789,788,372	1,322,148,372

Deferred Tax

The details of the Company's deferred tax assets (liabilities) are as follows:

	April1, 2015	Credited (charged) to profit or loss for the year	Credited to Other Comprehensive Income	March 31, 2016	Credited (charged) to profit or loss for the year	Charged to Other Comprehensive Income	March 31, 2017
	Rp	Rp	Rp	Rp	Rp	Rp	Rp
Deferred tax asset (liabilities):							
Fiscal loss	96,390,332,977	(17,424,520,778)	-	78,965,812,199	(27,102,434,656)	-	51,863,377,543
Accrued expenses	3,763,343,849	(1,316,035,724)	-	2,447,308,125	(152,610,662)	-	2,294,697,463
Deferred charges	2,194,439,734	(2,194,439,734)	-	-	-	-	-
Employee vehicle ownership program	229,831,640	(188,715,937)	-	41,115,703	(41,115,703)	-	-
Property, plant and equipment	(17,442,864,076)	239,286,783	-	(17,203,577,293)	510,843,785	-	(16,692,733,508)
Post-employment benefits obligation	3,723,812,750	734,727,250	(858,067,000)	3,600,473,000	904,194,750	(180,517,750)	4,324,150,000
Deferred Tax Asset - Net	88,858,896,874	(20,149,698,140)	(858,067,000)	67,851,131,734	(25,881,122,486)	(180,517,750)	41,789,491,498

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.

NOTES TO FINANCIAL STATEMENTS
March 31, 2017 and for the year then ended *(Continued)*

A reconciliation between the tax expense and the amounts computed by applying the effective tax rates to profit before tax is as follows:

	March 31, 2017	March 31, 2016
	Rp	Rp
Loss before tax per statements of profit or loss and other comprehensive income	(80,499,423,551)	(149,840,443,030)
Tax benefit at effective tax rates	(20,124,855,888)	(37,460,110,758)
Unrecognized deferred tax on fiscal loss	44,661,016,721	53,065,182,192
Tax effect of permanent differences	1,303,845,950	2,396,185,470
Derecognition of employee vehicle ownership program	41,115,703	-
Derecognition of deferred tax on deferred charges	-	2,194,439,734
Correction of tax base	-	(45,998,498)
Tax expense	25,881,122,486	20,149,698,140

27. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

a. TVS Motor Company (Europe) B.V. and TVS Motor (Singapore) Pte., Limited, are stockholders of the Company.

b. TVS Motor Company Limited, India (TVS India) is the ultimate holding company of the Company and a stockholder.

Transactions with Related Parties

The Company entered into certain transactions with related parties, including the following:

a. Compensation paid to the Commissioners and Directors of the Company amounted to Rp 4,101,840,092 and Rp 14,349,118,192 in 2017 and 2016, respectively.

b. Net sales to a related party accounted for 0.14% in 2017 and 21.64% in 2016, of the total net sales. At reporting date, the receivables from these net sales were presented as trade accounts receivable, which constituted 0.55% of the total assets as of March 31, 2016.

c. Purchases from a related party constituted 42.79% in 2017 and 55.89% in 2016 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 5.01% and 11.05% of the total liabilities as of March 31, 2017 and 2016, respectively.

d. The Company also entered into non-trade transactions such as product developments (Note 11) and foreign guarantee charges and license agreements with a related party (Note 14).

e. The Company obtained a loan from a shareholder and incurred interest expense as discussed in Note 18.

28. SIGNIFICANT CONTRACTS AND AGREEMENTS

a. 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. This agreement was not extended further.

On April 1, 2017, the Company and TVS Motor Company Limited entered into a new License and Technical Assistance Agreement, wherein the Company obtains the right to use industrial property rights and technical information in connection with the manufacture, assembly, sale and service of TVS two and three wheeler brands. As per agreement, the Company has to pay royalty of 2% on the net ex-factory price of every product sold. The payment of royalty will only begin when the combined production of two and three wheelers exceed 20,000 units per month. This agreement will be valid for 5 years from effectivity date.

b. On June 15, 2016, the Company entered into supplemental agreement with TVS Motor (Singapore) PTE. granting right of loan conversion 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
Monetary Assets					
Cash and cash equivalents	USD	3,474,499	46,283,799,846	1,743,870	23,151,617,187
Trade accounts receivable					
Related party	USD	-	-	285,091	3,784,871,568
Third parties	USD	2,606,484	34,720,969,234	819,295	10,876,960,154
	SGD	2,093,586	19,956,059,707	1,684,927	16,562,827,686
Security deposits	USD	17,815	237,311,883	17,815	236,510,214
Total Monetary Assets			101,198,140,670		54,612,786,809
Monetary Liabilities					
Bank loans	USD	23,286,945	310,205,379,558	15,553,317	206,485,835,469
Trade accounts payable					
Related party	USD	1,075,634	14,328,520,780	4,207,560	55,859,568,551
Third parties	USD	188,741	2,514,215,397	172,033	2,283,916,215
Other accounts payable					
Related party	USD	169,417	2,256,798,416	112,378	1,491,934,802
Third parties	USD	124,986	1,664,937,707	63,843	847,585,377
Accrued expenses	USD	160,704	2,140,736,511	446,333	5,925,516,775
Loan from a financial institution	USD	2,185,829	29,117,428,150	4,362,778	57,920,240,600
Loan from a shareholder	USD	-	-	7,941,876	105,436,345,776
Total Monetary Liabilities			362,228,016,519		436,250,943,565
Net Monetary Liabilities			(261,029,875,849)		(381,638,156,756)

The conversion rates used by the Company are as follows:

	March 31, 2017	March 31, 2016
	Rp	Rp
USD	13,321	13,276
SGD	9,532	9,830

30. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Categories and Classes of Financial Instruments

	March 31, 2017		
	Loans and receivables	Liabilities at amortized cost	Total
	Rp	Rp	Rp
Financial Assets			
Cash and cash equivalents	59,574,848,658	-	59,574,848,658
Trade accounts receivable			
Third parties	83,408,858,459	-	83,408,858,459
Other current assets	1,545,716,181	-	1,545,716,181
Security deposits	1,113,503,257		1,113,503,257
Financial Liabilities			
Trade accounts payable			
Related party	-	22,294,951,675	22,294,951,675
Third parties	-	17,555,559,816	17,555,559,816
Other accounts payable			
Related party	-	2,256,798,416	2,256,798,416
Third parties	-	7,123,896,629	7,123,896,629
Accrued expenses	-	17,884,427,398	17,884,427,398
Bank loans	-	328,883,882,243	328,883,882,243
Loan from a financial institution	-	29,117,428,150	29,117,428,150
Total	145,642,926,555	425,116,944,327	570,759,870,882

