SUNDARAM-CLAYTON LIMITED

Annual Report of Subsidiary Companies
for the year 2017-2018

CONTENTS

Indian Subsidiaries

Overseas Subsidiaries

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 RAJESH NARASIMHAN
Audit Committee	T. KANNAN *Chairman* C.R. DUA R. RAMAKRISHNAN PRINCE ASIRVATHAM
Risk Management Committee	T. KANNAN *Chairman* R. RAMAKRISHNAN SUDARSHAN VENU K.N. RADHAKRISHNAN
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	K. GOPALA DESIKAN
Company Secretary	K.S. SRINIVASAN
Statutory Auditors	V. SANKAR AIYAR & Co., Chartered Accountants, 2-C, Court Chambers, 35 New Marine Lines, Mumbai - 400 020. Tel. : 022-22004465 E-mail : mumbai@vsa.co.in
Cost Auditor	A.N. RAMAN Cost Accountant, No. 10 P, Muthukumaraswami Salai, Off. Baby Nagar 1st Main Road, Velachery, Chennai - 600 042. Tel. : 044-22433462 E-mail : anraman@gmail.com

Secretarial Auditors

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

Shares listed with
BSE Ltd., Mumbai.
National Stock Exchange of India Ltd., Mumbai.

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

Registered Office
"Jayalakshmi Estates", No. 29, Haddows Road,
Chennai - 600 006, Tamil Nadu, India.

Tel : 044 - 2827 2233; Fax : 044 - 2825 7121
CIN No. L35921TN1992PLC022845
E-mail: contactus@tvsmotor.com

Website: www.tvsmotor.com

Share Transfer Agent
Sundaram-Clayton Limited,
"Jayalakshmi Estates", 1st Floor,
No.29, Haddows Road,
Chennai - 600 006, Tamil Nadu, India.
Tel : 044 - 2828 4959; Fax : 044 - 2825 7121
Email: investorscomplaintssta@scl.co.in
raman@scl.co.in

Plant Locations

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

Subsidiary Companies

Sundaram Auto Components Limited

TVS Housing Limited

TVS Motor Services Limited

TVS Credit Services Limited

PT. TVS Motor Company Indonesia, Jakarta

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

TVS Motor (Singapore) Pte. Limited, Singapore

Sundaram Holding USA Inc., Delaware, USA

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DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the twenty-sixth Annual Report and the audited accounts of the Company for the year ended 31st March 2018.

1. COMPANY PERFORMANCE

The Company continued to grow ahead of the industry for the third year in succession, registering sales of 33.67 lakh two-wheelers in 2017-18, growing by 17.8% over last year. Sale of motorcycles increased by 25.8% and scooters by 30.4%. Three-wheeler sales of the Company increased by 42.5% in 2017-18. Sale of spare parts grew by 16.6%.

The Company continues to lead the customer satisfaction in products and services, and bagged top honors at the J.D. Power 2018 India Two-Wheeler Initial Quality Study (2WIQS), Automotive Product Execution & Layout (APEAL) study and Two-Wheeler Customer Service Index (2WCSI). The Company has been top ranked in JD Power 2WCSI since its inaugural study in 2016.

The revenue for the year ended 31st March 2018 are not comparable with the previous year consequent to introduction of GST effective 1st July 2017. For comparison, the total revenue of the Company excluding excise duty increased from Rs. 12,309 Cr in the previous year to Rs.15,274 Cr in the current year. Profit before tax increased from Rs. 699 Cr in the previous year to Rs.879 Cr in the current year. Similarly, Profit after tax increased from Rs. 558 Cr in the previous year to Rs.663 Cr in 2017-18.

2. FINANCIAL HIGHLIGHTS

Details	Year Ended 31-03-2018	Year Ended 31-03-2017
SALES		
Quantitative		(Numbers in Lakhs)
Motorcycles	13.55	10.77
Mopeds	8.77	9.11
Scooters	11.35	8.70
Three-wheelers	0.99	0.69
Total vehicles sold	**34.66**	**29.27**
Financials		(Rupees in Crores)
REVENUE		
Motorcycles	6075.88	4628.13
Mopeds	2149.74	2069.74
Scooters	4338.29	3337.84
Three-wheelers	856.18	647.96
Spares & Accessories and raw materials	1547.97	1327.59
Other Operating Income	161.60	124.05
Other Income	144.78	173.37
Revenue excluding excise duty	**15274.44**	**12308.68**
Excise Duty	# 343.22	1054.75
Revenue including excise duty	15617.66	13363.43

Details	Year Ended 31-03-2018	Year Ended 31-03-2017
		(Rupees in Crores)
EBITDA	1273.99	1030.44
Less:		
Finance Charges & Interest (Gross)	56.62	43.95
Depreciation	338.73	287.81
Profit before tax	878.64	698.68
Provision for tax	216.05	140.60
Profit after tax	**662.59**	**558.08**

Includes Excise Duty upto June 2017.

3. DIVIDEND

The Board of Directors of the Company (the Board) at their meeting held on 1st November 2017, declared a first interim dividend of Rs.2/- per share (200%) for the year 2017-18 absorbing a sum of Rs. 114.36 Cr including dividend distribution tax. The same was paid to the shareholders on 14th November 2017.

The Board at its meeting held on 26th February 2018 declared a second interim dividend of Rs. 1.30 per share (130%) for the year 2017-18 absorbing a sum of Rs.73.27 Cr including dividend distribution tax. The same was paid to the shareholders on 12th March 2018.

Thus, the total amount of both dividends for the year ended 31st March 2018 aggregated to Rs. 3.30 per share (330%) on 47,50,87,114 equity shares of Re.1/- each absorbing Rs.187.63 Cr including dividend distribution tax, since the Company has set-off its dividend distribution tax payable under Section 115-O(1A) of the Income Tax Act, 1961 to the extent available against the dividend distribution tax paid by one of its subsidiary company on its dividend declared.

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

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Two-wheeler

In the domestic market, two-wheeler industry sales grew from 176 lakh units in 2016-17 to 202 lakh units in 2017-18, registering a growth of 15% over last year. The first half of the year saw a growth of 10% led by re-stocking required due to BSIII to BSIV transition. The second half grew by 20% over the same period of 2016-17 which was affected by demonetization.

Scooter as a category continued to gain category share in total two-wheeler industry. Scooters grew at 20% (from 56 lakh units to 67 lakh units) led by urban demand and the category share increased from 32% in 2016-17 to 33% in year 2017-18.

The motorcycle category grew at 14% (126 lakh units). Within motorcycles, continued traction in urban demand enabled the premium segment to grow by 11% (from 17.1 lakh units in 2016-17 to 18.9 lakh units in 2017-18). Commuting segment also grew by 15% (from 84 lakh units in 2016-17 to 97 lakh units in 2017-18) compared to a flat growth in past 5 years. This trend change in commuter segment was triggered by revival of rural demand.

Crude oil prices recovered steadily during 2017-18 and drove economic recovery in the international markets. Currencies stabilized and foreign exchange availability improved in affected countries of Africa, leading to recovery of the exports industry in 2017-18 from a low base in 2016-17. Bangladesh, Mexico, Argentina, Philippines and West Africa saw an increase in demand. Consequently, exports of two-wheeler from India grew by 20% during 2017-18.

Three-wheeler

Overall three-wheeler small passenger industry (3 plus 1 segment) grew by 39% in 2017-18 (from 4.58 lakh units in 2016-17 to 6.35 lakh units in 2017-18). Domestic industry grew by 41% and exports from India grew by 37% over 2016-17. Growth in domestic passenger market was largely driven by significant growth in Maharashtra State due to opening of permits. Export market growth was a result of market recovery in Nigeria and Egypt and expansion of some new markets.

BUSINESS OUTLOOK AND OVERVIEW

Economic activity is expected to improve in 2018-19, benefitting from improved macro-economic environment in both domestic and global markets.

In India, focus on agriculture and rural development rolled out in the recent union budget, supported by possibility of a normal monsoon, is expected to positively influence demand from rural markets. Improving credit growth supported by bank re-capitalization, along with continued government focus on infrastructure is expected to drive growth.

Crude prices have been rising over last one year and this trend is expected to continue in 2018. On one hand, this trend will continue to aid export market growth, however on the other hand, rising commodity prices will put cost pressures in the year 2018-19.

Consequently, the growth in two-wheeler industry during 2018-19 is expected to be around 8-10% over 2017-18.

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 Company manufactured and supplied 26,471 units of G 310 R and G 310 GS in the year 2017-18 for BMW Motorrad Company.

During the year 2017-18, the following new products and variants were launched.

TVS Apache RR 310:

TVS Apache RR 310 marks a significant step in Company's history - TVS forays into super-premium motorcycles with this launch.

Inspired by 35 years of TVS Racing, TVS Apache RR 310 combines superior performance & riding dynamics with a fully faired sporty design.

The motorcycle gets a 312cc, single cylinder, 4V, liquid cooled, 6-speed engine that delivers a top speed of 160 kmph and acceleration from 0-60 kmph in just 2.9 seconds. TVS Apache RR 310 comes with an all-new, race origin, light-weight trellis-frame chassis for enhanced stiffness in straights and flex for dynamic cornering capability, that result in best-in-class riding dynamics.

The product created an instant excitement and garnered acceptance among the racing enthusiasts.

TVS Apache RTR 160 4V:

The Apache RTR 160 4V is the latest addition to the Apache portfolio, it's not a sports bike, it's a Race Machine. This machine is born out of the six-time Indian National Motorcycle Championship (INMRC) winning motorcycle – (Group B) RTR 165. Every feature on the Apache is honed on the race track to deliver the best in racing performance. The TVS Apache RTR 160 4V is available in both Carburettor and Electronic Fuel Injection (EFI) variants, with the latter christened as TVS Apache RTR 160 Fi 4V. Staying true to its racing pedigree, the TVS Apache RTR 160 4V has the powerful 160cc engine, enabling the best performance in its class and best-in-class power-to-weight ratio. The motorcycle does 0-60 kmph in 4.8 seconds(EFI) and 4.73 seconds (Carburettor).

TVS NTORQ 125:

Designed for Gen-Z, TVS NTORQ 125 provides revolutionary riding experience with cutting edge style, performance and technology. Based on TVS racing pedigree, TVS NTORQ comes with a 125cc, 3V CVTi-Rev engine. The first ever Bluetooth connected scooter with

TVS Smart Xonnect, TVS NTORQ is equipped with caller ID, Navigation assist and app-enabled technology.

Stealth Aircraft-inspired design and 30 industry-first features make TVS NTORQ a one of its kind product in the segment.

The product has garnered raving reviews and aims to gain mindshare among the youth of today.

TVS Jupiter Classic:

Since its inception, Jupiter brand has represented novelty. Launched in 2013, the scooter has now reached the 2.3 million mark in sales. The ability to develop tailor-made scooters for customers is the inspiration behind the creation of TVS Jupiter & its variants. The new Jupiter Classic edition is an embodiment of style. It comes loaded with a host of unique features such as 'Classic-Edition' Decals, elegant Full Chrome Mirrors, a classy Chrome Pillion Handle and a choice of exclusive colours - Sunlit Ivory and Autumn Brown. Thoughtfully designed features like a Smart USB Charger, stylish windshield, Classy backrest, Side Stand Indicator and a comfortable Dual Tone Seat ensure a great riding experience.

All this and more makes the 'Classic-Edition' a true example of brand Jupiter's philosophy, 'Zyada ka Fayda', offering more than 15 features and benefits for the Indian commuter.

TVS XL100 HD:

XL100 Heavy Duty vehicle aims to be a partner of the customer in his success by providing more utility, power and ruggedness through more pick up, "Duragrip" tyre and heavy duty wheel assembly.

The superior quality of the Company's products and services is well established again in the recent JD Power Study 2018.

It is a significant feat for the Company that in the JD Power APEAL study 2018, its products have been ranked No. 1 in all the product categories the Company participated in. TVS Jupiter in scooter segment, TVS Apache RTR 180 in motorcycle premium segment and TVS Star City Plus in motorcycle economy segment holds the top position.

The Company retained the No.1 position in the CSI study 2018 by JD Power for third year in a row.

Domestic Sales

The Company achieved sales of 28.7 lakh units of two-wheelers in the domestic market. With these sales, the Company registered a growth of 15.5% in the year 2017-18 over last year.

In motorcycles, the Company achieved sales of 9.2 lakh units and registered a growth of 18.6% over 2016-17. TVS Apache accelerated its growth trend with 35% growth over last year. New TVS Apache RR 310 was received very well in the market and is contributing well to the Apache brand.

In scooters, the Company achieved sales of 11.0 lakh units and registered a growth of 33% over 2016-17. TVS Jupiter maintained the momentum with a 32% growth over last year. The growth was largely supported by the special "Classic Edition" which also helped in bringing a premium image to the product. Launch of TVS NTORQ 125 is expected to bring a new segment of customers.

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

Exports sales – two-wheeler and three-wheeler

The Company's two-wheeler exports in the year 2017-18 were at 4.9 lakh units and witnessed an improvement with a growth of 33.7% over 2016-17.

The Company's three-wheeler exports in the year 2017-18 were at 0.8 lakh units and recorded a 44.4% growth over 2016-17.

Implementation of Goods and Services Tax Act (GST)

Effective 1st July 2017, the Company has successfully & seamlessly transitioned to new GST regime. The Company also supported dealers & suppliers to change over without any disruption in their respective businesses. The Company has passed on the benefits arising out of GST changeover to its customers.

Opportunities and Threats

Proposed thrust in rural India, efficient implementation of various Government schemes such as minimum support price of 1.5 times of the production cost 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. Impetus from 7th pay commission and payment of related arrears are further expected to boost the two-wheeler industry.

Alternate energy based mobility vehicles and solutions have gained traction in the year. Rising pollution levels in Indian cities and target to become energy independent are the major factors for such a push towards greener mobility.

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

Good monsoon and stable policy environment are essential for growth in domestic two-wheeler demand. The sustained momentum in scooters and motorcycles and success of planned launches is vital to achieve business objectives.

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

Recent rise in commodity prices and intensifying competition with pricing led marketing actions remain a concern for bottom-line. The Company will initiate various cost reduction measures to mitigate this risk.

The Company is also investing in greener emerging technologies towards the future consumer preference shifts.

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 has constituted a separate Risk Management Committee on 16th May 2018 for overseeing all the risks that the Organization faces such as strategic, financial, marketing, IT, legal, regulatory, reputational and other risks and recommends suitable action. Risk mitigation policy has already been approved by the Board.

OPERATIONS REVIEW

Total Quality Management (TQM)

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

This year, primary focus was on problem solving for recurrence prevention through systemic root-cause analysis. The Company has enhanced its executives and managers' problem-solving competency by certifying 111 of them in Green belt and Black belt in the current year. On the whole, 518 employees are now Green belt and Black belt certified. All employees have been involved towards achieving business goals. Significant contributions from the highly committed workmen through 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 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 cost during this year.

Research & Development (R&D)

The continued pursuit of engineering excellence, best-in-class quality and technology development by the Company's Research and Development (R&D) team has resulted in delivery of highly appealing new products during the year, namely, Apache RR 310, TVS NTORQ 125 and TVS Apache RTR 160 4V.

The 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. The team is working towards timely readiness of the Company's product portfolio compliant with BSVI emission norms. It continues to work on hybrid technology, which has reached a mature state and advanced brake systems technology 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 110 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 Company's racing team had 93% winning positions in the events that it participated. TVS Racing has won 14 out of 16 National championships.

Information Technology (IT)

The Company enhanced the customer engagement through mobile apps and digitizing customer touch points at dealerships. The Company also launched TVS NTORQ app with the first-of-its-kind connected scooter launched in February 2018.

The Company continues to implement several projects to improve its efficiency, transparency and process control across supply chain from dealer to supplier. Various initiatives on industry 4.0 are being adopted for improving quality and waste elimination.

As part of continuous improvement and benchmarking, the Company's IT systems were audited by external experts and their 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 being taken.

The Company is ISO 27001:2013 certified for all its manufacturing units and sales offices. Business continuity plan for major business and design applications have been implemented and tested. The Company is apprised of Capability Maturity Model (CMM) level 3 for its IT development process.

INTERNAL CONTROL AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded. Information provided to management is reliable and timely. Company ensures adherence to all 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 an Independent Valuer and presented to the Audit Committee. Based on the periodical testing, the framework is strengthened, from time to time, to ensure adequacy and effectiveness of Internal Financial Controls.

Occupational Health & Safety (OHS)

The Company was conferred with "Environmental Leadership Award" from Government of Himachal Pradesh in recognition of Company's outstanding contribution towards environment protection, conservation and sustainable development. The Company also published its first Sustainability Report in accordance with CORE Reporting principles of the GRI G4 Guideline in public domain. Company's manufacturing plants are certified under revised ISO 14001: 2015 standards.

Reducing 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. Following conservation measures have been adopted towards water conservation viz., water accounting, waterless urinals, dish washer in canteen and fully automatic vehicle wash system. The Company is continuously increasing the share of renewable energy. It was 64% during 2017-18 compared to 29% during 2016-17. These initiatives helped the Company to reduce its Carbon foot print.

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), Regenerative Thermal Oxidizer (RTO) has been commissioned in Hosur & Mysuru plants.

The measurement of ambient VOC is made online to Care Air Centre of Tamil Nadu Pollution Control Board. Direct in-situ measurement of key parameters like pH; Chemical Oxygen Demand (COD); Biological Oxygen Demand (BOD); Total Suspended Solids (TSS) were introduced in Sewage Treatment Plant, Hosur.

Towards digitization initiative, forms and returns under applicable Environmental Acts and Rules were made online.

The Company has successfully completed 2nd surveillance audit in 4th re-certification audit process of Occupational Health & Safety System through implementation of BS OHSAS18001:2007 standard in Hosur & Mysuru plants. During the year, as a part of continual improvement in safety, around 751 proactive hazard control measures have been implemented across Hosur, Mysuru and Nalagarh Plants. The Plant Safety Rating System (PSRS) score improved from 195 to 211 and all plants have sustained "Gold" status. The Company has achieved a reduction of 53% in frequency rate of accidents & 98% in severity rate of accidents. 13 lakh man-hours have been completed with "zero injury" during plant expansion civil construction activities at Hosur site last year. Towards building a sustainable safety culture, periodical safety trainings have been organized and 15746 employees were covered. Also as a part of "Buckle up & Strap up" – Road Safety campaign, around 300 test riders & drivers were trained on road safety.

HUMAN RESOURCE DEVELOPMENT (HRD)

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

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

The Company continues to maintain its record of good industrial relations without any interruption in work. As on 31st March 2018, the Company had 5,184 employees on its rolls.

CAUTIONARY STATEMENT

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

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

i. that in the preparation of annual accounts for the financial year ended 31st March 2018, 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 2018 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 22 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

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

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

Based on the recommendation of the CSR Committee, the Board has approved the projects / programmes carried out as CSR activities by the following non-profitable organizations having an established track record for more than the prescribed years in undertaking similar programmes / projects, constituting more than 2% of the average net profits of the Company, made during the three immediately preceding financial years, towards CSR spending for the financial year 2017-18 amounting to Rs.10.98 Cr:

S.No	Name of the Institution	Amount spent (Rs. in Cr)
1.	Srinivasan Services Trust (SST)	7.08
2.	Sri Sathya Sai Central Trust	3.00
3.	National Institute of Mental Health & Neuro Sciences (NIMHANS)	0.65
4.	Voluntary Health Services	0.25
	Total	10.98

Presently, SST is working in 5,000 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering about 30,92,281 population and 7,19,890 families. Its major focus areas economic development, health care, quality education, environment and infrastructure.

Of the 5,000 villages, 3772 villages (23,60,138 population and 5,46,806 families) have been funded by the Company during the year.

Achievements in 3,772 villages are:

Economic development:

- 3,81,801 families living in these villages have a monthly income of Rs.15,000/- and above. They have financial security.
- 3,846 Farmer groups have been formed with 53,323 Members.
- Improved agriculture practices enabled 2,31,059 Farmers, owning 2,51,393 hectares, have increased the yields higher than the state average by 15%.
- 2,24,805 families earn more than Rs 3,500/- per month through livestock.

Women empowerment:

- Formed 9,692 Self Help Groups. These groups have 1,43,821 women as Members.
- Of the 1,43,821 Members, 1,40,480 Members are in income generation activities. They earn a minimum income of Rs. 3000/- per month.

Health care:

- 76,945 children in the age group below 5 are not malnourished.
- 4,52,930 women are freed from anaemia.
- 4,04,589 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%.
- 1,688 anganwadis have met all the Integrated Child Development Services Scheme (ICDS) standards.

- 88% involvement of mother volunteers in the functioning of anganwadis. They volunteer their time to ensure proper functioning.

Quality education:

- 100% enrolment of children in schools. There are no drop outs in the schools.
- Number of percentage of slow learners reduced in schools from 29% to 11%.
- Out of 1,764 schools, 1,299 schools are now model schools.
- 1,14,273 illiterate women out of 1,53,493 have been made literates.

Environment and Infrastructure:

- 3,45,140 households disposed solid waste through individual and common compost pits. 91 tons of vermi compost generated per month from wastes.
- Sewage water from 3,48,604 households disposed through soak pits, kitchen gardens and drain.
- Safe drinking water is available to 3,343 villages.