NOTES TO FINANCIAL STATEMENTS
March 31, 2017 and for the year then ended *(Continued)*

	March 31, 2016		
	Loans and receivables	Liabilities at amortized cost	Total
	Rp	Rp	Rp
Financial Assets			
Cash and cash equivalents	30,851,268,776	-	30,851,268,776
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	1,378,350,602	-	1,378,350,602
Security deposits	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	67,734,913,625	489,823,779,295	557,558,692,920

b. Capital Risk Management

The Company manages capital risk to ensure that it will be able to continue as a going concern, in addition to maximizing the profits of the shareholders through the optimization of the balance of debt and equity. The Company's capital structure consists of cash and cash equivalents (Note 5), bank loans (Note 12), 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, 2017 and 2016 are as follows:

	March 31, 2017	March 31, 2016
	Rp	Rp
Debt	3 58,001,310,393	390,784,845,670
Cash and cash equivalents	59,690,186,793	30,984,603,733
Debt - net	298,311,123,600	359,800,241,937
Equity	298,452,262,571	176,874,943,718
Net debt to equity ratio	100%	203%

c. Financial risk management objectives and policies

The Company's overall financial risk management and policies seek to ensure that adequate financial resources are available for operations and development of its business, while managing its exposure to foreign exchange, interest rate, credit and liquidity risks. The Company operates within defined guidelines that are approved by the 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 loss for the year. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The Company has a policy of obtaining financing from banks which offer the most favorable interest rate. Approvals from the Directors and Commissioners must be obtained before committing the Company to any of the instruments to manage the interest rate risk exposure.

Financial instruments that are exposed to interest rate risk are included in the liquidity table in item (iv).

The sensitivity analysis below had been determined based on the exposure of the financial liabilities to floating interest rates as of March 31, 2017 and 2016. The analysis is prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year.

In 2017 and 2016, if interest rate had been 93 and 25 basis points, respectively, higher (lower) and the other variables held constant, the Company's profit after tax would decrease (increase) by Rp 1,350,711,781 and Rp 14,452,476, respectively.

ii. Foreign currency risk management

The Company is exposed to the effects of foreign currency exchange rate fluctuations mainly because of foreign currency denominated transactions such as sales and purchases of goods, and borrowings denominated in foreign currency.

The Company manages the foreign currency exposure by matching, as far as possible, receipts and payments in each individual currency. The Company's net open foreign currency exposure as of reporting date is disclosed in Note 29.

The Company is mainly exposed to the US Dollar. The following table details the Company's sensitivity to changes in Indonesian Rupiah against US Dollar. The sensitivity analysis represents management's assessment of the effect to the financial statements caused by the reasonably possible change in foreign exchange rates, on outstanding foreign currency denominated monetary financial assets and liabilities.

	2017		2016	
	Percentage of change in exchange rate	Effect on profit or loss after tax	Percentage of change in exchange rate	Effect on profit or loss after tax
		Rp		Rp
US Dollar	2%	4,214,789,033	4%	11,946,029,534

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, except for the Philippine customers whom the sales are partially on letter of credit basis and on open terms with extended credit period, 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 36,091,291,520 and Rp 29,711,458,260 as of March 31, 2017 and 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.

NOTES TO FINANCIAL STATEMENTS
March 31, 2017 and for the year then ended *(Continued)*

The table below summarizes the maturity profile of financial assets and liabilities based on remaining maturity of contractual undiscounted payments as of March 31, 2017 and 2016.

	March 31, 2017						
	Weighted average effective interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5+ years	Total
		Rp	Rp	Rp	Rp	Rp	Rp
Financial assets							
Non-interest bearing							
Cash on hand		115,338,135	-	-	-	-	115,338,135
Trade accounts receivable		9,616,330,510	43,860,104,599	29,932,423,350	-	-	83,408,858,459
Security deposits		-	-	-	1,113,503,257	-	1,113,503,257
Other current assets		216,517,953	338,423,311	990,774,917	-	-	1,545,716,181
Variable interest rate instruments							
Cash in banks	1.5% - 2.25%	35,441,719,619	-	-	-	-	35,441,719,619
Fixed interest rate instruments							
Time deposits	1.5% - 8%	18,426,547,308	6,497,289,543	-	-	-	24,923,836,851
Total		63,816,453,525	50,695,817,453	30,923,198,267	1,113,503,257	-	146,548,972,502
Financial liabilities							
Non-interest bearing							
Trade accounts payable							
Related party		-	10,640,592,099	11,654,359,576	-	-	22,294,951,675
Third party		4,650,086,870	6,539,028,324	6,366,444,622	-	-	17,555,559,816
Other accounts payable							
Related party		-	2,256,798,416	-	-	-	2,256,798,416
Third party		2,683,813,595	4,440,083,034	-	-	-	7,123,896,629
Accrued expense		9,635,100,085	4,868,988,842	1,808,717,309	1,571,621,162	-	17,884,427,398
Variable interest rate instruments							
Bank loans	2.5% - 5.4%	3,436,351,419	13,116,866,320	83,644,043,080	67,180,134,175	-	167,377,394,994
Fixed interest rate instruments							
Bank loans	7.5% - 12.7%	3,285,352,641	2,056,429,408	173,768,285,001	-	-	179,110,067,050
Loan from a financial institution	5.52%	-	-	30,382,590,084	-	-	30,382,590,084
Total		23,690,704,610	43,918,786,443	307,624,439,672	68,751,755,337	-	443,985,686,062
Maturity GAP		40,125,748,915	6,777,031,010	(276,701,241,405)	(67,638,252,080)	-	(297,436,713,560)