Community takes care of their development needs. 11,639 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 2017-18 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. TVS Motor Services Limited, Chennai
4. TVS Credit Services Limited, Chennai
5. TVS Two-wheeler Mall Private Limited, Chennai
6. TVS Micro Finance Private Limited, Chennai
7. Harita ARC Private Limited, Chennai
8. Harita Collection Services Private Limited, Chennai
9. TVS Commodity Financial Solutions Private Limited, Chennai
10. TVS Housing Finance Private Limited, Chennai
11. TVS Motor Company (Europe) B.V., Amsterdam
12. TVS Motor (Singapore) Pte. Limited, Singapore
13. PT TVS Motor Company Indonesia, Jakarta
14. Sundaram Holding USA Inc, Delaware, USA
15. Green Hills Land Holding LLC, South Carolina, USA
16. Components Equipment Leasing LLC, South Carolina, USA
17. Sundaram-Clayton (USA) LLC, South Carolina, USA (Formerly known as Workspace Projects LLC)
18. Premier Land Holding LLC, South Carolina, USA

Associate

- Emerald Haven Realty Limited, Chennai and its subsidiaries.

SUBSIDIARIES

Sundaram Auto Components Limited (SACL)

Sales of SACL grew 20% from Rs.480.9 Cr in the previous year to Rs.575.7 Cr in the year 2017-18. Increase in business from the Company, Autoliv and Daimler were the key growth drivers.

SACL also entered into the area of component manufacturing of two-wheeler electric vehicle through orders obtained from Ather Energy and also cleared major customer audits for Ather energy, MACE (for supplies to Maruti Suzuki), Gruppo Antolin, Rane TRW and PSA Citroen.

SACL earned a Profit Before Tax of Rs.24.52 Cr during the year 2017-18 as against Rs. 34.94 Cr including exceptional items of Rs. 9.84 Cr in the previous year.

SACL at its meeting held on 2nd March 2018, declared an interim dividend of Rs.1.45 per share (14.5%), on 3,59,25,000 equity shares of Rs.10/- each fully paid up, absorbing a sum of Rs. 6.27 Cr including dividend distribution tax, for the year ended 31st March 2018.

Equity Share Capital of SACL as on 31st March 2018 increased to Rs.35.92 Cr from Rs.14.55 Cr in the previous year.

During the year, SACL allotted 2,13,70,000 equity shares of Rs.10 each at a premium of Rs.70 per share to the Company, on rights basis, in multiple tranches.

SACL proposes to demerge its automobile trading division alongwith its relevant assets and liabilities to TVS Motor Services Limited (TVS MS).

Accordingly, the Board of SACL approved a Scheme of Demerger at its meeting held on 26th April 2018. Since both SACL and TVS MS are wholly owned subsidiaries of the Company, shares issued by TVS MS, based on the valuation of the demerging division, to the Company (TVS Motor Company Limited). For the transfer of the automobile trading division from SACL to TVS MS in accordance with the Scheme of Demerger, will not change the status of both subsidiaries.

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

During the year, TVS Housing Limited has earned a profit of Rs. 0.05 Cr on disposal of existing land bank.

EHRL through one of its subsidiary is developing 18 acres of land in Kolapakkam, Chennai. The 1st phase consists of 352 apartments and 34 villas and the construction of the same has been completed. 72% of the apartments and 65% of the villas have been sold. Constructions of the other phases have commenced.

EHRL has also entered into a platform deal with a private equity investor, to invest in new projects. Out of the platform deal 9.5 acres of land has been acquired near Porur in Chennai. The building plan approval process for the land is in progress and the company expects to launch the project in first half of 2018-19.

EHRL through its another subsidiary has invested in a 2 acre land parcel in Radial Road, Chennai and the project to construct 279 apartments has been launched. During the year, EHRL has also acquired 6.5 acre parcel of land in OMR, Chennai.

During the year, EHRL earned a Profit Before Tax of Rs.6.56 Cr as against Rs. 5.36 Cr in the previous year on a consolidated basis.

PT. TVS Motor Company Indonesia (PT TVSM)

The industry for the year 2017-18 witnessed growth of 5% over 2016-17, after 3 years of decline. While bebek segment and motorcycle segment suffered decline of 5% and 7% respectively, matic segment grew by 8%.

For PT TVSM, the total two-wheeler sales increased from 26,756 vehicles in 2016-17 to 37,096 vehicles in 2017-18 fuelled by exports.

PT TVSM recorded an EBITDA loss of 3.72 Mn USD in 2017-18 compared to 3.15 Mn USD in 2016-17.

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

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

During the year under review, Mr Rajesh Narasimhan, Director of the Company was appointed as the Chief Executive Officer of TVS Motor (Singapore) Pte Limited effective 1st January 2018.

TVS Motor Services Limited (TVS MS)

During the year under review, the Company acquired the entire equity share capital of TVS MS on 7th September 2017.

In terms of Section 2(87) of the Act, 2013, by this acquisition of entire equity shares of TVS MS, TVS Credit Services Limited (TVS CS) & its subsidiaries, also became subsidiaries of the Company, as mentioned below:

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

TVS MS is the investment SPV of the Company, for funding TVS CS. The Company acquired Non-Cumulative Redeemable Preference shares (Preference Shares) of TVS MS held by Sundaram – Clayton Limited (SCL) and Lucas-TVS Limited (Lucas-TVS) on 18th December 2017 and thereby holds 100% of the Preference Share Capital of TVS MS.

The Company settled the consideration to SCL and Lucas-TVS by transferring its holding in equity shares of TVS CS, i.e, 1,35,17,547 equity shares in aggregate, to the said companies, based on the valuation report obtained from an Independent Valuer, for the acquisition of Preference Shares.

TVS MS has filed a Scheme of Arrangement (Scheme) with National Company Law Tribunal (NCLT) for redemption of Preference Shares by transferring its holding in TVS CS.

As per the Scheme, TVS MS will transfer its investment of 13,36,51,475 (Thirteen Crore Thirty Six Lakhs Fifty One Thousand Four Hundred and Seventy Five) equity shares of Rs. 10 (Rupees Ten) each in TVS CS (out of the total investment in 13,47,41,600 equity shares of TVS CS held by TVS MS), to the Company, in proportion of the Preference Shares holding in the total paid-up capital of TVS MS.

On approval of the Scheme, TVS CS, a NBFC company, will become a direct subsidiary of the Company. In this connection, RBI has also issued No Objection letter for change in the shareholding pattern of TVS CS, being a NBFC.

TVS Credit Services Limited (TVS CS)

TVS CS is the retail finance arm of the Company for financing two-wheelers. In line with its long term vision of being preferred financier with diversified and profitable portfolio, TVS CS added Consumer Durable & Used Commercial Vehicle Finance portfolios during the year 2017-18.

During the year 2017-18, TVS CS's overall disbursements registered a growth of 22% at Rs. 4,899 Cr as compared to Rs. 4,007 Cr in the previous year. The assets under management stood at Rs. 6,152 Cr as against in single line i.e, Rs. 5,002 Cr during the previous year registering a growth of 23%. Total income during the financial year 2018 increased to Rs. 1340.43 Cr from Rs. 1114.79 Cr during the financial year 2016-17, an increase of 20.2% over the previous year.

The Profit Before Tax for the year has also improved and stood at Rs. 169.88 Cr as against Rs. 135.56 Cr during the previous year with a growth rate of 25%.

The subsidiaries of TVS CS are yet to commence their operations.

Sundaram Holding USA Inc. (SHUI) & its subsidiaries

SACL along with the holding company, viz., Sundaram-Clayton Limited has made investment in SHUI, a company established under the applicable provisions of Laws of The United States of America.

SHUI's wholly owned subsidiaries are:

1. Green Hills Land Holding LLC, South Carolina, USA
2. Component Equipment Leasing LLC, South Carolina, USA
3. Sundaram-Clayton USA LLC, South Carolina, USA (Formerly known as Workspace Project LLC)
4. Premier Land Holding LLC, South Carolina, USA

During the year 2017-18, SACL has invested a sum of USD 20,399,250 in the ordinary shares of SHUI and holds 75% of the total capital of SHUI as on 31st March 2018.

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 site is in progress and commercial production is expected to commence towards the end of the year 2018-19.

The loss after tax for the financial year ended 31st March 2018 was USD 2,278,295 as against USD 939,237 in the previous year ended 31st March 2017 due to pre-production expenses.

8. CONSOLIDATED FINANCIAL STATEMENTS

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

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

The consolidated Profit Before Tax of the Company and its subsidiaries & associate amounted to Rs. 931 Cr for the financial year 2017-18 as compared to Rs. 658 Cr in the previous year.

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Independent Directors (IDs)

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

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

On appointment, each ID has acknowledged the terms of appointment as set out in their letter of appointment. The terms cover, *inter-alia,* duties, rights 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 met the criteria of independence as provided under Section 149(6) of the Act, 2013.

The detailed terms of appointment of IDs is disclosed on the Company's website in the following link http://www.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 26th February 2018 and all the IDs were present at the Meeting.

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

a) Non-Independent Directors (Non-IDs)

IDs used various criteria and methodology practiced in Industry, prescribed by Nomination and Remuneration Committee (NRC) for evaluation of Non-IDs viz., M/s Venu Srinivasan, Chairman and Managing Director, Sudarshan Venu, Joint Managing Director, H Lakshmanan, Dr. Lakshmi Venu and Rajesh Narasimhan, Directors, Chairman of the Board and Board as a whole.

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

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

b) Chairman

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

The IDs also placed on record, their appreciation of Chairman's visionary leadership; setting tone, pace and opportunity for positive change and passion for constant improvement and admired the high standards of integrity and probity, quality and adequacy of leadership of Chairman and his versatile performance.

The IDs also endorsed that the Chairman is a very accomplished leader and is exceptionally well informed about the state of economy.

c) Board

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

The evaluation process focused on Board Dynamics and upon evaluation, IDs concluded that Board is well balanced in terms of diversity of experience with expert in each domain viz., Engineering, Finance, Marketing, Legal, Information Technology, Administration and International Economy. The Company has a Board with wide range of expertise in all aspects of business.

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

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

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

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

Directors appointment / re-appointment

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Act, 2013 two-thirds of the total number of Directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting.

Dr. Lakshmi Venu and Mr H Lakshmanan, are liable to retire by rotation, at AGM, and being eligible, offer themselves for re-appointment.

As per the recent amendment to SEBI (LODR) Regulations, with effect from 1st April 2019, the appointment or continuation by a person as a Non-Executive Director who attained the age of 75 years requires a special resolution of the Shareholders.

The tenure of Mr H Lakshmanan, NE-ID of the Company aged 84 years, who is liable to retire by rotation at the ensuing AGM, continues beyond 1st April 2019 upon re-appointment, and hence sought approval of the shareholders through Special Resolution.

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

Mr Rajesh Narasimhan was appointed as an Independent Director on 11th August 2017 and ceased as Independent Director effective 31st October 2017, consequent to his proposed appointment as Chief Executive Officer in TVS Motor (Singapore) Pte Limited, a wholly owned subsidiary of the Company.

On 1st November 2017, the Board appointed Mr Rajesh Narasimhan as an Additional Director to hold office upto the date of ensuing AGM and proposed his appointment as a Director, liable to retire by rotation.

The Shareholders have also approved his appointment in the place of profit, as required under Section 188 of the Act, 2013, through Postal Ballot on 21st December 2017.

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

Key Managerial Personnel (KMP)

Joint Managing Director:

During the year under review, Mr Sudarshan Venu was re-appointed as the Joint Managing Director of the Company for a further period of five years commencing from 1st February 2018 and the Shareholders have approved the same through Postal Ballot on 21st December 2017.

Change in Chief Financial Officer:

During the year under review, Mr S G Murali, retired as Chief Financial Officer of the Company on 25th September 2017 upon reaching superannuation and Mr K Gopala Desikan was appointed as the Chief Financial Officer, effective 1st November 2017, based on the recommendation of the Nomination and Remuneration Committee and Audit & Risk Management Committee.

Mr Venu Srinivasan, Chairman and Managing Director, Mr Sudarshan Venu, Joint Managing Director, Mr K N Radhakrishnan, Chief Executive Officer, Mr K Gopala Desikan, 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 as on date of this Report.

Nomination and Remuneration Policy

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

Nomination and Remuneration Policy was approved by the Board at its meeting held on 23rd September 2014 and amended at the Board meeting held on 16th May 2018 in terms of Section 178 of the Act, 2013. The objective of such policy shall be to attract, retain and motivate executive management and devise remuneration structure to link to Company's strategic long term goals, appropriateness, relevance and risk appetite.

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

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 AGM 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 the Non-Executive 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 Company, based on the recommendations of NRC and the Board, at the AGM held on 11th August 2017, the Shareholders, by way of a special resolution, have renewed the payment of commission to NE-IDs, on similar terms for each financial year effective 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, 2015, 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.

The Board concurred with the recommendations made by the NRC on the evaluation of Non-IDs based on the views expressed at the IDs' meeting held on 26th February 2018.

Hence, the Board carried out the evaluation of IDs (excluding the ID being evaluated) and the Board appointed Committees through a set of questionnaires.

Independent Directors

The performance of all IDs was assessed against a range of criteria such as contribution to the development of business 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 Board constituted Committees, to optimize Directors' skills and talents besides complying with key regulatory aspects.

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

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

The Board was satisfied with the 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.

Risk Management Committee

The Company occupied the position as one of the Top 100 listed companies as at 31st March 2018 and accordingly, the Board constituted a separate Risk Management Committee on 16th May 2018 as required under the SEBI (LODR) Regulations, 2015. The details of composition of Committee and its charter is discussed in the Corporate Governance Report attached to this Report.

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

Number of Board meetings held

The number of Board meetings held during the financial year 2017-18 is provided as part of Corporate Governance Report attached to this Report.

10. AUDITORS

Statutory Auditors

The Company at its twenty second AGM held on 14th July 2014 appointed M/s V. Sankar Aiyar & Co., Chartered Accountants, Mumbai, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as Statutory Auditors of the Company to hold office, for four consecutive years in the first term of five consecutive years, from the conclusion of the said AGM, subject to ratification at every AGM, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

In terms of the above provisions, M/s V. Sankar Aiyar & Co, Chartered Accountants have completed their first term of five consecutive years.

It is therefore proposed to re-appoint them as Statutory Auditors for the second term of five consecutive years from the conclusion of the ensuing AGM till the conclusion of the 31st AGM of the Company.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being the Statutory Auditors of the Company for the year 2018-19.

The Auditors' Report for the financial year 2017-18 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Secretarial Auditors

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

As required by Section 204 of the Act, 2013, the Secretarial Audit Report for the year 2017-18, of M/s S Krishnamurthy & Co., Company Secretaries, Chennai is attached to this Report. The said Secretarial Audit Report does not contain any qualification, reservation or other remarks.

The Board at its meeting held on 16th May 2018 has re-appointed M/s. S Krishnamurthy & Co., Practising Company Secretaries, Chennai having Registration No.2215 allotted by the Institute of Company Secretaries of India, as Secretarial Auditors for the financial year 2018-19.

Cost Auditor

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

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board has re-appointed Mr A N Raman, Cost Accountant holding Certificate of Practice No. 5359 allotted by The Institute of Cost Accountants of India, as the Cost Auditor for conducting Cost Audit for the financial year 2018-19.

The Company has also received necessary certificate under Section 141 of the Act, 2013 from him conveying his eligibility to act as a Cost Auditor. A sum of Rs.5 lakhs has been fixed by the Board as remuneration in addition to reimbursement of travelling and out-of-pocket expenses and all applicable taxes for the year 2018-19, which is 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 2016-17 on 7th September 2017 in XBRL format.

11. CORPORATE GOVERNANCE

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

A separate Section on Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI (LODR) Regulations, 2015 form part of this Annual Report.

The Chairman and Managing Director and the Chief Financial Officer of the Company have certified to the Board on financial statements and other matters in accordance with Regulation 17(8) of SEBI (LODR) Regulations, 2015 pertaining to CEO/CFO certification for the financial year ended 31st March 2018.

12. BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of the SEBI (LODR) Regulations, 2015, the Business Responsibility Report for the year 2017-18 describing the initiatives taken from an environment, social and governance perspective, in the prescribed format is given as Annexure-VIII to this Report.

13. POLICY ON VIGIL MECHANISM

The Company has adopted a Policy on Vigil Mechanism in accordance with the provisions of Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015, which provides a formal mechanism for all Directors, Employees and other Stakeholders of the Company to report to the management, their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Code of Business Conduct and Ethics.

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

The Board at its meeting held on 16th May 2018 has made an amendment to the Whistle Blower Policy for reporting any allegations of material nature on Directors / Employees within a reasonable time limit from the occurrence of such events.

The Policy is disclosed on the Company's website in the following link https://www.tvsmotor.com/pdf/Whistle-Blower-Policy-2018.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 2018.

15. STATUTORY STATEMENTS

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

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

Material changes and commitments:

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

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

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

Annual Return:

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

Employee's remuneration:

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

Comparative analysis of remuneration paid:

A comparative analysis of remuneration paid to Directors and Employees with the Company's performance is given as Annexure-V to this 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 2017-18 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 2017-18, 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 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 viz., Sundaram-Clayton Limited. The Directors thank the bankers, investing institutions, customers, dealers, vendors and sub-contractors for their valuable support and assistance.

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

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

For and on behalf of the Board of Directors

Chennai — Venu Srinivasan
16th May 2018 — *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 2017-18:

(i) Optimal utilization of plant and equipments.

(ii) Commissioned thermal roof-top hot water generation plant for heating application of engine pre-heating at Captive Power Plant (Mysuru).

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

(iv) Commissioned additional 1MW roof-top solar power plant at Mysuru (0.5 MW) & HP (0.5 MW).

(v) Implementation of planned energy saving projects.

The above measures have resulted in an annual saving of approximately Rs. 8 Cr.

2. Proposed measures during the year 2018-19:

(i) Optimal utilization of plant and equipments.

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

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

(iv) Implementation of other planned energy efficient projects.

The above measures are expected to yield an annual saving of (approx.) Rs. 5 Cr.

3. Steps taken for utilizing alternate sources of energy for the year 2017-18:

The Company has utilized the renewable energy to an extent of 670 lakh units out of 1050 lakh units of annual consumption during the year 2017-2018.

The Company's overall renewable power share was 64% during 2017-18 as against the planned target of 50% by the year 2019-20.

Towards our continual commitment of utilizing renewable energy, the Company has commissioned 1MW roof-top solar plant (0.5MW @Mysuru) & (0.5MW @ Nalagarh plant) during 2017-18, with an estimated annual generation of 15 lakh units / annum.

4. Capital investment in energy conservation equipment:

During 2017-18, the Company had invested Rs.1.5 Cr towards optimization of compressors, alternate source of heat energy (refrigerant & solar) and in replacement of conventional lights into LED lighting as "Energy Efficient" measures.

The Company is planning to invest around Rs.3 Cr during the year 2018-19 in enhancing solar power generation and in implementing other planned energy efficient measures.

B. TECHNOLOGY ABSORPTION FOR THE YEAR 2017-18

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

i. Designed, developed and launched new 4 stroke premium scooter with high performance, cutting edge style, innovative features, improved ergonomics and smart connected technology.

ii. Designed, developed and launched new premium motorcycle with innovative features, best-in-class ergonomics, ride and handling.

iii. Designed, developed and launched new 313cc high performance, aerodynamic fully faired sports motorcycle.

iv. Best-in-class Fit and Finish Quality is achieved in all the new products developed.

v. Designed, developed & launched Moped Electric Scooter with Integrated Starter Generator Technology.

vi. Design, development and productionisation of scooter and motorcycle with new engine technology for International Market with Euro III norms.

vii. Design, development and productionisation of motorcycle specifically to cater African markets.

Future plan of action

i. Meeting BSVI Regulatory Norms in 2020.

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

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

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

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

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

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

viii. Development of new technologies to reduce noise, vibration & harshness of the products.

ix. Development of new technologies in the areas of Hybrid / Electric Powertrains.

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. 268.53 Cr.

C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

1. Export activities:

During the year, export of two-wheeler was 4.9 lakh units and three-wheeler was 0.8 lakh units. The Company continued to export of components and sub-assemblies to its subsidiary in Indonesia.

2. Total foreign exchange earned and used:

Foreign exchange used	Rs. 1942.52 Cr
Foreign exchange earned	Rs. 2885.81 Cr

For and on behalf of the Board of Directors

Chennai
16th May 2018

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 2018

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L35921TN1992PLC022845
ii)	Registration Date	:	10.06.1992
iii)	Name of the Company	:	TVS Motor Company Limited
iv)	Category / Sub-Category of the Company	:	Public Company - Limited by shares
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", 29, Haddows Road, Chennai – 600 006. Tel. : 044 - 2827 2233 Fax : 044 - 2825 7121 E-mail : contactus@tvsmotor.com
vi)	Whether listed company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Sundaram-Clayton Limited "Jayalakshmi Estates", 1st Floor, 29, Haddows Road, Chennai - 600 006. Tel. : 044 - 2828 4959 Fax : 044 - 2825 7121 E-mail : raman@scl.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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 -

S.No	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Section of the Companies Act, 2013
Holding Company					
1.	Sundaram-Clayton Limited	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006.	L35999TN1962PLC004792	57.40% in the Company	2(46)
Subsidiary Companies					
2.	Sundaram Auto Components Limited	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006.	U29249TN1992PLC051417	100%	2(87)
3.	TVS Housing Limited		U70101TN2010PLC075027	100%	2(87)
4.	TVS Motor Services Limited		U50404TN2009PLC071075	100%	2(87)

S.No	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Section of the Companies Act, 2013
5.	TVS Credit Services Limited	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006.	U65920TN2008PLC069758	80.74% held by S.No 4 4.20% held by the Company and 1.31% held by S No. 1	2(87)
6.	TVS Two Wheeler Mall Private Limited		U65923TN2017PTC118211	100% held by S. No 5	2(87)
7.	TVS Micro Finance Private Limited		U65929TN2017PTC118238	100% held by S. No 5	2(87)
8.	Harita ARC Private Limited		U65999TN2017PTC118296	100% held by S. No 5	2(87)
9.	Harita Collection Services Private Limited		U65100TN2017PTC118290	100% held by S. No 5	2(87)
10.	TVS Commodity Financial Solutions Private Limited		U65929TN2017PTC118316	100% held by S. No 5	2(87)
11.	TVS Housing finance Private Limited		U65999TN2017PTC118512	100% held by S. No 5	2(87)
12.	PT. TVS Motor Company Indonesia	Gedung Wirausaha 3rd Floor, Jalan, H.R. Rasuna Said, Kav. C5, Jakarta 12920 Indonesia	NA	46.01% by the Company; 19.14% by TVSM Europe; and 34.85% by TVSM Singapore	2(87)
13.	TVS Motor Company (Europe) B.V. (TVSM Europe)	Claude Debussylaan 24 1082 MD, Amsterdam, Netherlands	NA	100%	2(87)
14.	TVS Motor (Singapore) Pte. Limited (TVSM Singapore)	17, Phillip Street, # 05-01, Grand Building, Singapore - 048 695	NA	100%	2(87)
15.	Sundaram Holding USA Inc.,	2711, Centerville Road, #400 Wilmington, New Castle - 19808 State of Delaware, USA.	NA	75% held by S.No.2 25% held by S.No.1	2(87)
16.	Green Hills Land Holding LLC,	1703, Laurel Street, Columbia, South Carolina - 29201, USA	NA	100% held by S. No. 15	2(87)
17.	Component Equipment LLC		NA		
18.	Sundaram-Clayton LLC (Formerly known as Workspace Projects LLC)		NA		
19.	Premier Land Holding LLC,		NA		
Associate Company					
20.	Emerald Haven Realty Limited	1st Floor, Greenways Towers, No. 119, St. Mary's Road, Abhiramapuram, Chennai 600 018.	U45200TN2010PLC075953	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 2017)				No. of Shares held at the end of the year (as on 31st March 2018)				change in % of shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corporate	27,26,82,786	-	27,26,82,786	57.40	27,26,82,786	-	27,26,82,786	57.40	-
Total Shareholding of Promoter (A)	27,26,82,786	-	27,26,82,786	57.40	27,26,82,786	-	27,26,82,786	57.40	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	4,69,74,458	2,428	4,69,76,886	9.89	3,87,01,879	-	3,87,01,879	8.15	(1.74)
b) Banks / Financial Institution	4,79,064	67,216	5,46,280	0.11	11,03,805	63,360	11,67,165	0.24	0.13
c) Insurance Companies	1,18,40,455	-	1,18,40,455	2.49	1,04,65,734	-	1,04,65,734	2.20	(0.29)
d) Foreign Portfolio Investors	8,78,66,583	6,000	8,78,72,583	18.49	9,58,66,052	-	9,58,66,052	20.18	1.69
Sub-total (B)(1)	14,71,60,560	75,644	14,72,36,204	30.98	14,61,37,470	63,360	14,62,00,830	30.77	(0.21)
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	46,77,255	65,856	47,43,111	1.00	70,34,742	61,860	70,96,602	1.49	0.49
ii) Overseas	68	68	136	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	3,50,46,637	54,20,018	4,04,66,655	8.52	3,38,97,374	47,51,283	3,86,48,657	8.14	(0.38)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	44,04,186	-	44,04,186	0.93	47,77,012	-	47,77,012	1.00	0.07
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	25,45,490	1,57,580	27,03,070	0.57	28,03,251	27,010	28,30,261	0.60	0.03
Sub-total (B)(2):-	4,95,19,602	56,48,522	5,51,68,124	11.62	5,13,58,345	48,45,153	5,62,03,498	11.83	0.21
Total Public Shareholding (B)=(B)(1)+(B)(2)	**19,66,80,162**	**57,24,166**	**20,24,04,328**	**42.60**	**19,74,95,815**	**49,08,513**	**20,24,04,328**	**42.60**	**-**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**46,93,62,948**	**57,24,166**	**47,50,87,114**	**100.00**	**47,01,78,601**	**49,08,513**	**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	27,26,82,786 (57.40)	–	–	–	–	–	–	27,26,82,786	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
JWALAMUKHI INVESTMENT HOLDINGS								
2,07,25,563	01-04-2017	Opening Balance						
(4.36)	31-03-2018	Closing Balance					2,07,25,563	4.36
CARTICA CAPITAL LTD								
1,94,70,115	01-04-2017	Opening Balance						
(4.10)	07-04-2017	Transfer / Purchase	4,74,000	0.10	1,99,44,115	4.20		
	14-04-2017	Transfer / Purchase	2,50,000	0.05	2,01,94,115	4.25		
	21-04-2017	Transfer / Purchase	1,84,038	0.04	2,03,78,153	4.29		
	28-04-2017	Transfer / Purchase	3,33,980	0.07	2,07,12,133	4.36		
	05-05-2017	Transfer / Purchase	3,80,000	0.08	2,10,92,133	4.44		
	12-05-2017	Transfer /Sale	9,12,082	0.19	2,01,80,051	4.25		
	31-03-2018	Closing Balance					2,01,80,051	4.25
RELIANCE CAPITAL TRUSTEE CO. LTD.								
2,14,02,358	01-04-2017	Opening Balance						
(4.50)	07-04-2017	Transfer / Purchase	11,98,000	0.25	2,26,00,358	4.76		
	14-04-2017	Transfer /Sale	1,10,000	0.02	2,24,90,358	4.73		
	28-04-2017	Transfer /Sale	3,60,000	0.08	2,21,30,358	4.66		
	05-05-2017	Transfer /Sale	2,46,000	0.05	2,18,84,358	4.61		
	12-05-2017	Transfer /Sale	1,00,000	0.02	2,17,84,358	4.59		
	26-05-2017	Transfer /Sale	2	0.00	2,17,84,356	4.59		
	02-06-2017	Transfer / Purchase	1,00,000	0.02	2,18,84,356	4.61		
	23-06-2017	Transfer /Sale	3,40,244	0.07	2,15,44,112	4.53		
	30-06-2017	Transfer / Purchase	14	0.00	2,15,44,126	4.53		
	14-07-2017	Transfer /Sale	2,20,000	0.05	2,13,24,126	4.49		
	04-08-2017	Transfer / Purchase	19	0.00	2,13,24,145	4.49		
	11-08-2017	Transfer /Sale	1,93,867	0.04	2,11,30,278	4.45		
	01-09-2017	Transfer /Sale	5,40,000	0.11	2,05,90,278	4.33		
	08-09-2017	Transfer /Sale	1,01,933	0.02	2,04,88,345	4.31		
	15-09-2017	Transfer /Sale	16,76,400	0.35	1,88,11,945	3.96		
	15-09-2017	Transfer / Purchase	1,50,000	0.03	1,89,61,945	3.99		
	22-09-2017	Transfer /Sale	3,14,460	0.07	1,86,47,485	3.93		
	29-09-2017	Transfer / Purchase	1,80,000	0.04	1,88,27,485	3.96		
	29-09-2017	Transfer /Sale	7	0.00	1,88,27,478	3.96		
	06-10-2017	Transfer /Sale	6,45,551	0.14	1,81,81,927	3.83		
	13-10-2017	Transfer /Sale	1,80,000	0.04	1,80,01,927	3.79		
	20-10-2017	Transfer / Purchase	8	0.00	1,80,01,935	3.79		
	01-12-2017	Transfer / Purchase	183	0.00	1,80,02,118	3.79		
	08-12-2017	Transfer / Purchase	1,80,000	0.04	1,81,82,118	3.83		
	15-12-2017	Transfer /Sale	4,209	0.00	1,81,77,909	3.83		

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
	22-12-2017	Transfer /Sale	9,00,000	0.19	1,72,77,909	3.64		
	22-12-2017	Transfer / Purchase	12,609	0.00	1,72,90,518	3.64		
	29-12-2017	Transfer /Sale	5,48,103	0.12	1,67,42,415	3.52		
	05-01-2018	Transfer /Sale	3,82,160	0.08	1,63,60,255	3.44		
	12-01-2018	Transfer /Sale	2,06,000	0.04	1,61,54,255	3.40		
	19-01-2018	Transfer /Sale	37	0.00	1,61,54,218	3.40		
	19-01-2018	Transfer / Purchase	3,60,000	0.08	1,65,14,218	3.48		
	26-01-2018	Transfer / Purchase	2,40,000	0.05	1,67,54,218	3.53		
	02-02-2018	Transfer /Sale	2,00,000	0.04	1,65,54,218	3.48		
	02-02-2018	Transfer / Purchase	6,60,000	0.14	1,72,14,218	3.62		
	09-02-2018	Transfer / Purchase	90,000	0.02	1,73,04,218	3.64		
	16-02-2018	Transfer / Purchase	90,000	0.02	1,73,94,218	3.66		
	02-03-2018	Transfer / Purchase	1,35,000	0.03	1,75,29,218	3.69		
	07-03-2018	Transfer / Purchase	90,037	0.02	1,76,19,255	3.71		
	16-03-2018	Transfer / Purchase	1,73,747	0.04	1,77,93,002	3.75		
	23-03-2018	Transfer / Purchase	90,000	0.02	1,78,83,002	3.76		
	30-03-2018	Transfer / Purchase	1,35,000	0.03	1,80,18,002	3.79		
	31-03-2018	Closing Balance					1,80,18,002	3.79
ICICI PRUDENTIAL MUTUAL FUND								
72,38,842	01-04-2017	Opening Balance						
(1.52)	07-04-2017	Transfer / Purchase	12,670	0.00	72,51,512	1.53		
	21-04-2017	Transfer /Sale	3,62,853	0.08	68,88,659	1.45		
	28-04-2017	Transfer /Sale	3,76,988	0.08	65,11,671	1.37		
	05-05-2017	Transfer /Sale	4,42,000	0.09	60,69,671	1.28		
	12-05-2017	Transfer /Sale	28,000	0.01	60,41,671	1.27		
	02-06-2017	Transfer /Sale	3,83,720	0.08	56,57,951	1.19		
	09-06-2017	Transfer /Sale	2,33,924	0.05	54,24,027	1.14		
	23-06-2017	Transfer / Purchase	19,600	0.00	54,43,627	1.15		
	07-07-2017	Transfer / Purchase	8,33,928	0.18	62,77,555	1.32		
	14-07-2017	Transfer / Purchase	21,602	0.00	62,99,157	1.33		
	14-07-2017	Transfer /Sale	2,00,000	0.04	60,99,157	1.28		
	04-08-2017	Transfer / Purchase	16,39,804	0.35	77,38,961	1.63		
	11-08-2017	Transfer / Purchase	1,51,642	0.03	78,90,603	1.66		
	18-08-2017	Transfer / Purchase	8,17,933	0.17	87,08,536	1.83		
	01-09-2017	Transfer /Sale	3,00,000	0.06	84,08,536	1.77		
	22-09-2017	Transfer / Purchase	5,334	0.00	84,13,870	1.77		
	29-09-2017	Transfer / Purchase	1,36,768	0.03	85,50,638	1.80		
	06-10-2017	Transfer / Purchase	28,082	0.01	85,78,720	1.81		
	20-10-2017	Transfer / Purchase	181	0.00	85,78,901	1.81		
	31-10-2017	Transfer /Sale	1,09,000	0.02	84,69,901	1.78		
	03-11-2017	Transfer /Sale	4,62,785	0.10	80,07,116	1.69		

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
	17-11-2017	Transfer /Sale	181	0.00	80,06,935	1.69		
	24-11-2017	Transfer / Purchase	1,26,548	0.03	81,33,483	1.71		
	01-12-2017	Transfer / Purchase	181	0.00	81,33,664	1.71		
	22-12-2017	Transfer /Sale	1,87,000	0.04	79,46,664	1.67		
	29-12-2017	Transfer /Sale	4,87,000	0.10	74,59,664	1.57		
	29-12-2017	Transfer / Purchase	6,74,000	0.14	81,33,664	1.71		
	12-01-2018	Transfer /Sale	74,708	0.02	80,58,956	1.70		
	12-01-2018	Transfer / Purchase	181	0.00	80,59,137	1.70		
	19-01-2018	Transfer / Purchase	181	0.00	80,59,318	1.70		
	02-02-2018	Transfer / Purchase	10,87,014	0.23	91,46,332	1.93		
	09-02-2018	Transfer / Purchase	4,00,348	0.08	95,46,680	2.01		
	09-02-2018	Transfer /Sale	1,14,784	0.02	94,31,896	1.99		
	23-02-2018	Transfer / Purchase	14,76,936	0.31	1,09,08,832	2.30		
	02-03-2018	Transfer / Purchase	10,58,777	0.22	1,19,67,609	2.52		
	07-03-2018	Transfer /Sale	2,56,112	0.05	1,17,11,497	2.47		
	07-03-2018	Transfer / Purchase	2,10,000	0.04	1,19,21,497	2.51		
	09-03-2018	Transfer / Purchase	3,55,316	0.07	1,22,76,813	2.58		
	16-03-2018	Transfer / Purchase	63,799	0.01	1,23,40,612	2.60		
	23-03-2018	Transfer / Purchase	3,01,526	0.06	1,26,42,138	2.66		
	23-03-2018	Transfer /Sale	354	0.00	1,26,41,784	2.66		
	30-03-2018	Transfer / Purchase	3,82,537	0.08	1,30,24,321	2.74		
	31-03-2018	Closing Balance					1,30,24,321	2.74
EUROPACIFIC GROWTH FUND								
Nil	01-04-2017	Opening Balance						
	13-10-2017	Transfer / Purchase	10,32,605	0.22	10,32,605	0.22		
	20-10-2017	Transfer / Purchase	24,23,309	0.51	34,55,914	0.73		
	09-11-2017	Transfer / Purchase	7,50,090	0.16	42,06,004	0.89		
	17-11-2017	Transfer / Purchase	14,13,457	0.30	56,19,461	1.18		
	24-11-2017	Transfer / Purchase	7,36,086	0.15	63,55,547	1.34		
	01-12-2017	Transfer / Purchase	9,15,840	0.19	72,71,387	1.53		
	08-12-2017	Transfer / Purchase	20,49,546	0.43	93,20,933	1.96		
	15-12-2017	Transfer / Purchase	11,80,198	0.25	1,05,01,131	2.21		
	22-12-2017	Transfer / Purchase	22,16,821	0.47	1,27,17,952	2.68		
	19-01-2018	Transfer / Purchase	2,92,048	0.06	1,30,10,000	2.74		
	31-03-2018	Closing Balance					1,30,10,000	2.74
NEW WORLD FUND INC								
Nil	01-04-2017	Opening Balance						
	07-04-2017	Transfer / Purchase	1,82,083	0.04	1,82,083	0.04		
	14-04-2017	Transfer / Purchase	1,00,502	0.02	2,82,585	0.06		
	21-04-2017	Transfer / Purchase	62,454	0.01	3,45,039	0.07		
	28-04-2017	Transfer / Purchase	7,82,632	0.16	11,27,671	0.24		

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
	05-05-2017	Transfer / Purchase	28,77,336	0.61	40,05,007	0.84		
	12-05-2017	Transfer / Purchase	9,82,128	0.21	49,87,135	1.05		
	19-05-2017	Transfer / Purchase	117,361	0.02	51,04,496	1.07		
	26-05-2017	Transfer / Purchase	8,58,643	0.18	59,63,139	1.26		
	02-06-2017	Transfer / Purchase	30,183	0.01	59,93,322	1.26		
	30-06-2017	Transfer / Purchase	84,479	0.02	60,77,801	1.28		
	25-08-2017	Transfer / Purchase	6,33,811	0.13	67,11,612	1.41		
	01-09-2017	Transfer / Purchase	6,57,729	0.14	73,69,341	1.55		
	08-09-2017	Transfer / Purchase	4,74,192	0.10	78,43,533	1.65		
	01-12-2017	Transfer/Sale	1,12,564	0.02	77,30,969	1.63		
	08-12-2017	Transfer/Sale	1,15,436	0.02	76,15,533	1.60		
	31-03-2018	Closing Balance					76,15,533	1.60
TREE LINE ASIA MASTER FUND (SINGAPORE) PTE LTD								
69,00,000	01-04-2017	Opening Balance						
(1.45)	26-05-2017	Transfer/Sale	3,00,000	0.06	66,00,000	1.39		
	31-03-2018	Closing Balance					66,00,000	1.39
LIFE INSURANCE CORPORATION OF INDIA								
53,27,945	01-04-2017	Opening Balance						
(1.12)	31-03-2018	Closing Balance					53,27,945	1.12
WF ASIAN SMALLER COMPANIES FUND LIMITED								
38,48,506	01-04-2017	Opening Balance						
(0.81)	14-04-2017	Transfer / Purchase	8,38,219	0.18	46,86,725	0.99		
	31-03-2018	Closing Balance					46,86,725	0.99
SMALLCAP WORLD FUND, INC								
Nil	01-04-2017	Opening Balance						
	07-04-2017	Transfer / Purchase	2,69,768	0.06	2,69,768	0.06		
	14-04-2017	Transfer / Purchase	2,03,019	0.04	4,72,787	0.10		
	21-04-2017	Transfer / Purchase	1,26,159	0.03	5,98,946	0.13		
	28-04-2017	Transfer / Purchase	7,37,157	0.16	13,36,103	0.28		
	05-05-2017	Transfer / Purchase	14,20,547	0.30	27,56,650	0.58		
	12-05-2017	Transfer / Purchase	4,84,876	0.10	32,41,526	0.68		
	19-05-2017	Transfer / Purchase	57,946	0.01	32,99,472	0.69		
	26-05-2017	Transfer / Purchase	4,23,915	0.09	37,23,387	0.78		
	02-06-2017	Transfer / Purchase	14,901	0.00	37,38,288	0.79		
	30-06-2017	Transfer / Purchase	41,708	0.01	37,79,996	0.80		
	31-03-2018	Closing Balance					37,79,996	0.80

(v) Shareholding of Directors and Key Managerial Personnel

Name of the Director / KMP (M/s.)	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
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	5000	-	-	-	-	-	-	5,000	0.00
C R Dua	Nil	-	-	-	-	-	-	Nil	
Prince Asirvatham	1000	-	-	-	-	-	-	1,000	-
R Ramakrishnan	1,08,000 (0.02)	-	-	-	-	-	-	1,08,000	0.02
Hemant Krishan Singh	Nil	-	-	-	-	-	-	Nil	-
Rajesh Narasimhan	Nil	-	-	-	-	-	-	Nil	-
K N Radhakrishnan	3,000	-	-	-	-	-	-	3,000	0.00
K Gopala Desikan	220	-	-	-	-	-	-	220	-
K S Srinivasan	Nil	-	-	-	-	-	-	Nil	-

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	444.38	662.82	1107.20
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**	**1109.28**
Change in Indebtedness during the financial year			
· Addition	-	191.47	191.47
· Reduction	109.14	-	109.14
Net Change	109.14	191.47	82.33
Indebtedness at the end of the financial year			
i) Principal Amount	335.56	854.36	1189.92
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	0.46	1.23	1.69
Total (i+ii+iii)	**336.02**	**855.59**	**1191.61**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director: (Rs in lakhs)

Sl. No	Particulars of Remuneration	Mr Venu Srinivasan CMD	Mr Sudarshan Venu JMD	Total Amount
1.	Gross salary	51.00	54.00	105.00
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961			
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	267.44	133.24	400.68
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify	2002.07	1201.24	3203.31
5.	Others – Employer contribution to provident and other funds	8.67	9.18	17.85
	Total (A)	2329.18	1397.66	3726.84
	Ceiling as per the Act			7503.25

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	3.00	3.00	2.40	2.40	1.20	12.00
Commission	18.00	18.00	18.00	18.00	15.00	87.00
Others, please specify	-	-	-	-	-	-
Total (1)	21.00	21.00	20.40	20.40	16.20	99.00

	Name of Directors					
	HL	Dr. LV	RN			
Other Non –Executive Directors Fee for attending board / committee meetings	2.60	0.80	0.60			4.00
Commission	-	-	3.37*			3.37*
Others, please specify	-	-	-	-	-	-
Total (2)	2.60	0.80	3.97			7.37
Total (B) = (1+2)						106.37
Total Managerial Remuneration						3833.21
Overall Ceiling as per the Act						8253.57

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

** Mr Rajesh Narasimhan was an independent director for the part of the year viz. from 11th August 2017 to 31st October 2017.*

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (Rs In Lakhs)