	March 31, 2016						
	Weighted average effective interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5+ years	Total
		Rp	Rp	Rp	Rp	Rp	Rp
Financial assets							
Non-interest bearing							
Cash on hand		133,334,957	-	-	-	-	133,334,957
Trade accounts receivable		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	823,587,860	-	-	1,378,350,602
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% - 9.75%	13,298,126,667	7,278,423,611	-	-	-	20,576,550,278
Total		34,913,189,502	29,757,873,312	2,576,577,452	1,087,823,637	-	68,335,463,903
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		2,390,846,522	2 232,331,049	-	-	-	4,623,177,571
Accrued expense		10,318,771,465	7,650,544,942	4,389,571,919	-	-	22,358,888,326
Variable interest rate instruments							
Bank loans	5.15% - 13.0%	1,048,578,839	2,079,249,682	2,575,269,320	-	-	5,703,097,841
Fixed interest rate instruments	6.5%						
Bank loans	6.5% - 11%	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		19,310,515,579	64,352,661,507	84,867,432,149	364,484,888,825	-	533,015,498,060
Maturity GAP		15,602,673,923	(34,594,788,195)	(82,290,854,697)	(363,397,065,188)	-	(464,680,034,157)

d. Fair value of financial instruments

Fair value of financial instruments carried at amortized cost

Except as shown in the following table, the 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, 2017		March 31, 2016	
	Carrying value	Fair value	Carrying value	Fair value
	Rp	Rp	Rp	Rp
Loan from a shareholder	-	-	105,436,345,776	107,976,373,056
Loan from financial institution	29,117,428,150	29,447,608,235	57,920,240,600	58,016,120,531

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 was determined based on market approach that considers current market value from identical or comparable assets transaction.

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, 2017			
	Level 1	Level 2	Level 3	Total
	Rp	Rp	Rp	Rp
Non-financial assets measured at fair value				
Land	-	289,779,000,000	-	289,779,000,000
Liabilities to which fair value are disclosed				
Loans from financial institution	-	29,447,608,235	-	29,447,608,235
Total	-	319,226,608,235	-	319,226,608,235

	March 31, 2016			
	Level 1	Level 2	Level 3	Total
	Rp	Rp	Rp	Rp
Non-financial assets measured at fair value				
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	-	58,016,120,531	-	58,016,120,531
Total	-	438,055,493,587	-	438,055,493,587

In 2017 and 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 total comprehensive loss of Rp 88,122,992,787 during the year ended March 31, 2017 and, as of that date, the Company's current liabilities exceeded its current assets by Rp 101,638,731,851. Further, the Company incurred a deficit of Rp 1,456,000,108,313 as of March 31, 2017, as a result of recurring losses from operations due to significant operating expenses. The Company is still developing its market share and introducing its brand in Indonesia. In introducing its new brand, the Company has to compete with the existing well-known 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.

In the current year, the Company had increased operating capacity through export sales resulting in a positive gross profit.

Management also implemented and continues to implement the following measures:

- Continued focus on export markets;
- Aim to create own niche segment in the local market;
- Increasing sales volume and improvements to margins;
- Focus on selling three wheelers; and
- Continued efforts on reducing the cost and eliminating waste.

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. MANAGEMENT'S RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The preparation and fair presentation of the financial statements on pages 1 to 40 were the responsibilities of the management, and were approved by the Directors and authorized for issue on April 20, 2017

RE-STATED ACCOUNTS OF
PT. TVS MOTOR COMPANY INDONESIA

BALANCE SHEET AS AT 31ST MARCH 2017

	Notes	IDR in Mn.	Rupees in crores
ASSETS			
Non-current assets			
Property, plant and equipment	1	470,240.68	191.28
Non-Current tax assets (Net)		1,789.79	0.87
Other non-current assets	2	21,501.78	10.48
		493,532.25	202.63
Current assets			
Inventories	3	89,099.78	43.43
Financial assets			
i. Trade receivables	4	83,408.86	40.66
ii. Cash and cash equivalents	5	59,690.19	29.10
Other current assets	6	25,216.05	12.29
		257,414.88	125.48
Total Assets		750,947.13	328.11
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	1,382,221.61	727.17
Other equity	8	(1,081,431.17)	(618.52)
		300,790.44	108.65
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	9	66,605.00	32.47
Provisions	10	22,701.63	11.06
		89,306.63	43.53
Current liabilities			
Financial liabilities			
i. Borrowings	11	195,673.88	95.40
ii. Trade payables	12	67,115.63	32.72
iii. Other financial liabilities	13	95,722.43	46.66
Other current liabilities	14	2,338.12	1.15
		360,850.06	175.93
Total liabilities		450,156.69	219.46
Total Equity and Liabilities		750,947.13	328.11

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

Sl. No.		Notes	IDR in Mn.	Rupees in crores
I	Revenue from operations	15	293,747.30	148.94
II	Other income	16	546.31	0.28
III	Total Income (I +II)		294,293.61	149.22
IV	Expenses:			
	Cost of material consumed	17	215,409.69	109.17
	Purchase of stock in trade	17	-	-
	Changes in inventories of finished goods, stock-in -trade and work-in-progress	17	402.43	0.26
	Employee benefits expense	18	50,384.67	25.55
	Finance costs	19	26,590.84	13.49
	Depreciation and amortisation expense	1	18,740.17	13.44
	Other expenses	20	63,924.39	32.41
			375,452.19	194.32
V	Profit before exceptional items (III - IV)		(81,158.58)	(45.10)
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		(81,158.58)	(45.10)
VIII	Tax expense			
	i) Current tax		-	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		(81,158.58)	(45.10)
X	Other Comprehensive Income			
	A. Items that will not be reclassified to profit or loss		-	-
	B. Items that will be reclassified to profit or loss			
	Foreign currency translation adjustments		-	(21.03)
			-	(21.03)
XI	Total Comprehensive Income (IX+X)		(81,158.58)	(66.13)
XII	Earnings per equity share (Face value of IDR.97,400/- each)			
	Basic & Diluted earnings per share (in IDR / in rupees)		(5,718.94)	(31.78)