Sl. No	Particulars of Remuneration	Mr K N Radhakrishnan CEO	Mr S G Murali (till 25.09.2017) CFO	Mr K S Srinivasan CS	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	414.43	118.70	19.08	552.21
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	59.01	28.97	6.66	94.64
	(c) Profits in lieu of salary u/s 17(3) of the Income tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5.	Others, please specify	11.84	27.88	0.86	40.58
	Total	485.28	175.55	26.60	687.43

CEO – Chief Executive Officer; CFO – Chief Financial Officer; CS – Company Secretary

Mr K Gopala Desikan was appointed as the Chief Financial Officer of the Company w.e.f 1st November 2017 and receives remuneration from the holding company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

Chennai
16th May 2018

VENU SRINIVASAN
Chairman

Annexure - IV to Directors' Report to the shareholders

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

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

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

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

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

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

4. Composition of the CSR Committee.

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

5. Average net profit of the Company for last three financial years Rs. 534.65 Cr

6. Prescribed CSR Expenditure (2% of the amount stated in item 5 above) Rs. 10.70 Cr

7. Details of CSR spent during the financial year
   (a) Total amount spent for the financial year   Rs. 10.98 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 Central Trust, Prasanthi Nilayam – 515 134 Anantapur District, Andhra Pradesh, India. Telefax: +91–8555-287390 Email: finance@sssct.org	National Institute of Mental Health & Neuro Sciences, (NIMHANS) Hosur Road, Lakkasandra, Bengaluru, Karnataka – 560 029 Phone No: 080 – 26995001 Mail ID: dirstaff@nimhans.ac.in	Voluntary Health Services Rajiv Gandhi IT Expy, Tharamani, Chennai - 600013 Phone No: 044-22541972 Mail ID: secyvhs.1958@gmail.com
2	CSR Project or activity identified as mentioned in Schedule VII to the 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; •- Rural development projects	Promoting free medical care 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;	Health care activities
3	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure	Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge.	Mental health and neuro sciences	Health Care activities Stroke Project – Centre for Advanced Rehabilitation Specialties
4	Areas in which Projects / Programmes undertaken:				
	Local Area / Others:	• Hosur, Padavedu, Thirukkurungudi, Navatirupati and Javadhu Hills • Mysuru and Chamrajanagar • Himachal Pradesh	Sri Sathya Sai Institute of Higher Medical Sciences at Prasanthi Gram, Andhra Pradesh and at Whitefield, Bengaluru, Sri Sathya Sai General Hospital at Prasanthi Nilayam and at Whitefield, Bengaluru and Sri Sathya Sai Mobile Hospital. Prasanthi Nilayam, Puttaparthi and Whitefield, Bengaluru	Bengaluru	Hospitals and 14 Mini Health Care Centers in Chennai and Kancheepuram Districts

	State & district :	- Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts - Karnataka : Mysuru, Bengaluru Urban, and Chamrajanagar districts - Himachal Pradesh : Solan district	- Andhra Pradesh, Anantapur District and Karnataka, Bengaluru District	- Bengaluru, Karnataka	- Tamilnadu - Chennai & Kancheepuram
	Amount outlay (budget) project or program-wise:	Rs.1250 Lakhs	Rs.7584 Lakhs	Rs.64.50 Lakhs	Rs.25.00 Lakhs
5	Amount spent on the projects or programmes:	Rs. 708 Lakhs	Rs.300 Lakhs	Rs.64.50 Lakhs	Rs.25.00 Lakhs
6	**Sub-heads:**				
	Direct expenses On projects / programs:	Rs. 1224.31 Lakhs (including contribution of the Company of Rs. 708 lakhs)	Rs. 7440 Lakhs (including contribution of the Company of Rs.300 Lakhs)	Rs.64.50 Lakhs	Rs.25.00 Lakhs
	Overheads:	Nil	Nil	Nil	Nil
7	Cumulative expenditure upto the reporting period:	Rs. 1224.31 lakhs (including contribution of the Company of Rs. 708 Lakhs)	Rs.7440 Lakhs (including contribution of the Company of Rs.300 Lakhs)	Rs.64.50 Lakhs	Rs.25.00 Lakhs

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

- Not applicable

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

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

For and on behalf of the Board

Venu Srinivasan
Chairman and Managing Director and
Chairman of CSR Committee

Chennai
16th May 2018

Annexure - V to Directors' Report to the shareholders

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

Sl. No.	Name of the Directors / Officials (M/s.)	Designation	Ratio to Median Remuneration	% increase in remuneration
1	Venu Srinivasan	CMD	1:311	61%
	Sudarshan Venu	JMD	1:186	36%
	H Lakshmanan	NENID	–	–
	Dr. Lakshmi Venu	NENID	–	–
	T Kannan	NEID	1:2	NIL
	C R Dua	NEID	1:2	NIL
	Prince Asirvatham	NEID	1:2	NIL
	R Ramakrishnan	NEID	1:2	NIL
	Hemant Krishan Singh	NEID	1:2	NIL
	Rajesh Narasimhan*	NENID	–	–
	K N Radhakrishnan	President & CEO	NA	1%
	S G Murali	CFO	NA	#
	K S Srinivasan	CS	NA	20%
	* NEID - Non-Executive Independent Director from 11th August 2017 to 31st October 2017. From 1st November 2017 he is a NENID - Non-Executive Non-Independent Director Mr K Gopala Desikan, appointed as CFO of the Company effective 1st November 2017 and receiving remuneration from the holding company. # S G Murali retired as CFO upon superannuation on 26th September 2017.			
2	The percentage increase in the median remuneration of employees in the financial year; $ *On account of long term wage settlement entered during the year in Hosur Plant (once in four years)*		28% $	
3	The number of permanent employees on the rolls of company;		5184	
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2017-18		14%	
	b. Average percentile increase in the managerial remuneration in the financial year 2017-18		42%	
	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 2017-18 is as per the Remuneration Policy of the Company	

For and on behalf of the Board

Chennai
16th May 2018

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.

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	Sundaram Auto Components Limited
(b)	Nature of relationship	Wholly Owned Subsidiary
(c)	Duration of the contracts/ arrangements/ transactions	April 1, 2017 to March 31, 2018
(d)	Date(s) of approval by the Board, if any:	April 27, 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)
Sale	Two wheelers and Three wheelers Raw material	Based on dealer price Based on list price	462.47 0.06
Purchase	Plastic Components and Dies & Moulds	Mark-up on cost of raw materials and conversion cost	474.52
Rendering of Services	Share of SAP maintenance charges, Salary, Training expenses, RT/ Segregation Exp.	At Cost	0.83
Investments	Subscription of Equity shares	As per valuation report	171.00
Dividend	-	-	5.21

For and on behalf of the Board

Chennai
16th May 2018

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 2017-2018

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 31.03.2018	Purpose for which the loan / guarantee utilised by the recipient
1.	PT TVS Motor Company Indonesia	Wholly owned subsidiary	Guarantee	104.28	3.82%	To facilitate for availing credit facilities
2.	TVS Credit Services Limited	Subsidiary	Guarantee	25.00	0.91%	

For and on behalf of the Board

Chennai
16th May 2018

VENU SRINIVASAN
Chairman

Annexure - VIII to Directors' Report to the shareholders

BUSINESS RESPONSIBILITY REPORT

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

Introduction

TVS Motor Company Ltd (TVS Motor or the Company) is one of the largest two-wheeler manufacturer in India, with a revenue of Rs. 15,618 Cr (2017-18).

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 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.	Address of the Company	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006.
4.	Website	www.tvsmotor.com
5.	E-mail id	contactus@tvsmotor.com
6.	Financial Year reported	2017-18
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture of two-wheelers and three-wheelers

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

8.	Three key products/ services that the Company manufactures/ provides	1. Two-wheeler 2. Three-wheeler 3. Parts & Accessories (Please refer to Company's website for complete list of its products)
9.	Total number of locations where business activity is undertaken by the Company:	
	i. Number of International Locations :	TVS Motor does not have any manufacturing unit outside India. However, its overseas subsidiary viz., PT TVS Motor Company Indonesia has a manufacturing facility in Karawang at Indonesia.

ii. Number of National Locations –

A. The Company has three manufacturing locations as under:

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

B. The Company has Area Offices across pan India.

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

10.	Markets served by the Company - Local/State/ National/ International	TVS Motor's vehicles and services cater to the entire Indian market. The Company's vehicles are also being marketed in several countries 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. 15,618 Crores (Standalone figure)
3.	Profit after tax	Rs. 662.59 Crores (Standalone)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of net profit	Rs. 10.98 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 healthcare 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 maintain quality of soil, air and water; • Rural development projects; and • Health care activities.

Section C: Other Details

1.	Does the Company have any Subsidiary Company/ Companies?	Yes. The Company has ten subsidiaries in India and eight subsidiaries abroad as on 31st March 2018.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Yes. The Company positively influences and encourages its subsidiaries to adopt Business Responsibility (BR) initiatives. All the Company's subsidiaries are guided by the Company to conduct their business in an ethical, transparent and accountable manner. It encompasses suppliers, customers, employees, Government authorities and other stakeholders.

3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Suppliers, distributors are critical to 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 BR

a) Details of the 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	svenu@tvsmotor.com	Manu@tvsmotor.com

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

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

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

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

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

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

P5 Businesses should respect and promote human rights.

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

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

P8 Businesses should support inclusive growth and equitable development.

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

S.No	Question	Business Ethics	Product Responsibility	Wellbeing of employee	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for?	Y	Y*	Y*	Y*	Y*	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify?	Y	Y	Y	Y	Y	Y ISO 14001: 2015	-	Y	Y
		All the policies of the Company are in compliance with national / international standards wherever applicable.								
4.	Has the policy being approved by the Board? if yes, has it been signed by MD / owner / CEO /appropriate Board Director?	Mandatory policies viz., Code of Conduct & Business Ethics, Whistle Blower Policy, CSR Policy, Code to regulate, monitor Insider Trading have been adopted by the board and other operational internal policies are approved by the management.								
5.	Does the Company have a specified committee of the Board/ Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
		The implementation and adherence to the code of conduct for employees is administered by the HR Department. The CSR policy is administered by CSR Committee in line with the requirements of the Companies Act, 2013. The Environmental, Health and Safety (EHS) policy is overseen by Production Engineering and Enterprise Resource Management Departments.								
6.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The internal policies have been communicated to all stakeholders and the same are available on the Company's intranet. Mandatory policies are available on the Company's website in the following link https://www.tvsmotor.com/investor-relations.aspx#investorcommunication								
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 and redressal mechanism.								
9.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The implementation of the Company's Code of Conduct and other policies are reviewed through internal audit function. The Quality, Safety & Health and Environmental policies are subject to internal and external audits as part of certification process and continuous assessments. All policies adopted by the Company for ensuring 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 S.No.1 against any of the Principle is 'No', please explain:

S.No	Question	Business Ethics	Product Responsibility	Wellbeing of employee	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principle	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	P7 The Company through the various industry forums endeavours 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 review the BR performance of the Company through their monthly review meetings. The action points that emerge from the discussions at these meetings are reviewed in subsequent meetings to ensure their closure.

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

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

Section E: Principle-wise Performance

Principle 1: Ethics, Transparency and Accountability

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

Yes.

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

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

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

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

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

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

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

The code of conduct to regulate, monitor and report trading by insiders adopted for regulating, monitoring and reporting Insider Trading by 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.

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

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

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

Principle 2: Product Life Cycle Sustainability

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

   a) To address the environmental concern, about 35 projects have been executed in products towards conservation of natural resources. In Apache RR 310, hazardous chemicals which affect human health, aquatic life and environment have been identified and actions are in place to eliminate them in phases. The steel content has been reduced in vehicles viz., Apache, Star City, Victor and Jupiter without affecting performance, durability and statutory requirements.

   b) Actions have been taken to reduce the vehicle exhaust emissions upto 30% in all the Company's products by adopting advanced technologies for weight reduction, friction reduction and optimized fuelling.

   c) Company'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 its vehicles

   d) For customer safety and health, the Company has introduced ANTI-SKID Braking System brakes (ABS) in three of its products and SBS (Sync Brake System') brakes in two of our products. Also, the Company has introduced AHO (Automatic Headlamp On) DRL (Daytime Running Lamp) in its products which improve visibility and avoid accidents during low light conditions.

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

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

- The Company is continuously making efforts to reduce the weight of the vehicle which will increase the fuel economy of the vehicle, thus conserving both raw material resources and fuel.
- The Company has achieved significant reduction of Hydrocarbon and NOx emissions in all TVS models. This has helped in meeting BS IV emission norms.
- Also, the Company has achieved improved ergonomics for rider comfort and seating posture considering joint angles to minimize strain to the rider in most of our two-wheelers.

(b) Reduction during usage by consumers (energy, water) has been achieved since the 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 11 million litres of petrol fuel and 6 million litres of oil have been conserved annually. This amounts to reduction of about 34,500 metric tonnes of CO_2eq GWP annually.
- TVS Motor continuously work on improvement of fuel economy which helps in conservation of fuel during the use phase and reduces the impact on the environment

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

Yes. The Company has encouraged its suppliers to get TS certification and ISO 14001 certification. The expiry dates of certificates are being tracked and monitored at regular intervals by effectively using SAP system. Online auto reminders are sent to suppliers 90 days in advance. TVS Motor has taken many initiatives to ensure sustainable sourcing. As a commitment to sustainable sourcing, TVS Motor is migrating to internationally recognized Automotive Quality Management System – IATF 16949:2016.

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

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

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

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

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

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

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

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

Products-

In the product design, 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.

TVS Motor is working on using recycled Poly Propylene (100%) in some components. For example, cover bottom floor & cover fuel tank for 2 Wheelers are under implementation.

Recycled rubbers are implemented in two components of 3 Wheelers.

Process-

In process design all efforts have been taken to minimize the generation of waste by introduction of clean technologies viz., water based CED process; powder coating, use of robots in painting and MQL (Minimum Quantity Lubrication) for machining.

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

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

Packaging-

A new handling & transfer system has been established for Scooter Engines built in Hosur Plant and transported to Himachal Plant. The earlier practice was to pack engine in individual carton box palletized with wood which is used only one time. Now, the engines are placed in PP board with in-built plastic pallet and then transported. This PP board with inbuilt plastic pallet is returned to Hosur plant for reuse.

Waste

- Used thinner is distilled and reused back in the paint process.
- The process water in Hosur & Mysuru plants is recycled through Reverse Osmosis & Evaporator Plants.
- The treated sewage is used for gardening within the premises (100%).
- The solid wastes which are hazardous in nature viz., chemical sludge at Hosur and Mysuru sites which cannot be used in company facilities are sent to Cement Industry as raw material for Cement Manufacturing (Co-processing).
- Paint sludge/waste containing oil is used for co-incineration (partial replacement to coal) in the cement industry.
- Used engine oil which is removed from the 3W-Export vehicles is being recycled and reused.
- Other category of used oil viz., treated coolant, hydraulic oil is sent to authorised recycling agency.

Principle 3: Employee Wellbeing

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

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

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

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

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

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

1	Total number of employees	5,184 as at 31st March, 2018
2	Total number of employees hired on temporary/ contractual/casual basis.	10,297 as at 31st March, 2018
3	Number of permanent women employees	267 as at 31st March, 2018
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 this Union.
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	NIL
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? (a) Permanent Employees – 95% (b) Permanent Women Employees – 100% (c) Casual/Temporary/Contractual Employees – 100% (d) Employees with Disabilities- NIL	The Company has established TVS-IQL for training the employees and making them competent in the role they are performing along with training them to handle the next role in line. Safety training involving road safety, first aid and fire safety, etc., is conducted for the employees.

Principle 4: Stakeholder Engagement

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

Yes.

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

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

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

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

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

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

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

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

Principle 5: Human Rights

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

TVS Motor does not have a stated Human Rights Policy.

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

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

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

Principle 6: Environmental

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

   TVS Motor has 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.

   TVS Motor'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, TVS Motor is continuously encouraging and supporting to its suppliers to obtain EHS certification. The same is tracked and monitored on regular intervals through SAP. The online system triggers were sent to suppliers on re-certification.
   - 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.**

   TVS Motor's EHS Policy, have commitment to combat climate change by improving energy efficiency and use of renewable energy. Following actions have been carried-out towards this-

   - TVS Motor 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 CO2eq per annum.
   - TVS Motor has switched over from fossil fuel to EB power during 2013. At this juncture as an alternate to EB power, TVS Motor invested in 7.2 MW wind power. Over the years, TVS Motor has invested in group captive mode to the tune of 32 MW and gradually improved the share of wind power from 19% (2013), 30% (2016) to 60% (2017).
   - Through sustained efforts towards renewable energy, TVS Motor 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 increased from 29% during 2016-17 to 64% during 2017-18.
   - Plant optimal utilization, improvement & other Energy saving projects have contributed in reduction of specific power consumption.
   - The Company has started "Life cycle assessment" of its products and services using Gabi Software through tracking and monitoring Global Warming Potential (GWP), energy consumptions, acidification etc. For a typical motorcycle, the GWP is estimated to be 8.5 tonnes (cradle-to-grave).

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

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

   Risk Identification and Assessment

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

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

Risk Mitigation and Monitoring

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

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

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

TVS Motor has its own Captive power plant 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 CO2eq every year.

Towards the Company's commitment of combating climate change by improving energy efficiency and use of renewable energy, TVS Motor switched over from fossil fuel to EB power during 2013. At this juncture as an alternate to EB power, TVSM 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 gradually improved the share of wind power 19% (2013), 30% (2016) & 60% (2017).

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.

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 in a month. This has also resulted in drastic reduction of waste oil generation from captive power plant.

With all these clean development mechanism (CDM) initiatives, the share of renewable energy usage increased from 29% during 2016-17 to 64% during 2017-18.

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:

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

TVS Motor is in the process of developing new hybrid vehicles with high fuel economy and significant reduction in exhaust emissions. 3 Wheeler 'King' is equipped with engines which can be operated using CNG, LPG and Gasoline.

TVS Motor has achieved significant reduction of Hydrocarbon and NOx emissions in all TVS 2&3 wheeler vehicle models. Vehicles sold by the Company are BS IV compliant.

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

New paint plants are with clean fuels like LPG/propone and are direct fired. In process design all efforts have been taken to minimize the generation of waste by introduction of clean technologies viz., water based CED process; powder coating, use of robots in painting and MQL (Minimum Quantity Lubrication) during machining. The surface finishing processes viz., copper plating, bonderising and black chrome plating have been eliminated with alternate processes.

Energy efficiency:

Conventional lighting is changed over to energy efficient LED lighting across the Company. Further all expansion projects are with energy efficient LED lighting technologies including office areas. Buildings are designed with natural lightings and ventilation with daylight harvesting to conserve energy. Energy efficient motors are used in all places and the motors having capacity more than 10 HP are equipped with Variable Frequency Drives as a standard feature. Occupancy sensors for fans & lighting, auto cut-off for hydraulic motors and compressed air are implemented across the Company and have resulted in energy savings.

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

Renewable energy:

Details as mentioned in Principle 6 Question 4

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

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

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

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

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

Principle 7: Policy Advocacy

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

   TVS Motor is member of:

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

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

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

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

   TVS Motor has a separate wing, viz., Srinivasan Services Trust (SST), which

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

Principle 8: Inclusive Growth

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

   Yes. As given in Annexure IV of the Company's Annual Report 2017-18.

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

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

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

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

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

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

S.No	Project	Amount
1.	Promoting Education	Rs.10.98 Cr
2.	Economic Development, Health care, Quality education, Environment and Infrastructure	
3.	Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge.	
4.	Health care activities	
5.	Mental health and neuro sciences	

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 2.89 Cr two wheelers since 2001-02 to March 2018 and 1.49 lakhs three wheelers since 2007-08 to March 2018; 263 number of consumer cases are pending in District Forum and 52 number of appeals in State Commission are pending under Consumer Protection Act, 1986. Total 2.90 crores of vehicles sold, of which we have a total of 315 consumer cases pending, which works out to a percentage of 0.0010%. The Company has Customer Relationship Management System (CRM) through which the Company interacts with customers and collects their feedback, which has influence over its product and service improvements.

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

   TVS Motor provides the important information about products to the customers on timely basis customers through our 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 Centers regularly. Regular audits are conducted by external agency to ascertain effectiveness of aftersales service provided by dealers to consumers.

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

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

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

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

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

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

For and on behalf of the Board of Directors

Chennai
16th May 2018

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 and Code of Conduct to Regulate, Monitor and Report trading by Insiders for prevention of insider trading by the 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 2018, the total strength of the Board was ten. As the Company has an Executive Chairman Mr Venu Srinivasan who is the Chairman and managing Director, the Board is required, in terms of the Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations), to have fifty per cent of its Directors as independent directors and at least one Woman Director.

Accordingly, the Board has five Non-Executive Independent Directors (NE-ID) viz., M/s T Kannan, C R Dua, R Ramakrishnan, Prince Asirvatham and Hemant Krishan Singh and three Non-Executive Non-Independent Directors (NE- NID), viz., M/s H Lakshmanan, Dr. Lakshmi Venu, Rajesh Narasimhan. 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.

During the year under review, Mr Sudarshan Venu was re-appointed as the Joint Managing Director of the Company for a further period of five years commencing from 1st February 2018 by the Shareholders through Postal Ballot on 21st December, 2017.