Notes on accounts

FIXED ASSETS

1 Property, Plant & Equipment — **IDR in Millions**

Description	Property, Plant & Equipment					
	Land	Buildings	Plant & equipment	Vehicles	Furniture, fixtures and equipments	Total
	1	2	3	4	5	6
Cost of assets						
Gross carrying value as at 01-04-2016	222,928.86	94,003.82	304,583.80	780.00	10,000.24	632,296.72
Additions	-	207.00	3,158.00	-	518.10	3,883.10
Sub-total	222,928.86	94,210.82	307,741.80	780.00	10,518.34	636,179.82
Sales / deletion	-	-	-	-	190.69	190.69
Total	222,928.86	94,210.82	307,741.80	780.00	10,327.65	635,989.13
Depreciation / Amortisation						
Upto 31-03-2016	-	36,938.42	100,405.24	667.34	9,184.78	147,195.78
For the year	-	4,700.22	13,585.54	81.13	373.28	18,740.17
Sub-total	-	41,638.64	113,990.78	748.47	9,558.06	165,935.95
Withdrawn on assets sold / deleted	-	-	-	-	187.50	187.50
Total	-	41,638.64	113,990.78	748.47	9,370.56	165,748.45
Carrying value						
As at 31-03-2017	222,928.86	52,572.18	193,751.02	31.53	957.09	470,240.68

1 Property, Plant & Equipment — **Rupees in crores**

Description	Property, Plant & Equipment					
	Land	Buildings	Plant & equipment	Vehicles	Furniture, fixtures and equipments	Total
	1	2	3	4	5	6
Cost of assets						
Gross carrying value as at 01-04-2016	111.46	46.79	149.10	0.39	5.00	312.74
Additions	-	0.10	1.54		0.25	1.89
Foreign Currency translation reserve difference	(2.78)	(1.00)	(2.41)	(0.01)	(0.12)	(6.32)
Sub-total	108.68	45.89	148.23	0.38	5.13	308.31
Sales / deletion	-	-	-	-	0.09	0.09
Total	108.68	45.89	148.23	0.38	5.04	308.22
Depreciation / Amortisation						
Upto 31-03-2016	-	18.25	78.46	0.33	4.59	101.63
For the year	-	2.37	10.84	0.04	0.19	13.44
Foreign Currency translation reserve difference	-	(0.52)	2.60	-	(0.12)	1.96
Sub-total	-	20.10	91.90	0.37	4.66	117.03
Withdrawn on assets sold / deleted	-	-	-	-	0.09	0.09
Total	-	20.10	91.90	0.37	4.57	116.94
Carrying value						
As at 31-03-2017	108.68	25.79	56.33	0.01	0.47	191.28

Notes on accounts - (continued)

		IDR in Mn. As at 31-03-2017	Rupees in crores As at 31-03-2017
2	**OTHER NON-CURRENT ASSETS**		
	Advances other than capital advances:		
	Deposits made	1,113.50	0.54
	VAT receivable	20,388.28	9.94
		21,501.78	10.48
3	**INVENTORIES**		
	Raw materials and components	83,827.67	40.86
	Finished goods	4,893.21	2.39
	Stores and spares	378.90	0.18
		89,099.78	43.43
4	**TRADE RECEIVABLES**		
	Secured, considered good	-	-
	Unsecured, considered good	83,408.86	40.66
	Doubtful	-	-
		83,408.86	40.66
	Less: Allowance for doubtful debts	-	-
		83,408.86	40.66
5	**CASH AND CASH EQUIVALENTS**		
	Balances with banks in current accounts	34,832.16	16.98
	Deposits with maturity of less than three months	24,742.69	12.06
	Cash on hand	115.34	0.06
		59,690.19	29.10

Notes on accounts - (continued)

		IDR in Mn. As at 31-03-2017	Rupees in crores As at 31-03-2017
6	**OTHER CURRENT ASSETS**		
	VAT/IT/Excise receivable	18,776.62	9.15
	Vendor advance	2,319.97	1.13
	Others	4,119.46	2.01
		25,216.05	12.29
7	**EQUITY SHARE CAPITAL**		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	1,50,00,000 Ordinary shares of IDR.97,400 each	1,461,000.00	768.61
	Issued, subscribed and fully paid up:		
	1,41,91,187 Ordinary shares of IDR.97,400 each	1,382,221.61	727.17
		1,382,221.61	727.17
8	**OTHER EQUITY**		
	General reserve	(8,135.60)	(0.81)
	Retained earnings	(1,178,009.09)	(579.81)
	Foreign currency translation reserve	104,713.52	(37.90)
		(1,081,431.17)	(618.52)

9 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES

Borrowings

Description	Frequency	No. of instalments due	Maturity	IDR in Mn.	Rupees in crores
Secured:					
Financial Institution	Half- yearly	2	Mar 2018	29,117.43	14.19
Term Loan from Bank	Quarterly	6	Jan 2019	133,210.00	64.94
Total Borrowings :				162,327.43	79.13
Less : Current maturities of long-term borrowings				95,722.43	46.66
(Refer Note No. 13)					
Total Long-term Borrowings				66,605.00	32.47

Details of securities created:
(i) Term loans from Financial Institution is secured by collateral on property, plant and equipment
(ii) Term loan from Bank is secured by a lien on collection account.

Amount payable in each instalments:

Description	Currency	Amount
Term loan from Bank	USD	1.66 Million

Notes on accounts - (continued)

		IDR in Mn. As at/year ended 31-03-2017	Rupees in crores As at/year ended 31-03-2017
10	**NON - CURRENT LIABILITIES - PROVISIONS**		
	Pension	22,701.63	11.06
		22,701.63	11.06
11	**FINANCIAL LIABILITIES - BORROWINGS (CURRENT)**		
	Borrowings repayable on demand from banks		
	Secured	195,673.88	95.40
		195,673.88	95.40

Short term borrowings from banks include :

a) A loan of Rs.81.30 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India and

b) A loan of Rs.9.11 crores in IDR and Rs. 4.99 crores in USD obtained from another bank secured by inventories and trade receivable.

		IDR in Mn.	Rupees in crores
12	**TRADE PAYABLES**		
	Current		
	Dues to Micro and Small Enterprises **	-	-
	Dues to enterprises other than Micro and Small Enterprises	67,115.63	32.72
		67,115.63	32.72

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

		IDR in Mn.	Rupees in crores
13	**OTHER FINANCIAL LIABILITIES**		
	Current		
	Current Maturities of long term borrowings		
	(i) Financial Institution	29,117.43	14.19
	(ii) Term loan from bank	66,605.00	32.47
		95,722.43	46.66
14	**OTHER CURRENT LIABILITIES**		
	Statutory dues	514.41	0.25
	Advance received from customers	1,823.71	0.90
		2,338.12	1.15
15	**REVENUE FROM OPERATIONS**		
	Sale of products	293,661.22	148.90
	Other operating revenue	86.08	0.04
		293,747.30	148.94
16	**OTHER INCOME**		
	Interest income	546.31	0.28
		546.31	0.28

Notes on accounts - (continued)

			IDR in Mn. As at/year ended 31-03-2017	Rupees in crores As at/year ended 31-03-2017
17	**MATERIAL COST :**			
	Cost of Materials Consumed			
	Opening stock of raw materials and components		78,042.54	39.02
	Add: Purchases		221,194.82	111.01
			299,237.36	150.03
	Less: Closing stock of raw materials and components		83,827.67	40.86
	Consumption of raw materials and components		215,409.69	109.17
	Purchases of stock-in-trade		-	-
	Changes in inventories of finished goods, work-in-progress and stock-in-trade:			
	Opening stock:			
	Work-in-progress		-	-
	Stock-in-trade		-	-
	Finished goods		5,295.64	2.65
		(A)	5,295.64	2.65
	Closing stock:			
	Work-in-progress		-	-
	Stock-in-trade		-	-
	Finished goods		4,893.21	2.39
		(B)	4,893.21	2.39
		(A)-(B)	402.43	0.26
18	**EMPLOYEE BENEFITS EXPENSE**			
	Salaries, wages and bonus		41,483.59	21.03
	Contribution to provident and other funds		5,074.22	2.58
	Staff welfare expenses		3,826.86	1.94
			50,384.67	25.55
19	**FINANCE COSTS**			
	Interest		27,365.22	13.88
	Exchange differences		(774.38)	(0.39)
			26,590.84	13.49
20	**OTHER EXPENSES**			
	(a) Consumption of stores, spares and tools		1,433.74	0.73
	(b) Power and fuel		2,890.15	1.47
	(c) Rent		8,263.03	4.19
	(d) Repairs - buildings		1,784.53	0.90
	(e) Repairs - plant and equipment		588.51	0.30
	(f) Insurance		1,369.06	0.69
	(g) Rates and taxes (excluding taxes on income)		1,201.34	0.61
	(h) Audit fees		607.40	0.31
	(i) Packing and freight charges		14,392.54	7.30
	(j) Advertisement and publicity		12,172.36	6.17
	(k) Other marketing expenses		1,384.16	0.70
	(l) Loss on impairment of assets		218.41	0.11
	(m) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.10 lakh, whichever is higher)		17,619.16	8.93
			63,924.39	32.41

Independent Auditor's Report

Board of Directors
Sundaram-Clayton (USA) Limited

We have audited the accompanying financial statements of Sundaram Clayton (USA) Limited ('the Company'), an Illinois corporation, which comprise the balance sheets as at March 31, 2017 and March 31, 2016 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, 2017 and March 31, 2016 and the results of its operations and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

KNAV P.A.
Atlanta, Georgia

April 11, 2017

BALANCE SHEETS
(All amounts in United States Dollars, unless otherwise stated)

	As at	
	March 31, 2017	**March 31, 2016**
ASSETS		
Current assets		
Cash & cash equivalents	15,608	25,615
Total assets	15,608	25,615
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Other current liabilities and provisions	14,135	24,529
Total current liabilities	14,135	24,529
Stockholder's equity		
Common stock, $1 par, 100 shares authorized; 100 shares issued and outstanding	100	100
Accumulated surplus	1,373	986
Total stockholder's equity	1,473	1,086
Total liabilities and stockholder's equity	15,608	25,615

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF INCOME
(All amounts in United States Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2017	**March 31, 2016**
Revenues		
Service fees	10,064	10,137
Total revenues	10,064	10,137
Costs and expenses		
General and administrative expenses	9,577	9,673
Total costs and expenses	9,577	9,673
Income before tax	487	464
Income tax expense	100	145
Net income	387	319

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF STOCKHOLDER'S EQUITY
(All amounts in United States Dollars, except number of shares)

For the years April 01, 2016 to March 31, 2017 and April 01, 2015 to March 31, 2016

Particulars	Common stock				Accumulated surplus	Total stockholder's equity
	Authorized		Issued & outstanding			
	Shares	Value	Shares	Value		
Balance as at April 1, 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
Balance as at April 1, 2016	100	100	100	100	986	1,086
Net income for the year	-	-	-	-	387	387
Balance as at March 31, 2017	100	100	100	100	1,373	1,473

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF CASH FLOWS
(All amounts in United States Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2017	**March 31, 2016**
Cash flow from operating activities		
Net income	387	319
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Changes in assets and liabilities		
Other current liabilities	(10,394)	10,281
Net cash (used in) provided by operating activities	(10,007)	10,600
Net (decrease) increase in cash and cash equivalents	(10,007)	10,600
Cash and cash equivalents at the beginning of the year	25,615	15,015
Cash and cash equivalents at the end of the year	15,608	25,615
Supplemental cash flow information		
Income taxes paid	100	74

(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-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

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 year April 01, 2016 to March 31, 2017 and previous year April 01, 2015 to March 31, 2016.

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.

	As at	
	March 31, 2017	**March 31, 2016**
NOTE B - CASH AND CASH EQUIVALENTS		
Cash and cash equivalents of the Company comprise of:		
Bank balance	15,608	25,615
Total	15,608	25,615

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, 2017 & March 31, 2016, the Company had $ Nil cash at risk.

NOTE C - OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

	As at/For the year ended	
	March 31, 2017	**March 31, 2016**
Advance from related party (Refer note E)	14,031	24,425
Provision for tax	104	104
Total	14,135	24,529

NOTE D - INCOME TAXES

The Company files federal and state tax returns as a Chapter C corporation. The income tax expense for the years is as follows:

Current tax	100	145
Total	100	145

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 tax years of 2013 through 2015 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 year are provided hereunder:

Name of the related party	Relationship
Sundaram Clayton Limited – USA branch office	Branch of parent company

b) Summary of the transactions with related parties are as follows:

Particulars	For the year ended	
	March 31, 2017	**March 31, 2016**
Transactions during the period		
• PEO service charges	10,064	10,137
Balances at year end		
• Advance payable	14,031	24,425

NOTE F - CONCENTRATION OF RISKS

The only customer of the Company is Sundaram-Clayton Limited (USA branch office) located in Illinois, North America. Accordingly, trade receivables are concentrated in North America. The Company derives all its revenue from its parent company. 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, 2017 (March 31, 2016: $ Nil). The advance payable to the parent company as at March 31, 2017 is $ 14,031 (March 31, 2016: $ 24,425).