Mr Rajesh Narasimhan was appointed as an Independent Director on 11th August, 2017 and ceased as an Independent Director effective 31st October 2017, consequent to his proposed appointment as the Chief Executive Officer of TVS Motor (Singapore) Pte Limited, the wholly owned subsidiary of the Company.

On 1st November 2017, the Board appointed Mr Rajesh Narasimhan as an Additional Director of the Company and hold office upto the date of the ensuing Annual General Meeting (AGM) and proposed his appointment as a director, liable to retire by rotation.

Meanwhile, the Shareholders have also approved his appointment in a place of profit, as required under Section 188 of the Companies Act, 2013 (the Act, 2013), through Postal Ballot on 21st December 2017.

All existing NE-IDs, not liable to retire by rotation, have been appointed by the Shareholders at AGM 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.

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

As per the recent amendment to the SEBI (LODR) Regulations, 2015, with effect from 1st April 2019, appointment or continuation by a person as a Non-Executive Director who attained the age of seventy five years, requires a special resolution of the Shareholders.

Accordingly, Mr H Lakshmanan, aged 84 years, who is a Non-Executive Non-Independent Director (NE-NID) of the Company, is liable to retire by rotation at the ensuing AGM and his tenure on re-appointment continues beyond 1st April 2019.

Considering his six decades of experience in the Group, the Board recommended his re-appointment to the Shareholders by way of special resolution based on the performance evaluation by the Nomination and Remuneration Committee (NRC).

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

2.2 Board Meetings:

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

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. As per the Companies (Amendment) Act, 2017, Directors attending through VC participated in the discussions, for the restricted items, wherever necessary quorum of Directors was physically present at the meeting.

The Company, regularly places before the Board for its review, all the information as required under Part A of Schedule II to 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 one level below the Board, any significant development in Human Resources / Industrial Relations, Show-cause, demand and prosecution notices and penalty notices which are materially important, quarterly details of foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any, etc.

Comprehensively drafted notes for each agenda item along with the 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 Controls, etc., in Board / Audit & Risk Management Committee meetings.

During the year, the Company has implemented digital board meeting through i-Pads as an eco-friendly measure. All agenda papers for convening meetings of the Board / Committees have been uploaded in digital mode.

During the year 2017-18, the board met five times viz., 27th April 2017, 11th August 2017, 1st November 2017, 30th January 2018 and 26th February 2018, 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 AGM held on 11th August 2017 and other directorships and committee memberships / chairmanships as on 31st March 2018 are as follows:

Name of the Director (M/s)		Category	Attendance Particulars		Number of other directorships and committee memberships / chairmanships		
			Board meetings	Last AGM	Other directorships*	Committee memberships**	Committee chairmanships
Venu Srinivasan	(DIN 00051523)	CMD	5	Yes	17	4	-
Sudarshan Venu	(DIN 03601690)	JMD	4	Yes	4	1	-
H Lakshmanan	(DIN 00057973)	NE-NID	5	Yes	16	5	3
R Ramakrishnan	(DIN 00809342)	NE-ID	4	Yes	10	6	1
Dr. Lakshmi Venu	(DIN 02702020)	NE-NID	4	Yes	8	1	-
T Kannan	(DIN 00040674)	NE-ID	4	No	8	3	2
C R Dua	(DIN 00036080)	NE-ID	5	No	14	3	1
Prince Asirvatham	(DIN 00193260)	NE-ID	5	Yes	2	1	-
Hemant Krishan Singh	(DIN 06467315)	NE-ID	5	Yes	-	-	-
Rajesh Narasimhan$	(DIN 07824276)	NE-NID	3	-	1	-	-

CMD : Chairman & Managing Director
JMD: Joint Managing Director
NE-NID: Non Executive – Non Independent Director
NE-ID: Non-Executive – Independent Director
* includes private companies and companies incorporated outside India.
** includes committees where the director holds the position of chairman.
$ appointed as an additional director w.e.f 1st November 2017 upon cessation as Independent Director consequent to his appointment in a place of profit of the subsidiary company.

None of the Directors on the Board is a member of more than ten committees or chairman of more than five committees across all the companies in which they are directors. Chairmanships / Memberships of Committees include only audit and stakeholders' relationship committee as covered under Regulation 26 of 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 on the Board.

2.4 Access to information and updation to Directors:

The Board reviews all the information provided periodically for discussion and consideration at its meetings in terms of SEBI (LODR) Regulations. Functional heads are present whenever necessary and apprise all the Directors about the developments. They also make presentations to the Board and Audit 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 quarterly basis. Decisions taken at the meetings of the Board / Committee are communicated to the functional heads. Action taken report on decisions of previous meetings was placed at every succeeding meeting of the Board / Committee for reporting the compliance.

2.5 Familiarization program

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

The program also includes briefings on the culture, values and business model of the Company, the roles and responsibilities of senior executives and the Company's financial, strategic, operational and risk management position. The induction process for NE-IDs includes plant visit for detailed understanding of manufacturing process / activities of the Company. The details of familiarization program are available on the Company's website with the following link: https://www.tvsmotor.com/pdf/TVSM-Familirisation-Program.pdf.

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

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

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

All the Members of the Board and Senior Management Personnel have confirmed compliance with the Code for the year ended 31st March 2018. 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 appointed / re-appointed, nature of their expertise in specific functional areas, other directorships and committee memberships, shareholdings and relationships, if any, with other Directors are provided in the Notice convening AGM of the Company.

2.8 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 reviewed. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The minutes of the Committee Meetings are placed before the subsequent Board meetings.

Based on the market capitalization as at 31st March 2018, the Company was among the Top 100 listed companies in India occupying 96th position. As required under the Regulation 21 of SEBI (LODR) Regulations, the Board constituted a separate Risk Management Committee (RMC) at its meeting held on 16th May 2018.

3. Audit Committee

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

As explained earlier, in view of the specific requirement for constituting a separate Risk Management Committee under SEBI (LODR) Regulations, the terms of reference in connection with risk management delegated earlier to Audit & Risk Management Committee are now assigned to RMC.

3.1 Brief description of terms of reference:

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

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

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

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

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

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

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

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

g. Scrutinizing the inter-corporate loans and investments;

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

i. Evaluating internal financial controls and risk management systems;

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

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

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

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

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

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

p. Reviewing the functioning of the Whistle Blower Mechanism;

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

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

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

3.2 Composition, name of the Chairman and Members:

As at 31st March 2018, 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 the 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 not present at the last AGM held on 11th August 2017 due to prior commitments. However, he had authorized a member of the Committee to represent him at the AGM, for replying to the queries of the Shareholders.

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

Date of the Meetings	Members present (M/s)
26.04.2017	T Kannan, C R Dua and Prince Asirvatham
10.08.2017	C R Dua, R Ramakrishnan and Prince Asirvatham
31.10.2017	T Kannan, C R Dua, R Ramakrishnan and Prince Asirvatham
29.01.2018	
26.02.2018	

4. Subsidiary companies

During the year, the Company acquired the entire share capital of TVS Motor Services Limited (TVS MS) and thereby subsidiary of TVS MS viz., TVS Credit Services Limited (TVS CS) and its subsidiaries viz., TVS Two Wheeler Mall Private Limited, TVS Micro Finance Private Limited, Harita ARC Private Limited, Harita Collection Services Private Limited, TVS Commodity Financial Solutions Private Limited and TVS Housing Finance Private Limited, became subsidiaries of the Company.

The other subsidiaries are Sundaram Auto Components Limited, 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 viz., Green Hills Land Holding LLC, Components Equipment Leasing LLC, Sundaram-Clayton (USA) LLC and Premier Land Holding LLC.

The Audit Committee reviews the financial statements and in particular the investments made by the said unlisted subsidiaries.

The minutes of the board meetings of the said unlisted subsidiaries are periodically placed before the Board. The Board is periodically informed about all significant transactions and arrangements entered into by all these unlisted subsidiaries.

Material Subsidiaries Policy

The Board has duly formulated a policy for determining 'material subsidiaries'. 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 https://www.tvsmotor.com/pdf/Material-Subsidiary-Policy.pdf

For the year 2017-18, the Company's wholly owned subsidiary, Sundaram Auto Components Limited (SACL) was covered within the definition of "unlisted material subsidiary" incorporated in India in terms of the Regulation 16(1)(c) read with the Regulation 24 of SEBI (LODR) Regulations. However, SACL ceased to be a material subsidiary of the Company for the year 2018-19, since it did not satisfy either net worth or income criteria.

In terms of net-worth criterion, TVS Credit Services Limited and TVS Motor Services Limited have become material subsidiaries of the Company from 1st April 2018.

As required under Regulation 24 of SEBI (LODR) Regulations, one of the ID of the Company will act as a Director of the Material unlisted subsidiaries.

5. Disclosures

5.1 Materially significant related party transactions:

All transactions entered into with related parties (RPTs), as defined under the Act, 2013 and SEBI (LODR) Regulations during the financial year 2017-18 were in the ordinary course of business and at arm's length and do not attract the provisions of Section 188 of the Act, 2013 and the rules made thereunder.

There were no materially significant transactions with the related parties during the year, which were in conflict of interest, and hence no approval of the Company was required in terms of 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 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 2018.

Related Party Transactions Policy

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

The Companies (Amendment) Act 2017, which was notified on 3rd January 2018, *inter alia* provides for ratification of RPT involving amount not exceeding Rs.1 Cr per transaction is entered into by a director or officer of the Company without obtaining prior approval of the Audit Committee and such RPTs can be ratified by the Audit Committee within three months from the date of such transaction.

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

5.2 Disclosure of accounting treatment:

Pursuant to the notification, issued by the Ministry of Corporate Affairs dated February 16, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015, the Company has adopted "IND AS" with effect from 1st April 2016. Accordingly, the financial statements from the year 2016-17 onwards have been prepared in compliance with the said Rules, including the current financial year 2017-18.

5.3 Risk Management:

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

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

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

The Company's policy on risk management has been discussed in detail in the Director's Report.

Risk Management Committee

The Board at its meeting held on 16th May 2018 constituted Risk Management Committee, with the following directors / officials as its members:

Name of the Directors/ Official (M/s)	Designation	Status
T Kannan	Non-Executive Independent Director	Chairman
R Ramakrishnan		Member
Sudarshan Venu	Joint Managing Director	Member
K N Radhakrishnan	President & CEO	Member

Scope:

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

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

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

Role:

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

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

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

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

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

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

(g) Such other items as may be prescribed by the applicable law or by the Board, from time to time.

5.4 Instances of non-compliances, if any:

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

5.5 Disclosure by Senior Management Personnel:

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

5.6 CEO and CFO Certification:

The Chairman and Managing Director and Chief Financial Officer of the Company have certified to the board on financial and other matters in accordance with Regulation 33 of the SEBI (LODR) Regulations for the financial year ended 31st March 2018.

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 in this Report.

5.8 Code of Conduct for Prevention of Insider Trading:

In compliance with SEBI (Prohibition of Insider Trading) Regulations 2015, as amended, the Company has a comprehensive Code of Conduct for Prevention of Insider Trading and the same is being strictly adhered to by the Directors, Senior Management Personnel and other persons covered under this Code. The Code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with the Shares of the Company and cautioning them on the consequences of non-compliances thereof.

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

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

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

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

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

As at 31st March 2018, NRC consists of M/s T Kannan and C R Dua, Non-executive and Independent directors and H Lakshmanan, Non-executive and Non-Independent director. Mr T Kannan is the Chairman and Mr K S Srinivasan, Company Secretary is the Secretary of the Committee.

All the members were present at the meetings held on 26th April 2017, 31st October 2017, 29th January 2018 and 26th February 2018.

Mr T Kannan, Chairman of the NRC was not present at the AGM held on 11th August 2017 due to prior commitments. However, he had authorized a member of the Committee to represent him at AGM, for replying to the queries of the Shareholders.

6.2 The broad terms of reference of the NRC are as under:

- Guiding the Board for laying down the terms and conditions in relation to the appointment and removal of Director(s), Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) of the Company.
- Evaluating the performance of the Director(s) and providing necessary report to the Board for its further evaluation and consideration.
- Recommending to the Board on remuneration payable to the Director(s), KMP and SMP of the Company based on (i) the Company's structure and financial performance and (ii) remuneration trends and practices that prevail in peer companies across the automobile industry.
- Retaining, motivating and promoting talent amongst the employees and ensuring long term sustainability of talented SMP by creation of competitive advantage through a structured talent review.

6.3 The role / scope of NRC is as follows:

- To make recommendations to the Board with respect to incentive compensation plans for the Executive Director(s) and remuneration of Non-Executive Director(s) of the Company.
- To identify persons who are qualified to become Director(s), KMP and SMP of the Company.
- To recommend to the Board for the appointment /removal of Director(s), KMP and SMP of the Company.
- To formulate criteria for determining qualification, positive attributes and independence of a Director of the Company.
- To recommend to the Board a Policy for remuneration of Director(s), KMP and SMP of the Company.

6.4 Evaluation Criteria

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

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

As per the Companies Amendment Act 2017, evaluation of all Directors by both the Board and NRC was avoided. Pursuant to this amendment, the following changes were incorporated in NRC Policy to avoid duplication of evaluation process.

"NRC should 'prescribe a methodology to carry out evaluation of performance of individual Directors, Committee(s) of the Board, Chairman and the Board as a whole', and the Board should carry out the performance evaluation as per the methodology either by itself, by NRC or by an external agency".

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

The performance of SMP was measured against their achievement of the business plans approved by the Board during and at the completion of the financial year and their annual 'at-risk' remuneration which reflects their business plan achievements. An evaluation of performance has been undertaken based on the criteria for all SMP for 2017-18 and this has been in accordance with the above process.

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

6.5 Remuneration Policy

As per the Companies Amendment Act, 2017, the Nomination and Remuneration Policy has been placed on the website of the Company in the following link https://www.tvsmotor.com/pdf/Nomination-and-Remuneration-Policy-2018.pdf. The salient features of the policy are as follows:

NRC formulates policy to ensure that-

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Director(s) of the quality required to run the Company successfully;
- the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- the remuneration to Director(s), KMP and SMP of the Company involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

6.6 Remuneration to Directors:

Executive Directors:

The remuneration payable to the Chairman and Managing Director (CMD) and Joint Managing Director (JMD) is fixed by the Board and are within the limits approved by the Shareholders in terms of the relevant provisions of the Act, 2013.

Particulars of remuneration paid to Executive Directors during the financial year 2017-18:

(Rs. in lakhs)

Executive Directors	Salary	Comm-ission	Perq-uisites	Contribution to PF and other funds	Total
CMD	51.00	2002.07	267.44	8.67	2329.18
JMD	54.00	1201.24	133.24	9.18	1397.66

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

The above remuneration to CMD and JMD are notwithstanding their holding similar position, in the holding company, viz., Sundaram-Clayton Limited (SCL) and drawing remuneration, as approved by its shareholders, from time to time, provided that the total remuneration drawn by them from the Company and SCL does not exceed the higher maximum limit admissible, from any one of these two companies.

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, advice and inputs provided by IDs. IDs devote their valuable time in deliberating on strategic and critical issues in the course of Board and Committee meetings of the Company and give their valuable advice, suggestions and guidance to the management of the Company, from time to time and hence IDs are being paid by way of sitting fees and commission.

As approved by the Shareholders at AGM held on 12th September 2012, Non-Executive and Independent Directors (NE-IDs) 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 to 31st March 2018. At AGM held on 11th August 2017, the Shareholders of the Company have renewed the payment of commission to NE-IDs, on similar terms for each financial year effective 1st April 2018.

A commission of Rs.18 lakhs was paid to each such IDs, who serve as members of the Audit Committee as well and Rs.15 lakhs to other IDs for the year 2017-18. The amount of commission for every financial year will be decided by the Board, as approved by the shareholders at AGM held on 14th July 2014, subject to the limit of 1% of net profits of the Company, in aggregate, as calculated pursuant to Section 198 of the Act, 2013. The above compensation structure is commensurate with the best practices in terms of remunerating NE-IDs and adequately compensates for the time and contribution made by NE-IDs.

At the AGM held on 14th July 2014, all 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 fees.

Mr Rajesh Narasimhan, the non-executive non-independent director of the Company holds the position as Chief Executive Officer of TVS Motor (Singapore) Pte Limited, the subsidiary company effective 1st January 2018. During the year 2017-18, he was paid a remuneration of SGD 547160.

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

6.7 Particulars of sitting fees / commission paid to the Non-Executive and Independent / Non-Independent Directors during the financial year 2017-18 are as follows:

(Rs.in lakhs)

Name of the Directors (M/s)	Sitting Fees	Commission	Total
H Lakshmanan	2.60	-	2.60
Dr. Lakshmi Venu	0.80	-	0.80
T Kannan	3.00	18.00	21.00
C R Dua	3.00	18.00	21.00
R Ramakrishnan	2.40	18.00	20.40
Prince Asirvatham	2.40	18.00	20.40
H K Singh	1.20	15.00	16.20
Rajesh Narasimhan	0.60	3.37*	3.97
Total	16.00	90.37	106.37

* for part of the year.

6.8 Details of shareholdings of Non-Executive Directors in the Company as on 31st March 2018:

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

7. Stakeholders' Relationship Committee (SRC):

7.1 The Stakeholders' Relationship Committee consists of three members viz., M/s Venu Srinivasan and Sudarshan Venu, Executive and Non-Independent Directors and Mr R Ramakrishnan, Non-Executive and Independent Director. Mr R Ramakrishnan, is the Chairman of the Committee and he was present at AGM held on 11th August 2017.

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 Meetings	Members present (M/s)
27.04.2017	Venu Srinivasan and Sudarshan Venu
11.08.2017	R Ramakrishnan, Venu Srinivasan and Sudarshan Venu
01.11.2017	R Ramakrishnan and Venu Srinivasan
30.01.2018	R Ramakrishnan, Venu Srinivasan and Sudarshan Venu

7.4 SRC oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. SRC also looks into redressal of investors' grievances pertaining to the 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 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 2017-18:

Nature of complaints	No. of complaints received and redressed
Non-receipt of share certificates	4
Non-receipt of dividend warrants	6
Others	3
TOTAL	13

7.6 All the queries and complaints received during the financial year ended 31st March 2018, were duly redressed and no queries pending at the year end.

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

7.7 Reconciliation of Share Capital Audit:

A Practising Company Secretary carried out a Reconciliation of Share Capital (RSC) Audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The report was regularly placed before the Board for its perusal.

The RSC audit reports confirmed that the total issued and listed capital was in agreement with the total number of shares in physical form and 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 27th April 2017 and all the members were present at the meeting.

9. Administrative Committee:

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

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

Date of the Meetings	Members present (M/s)
19.07.2017	Venu Srinivasan and H Lakshmanan
28.09.2017	Venu Srinivasan, T Kannan and H Lakshmanan
17.01.2018	

10. General body meeting

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

Year	Venue of the meeting	Date	Time
2014-15	The Music Academy, New No.168, (Old No.306), T.T.K. Road, Royapettah, Chennai 600 014	29.07.2015	10.00 AM
2015-16		02.08.2016	10.35 AM
2016-17		11.08.2017	10.00 AM

10.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2014-15 to 2016-17 approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject Matter of Special Resolution	Date of AGM
2014-15	Nil	29.07.2015
2015-16	Nil	02.08.2016
2016-17	(i) Renewing the approval for payment of commission to Non-Executive Independent Directors, from 1st April 2018. (ii) Appointment of Mr Rajesh Narasimhan, as an Independent Director	11.08.2017

10.3 Postal Ballot:

The Board sought the consent of Shareholders of the Company by way of special / ordinary resolutions through Postal Ballot as per the notice issued to the Shareholders on 18th November 2017 for:

1. Approving the adoption of new set of Articles of Association of the Company;

2. Approving the re-appointment of Mr Sudarshan Venu as Joint Managing Director of the Company for a further period of five years commencing from 1st February 2018; and
3. Approving the appointment of Mr Rajesh Narasimhan, Director for holding office or place of profit

   The special resolutions (Item No.1 and 3) / ordinary resolution (Item No.2) were passed by the Shareholders of the Company with requisite majority.

The result of the Postal Ballot is given below:

Particulars	No. / % of votes cast in favour		No. / % of votes cast against	
Item No.1	40,59,03,714	99.74	10,64,999	0.260
Item No.2	37,38,01,369	91.23	3,59,45,848	8.770
Item No.3	40,97,33,243	99.99	16,105	0.004

10.4 Person who conducted the Postal Ballot exercise:

Ms B Chandra, Practising Company Secretary, Chennai was appointed to act as the scrutinizer for conducting the Postal Ballot and E-voting.

10.5 Procedure for Postal Ballot:

1. The Board of Directors, vide resolution dated 1st November 2017, had appointed Ms B Chandra, Practising Company Secretary as the scrutinizer.
2. The despatch of the Postal Ballot Notice dated 1st November 2017 together with Explanatory Statement was completed on 18th November 2017 along with forms and postage prepaid business envelopes to all the shareholders whose name(s) appeared on the Registers of Members/list of beneficiaries as on 9th November 2017.