NOTE G - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 11, 2017 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

Balance Sheet as at 31st March 2017

	Note	in USD As at 31-03-2017	Rupees in crores As at 31-03-2017
ASSETS			
Non-current assets			
Property, plant and equipment		-	-
Non-Current tax assets (Net)		-	-
		-	-
Current assets			
Financial assets			
Cash and cash equivalents	1	15,608.00	0.10
		15,608.00	0.10
Total Assets		15,608.00	0.10
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2	100.00	-
Other equity	3	1,373.00	0.01
		1,473.00	0.01
Liabilities			
Current liabilities			
Other current liabilities	4	14,135.00	0.09
		14,135.00	0.09
Total equity and liabilities		15,608.00	0.10

Notes on Accounts

		in USD As at 31.03.2017	Rupees in crores As at 31.03.2017
1	CASH AND CASH EQUIVALENTS		
	Balance with banks	15,608.00	0.10
		15,608.00	0.10
2	EQUITY SHARE CAPITAL		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	100 Ordinary shares of USD 1 each	100.00	-
	Issued, subscribed and fully paid up:		
	100 Ordinary shares of USD 1 each	100.00	-
		100.00	-
3	OTHER EQUITY		
	General reserve	-	-
	Retained earnings	1,373.00	0.01
	Foreign currency translation reserve	-	-
		1,373.00	0.01
4	OTHER CURRENT LIABILITIES		
	Advance from related party	14,031.00	0.09
	Provision for tax	104.00	-
		14,135.00	0.09

Statement of Profit and loss for the year ended 31st March 2017

		Notes	in USD 31-03-2017	Rupees in crores 31-03-2017
I	Revenue from operations	5	10,064.00	0.07
II	Other income		-	-
III	Total Income (I +II)		10,064.00	0.07
IV	Expenses:			
	Other expenses	6	9,577.00	0.06
			9,577.00	0.06
V	Profit before exceptional items (III - IV)		487.00	0.01
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		487.00	0.01
VIII	Tax expense			
	i) Current tax		100.00	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		387.00	0.01
X	Other Comprehensive Income			
	A. Items that will not be reclassified to profit or loss		-	-
	B. Items that will be reclassified to profit or loss			
	Foreign currency translation adjustments		-	-
			-	-
XI	Total Comprehensive Income (IX + X)		387.00	0.01
XII	Earnings per equity share (Face value of USD 1/- each)			
	Basic & Diluted earnings per share (in USD / in rupees)		3.87	933.03

Notes on Accounts - *(Continued)*

		in USD As at 31.03.2017	Rupees in crores As at 31.03.2017
5	REVENUE FROM OPERATIONS		
	Service fee	10,064.00	0.07
		10,064.00	0.07
6	OTHER EXPENSES		
	General and administrative expenses	9,577.00	0.06
		9,577.00	0.06

Independent Auditor's Report

The Board of Directors
Sundaram Holding USA, Inc. and subsidiaries

We have audited the accompanying consolidated financial statements of Sundaram Holding USA, Inc. and subsidiaries ('the Company'), which comprise the consolidated balance sheets as at March 31, 2017 and March 31, 2016 and the related consolidated statements of loss, changes in stockholders' equity/deficit and cash flows for the year April 01, 2016 to March 31, 2017 and 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the consolidated financial position of the Company as at March 31, 2017 and March 31, 2016 and the results of its operations and its cash flows for the year April 01, 2016 to March 31, 2017 and for the period September 09, 2015 to March 31, 2016, in accordance with the accounting principles generally accepted in the United States of America.

Knav P.A.
Atlanta, Georgia

April 5, 2017

CONSOLIDATED BALANCE SHEET

(All amounts in United States Dollars, unless otherwise stated)

	As at March 31, 2017	As at March 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	**1,014,328**	1,000
Other current assets	**2,650**	-
Total current assets	**1,016,978**	1,000
Property and equipment	**3,031,390**	-
Capital advances	**48,827**	-
Total assets	**4,097,195**	1,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Other current liabilities	**52,318**	310,318
Total current liabilities	**52,318**	310,318
Stockholders' equity (deficit)		
Common stock, $1 par, 10,000,000 shares authorized; 5,294,432 (Previous year 1,000 shares) issued and outstanding (Refer Note K)	**5,294,432**	1,000
Accumulated deficit	**(1,249,555)**	(310,318)
Total stockholders' equity (deficit)	**4,044,877**	(309,318)
Total liabilities and stockholders' equity (deficit)	**4,097,195**	1,000

(The accompanying notes are an integral part of these financial statements)

CONSOLIDATED STATEMENT OF LOSS

(All amounts in United States Dollars, unless otherwise stated)

	As at March 31, 2017	As at March 31, 2016
Costs and expenses		
Depreciation	**9,224**	-
General and administrative expenses	**929,963**	310,318
Total costs and expenses	**939,187**	310,318
Loss before tax	**(939,187)**	(310,318)
Income tax expense	**50**	-
Net loss	**(939,237)**	(310,318)

(The accompanying notes are an integral part of these financial statements)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

(All amounts in United States Dollars, except number of shares)

For the year ended March 31, 2017 and March 31, 2016

Particulars	Common stock				Accumulated deficit US$	Total stockholder's equity (deficit) US$
	Authorized		Issued & outstanding			
	Shares	Value US$	Shares	Value US$		
Authorized 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)
Balance as on April 01, 2016	10,000,000	10,000,000	1,000	1,000	(310,318)	(309,318)
Common stock issued	-	-	5,293,432	5,293,432	-	5,293,432
Net loss	-	-	-	-	(939,237)	(939,237)
Balance as at March 31, 2017	10,000,000	10,000,000	5,294,432	5,294,432	(1,249,555)	4,044,877

(The accompanying notes are an integral part of these financial statements)

CONSOLIDATED STATEMENT OF CASH FLOWS
(All amounts in United States Dollars unless otherwise stated)