   The said notice of Postal Ballot has been sent on 18th November 2017 in electronic mode to the Members, whose e-mail IDs were registered with the Company or the Depository Participants.
3. The voting under the Postal Ballot was kept open from Wednesday, 22nd November, 2017 at 9.00 A.M. (IST) to Thursday, 21st December, 2017 at 5.00 P.M. (IST). (either physically or electronic mode).
4. Particulars of Postal Ballot forms received from the members using the electronic platform of NSDL were entered in a register separately maintained for the purpose.
5. The Postal Ballot forms were kept under the safe custody of the Scrutinizer in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
6. All Postal Ballot forms received by the scrutinizer upto 5.00 p.m. on 21st December, 2017 had been considered for scrutiny.

10.6 None of the subjects placed before the shareholders in the last / ensuing AGM required/ requires approval by Postal Ballot. However, in terms of the Regulation 44 of SEBI (LODR) Regulations and Section 108 of the Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company provided to the members facility to exercise their right to vote through Remote e-Voting and through Ballot Paper at the meeting for all the items at the AGM held on 11th August 2017.

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 www.tvsmotor.com. This website contains the basic information about the Company, viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under the Regulation 46 of 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

Date and time	: Tuesday 7th August 2018, 10.35 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	: 2018-2019
Financial reporting for the quarter ending	:
30th June, 2018	: between 15th July and 14th August, 2018
30th September, 2018	: between 15th October and 14th November, 2018
31st December, 2018	: between 15th January 2019 and 14th February 2019
31st March, 2019	: between 15th April 2019 and 30th May, 2019

12.3 Particulars of dividend payment:

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

Dividend distribution policy

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

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

12.4 Listing on Stock Exchanges:

Name and 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

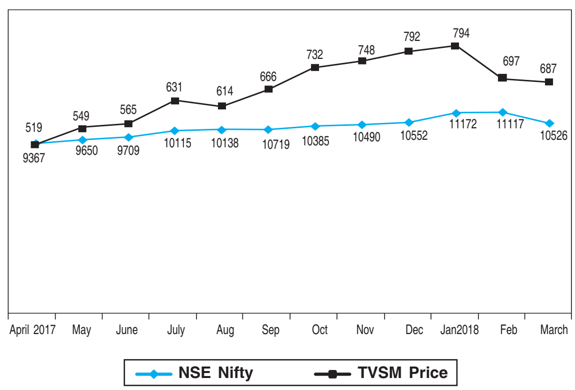
(Note: Annual listing fees and custodial charges for the year 2018-19 were duly paid to the above Stock Exchanges and Depositories)

12.5 Market Price Data: (in Rs.)

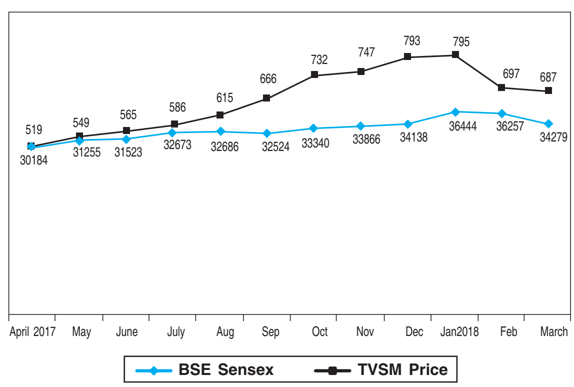
Month	NSE		BSE	
	High Price	Low Price	High Price	Low Price
April 2017	518.55	430.60	518.95	430.00
May 2017	549.00	490.60	549.00	490.30
June 2017	564.55	524.50	565.00	524.70
July 2017	630.75	543.15	586.00	544.10
August 2017	614.45	527.65	614.70	528.20
September 2017	666.30	605.50	666.35	605.75
October 2017	732.40	648.20	732.20	649.25
November 2017	748.40	680.50	747.00	675.00
December 2017	792.10	711.00	792.85	711.20
January 2018	794.45	683.50	794.90	684.00
February 2018	696.80	599.80	697.35	602.05
March 2018	686.85	545.40	687.30	588.45

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 the Regulation 7 of 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 STA located at the address mentioned in this report.

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

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

e. Certificates are being obtained and submitted to the Stock Exchanges, on half-yearly basis, from a company secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Regulation 40(9) of 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 the Regulation 6(2)(d) of SEBI (LODR) Regulations, has designated the following e-mail IDs, namely investorscomplaintssta@scl.co.in / contactus@tvsmotor.com in for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.

h. A certificate signed by the Compliance Officer of STA and the Company Secretary towards maintenance of share transfer facility by STA in compliance with the 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 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 2018:

Category of Shareholders	No. of shares held	%
Promoter and Promoter Group		
Bodies Corporate	27,26,82,786	57.40
Total (A)	**27,26,82,786**	**57.40**
Public Shareholding		
Mutual Funds	3,87,01,879	8.15
Banks / Financial Institutions	11,67,165	0.24
Insurance Companies	1,04,65,734	2.20
Foreign Institutional Investors	9,58,66,052	20.18
Total Institutions (B)	**14,62,00,830**	**30.77**
Bodies Corporate	1,33,28,128	2.80
Individuals holding nominal capital in excess of Rs.2 lakhs	43,16,325	0.91
Individuals holding nominal capital upto Rs. 2 lakhs	3,91,09,344	8.23
NRI Repatriable	7,09,808	0.15
NRI Non- Repatriable	5,34,933	0.11
Overseas Body Corporate	-	-
Foreign National (IND)	1,300	-
Directors & their relatives	28,50,966	0.60
Clearing members		
Total Non-Institutions (C)	**5,62,03,498**	**12.83**
Total Public Shareholding (D) = (B+C)	**20,24,04,328**	**42.60**
Grand Total (A+D)	**47,50,87,114**	**100.00**

12.9 Distribution of Shareholding as on 31st March 2018:

Shareholding (Range)	No. of members	%	No. of Shares	%
Upto 5000	1,24,775	99.09	3,01,12,901	6.34
5001-10000	657	0.52	48,30,237	1.02
10001-20000	234	0.19	34,77,873	0.73
20001-50000	115	0.09	36,87,808	0.78
50001-100000	37	0.03	27,14,530	0.57
100001 & above	104	0.08	43,02,63,765	90.56
Total	1,25,922	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 19,74,95,815 Equity Shares have been dematerialized as on 31st March, 2018 accounting for 97.57%.

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 cover the currency risk. The exposure and cover taken are reviewed by the Audit Committee on regular basis.

d) Company is not a dealer in Commodities. Prices payable to vendors for raw materials and components are negotiated based on internationally available data. Cost of manufacture of all products are reviewed at regular intervals and wherever required suitable price changes in two-wheeler and three-wheeler are done based on market conditions. 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, India. Tel: 04344-276780 Email: contactus@tvsmotor.com
Mysuru	:	Post Box No.1 Byathahalli Village, Kadakola Post Mysuru - 571 311, Karnataka, India. Tel: 0821 – 2596561 Email: contactus@tvsmotor.com
Himachal Pradesh	:	Bhatian Village, Bharatgarh Road, Tehsil Nalagarh, District Solan, Himachal Pradesh – 174 101, India 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 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 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 the Shareholders

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

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:

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 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 are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 124(6) of the Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Accordingly a sum of Rs.19.78 lakhs, being unclaimed dividend, was transferred to IEPF during the year 2017-18.

Shareholders, who have not encashed their dividend warrants, in respect of 2nd Interim dividend declared for the year ended 31st March, 2011 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

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

Particulars of unclaimed dividend of the Company

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to the IEPF
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
2014-2015 1st Interim	03.02.2015	05.03.2015	05.03.2022
2014-2015 2nd Interim	29.04.2015	29.05.2015	29.05.2022
2015-2016 1st Interim	29.01.2016	28.02.2016	28.02.2023
2015-2016 2nd interim	12.03.2016	11.04.2016	11.04.2023
2016-2017 1st Interim	27.10.2016	26.11.2016	26.11.2023
2016-2017 2nd interim	06.03.2017	05.04.2017	05.04.2024
2017-2018 1st Interim	01.11.2017	01.12.2017	01.12.2024
2017-2018 2nd interim	26.02.2018	28.03.2018	28.03.2025

15. Transfer of Shares to Investor Education and Protection Fund (IEPF) authority

As per Section 124(6) of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“IEPF Rules”) as amended from time to time, all the shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to a Demat Account opened in the name of IEPF Authority with Punjab National Bank by the Ministry of Corporate Affairs.

During the year, the Company has sent individual notices to all the shareholders whose dividends are lying unpaid / unclaimed against their name for seven consecutive years or more and also advertised on the Newspapers seeking action from the shareholders. The list of such shareholders were also displayed on the website of the Company.

In compliance with the aforesaid provisions, the Company on 30th November 2017 has transferred 4,95,199 shares and again on 27th March 2018 transferred 6,82,784 shares to the IEPF account bearing demat account no 10656671 and DPID IN300708 which is opened with Punjab National Bank.

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

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

1. Download the Form IEPF - 5 from the website of IEPF (http://www.iepf.gov.in) for filing the claim for refund of shares and dividends.
2. Read the instructions provided on the website / instructions kit along with the e-form carefully before filling the form.
3. After filling/completing the form save it on your computer and submit the duly completed form by following the instructions given in the upload link on the website.
4. On successful uploading the acknowledgment will be generated indicating the SRN. This SRN is to be used for future tracking of the form.
5. Printout of the duly completed IEPF - 5 and the acknowledgment issued after uploading the form will have to be submitted together with an Indemnity Bond in original along with the other documents as mentioned in the Form IEPF-5 to the Nodal Officer of the Company in an envelope marked “Claim for refund from IEPF Authority”.

In the process, general information about the Company which have to be provided are as under.

(a) Corporate Identification Number (CIN) of Company:- L35921TN1992PLC022845

(b) Name of the company:-
TVS Motor Company Limited

(c) Address of registered office of the company:
Jayalakshmi Estates,
29, Haddows Road,
Chennai 600 006.

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

Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules, 2012, the Company shall provide/host the required details of unclaimed dividend amounts referred in relevant sections of the Act, 2013 on its website and also in the Ministry of Corporate Affairs (MCA) website in the relevant form every year.

Disclosure in respect of equity shares transferred in the Company's unclaimed suspense account

Pursuant to the requirement of Regulation 34(3) and Schedule V Part F of SEBI LODR 2015, the following table provides details in respect of the equity shares lying in the suspense account. The Company has already sent three remainders to the shareholders for claiming those shares at their latest available address(es) with the Company or Depository, as the case may be.

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

Details	No. of Shareholders	No. of Shares
No. of shares in the unclaimed suspense account as on 1st April 2017.	993	9,63,378
Less: No. of shares transferred to the shareholders on request during the year.	42	50,404
Less: No. of Shares transferred to IEPF A/c during the year.	720	7,33,552
No. of shares in the unclaimed suspense account as on 31st March 2018.	231	1,79,422

GREEN INITIATIVE IN CORPORATE GOVERNANCE:

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

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

Compliance with Code of Business Conduct and Ethics

To,

The shareholders of TVS Motor Company Limited,
Chennai

On the basis of the written declarations received from members of the Board and Senior Management Personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, it is hereby certified that both the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the Board for the year ended 31st March 2018.

Place : Chennai
Date : 16th May 2018

Venu Srinivasan
Chairman and Managing Director

Auditors' Certificate on Compliance of the Provisions of the Code of Corporate Governance

To

The shareholders of TVS Motor Company Limited, Chennai

We have examined the compliance of conditions of Corporate Governance by TVS Motor Company Limited, Chennai - 600 006 ('the Company') for the year ended 31st March 2018 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations].

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned 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
FRN: 109208W

S VENKATRAMAN
Partner
(Membership Number: F34319)

Place: Chennai
Date : 16th May 2018

Chief Executive Officer and Chief Financial Officer Certification

To

The Board of Directors
TVS Motor Company Limited
"Jayalakshmi Estates"
No.29, Haddows Road
Chennai 600 006

We certify that we have reviewed the financial statements prepared based on the Indian Accounting Standards for the year ended 31st March 2018 and to the best of our knowledge and belief:

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

(2) these statements together present a true and fair view of the Company's affairs and are in compliance with applicable Indian Accounting Standards, Laws and Regulations.

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

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:

(1) significant changes, if any, in internal control over financial reporting during the year;

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

(3) 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
Chairman & Managing Director

K Gopala Desikan
Chief Financial Officer

Place : Chennai
Date : 16th May 2018

Form No. MR-3
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of
the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To the Members of
TVS Motor Company Limited
[CIN:L35921TN1992PLC022845]
"Jayalakshmi Estates", No.29, Haddows Road,
Chennai – 600 006.

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by TVS MOTOR COMPANYLIMITED ("the Company") during the financial year from 1st April 2017 to 31st March 2018 ("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 2018 but before the issue of this audit report;

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

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

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2018 the Company has:

(i) Complied with the statutory provisions listed hereunder; and

(ii) Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this report along with our letter of even date annexed to this report as Annexure – A.

1. Compliance with specific statutory provisions

We further report that:

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

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

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

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

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

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

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

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

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

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

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

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

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

1.2. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2018 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us, complied with the applicable provisions/ clauses of the Acts, Rules, SEBI Regulations and Agreements; and generally complied with FEMA, Secretarial Standards on Meetings of the Board of Directors (SS-1) (to the extent applicable to Board meetings) and Secretarial Standards on General Meetings (SS-2) (to the extent applicable to General meetings and Postal ballots); mentioned under paragraph 1.1 above.

The Secretarial Standards on Dividend (SS-3), being non-mandatory has not been adopted by the Company

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

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

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

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

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

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

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

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

2. Board processes:

We further report that:

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

2.2 As on 31st March 2018 the Board has:

(i) Two Executive Directors;

(ii) Three Non-Executive Non-Independent Directors; and

(iii) Five Independent Directors.

2.3 The Board has one woman director, who is Non-Executive Non-Independent director.

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

(i) Appointment of Mr. Rajesh Narasimhan (DIN: 07824276) as an Independent Director at the 25th Annual General Meeting held on 11th August 2017.

(ii) Cessation of Mr. Rajesh Narasimhan (DIN: 07824276) as an Independent Director on 31st October 2017, and his appointment as an Additional Director (Non-Independent) with effect from 1st November 2017.

(iii) Re-appointment of Mr. Sudarshan Venu (DIN: 03601690), the retiring director, at the 25th Annual General meeting held on 11th August 2017.

(iv) Re-appointment of Mr. Sudarshan Venu (DIN: 03601690), as Joint Managing Director, for a further term of 5 years with effect from 1st February 2018, which was approved through postal ballot process on 21st December 2017.

2.5 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings.

2.6 Notice of Board meetings were sent at least seven days in advance.

2.7 Agenda and detailed notes on agenda were sent to the directors at least seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the Board meetings and consent of the Board for so circulating them was obtained as required under SS-1:

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

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

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

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

(i) Majority decisions were carried through; and

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

3. Compliance mechanism

We further report that:

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

4. Specific events/ actions

We further report that:

The specific events and actions during the year, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations and standards were investments / further investments in subsidiaries (Indian / Foreign), an associate company (Indian) and an overseas technology fund as disclosed in the audited financial statements for the year 2017-18:

For S Krishnamurthy & Co.,
Company Secretaries,

K SRIRAM,
Partner.

16th May 2018 Membership No: F6312
Chennai Certificate of Practice No: 2215

Annexure – A to Secretarial Audit Report of even date

To the Members of

TVS Motor Company Limited
[CIN:L35921TN1992PLC022845]
"Jayalakshmi Estates",
29, Haddows Road,
Chennai-600 006.

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2018 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the relevant provisions of corporate and other applicable laws, rules, regulations, guidelines and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2018 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal/ professional opinion / certification obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
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.

16th May 2018 Membership No:F6312
Chennai Certificate of Practice No:2215

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT

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 31 March 2018, 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 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

9. As required by section 143(3) of the Act, we report that:
   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) the Balance Sheet, the Statement of Profit and Loss 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 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, 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. 36(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. 28(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.

For V Sankar Aiyar & Co
Chartered Accountants
FRN: 109208W

S VENKATRAMAN
Partner
(Membership Number: 34319)

Chennai
16th May 2018

Annexure A to Independent Auditor's Report - 31 March 2018 (Referred to in our report of even date)

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

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

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

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

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Act. Accordingly, the provisions of clause (iii) of 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 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 Sec 148(1) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.

(vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Goods and Service Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March 2018 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 crores)	Forum where dispute is pending
Central Excise Act,1944 (Cenvat/Excise Duty)	1998-2015	51.98	Central Excise and Service Tax Appellate Tribunal, Chennai
	1999-2016	8.60	Assistant/Deputy/ Commissioner of Central Excise, Hosur and Mysore
Finance Act,1994 (Service Tax)	2007-2016	0.04	Assistant/Deputy/ Commissioner of Central Excise, Hosur and Mysore
	2002-2014	1.45	Central Excise and Service Tax Appellate Tribunal, Chennai/Bangalore
Customs Act,1962 (Customs Duty)	1999-2001	1.36	Hon'ble High Court of Judicature, Chennai
Sales Tax/VAT Laws (Sales Tax)	1998-2016	1.41	Assessing officer
	2004-2005	0.04	Joint Commissioner (Appeals)
	1998-2010	0.33	Tribunals
	2006-2015	0.05	Hon'ble High Court of Orissa
Income Tax Act,1961 – TDS (Income Tax and Interest thereon)	2007-2017	0.64	Department Authorities
Wealth Tax Act,1957	2007-2009	0.98	Commissioner Appeal
Income Tax Act,1961 – (Income Tax and Interest thereon)	2014-2015	11.67	Commissioner Appeal

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

(ix) According to the information and explanations given to us, during the year, the Company has not availed any term loans nor raised any monies by way of initial public offer or further public offer (including debt instruments).

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

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

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

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 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. Accordingly, the provisions of clause (xiv) of para 3 of the Order are not applicable to the Company.

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

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

For V Sankar Aiyar & Co
Chartered Accountants
FRN: 109208W

S VENKATRAMAN
Partner
(Membership Number: 34319)

Chennai
16th May 2018

Annexure - B to the Independent Auditor's Report – 31 March 2018
(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, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V Sankar Aiyar & Co
Chartered Accountants
FRN: 109208W

S VENKATRAMAN
Partner
(Membership Number: 34319)

Chennai
16th May 2018

Balance Sheet as at 31st March 2018

Rupees in crores

	Notes	As at 31-03-2018	As at 31-03-2017
ASSETS			
Non-current assets			
Property, plant and equipment	2	2,315.46	1,930.64
Capital work-in-progress	2	91.74	62.28
Other intangible assets	2	56.41	53.23
Intangible assets under development		39.39	-
Financial assets			
i. Investments	3	2,035.38	1,587.90
ii. Others (Bank deposits)		0.13	0.12
Non-Current tax assets (Net)		23.02	24.67
Other non-current assets	4	39.83	58.94
		4,601.36	3,717.78
Current assets			
Inventories	5	964.39	966.95
Financial assets			
i. Trade receivables	6	968.37	723.77
ii. Cash and cash equivalents	7	6.49	4.37
iii. Bank balances other than (ii) above	8	4.41	4.14
iv. Others	9	14.23	13.51
Current tax assets (Net)		60.43	1.88
Other current assets	10	559.79	472.27
		2,578.11	2,186.89
Total assets		7,179.47	5,904.67
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	47.51	47.51
Other equity	12	2,832.91	2,360.82
		2,880.42	2,408.33
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	13	317.62	468.76
Provisions	14	53.76	50.80
Deferred tax liabilities (Net)	15	148.17	125.70
		519.55	645.26
Current liabilities			
Financial liabilities			
i. Borrowings	16	719.35	616.38
ii. Trade payables	17	2,517.99	1,859.36
iii. Other financial liabilities	18	210.40	79.61
Provisions	14	62.02	62.87
Other current liabilities	19	269.74	232.86
		3,779.50	2,851.08
Total liabilities		4,299.05	3,496.34
Total equity and liabilities		7,179.47	5,904.67
Significant accounting policies	1		

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

Place : Chennai
Date : 16th May 2018

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner (M. No.: 34319)

Statement of profit and loss for the year ended 31st March 2018

Rupees in crores

		Notes	Year Ended 31-03-2018	Year Ended 31-03-2017
I	Revenue from operations	20	15,472.88	13,190.06
II	Other income	21	144.78	173.37
III	Total income (I + II)		15,617.66	13,363.43
IV	Expenses :			
	Cost of material consumed	22	10,909.92	8,620.88
	Purchase of stock-in-trade	22	254.41	291.22
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	(31.34)	(58.73)
	Excise duty		343.22	1,054.75
	Employee benefits expense	23	868.01	745.64
	Finance costs	24	56.62	43.95
	Depreciation and amortisation expense	2	338.73	287.81
	Other expenses	25	1,999.45	1,679.23
	Total expenses		14,739.02	12,664.75
V	Profit before exceptional items and tax (III - IV)		878.64	698.68
VI	Exceptional items		-	-
VII	Profit before tax (V + VI)		878.64	698.68
VIII	Tax expense	26		
	i. Current tax		197.06	159.78
	ii. Deferred tax		18.99	(19.18)
IX	Profit for the year (VII - VIII)		662.59	558.08
X	Other comprehensive income			
	A. Items that will not be reclassified to profit or loss:			
	Remeasurements of post employment benefit obligations		(5.82)	(8.19)
	Change in fair value of equity instruments		0.43	44.55
	Income tax relating to these items		4.36	(0.69)
	B. Items that will be reclassified to profit or loss:			
	Fair value changes on cash flow hedges		(2.82)	(3.77)
	Income tax relating to these items		0.98	1.30
	Other comprehensive income for the year, net of tax (X)		(2.87)	33.20
XI	Total comprehensive income for the year (IX + X)		659.72	591.28
XII	Earnings per equity share (Face value of Re.1/- each)			
	Basic & Diluted earnings per share (in rupees)	32	13.95	11.75

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Partner (M. No.: 34319)

Statement of changes in Equity

Rupees in crores

a Equity Share Capital

As at 01-04-2016	47.51
Changes in equity share capital	-
As at 31-03-2017	47.51
Changes in equity share capital	-
As at 31-03-2018	47.51

b Other Equity

Particulars	Reserves & Surplus			Other Reserves		
	General reserve	Capital reserve	Retained earnings	Equity Instruments Fair Valued through Other Comprehensive Income	Hedging reserve	Total
Balance as at 01-04-2016	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 : Change in fair value of hedging instruments, net of tax					2.37	2.37
Less : Reclassification to profit or loss, 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
Add : Profit for the year 2017-18			662.59			662.59
Other comprehensive income for the year 2017-18			(4.47)	3.44		(1.03)
Less : Reclassification to profit or loss, net of tax					(0.10)	(0.10)
Less : Change in fair value of hedging instruments, net of tax					1.94	1.94
Less : Distribution to shareholders :						
2017-18 First Interim dividend paid			95.02			95.02
2017-18 Second Interim dividend paid			61.76			61.76
Less : Dividend Tax			30.85			30.85
Balance as at 31-03-2018	865.64	6.43	1,874.74	88.04	(1.94)	2,832.91

Nature and purpose of Other Reserves

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

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

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

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Partner (M. No.: 34319)

Cash Flow Statement

Rupees in crores

			Year ended 31-03-2018		Year ended 31-03-2017
A. Cash flow from operating activities:					
Net profit before tax			878.64		698.68
Add: Depreciation and amortisation for the year		338.73		287.81	
(Profit) / Loss on sale of fixed assets		(2.72)		2.34	
Net (profit)/loss on sale of investments		(18.97)		(0.05)	
Unrealised exchange (gain) / loss		(5.08)		1.87	
Increase in fair value of investments		(58.70)		(80.76)	
Dividend income		(5.81)		(8.91)	
Interest income		(47.72)		(49.35)	
Finance cost		56.62		43.95	
Provisions		(3.71)		8.77	
			252.64		205.67
Operating profit before working capital changes			1,131.28		904.35
Adjustments for:					
Trade receivables		(238.13)		(148.86)	
Inventories		2.56		(270.62)	
Other current assets		(87.52)		50.88	
Other financial assets		(0.72)		12.15	
Trade payables		656.59		316.90	
Other financial liabilities (excluding current maturity of non-current borrowings)		(0.25)		7.06	
Other current liabilities		36.88		(1.00)	
Other non-current assets		(2.66)		(17.93)	
			366.75		(51.42)
Cash generated from operations			1,498.03		852.93
Direct taxes paid			(246.46)		(129.00)
Net cash from operating activities	(A)		1,251.57		723.93
B. Cash flow from investing activities:					
Purchase of property, plant and equipment		(718.28)		(529.37)	
Purchase of intangible assets		(30.22)		(32.85)	
Sale of fixed assets		24.49		7.79	
Payments for capital work-in-progress		(29.46)		(31.32)	
Payments for intangibles under development		(39.39)		-	
Adjustment for capital advances		23.10		(26.48)	
Payments towards acquisition of subsidiary		(1.62)		-	
Investments in subsidiaries and associates		(291.35)		-	
Purchase of investments		(76.41)		(194.38)	
Sale / disposal of investments		-		0.23	
Interest received		47.72		49.35	
Dividends received		5.81		8.91	
			(1,085.61)		(748.12)
Net cash from / (used in) investing activities	(B)		(1,085.61)		(748.12)

Cash Flow Statement – *(continued)*

Rupees in crores

			Year ended 31-03-2018		Year ended 31-03-2017
C. Cash flow from financing activities :					
Borrowings:					
Non-current borrowings availed / (repaid)		(20.33)		(169.34)	
Loans (given) / received back		-		1.75	
Current borrowings availed / (repaid)		191.69		279.23	
Other bank balances		(0.28)		0.24	
Finance cost paid		(58.19)		(43.29)	
Dividend and dividend tax paid		(187.63)		(141.29)	
			(74.74)		(72.70)
Net cash from / (used in) financing activities	(C)		(74.74)		(72.70)
Total	(A)+(B)+(C)		91.22		(96.89)
Cash and cash equivalents at the beginning of the year			(228.84)		(131.95)
Cash and cash equivalents at the end of the year			(137.62)		(228.84)
D. Net increase/(decrease) in cash and cash equivalents			91.22		(96.89)

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

Change in liability arising from financing activities

Particulars	As at 01-04-2017	Cash flow	Foreign exchange movement	As at 31-03-2018
Non-current borrowings (Including current maturities)	490.82	(20.33)	(0.65)	469.84
Current borrowings	383.17	191.69	0.38	575.24

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Firm Regn. No.: 109208W

Place : Chennai
Date : 16th May 2018

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner (M. No.: 34319)

Notes on accounts

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.

c) Use of estimates

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

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

d) Significant Estimates and judgments

The areas involving critical estimates or judgments are:

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

ii) Defined benefit obligation - Refer Note 30

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

iv) Estimation and evaluation of provisions and contingencies relating to tax litigations – Refer Note 36(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 until Goods& Services Tax was introduced. For the rest of the year, Revenue excludes Goods & Services 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.

Sale of services:

Revenue from sale of services is recognised in the accounting period in which the services are rendered.

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

Notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

asset is ready for its intended use. However, cost excludes Excise Duty, Value Added Tax,Service Tax and Goods & Services Tax (from the date of its introduction),to the extent credit of the duty or tax is availed of.

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

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

g) Depreciation and amortization

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

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

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

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

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

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

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

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.

Notes on accounts - *(continued)*

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

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

Notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

ii) Cost of finished goods and work-in-progress comprise 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 and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

m) Employee benefits

i) Short term obligations:

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

ii) Other long term employee benefit:

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

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

iii) Post-employment obligation:

The Company operates the following post-employment schemes:

a) Defined benefit plans such as gratuity for its eligible employees, pension plan for its eligible senior managers; and
b) Defined contribution plans such as provident fund.

Pension and gratuity obligation:

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

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.

Notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Provident fund:

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

iv) Bonus plans:

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

n) Taxes on income

Tax expense comprises of current and deferred taxes.

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

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

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

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

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

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

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 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 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.

Notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

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

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in “Other Income” on completion of export obligation as approved by the Regulatory Authorities.

p) Provisions and contingent liabilities

i) Provision:

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

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

ii) Contingent liabilities:

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

q) Segment reporting

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

r) Leases

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

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.

Notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

u) Investments and Other financial assets

i) Classification

The Company classifies its financial assets in the following categories:

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

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

ii) Measurement

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

Debt Instruments:

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

Amortised Cost:

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

Fair Value through profit or loss:

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

Equity instruments:

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

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

Investment in subsidiaries / associates:

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

iii) Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 28 details how the company determines whether there has been a significant increase in credit risk.

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

Notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

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 assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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

v) Income recognition

Interest Income:

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

Dividends:

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

v) Borrowings

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

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

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

All other assets are classified as non-current.

Notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

A liability is treated as current when:

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

All other liabilities are classified as non-current.

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

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

x) Recent accounting pronouncements

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - “Revenue from Contract with Customers” and also made certain amendments to the existing Ind AS. The notification shall be effective from 1st April 2018.

The management believes that adoption of The Indian Accounting Standard (Ind AS) 115 - “Revenue from Contracts with Customers” does not have any significant impact on the financial statements of the Company.

The management believes that adoption of amendment to Ind AS 21, Foreign currency transactions and advance consideration and Ind AS 12 Income Taxes, do not have any significant impact on the financial statements of the Company.

The amendment to Ind AS 40 viz., Investment Property, is not applicable to the Company.

Notes on accounts - *(continued)*

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rupees In crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2017	109.24	538.91	2,999.11	52.78	18.79	79.56	3,798.39	60.03	70.58	130.61
Additions	53.61	118.77	507.96	6.29	2.85	28.80	718.28	11.52	18.70	30.22
Sub-total	162.85	657.68	3,507.07	59.07	21.64	108.36	4,516.67	71.55	89.28	160.83
Sales / deletion	0.68	1.05	125.31	0.95	1.34	2.74	132.07	-	-	-
Total	162.17	656.63	3,381.76	58.12	20.30	105.62	4,384.60	71.55	89.28	160.83
Depreciation / Amortisation										
Upto 31-03-2017	-	137.02	1,643.19	19.09	11.69	56.76	1,867.75	48.57	28.81	77.38
For the year	-	25.33	262.29	7.42	2.16	14.49	311.69	12.16	14.88	27.04
Sub-total	-	162.35	1,905.48	26.51	13.85	71.25	2,179.44	60.73	43.69	104.42
Withdrawn on assets sold / deleted	-	1.03	104.59	0.66	1.31	2.71	110.30	-	-	-
Total	-	161.32	1,800.89	25.85	12.54	68.54	2,069.14	60.73	43.69	104.42
Carrying value As at 31-03-2018	162.17	495.31	1,580.87	32.27	7.76	37.08	2,315.46	10.82	45.59	56.41

Capital work-in-progress (at cost) as at 31-03-2018

(a)	Building	10.66
(b)	Plant & equipment	81.08
Total		91.74

a) Cost of buildings includes Rs.7.12 crores pertaining to buildings constructed on leasehold lands.

b) Land includes leasehold 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
	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

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 pertaining to buildings constructed on leasehold lands.

b) Land includes leasehold land of Rs. 0.51 Crores, whose ownership is transferrable at the end of the lease term.

Notes on accounts - *(continued)*

3 NON CURRENT INVESTMENTS

Sl. No.	Particulars	Subsidiary /associate	No. of shares / units As at 31-03-2018	No. of shares / units As at 31-03-2017	Face Value	Currency	Rupees in crores As at 31-03-2018	Rupees in crores As at 31-03-2017
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(a)	**Investment in Equity Instruments Fair valued through OCI:**							
	Quoted :							
(i)	Suprajit Engineering Limited, Bengaluru		28,92,000	28,92,000	1.00	INR	80.35	69.54
(ii)	Ucal Fuel Systems Limited, Chennai		91,760	91,760	10.00	INR	2.16	1.99
	Unquoted :							
(iii)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited)		32,50,000	32,50,000	10.00	INR	1.19	1.10
(iv)	TVS Lanka (Private) Limited, Colombo		50,00,000	50,00,000	10.00	LKR	10.52	9.48
(v)	TVS Motor Services Limited, Chennai*		-	3,80,000	10.00	INR	-	0.38
(vi)	Green Infra Wind Power Projects Limited, New Delhi		1,11,600	1,11,600	10.00	INR	0.05	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	2,16,000	10.00	INR	0.13	0.11
(ix)	Suryadev Alloys & Power Private Limited, Chennai		2,500	2,500	10.00	INR	0.03	0.02
(x)	Ultraviolette Automotive Private Limited, Bengaluru		6,750	-	10.00	INR	5.00	-
(xi)	Condivision Solutions Pvt. Limited, Bengaluru		6,760	-	10.00	INR	2.00	-
(xii)	Mulanur Renewable Energy Pvt. Limited, Chennai		15,000	-	10.00	INR	0.02	-
(b)	**Investment in Equity Instruments valued at Cost (Unquoted):**							
(i)	Sundaram Auto Components Limited, Chennai	Subsidiary	3,59,25,000	1,45,50,000	10.00	INR	255.90	84.90
(ii)	TVS Motor Company (Europe) B.V., Amsterdam	Subsidiary	2,25,301	2,25,301	100.00	EUR	1.80	1.80
(iii)	TVS Motor (Singapore) Pte. Limited, Singapore	Subsidiary	7,75,90,002	7,62,84,702	1.00	SGD	153.49	147.13
(iv)	PT.TVS Motor Company Indonesia, Jakarta	Subsidiary	68,97,000	60,97,000	97,400.00	IDR	268.90	217.39
(v)	TVS Housing Limited, Chennai	Subsidiary	50,000	50,000	10.00	INR	0.05	0.05
(vi)	TVS Motor Services Limited, Chennai*	Subsidiary	50,00,000	-	10.00	INR	5.00	-
(vii)	TVS Credit Services Limited, Chennai*	Subsidiary	70,09,753	-	10.00	INR	53.53	-
(viii)	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	Associate	11,12,19,512	8,00,00,000	10.00	INR	111.22	80.00
	Total value of Equity Instruments (a) + (b)						951.34	690.62
(c)	**Investments in Preference Shares (Unquoted): (Valued at Amortised Cost)**							
(i)	TVS Motor Services Limited, Chennai	Subsidiary	61,30,10,000	55,10,10,000	10.00	INR	1,042.48	871.78
(ii)	Pinnacle Engines Inc., USA (face value 0.01 cent)		24,09,638	24,09,638	0.0001	USD	11.70	11.70
(iii)	Axiom Research Labs Private Limited, Delhi		82	82	10.00	INR	1.00	1.00
	Total value of Preference shares (c)						1,055.18	884.48
(d)	**Other non-current Investments (Unquoted):**							
	Investments valued through OCI:							
(i)	Autotech Fund L.L.P. USA					USD	10.11	-
	Pension Funds / Government Securities (Valued at Amortised Cost):							
(ii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR	6.11	6.14
(iii)	Life Insurance Corporation Pension Policy, Mumbai					INR	12.64	6.66
(iv)	National Savings Certificates (Rs.37100/- deposited with Sales Tax authorities)					INR	-	-
	Total value of other investments (d)						28.86	12.80
	Total (a) + (b) + (c) + (d)						2,035.38	1,587.90
	Aggregate amount of quoted investments and market value thereof						82.51	71.53
	Aggregate amount of unquoted investments						1,952.87	1,516.37
	Total						2,035.38	1,587.90

* TVS Motor Services Limited and TVS Credit Services Limited became subsidiaries w.e.f. 7th September 2017. Hence, equity holding in these companies are disclosed under "equity investments valued at cost" as at 31st March 2018 (previous year "investments in equity instruments fair valued through OCI" and disclosed suitably).

All Investments are fully paid up.

Notes on accounts - *(continued)*

Rupees in crores

		As at 31-03-2018	As at 31-03-2017
4	OTHER NON-CURRENT ASSETS		
	Capital advances	12.41	35.51
	Advances other than capital advances:		
	Prepaid lease rent	2.71	2.81
	Deposits made	24.71	20.62
		39.83	58.94
5	INVENTORIES		
	Raw materials and components	470.19	509.85
	Goods-in-transit - Raw materials and components	121.64	113.65
	Work-in-progress	68.00	93.57
	Finished goods	209.75	157.21
	Stock-in-trade	57.40	53.03
	Stores and spares	37.41	39.64
		964.39	966.95
6	TRADE RECEIVABLES		
	Secured, considered good	16.62	14.80
	Unsecured, considered good	951.75	708.97
	Doubtful	9.58	5.22
		977.95	728.99
	Less: Allowance for doubtful debts	9.58	5.22
		968.37	723.77
7	CASH AND CASH EQUIVALENTS		
	Balances with banks in current accounts	6.19	4.11
	Cheques / drafts on hand	-	0.02
	Cash on hand	0.30	0.24
		6.49	4.37
	Cash and cash equivalents for the purpose of cash flow statement		
	Cash and cash equivalents as shown above	6.49	4.37
	Less: Over drafts utilised	(144.11)	(233.21)
	[Grouped under financial liabilities - borrowings (Note No.16)]		
		(137.62)	(228.84)
8	OTHER BANK BALANCES		
	Earmarked balances with banks (for unpaid dividend)	4.41	4.14
		4.41	4.14
9	FINANCIAL ASSETS - OTHERS (CURRENT)		
	Unsecured, considered good :		
	Employee advances	9.29	9.18
	Security deposits	4.78	4.23
	Claims receivable	0.16	0.10
		14.23	13.51
10	OTHER CURRENT ASSETS		
	GST/VAT/IT/Excise receivable	405.54	379.70
	Prepaid expense	17.49	16.10
	Vendor advance	88.05	38.40
	Trade deposits	0.94	0.72
	Export incentive receivable	47.77	37.35
		559.79	472.27

Notes on accounts - *(continued)*

11 EQUITY SHARE CAPITAL

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

Particulars	As at 31-03-2018		As at 31-03-2017	
	Number	Rupees in crores	Number	Rupees in crores
Authorised:				
Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully paid up:				
Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51
	47,50,87,114	47.51	47,50,87,114	47.51

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

Particulars	As at 31-03-2018		As at 31-03-2017	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	47,50,87,114	47.51	47,50,87,114	47.51
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	47,50,87,114	47.51	47,50,87,114	47.51

(c) (i) Rights and preferences attached to equity share:

Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

(ii) There are no restrictions attached to equity shares.

(d) Shares held by holding company at the end of the year

Name of shareholder	Class of share	As at 31-03-2018		As at 31-03-2017	
		No. of shares held	% of holding	No. of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40

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

12 OTHER EQUITY

Rupees in crores

Particulars	As at 31-03-2018	As at 31-03-2017
General reserve	865.64	865.64
Capital reserve	6.43	6.43
Retained earnings	1,874.74	1,404.25
Other reserves	86.10	84.50
	2,832.91	2,360.82

Notes on accounts - *(continued)*

13 NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Rupees in crores

Description	Frequency	No. of instalments due	Maturity	As at 31-03-2018	As at 31-03-2017
Secured:					
ECB Loan from Bank (4 Tranches)	End of Tenure	4	Jul 2018 - Dec 2018	130.16	129.09
State owned corporation	Yearly	4	2022-27	157.08	157.08
Unsecured:					
Sales Tax Deferral					
Phase-1	Yearly	4	2020-21	25.32	31.65
Phase-2	Yearly	10	2027-28	157.28	173.00
Total Borrowings :				469.84	490.82
Less : Current maturities of long-term borrowings (Refer Note No. 18)				152.22	22.06
Total Long-term Borrowings				317.62	468.76

Details of securities created:

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

(ii) 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	5 Million USD each between Jul 2018 and 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%

14 PROVISIONS

Particulars	As at 31-03-2018		As at 31-03-2017	
	Current	Non-current	Current	Non-current
Provision for employee benefits:				
(a) Pension	33.18	32.41	28.09	33.57
(b) Leave salary	1.88	21.35	1.96	17.23
(c) Gratuity	2.56	-	9.36	-
Others:				
(a) Warranty	24.40	-	23.46	-
	62.02	53.76	62.87	50.80

Notes on accounts - *(continued)*

15 DEFERRED TAX LIABILITIES (NET)

Rupees in crores

Particulars		As at 31-03-2018	As at 31-03-2017
The balance comprises temporary differences attributable to:			
Depreciation		299.67	251.78
Others		-	17.18
Total deferred tax liability	(A)	299.67	268.96
Deferred tax asset consists of :			
- tax on employee benefit expenses		35.39	29.21
- tax on warranty provision		10.98	10.55
- tax on others		6.17	1.81
- Unused tax credits (MAT credit entitlement)		98.96	101.69
Total deferred tax assets	(B)	151.50	143.26
Net deferred tax liability	(A)-(B)	148.17	125.70

Movement in deferred tax :

Particulars	Depreciation	Others	Total
As at 01-04-2016			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
Charged/(credited):			
- to profit or loss	47.89	(24.16)	23.73
- to other comprehensive income	-	(3.99)	(3.99)
- Unused tax credits (MAT credit entitlement of earlier period)	-	(4.74)	(4.74)
- to Utilisation of tax credits (MAT credit entitlement)	-	7.47	7.47
As at 31-03-2018			148.17

16 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

	As at 31-03-2018	As at 31-03-2017
Borrowings repayable on demand from banks		
Secured*	48.38	158.21
Unsecured#	329.73	190.00
Short term loans from banks (Unsecured)	341.24	268.17
	719.35	616.38
* Includes overdraft utilisation	48.38	108.21
# Includes overdraft utilisation	95.73	125.00
Total overdraft utilisation	144.11	233.21

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 31-03-2018	As at 31-03-2017
17	TRADE PAYABLES		
	Dues to Micro and Small Enterprises **	71.70	34.39
	Dues to enterprises other than Micro and Small Enterprises	2,446.29	1,824.97
		2,517.99	1,859.36

** 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 31-03-2018	As at 31-03-2017
18	OTHER FINANCIAL LIABILITIES		
	Current Maturities of long term borrowings		
	(i) ECB Loan	130.16	-
	(ii) Sales tax deferral loan from Karnataka Government - Phase 1	6.33	6.33
	(iii) Sales tax deferral loan from Karnataka Government - Phase 2	15.73	15.73
		152.22	22.06
	Interest accrued but not due on loans	1.69	3.26
	Trade deposits received	25.40	23.62
	Unclaimed dividends	4.41	4.14
	(Not due for transfer to Investor Education and Protection Fund)		
	Payables against capital goods	22.70	24.39
	Derivative instruments - payable	1.38	1.99
	Hedge liability	2.60	0.15
		210.40	79.61
19	OTHER CURRENT LIABILITIES		
	Statutory dues	156.40	134.68
	Employee related	53.74	47.42
	Advance received from customers	53.14	48.76
	Deferred income	4.99	-
	Money held under trust	1.47	2.00
		269.74	232.86

		Year Ended 31-03-2018	Year Ended 31-03-2017
20	REVENUE FROM OPERATIONS		
	Sale of products*	15,233.95	12,932.96
	Sale of raw materials	58.20	107.17
	Sale of services	17.85	23.69
	Other operating revenue	162.88	126.24
		15,472.88	13,190.06

* Includes excise duty upto June 2017.