	As at March 31, 2017	As at March 31, 2016
Cash flow from operating activities		
Net loss	**(939,237)**	(310,318)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	**9,224**	-
Changes in assets and liabilities		
Other current liabilities	**235,433**	310,318
Other current assets	**(2,650)**	-
Net cash used in operating activities	**(697,230)**	-
Cash flow from investing activities		
Purchase of property and equipment	**(3,040,615)**	-
Capital advance paid	**(48,827)**	-
Net cash used in investing activities	**(3,089,442)**	-
Cash flow from financing activities		
Issuance of common stock	**4,800,000**	1,000
Net cash provided by financing activities	**4,800,000**	1,000
Net increase in cash and cash equivalents	**1,013,328**	1,000
Cash and cash equivalents at the beginning of the period	**1,000**	-
Cash and cash equivalents at the end of the period	**1,014,328**	1,000
Supplemental non-cash information		
Amount payable converted into equity contribution. (Refer Note K)	**493,432**	-

(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 held by Sundaram Auto Components Limited and Sundaram Clayton Limited. The Company is a member in four single member limited liability companies - Green Hills Land Holding LLC, Component Equipment Leasing LLC, Workspace Projects LLC and Premier Land Holding LLC (incorporated on December 06, 2016). The Company and its subsidiaries are in a start-up phase and they are yet to start their revenue generating activities.

2. **Basis of preparation**

a. The accompanying consolidated 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 consolidated financial statements are for the year April 01, 2016 to March 31, 2017 and for the period September 09, 2015 (date of inception) to March 31, 2016.

c. Certain reclassifications, regroupings and reworking have been made in the consolidated financial statements of prior period to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or stockholders’ deficit.

3. **Estimates and assumptions**

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The management’s estimates for realization of deferred tax assets 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. **Cash and cash equivalents**

The Company considers all highly liquid investments and deposits with an original maturity of ninety days or less to be cash equivalents. Cash and cash equivalents comprise of balances in bank accounts and cash in hand.

5. **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.

6. **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.

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.

8. **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful life of the assets using the straight-line method. When assets are retired or otherwise disposed of, the cost of the asset and related depreciation are eliminated from the financial records. Any gain or loss on disposition is credited or charged to income.

The estimated useful lives of assets are as follows:

Land	Indefinite life
Vehicles	6-7 years
Furniture and fixtures	10-11 years
Computer and equipment	3-4 years

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Company comprise of:

	As at March 31, 2017	As at March 31, 2016
Cash in hand	**-**	1,000
Balance with banks	**1,014,328**	-
Total	**1,014,328**	1,000

Cash balances with banks in the United States are insured by the Federal Deposit Insurance Corporation ('FDIC') up to $ 250,000 at March 31, 2017 and the Company's non-interest bearing cash balances may exceed federal insured limits.

As on March 31, 2016, cash in hand comprised of cash received for shares issued and held in trust with the officer of the Company.

NOTE C - OTHER CURRENT ASSETS

Other current assets comprise of:

	As at March 31, 2017	As at March 31, 2016
Prepaid expense	**2,650**	-
Total	**2,650**	-

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment of the Company comprise of:

	As at March 31, 2017	As at March 31, 2016
Land	**2,934,860**	-
Vehicles	**89,051**	-
Furniture and fixtures	**9,556**	-
Computer and equipment	**7,147**	-
Less: Accumulated depreciation	**(9,224)**	-
Total	**3,031,390**	-

Depreciation for the year ended March 31, 2017 was $ 9,224 (March 31, 2016: Nil).

NOTE E - CAPITAL ADVANCES

The capital advances made during the year include $ 8,500 for the construction of manufacturing facility in Ridgeville, South Carolina and $ 40,327 for installing conferencing equipment in the office premises.

NOTE F - OTHER CURRENT LIABILITIES

	As at March 31, 2017	As at March 31, 2016
Payable to employees	**38,995**	-
Accrued expenses	**13,298**	-
Provision for taxation	**25**	-
Total	**52,318**	-

NOTE G - INCOME TAXES

For the year ended March 31, 2017, the Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

The components of the provision for income taxes are as follows:

	As at March 31, 2017	As at March 31, 2016
Current tax	**50**	-
Total provision for taxes	**50**	-

	As at March 31, 2017	As at March 31, 2016
Non–current deferred tax assets		
Startup expenditure	**460,815**	105,508
Net operating losses	**1,829**	-
Property and equipment	**3,441**	-
Less: Valuation allowance	**(466,084)**	(105,508)
Deferred tax asset, net	**-**	-

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the uncertainty of future profitability (the Company being a start-up company), the management believes there exists significant uncertainties regarding the realization of deferred tax assets and accordingly has provided a valuation allowance of $ 105,508 and $ 466,084 as of March 31, 2016 and March 31, 2017, respectively.

Accounting for uncertain tax position

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Company's financial position, results of operation or cash flows.

The tax year 2015 remain subject to examination by the taxing authorities.

NOTE H - 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 Auto Component Limited	Holding Company
Sundaram Clayton Limited	Associate Company

b) Summary of the transactions with related parties are as follows:

Due to related parties	Amounts ($)
Balance as at September 09, 2015	-
Advances during the year	310,318
Repaid during the year	-
Balance as at March 31, 2016	**310,318**
Advances during the year	183,114
Payable converted to equity contribution (Refer Note K)	(493,432)
Balance as at March 31, 2017	**-**

During the year, the Company issued 3,600,000 shares to Sundaram Auto Components Limited and 1,200,000 shares to Sundaram Clayton Limited.

NOTE I - CONCENTRATION OF RISKS

The Company is in a start-up phase and is expected to start operations once the set-up for commercial production is completed.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such cash equivalents involve risk including the credit risk of non-performance by counter parties. In management's opinion, as of March 31, 2017, there was no significant risk of loss in the event of non-performance of the counter parties to these cash equivalents.

NOTE J - COMMITMENTS AND CONTINGENCIES

Operating lease

In May 2016, the Company entered into an operating lease for office premises in North Charleston effective July 2016 till June 2017 which can be renewed annually.

Particulars	Year ended March 31, 2017
Lease payments for the year	21,465
Minimum lease payments:	
Not later than one year	7,950

Commitments

On January 30, 2017, the Company entered into an agreement for the construction of its manufacturing facility in Ridgeville, South Carolina. Under the agreement, the Company has to pay $ 8,500 per month for 14 months starting from March 2017.

The estimated future payments are as follows -

Particulars	Year ended March 31, 2017
Not later than one year	102,000
Later than one year but not later than five year	8,500

NOTE K - STOCKHOLDERS' EQUITY

Authorized

Authorized stock 10,000,000 at par $ 1.

Common stock issued

Common stock issued as at March 31, 2017 was 5,294,432 shares of $ 1 par. (Previous year 1,000 shares of $ 1 each.) During the year, the Company issued 3,600,000 shares to Sundaram Auto Components Limited and 1,200,000 shares to Sundaram Clayton. Further, in March 2017, the balance payable to Sundaram Clayton Limited amounting to $ 493,432 was converted to equity by issuing 493,432 shares of $ 1 each.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE L - EMPLOYEE BENEFIT PLAN

The Company set up a 401(k) plan for its employees on December 22, 2016. The Company did not make any matching contribution during the year towards the same.

NOTE M - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 5, 2017 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, 2017.

RE-STATED ACCOUNTS OF
SUNDARAM HOLDING USA INC.

BALANCE SHEET AS AT 31ST MARCH 2017

		Notes	USD in Mn. As at 31-03-2017	Rupees in crores As at 31-03-2017
I	**ASSETS**			
	Non-current assets			
	Property, plant and equipment	1	3.03	19.66
	Non-Current tax assets (Net)		0.05	0.32
			3.08	19.98
	Current assets			
	Financial assets			
	Cash and cash equivalents	2	1.01	6.58
	Other current assets	3	-	0.02
			1.01	6.60
	Total Assets		**4.09**	**26.58**
II	**EQUITY AND LIABILITIES**			
	Equity			
	Equity share capital	4	5.29	35.60
	Other equity	5	(1.25)	(9.36)
			4.04	26.24
	Liabilities			
	Current liabilities			
	Financial liabilities			
	Trade payables	6	0.01	0.09
	Other current liabilities	7	0.04	0.25
			0.05	0.34
	Total Equity and Liabilities		**4.09**	**26.58**

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

		Notes	USD in Mn. As at 31-03-2017	Rupees in crores As at 31-03-2017
I	Revenue from operations		-	-
II	Other income		-	-
III	Total Income (I +II)		-	-
IV	Expenses:			
	Depreciation and amortisation expense	1	0.01	0.06
	Other expenses	8	0.93	6.23
			0.94	6.29
V	Profit before exceptional items (III - IV)		(0.94)	(6.29)
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		(0.94)	(6.29)
VIII	Tax expense			
	i) Current tax		-	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		(0.94)	(6.29)
X	Other Comprehensive Income			
	A. Items that will not be reclassified to profit or loss		-	-
	B. Items that will be reclassified to profit or loss			
	Foreign currency translation adjustments		-	(1.03)
			-	(1.03)
XI	Total Comprehensive Income (IX + X)		(0.94)	(7.32)
XII	Earnings per equity share (Face value of USD 1/- each)			
	Basic & Diluted earnings per share (in USD / in rupees)		(0.18)	(11.88)

Notes on accounts

1 PROPERTY, PLANT & EQUIPMENT

USD in Millions

Description	Property, Plant & Equipment				
	Land	Furniture	Vehicles	Office Equipments	Total
	1	2	3	4	5
Cost of assets					
Gross carrying value as at 01-04-2016	-	-	-	-	-
Additions	2.93	0.01	0.09	0.01	3.04
Sub-total	2.93	0.01	0.09	0.01	3.04
Sales / deletion	-	-	-	-	-
Total	2.93	0.01	0.09	0.01	3.04
Depreciation / Amortisation					
Upto 31-03-2016	-	-	-	-	-
For the year	-	-	0.01	-	0.01
Sub-total	-	-	0.01	-	0.01
Withdrawn on assets sold / deleted	-	-	-	-	-
Total	-	-	0.01	-	0.01
Carrying value					
As at 31-03-2017	2.93	0.01	0.08	0.01	3.03

1 PROPERTY, PLANT & EQUIPMENT

Rupees in crores

Description	Property, Plant & Equipment				
	Land	Furniture	Vehicles	Office Equipments	Total
	1	2	3	4	5
Cost of assets					
Gross carrying value as at 01-04-2016	-	-	-	-	-
Additions	19.03	0.06	0.58	0.05	19.72
Sub-total	19.03	0.06	0.58	0.05	19.72
Sales / deletion	-	-	-	-	-
Total	19.03	0.06	0.58	0.05	19.72
Depreciation / Amortisation					
Upto 31-03-2016	-	-	-	-	-
For the year	-	-	0.05	0.01	0.06
Foreign Currency translation reserve difference	-	-	-	-	-
Sub-total	-	-	0.05	0.01	0.06
Withdrawn on assets sold / deleted	-	-	-	-	-
Total	-	-	0.05	0.01	0.06
Carrying value					
As at 31-03-2017	19.03	0.06	0.53	0.04	19.66

Notes on accounts - *(Continued)*

		USD in Mn. As at 31-03-2017	Rupees in crores As at 31-03-2017
2	**CASH AND CASH EQUIVALENTS**		
	Balance with banks	1.01	6.58
		1.01	6.58
3	**OTHER CURRENT ASSETS**		
	Prepaid expense	-	0.02
		-	0.02
4	**EQUITY SHARE CAPITAL**		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	1,00,00,000 Ordinary shares of USD 1 each	10.00	64.85
	Issued, subscribed and fully paid up:		
	52,94,432 Ordinary shares of USD 1 each	5.29	35.60
		5.29	35.60
5	**OTHER EQUITY**		
	General reserve	-	-
	Retained earnings	(1.25)	(8.30)
	Foreign currency translation reserve	-	(1.06)
		(1.25)	(9.36)

Notes on accounts - *(Continued)*

		USD in Mn. As at/year ended 31-03-2017	Rupees in crores As at/year ended 31-03-2017
6	**TRADE PAYABLES**		
	Current		
	Dues to Micro and Small Enterprises **	-	-
	Dues to enterprises other than Micro and Small Enterprises	0.01	0.09
		0.01	0.09

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

		USD in Mn.	Rupees in crores
7	**OTHER CURRENT LIABILITIES**		
	Employee related liability	0.04	0.25
		0.04	0.25
8	**OTHER EXPENSES**		
	General and administrative expenses	0.93	6.23
		0.93	6.23