Notes on accounts - *(continued)*

Rupees in crores

		Year Ended 31-03-2018	Year Ended 31-03-2017
21	**OTHER INCOME**		
	Dividend income		
	(i) From subsidiaries	5.21	8.21
	(ii) From other investments designated as Fair Value through OCI	0.60	0.70
	Interest income	47.72	49.35
	Profit on sale of investments	18.97	0.05
	Profit on sale of fixed assets	2.72	-
	Change in fair value of investments (net)*	58.70	81.85
	Government grant#	9.67	31.56
	Other non-operating income	1.19	1.65
		144.78	173.37

* 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.

		Year Ended 31-03-2018	Year Ended 31-03-2017
22	**MATERIAL COST**		
	Cost of materials consumed :		
	Opening stock of raw materials and components	509.85	310.95
	Add: Purchases	10,870.26	8,819.78
		11,380.11	9,130.73
	Less: Closing stock of raw materials and components	470.19	509.85
		10,909.92	8,620.88
	Purchases of stock-in-trade :		
	Spare parts	116.89	95.35
	Engine oil	79.32	81.57
	Raw materials	58.20	107.17
	Finished goods	-	7.13
		254.41	291.22
	Changes in inventories of finished goods, work-in-progress and stock-in-trade:		
	Opening 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; last year Rs.9.43 crores)	157.21	130.80
	(A)	303.81	245.08
	Closing stock:		
	Work-in-progress	68.00	93.57
	Stock-in-trade	57.40	53.03
	Finished goods	209.75	157.21
	(B)	335.15	303.81
	(A)-(B)	(31.34)	(58.73)
23	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, wages and bonus	745.92	648.09
	Contribution to provident and other funds	44.22	37.76
	Staff welfare expenses	77.87	59.79
		868.01	745.64

Notes on accounts - *(continued)*

Rupees in crores

			Year Ended 31-03-2018	Year Ended 31-03-2017
24	FINANCE COSTS			
	Interest		55.98	42.64
	Exchange differences		0.64	1.31
			56.62	43.95
25	OTHER EXPENSES			
	(a) Consumption of stores, spares and tools		71.48	57.19
	(b) Power and fuel		107.17	90.62
	(c) Rent		27.39	18.29
	(d) Repairs - buildings		10.09	10.03
	(e) Repairs - plant and equipment		54.94	54.18
	(f) Insurance		12.97	8.87
	(g) Rates and taxes (excluding taxes on income)		6.61	8.53
	(h) Audit fees		0.90	0.75
	(i) Cost audit fees		0.05	0.05
	(j) Packing and freight charges		637.09	461.53
	(k) Advertisement and publicity		301.49	288.81
	(l) Other marketing expenses		322.25	266.75
	(m) Loss on sale of fixed assets		-	2.34
	(n) Foreign exchange loss		-	5.36
	(o) Corporate Social Responsibility expenditure*		10.98	9.20
	(p) Contributions to electoral trust		0.53	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)		435.51	390.15
			1,999.45	1,679.23

* Refer Note No. 40 for details on Corporate Social Responsibility expenditure.

26	INCOME TAX EXPENSES			
	(a) Income tax expense			
	Current tax:			
	Current tax on profits for the year		203.41	157.64
	Adjustments for current tax of prior periods		(6.35)	2.14
		(A)	197.06	159.78
	Deferred tax:			
	Decrease / (increase) in deferred tax assets		(10.97)	(0.07)
	(Decrease) / increase in deferred tax liabilities		34.70	45.14
	Unused tax (credit) [MAT credit entitlement]		-	(57.94)
	Unused tax (credit) / reversal [MAT credit entitlement] of prior periods		(4.74)	(6.31)
		(B)	18.99	(19.18)
		(A)+(B)	216.05	140.60

Notes on accounts - *(continued)*

	Year Ended 31-03-2018	Year Ended 31-03-2017
		Rupees in crores
26 INCOME TAX EXPENSES - *(continued)*		
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	878.64	698.68
Tax at the Indian tax rate of 34.61% (2016-17 – 21.34%) (Last year Company paid tax under Sec 115 JB [Minimum Alternate Tax] of Income Tax Act, 1961)	304.10	149.10
Additional deduction towards Research & Development expenses	(65.09)	
Additional deduction towards Depreciation / Amortisation	(18.30)	
Fair valuation gains not subjected to tax	(20.32)	
Capital receipts	(3.57)	
Others	6.59	
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)
Other items	-	0.88
Tax Relating to earlier years	(6.35)	2.14
Deferred tax liability	23.73	45.07
MAT credit entitlement	(4.74)	(64.25)
Income tax expense	216.05	140.60

27 FAIR VALUE MEASUREMENTS

Particulars	As at 31-03-2018			As at 31-03-2017		
	FVTPL*	FVOCI *	Amortised cost	FVTPL*	FVOCI *	Amortised cost
Financial assets						
Investments						
- Equity instruments	-	101.45	-	-	159.35	-
- Preference shares	1,042.48	-	12.70	871.78	-	12.70
- Other non-current investments	-	10.11	-	-	-	-
- Debt instruments	-	-	18.75	-	-	12.80
Trade receivables	-	-	968.37	-	-	723.77
Cash and cash equivalents	-	-	6.49	-	-	4.37
Other financial assets	-	-	14.23	-	-	13.51
	1,042.48	111.56	1,020.54	871.78	159.35	767.15
Financial liabilities						
Borrowings	-	-	1,189.19	-	-	1,107.20
Trade payables	-	-	2,517.99	-	-	1,859.36
Derivative financial liability	1.38	2.60	-	1.99	0.15	-
Other financial liability	-	-	54.20	-	-	55.41
	1.38	2.60	3,761.38	1.99	0.15	3,021.97

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

Notes on accounts - *(continued)*

Rupees in crores

27 FAIR VALUE MEASUREMENTS - *(continued)*

(i) Fair value hierarchy

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

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

As at 31-03-2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	-	-	1,042.48	1,042.48
Financial Investments at FVOCI	3	82.51	10.11	18.94	111.56
		82.51	10.11	1,061.42	1,154.04
Financial liabilities					
Derivatives	18	-	3.98	-	3.98
		-	3.98	-	3.98

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

As at 31-03-2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3	-	-	12.70	12.70
Debt instruments	3	-	-	18.75	18.75
		-	-	31.45	31.45
Financial liabilities					
Borrowings	13, 16, 18	-	-	1,189.19	1,189.19
		-	-	1,189.19	1,189.19

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

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	18	-	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	13, 16, 18	-	-	1,107.20	1,107.20
		-	-	1,107.20	1,107.20

Notes on accounts - *(continued)*

Rupees in crores

27 FAIR VALUE MEASUREMENTS - *(continued)*

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers among the three levels.

The company's policy is to recognise transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and 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)

Particulars	Unlisted Preference Shares	Unlisted Equity Shares	Debt Instruments	Total
As at 01-04-2016	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
Additions / (Deletions)	105.43	(58.36)	12.52	59.59
Gains/(losses) recognised in profit or loss	65.27	-	(6.57)	58.70
Gains/(losses) recognised in other comprehensive income	-	(10.52)	-	(10.52)
As at 31-03-2018	1,042.48	18.94	18.75	1,080.17

(iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended		Sensitivity
	31-03-2018	31-03-2017		31-03-2018	31-03-2017	
Preference shares	1,042.48	871.78	a) Earnings growth rate b) Risk adjusted discount rate	20-30% 20.10%	20-30% 18.32%	If the growth rate increases by 5% and the reduction in discount rate by 50 bps, the value of preference shares will increase by 2% and vice versa.
Unquoted Equity shares	18.94	87.82	a) Earnings growth rate b) Risk adjusted discount rate	1-3% 8%	1-3% 8%	Not significant

Notes on accounts - *(continued)*

Rupees in crores

27 FAIR VALUE MEASUREMENTS - *(continued)*

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies. Risk adjustments have been derived based on the market risk premium adjusted for companies relevered financial data.

(vi) Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31-03-2018		As at 31-03-2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Preference shares	12.70	12.70	12.70	12.70
Debt instruments	18.75	18.75	12.80	12.80
	31.45	31.45	25.50	25.50
Financial liabilities				
Borrowings	1,189.19	1,189.19	1,107.20	1,107.20
	1,189.19	1,189.19	1,107.20	1,107.20

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counter party credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

28 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 manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit risk	Cash, Cash equivalents and Trade receivables	Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forwarding-looking information (more specifically described below). In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counter party fails to make contractual payments within 60 days, when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Notes on accounts - *(continued)*

Rupees in crores

28 FINANCIAL RISK MANAGEMENT - *(continued)*

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit risk (continued)	a. Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
	b. Domestic Trade Receivables	Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. The Company extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. The Company has extensive reporting and review system to constantly monitor the outstandings.
	c. Export Trade Receivables	The Company's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with ECGC Limited.
Liquidity risk	INR denominated borrowings (other than soft loans given by Govt. Authorities)	The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company works out a detailed annual operating plans to assess the fund requirements - both short term and long term. Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
Market risk	(i) Foreign exchange	The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
	a. Export trade receivables and Import payables	The company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
	b. Foreign currency denominated borrowings	The Company has hedged its borrowings by covering the principal repayments.
	(ii) Interest rate - Foreign currency denominated borrowings	The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Notes on accounts - *(continued)*

28 FINANCIAL RISK MANAGEMENT - *(continued)*

(A) Credit risk

Basis of recognition of expected credit loss provision

<table>
<tr><th>Rating</th><th>Category</th><th>Description of category</th><th>Investments</th><th>Loans and deposits</th><th>Trade receivables</th></tr>
<tr><td>1</td><td>High Quality assets, negligible credit risk</td><td>Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.</td><td rowspan="3">12 month expected credit losses</td><td rowspan="3">12 month expected credit losses</td><td rowspan="5">Life time expected credit losses (simplified approach)</td></tr>
<tr><td>2</td><td>Quality assets, low credit risk</td><td>Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past</td></tr>
<tr><td>3</td><td>Standard Assets, moderate credit risk</td><td>Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.</td></tr>
<tr><td>4</td><td>Substandard Assets, relatively high credit risk</td><td>Assets where there has been a significant increase in credit risk since initial recognition.</td><td 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)*

Rupees in crores

28 FINANCIAL RISK MANAGEMENT - *(continued)*

As at 31-03-2018

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Assets/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	31.45	0%	-	31.45
	1	Other financial assets	14.23	0%	-	14.23

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	962.73	15.22	977.95
Expected loss rate	-	63%	
Expected credit losses	-	9.58	9.58
Carrying amount of trade receivables	962.73	5.64	968.37

As at 31-03-2017

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Assets/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	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

Particulars	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

Reconciliation of loss allowance provision - Loans and deposits

Loss allowance on 01-04-2016	-
Write offs	-
Recoveries	-
Loss allowance on 31-03-2017	-
Write offs	-
Recoveries	-
Loss allowance on 31-03-2018	-

Notes on accounts - *(continued)*

Rupees in crores

28 FINANCIAL RISK MANAGEMENT - *(continued)*

Reconciliation of loss allowance provision - Trade receivables

Loss allowance on 01-04-2016	4.69
Changes in loss allowance	0.53
Loss allowance on 31-03-2017	5.22
Changes in loss allowance	4.36
Loss allowance on 31-03-2018	9.58

(B) Liquidity risk

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31-03-2018	As at 31-03-2017
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	626.82	665.73
- Expiring beyond one year (bank loans)	-	-

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging 30 to 180 days.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

As at 31-03-2018

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	672.74	87.14	111.69	191.69	125.93	1,189.19
Trade payables	2,517.99					2,517.99
Other financial liabilities	54.20					54.20
Derivatives	2.60	0.26	1.12			3.98

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

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)*

Rupees in crores

28 FINANCIAL RISK MANAGEMENT - *(continued)*

(C) Market risk

i) Foreign exchange risk

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	As at 31-03-2018		As at 31-03-2017	
Exposure in foreign currency	USD	EUR	USD	EUR
Financial assets:				
Trade receivables	234.05	80.00	182.94	10.51
Derivatives	-	-	-	-
Exposure to foreign currency risk (assets) (A)	234.05	80.00	182.94	10.51
Financial liabilities:				
Foreign currency loan	158.91	7.84	129.09	70.55
Trade payables	218.04	4.33	195.48	1.40
Derivatives	3.98	-	2.14	-
Exposure to foreign currency risk (liabilities) (B)	380.93	12.17	326.71	71.95
Net exposure to foreign currency risk asset / (liabilities) (A)-(B)	(146.88)	67.83	(143.77)	(61.44)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	As at 31-03-2018	As at 31-03-2017	As at 31-03-2018	As at 31-03-2017
USD sensitivity				
INR/USD increases by 10%	(10.87)	(10.64)	10.87	10.64
INR/USD decreases by 10%	10.87	10.64	(10.87)	(10.64)
EURO sensitivity				
INR/EURO increases by 10%	5.02	(4.54)	(5.02)	4.54
INR/EURO decreases by 10%	(5.02)	4.54	5.02	(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).

Particulars	As at 31-03-2018	As at 31-03-2017
Variable rate borrowings	303.03	488.28
Fixed rate borrowings	886.16	618.92

Sensitivity	Impact on profit after tax	
	As at 31-03-2018	As at 31-03-2017
Increase in interest rates by 100 bps	(2.24)	(3.61)
Decrease in interest rates by 100 bps	2.24	3.61

Notes on accounts - *(continued)*

Rupees in crores

28 FINANCIAL RISK MANAGEMENT - *(continued)*

iii) Price risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

i) Disclosure of effects of hedge accounting on financial position

a) Disclosure of effects of hedge accounting on financial position as at 31-03-2018

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	254.35	-	256.95	-	Apr'18 to Jun'18	(1.84)	1.84

b) 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 fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	150.86	-	151.01	-	Apr'17 to Aug'17	(3.72)	3.72

ii) Disclosure of effects of hedge accounting on financial performance :

for the year ended 31-03-2018 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC	(2.60)	-	(2.45)	Revenue

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

Notes on accounts - *(continued)*

Rupees in crores

29 CAPITAL MANAGEMENT

(a) Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet). The company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	As at 31-03-2018	As at 31-03-2017
Net debt	1,182.70	1,102.83
Total equity	2,880.42	2,408.33
Net debt to equity ratio	41.06%	45.79%

The company also monitors Interest coverage ratio :

Company's earnings before interest and taxes (EBIT) divided by Interest

The Company's strategy is to maintain an optimum interest coverage ratio. The Interest coverage ratio were as follows:

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
EBIT	935.26	742.63
Interest	56.62	43.95
Interest coverage ratio (Times)	16.52	16.90

(b) Dividends

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
(i) Equity shares		
Interim dividends for the year ended 31-03-2018 of Rs.3.30 (31-03-2017 of Rs.2.50) per fully paid share	187.63	141.29
(ii) Dividends not recognised at the end of the reporting period	-	-

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Notes on accounts - *(continued)*

30 EMPLOYEE BENEFIT OBLIGATIONS Rupees in crores

Defined benefit plans as per actuarial valuation

Particulars	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 01-04-2016	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
Current service cost	6.06	-	6.06	3.15		3.15	3.02		3.02
Interest expense/(income)	6.03	(5.36)	0.67	4.37		4.37	1.37		1.37
Total amount recognised in profit or loss	12.09	(5.36)	6.73	7.52	-	7.52	4.39	-	4.39
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.34	0.34	-		-	-		-
(Gain)/loss from change in demographic assumptions	-		-			-			-
(Gain)/loss from change in financial assumptions	(6.18)		(6.18)	0.08		0.08	(1.74)		(1.74)
Experience (gains)/losses	11.78		11.78	(3.67)		(3.67)	5.22		5.22
Total amount recognised in other comprehensive income	5.60	0.34	5.94	(3.59)	-	(3.59)	3.48	-	3.48
Employer contributions	-	(19.47)	(19.47)	-		-	-		-
Benefit payments	(5.52)	5.52	-	-		-	(3.83)		(3.83)
As at 31-03-2018	94.69	(92.13)	2.56	65.59	-	65.59	23.23	-	23.23

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.

Notes on accounts - *(continued)*

30 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)* Rupees in crores

Details of funded / unfunded plans:

Particulars	As at 31-03-2018	As at 31-03-2017
Present value of funded obligations	94.69	82.52
Fair value of plan assets	(92.13)	(73.16)
Deficit of funded plan	2.56	9.36
Unfunded plans	88.82	80.85
Deficit before asset ceiling	91.38	90.21

The significant actuarial assumptions:

Particulars	As at 31-03-2018	As at 31-03-2017
Discount rate (Gratuity & Leave salary)	7.7%	7.0%
Discount rate (Pension)	7.0%	7.0%
Salary growth rate	6.0%	6.0%
Mortality rate	IALM (2006-08) Ultimate	
Attrition rate (Gratuity & Leave salary)	3.0%	3.0%
Attrition rate (Pension)	0.0%	0.0%

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:

Particulars	Impact on defined benefit obligation - Gratuity					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017
Discount rate	0.50%	0.50%	90.73	79.15	98.97	86.17
Salary growth rate	0.50%	0.50%	99.02	86.19	90.65	79.10
Mortality	5.00%	5.00%	94.71	82.53	94.67	82.51

Particulars	Impact on defined benefit obligation - Pension					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017
Discount rate	0.50%	0.50%	60.29	58.21	67.39	65.46
Salary growth rate	0.50%	0.50%	64.57	62.70	62.83	60.66
Mortality	5.00%	5.00%	63.69	61.67	63.67	61.65

Particulars	Impact on defined benefit obligation - Leave salary					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017
Discount rate	0.50%	0.50%	22.13	18.29	24.43	20.17
Salary growth rate	0.50%	0.50%	24.45	20.17	22.10	18.28
Mortality	5.00%	5.00%	23.24	19.19	23.23	19.19

Notes on accounts - *(continued)*

30 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and 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 2018 consists of Government and Corporate bonds, although the Company 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 viz., provident fund, of Rs. 14.25 crores (previous year Rs.11.47 crores) has been recognised in the Statement of Profit and Loss.

Notes on accounts - *(continued)*

31 RELATED PARTY DISCLOSURE

(a) (i) Related parties and their relationship where control exists

Holding company:
Sundaram-Clayton Limited, Chennai

Ultimate holding company:
T V Sundram Iyengar & Sons Private Limited, Madurai

Subsidiaries:
Sundaram Auto Components Limited, Chennai
TVS Housing Limited, Chennai
TVS Motor Services Limited, Chennai
TVS Credit Services Limited, Chennai
Harita Collection Services Private Limited, Chennai
Harita ARC Services Private Limited, Chennai
TVS Micro Finance Private Limited, Chennai
TVS Commodity Financial Solutions Private Limited, Chennai
TVS Two Wheeler Mall Private Limited, Chennai
TVS Housing Finance Private Limited, Chennai
TVS Motor (Singapore) Pte. Limited, Singapore
TVS Motor Company (Europe) B.V, Amsterdam
PT. TVS Motor Company Indonesia, Jakarta
Sundaram Holding USA Inc, USA
Green Hills Land Holding LLC, USA
Component Equipment Leasing LLC, USA
Sundaram-Clayton USA LLC, USA (Formerly known as Workspace Project LLC)
Premier Land Holding LLC, USA

Associate 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
TVS Training and Services Limited, Chennai

Associate / Joint venture of holding / subsidiary / fellow subsidiary company:
Brakes India Private Limited, Chennai
TVS Srichakra Limited, Madurai
Wheels India Limited, Chennai
Sundram Fasteners Limited, Chennai
India Nippon Electricals Limited, Chennai
Sundaram Brake Linings Limited, Chennai
TVS Auto Bangladesh Limited, Dhaka
TVS Lanka Private Limited, Colombo

Notes on accounts - *(continued)*

Rupees in crores

	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
31 RELATED PARTY DISCLOSURE - *(continued)*		
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		
(b) Transactions with related parties:		
(i) Purchase of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.36	0.42
- holding company (Sundaram-Clayton Limited, Chennai)	437.90	304.30
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	474.52	362.41
PT.TVS Motor Company Indonesia, Jakarta	0.27	0.46
- fellow subsidiaries		
TVS Electronics Limited, Chennai	0.19	0.13
Sundaram Industries Private Limited, Madurai	0.10	0.07
Lucas-TVS Limited, Chennai	121.40	79.01
Lucas Indian Service Limited, Chennai	7.97	6.45
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	16.95	13.24
TVS Srichakra Limited, Madurai	418.43	272.47
Wheels India Limited, Chennai	8.22	4.42
Sundram Fasteners Limited, Chennai	57.71	51.95
India Nippon Electricals Limited, Chennai	288.23	209.00
Sundaram Brake Linings Limited, Chennai	12.05	9.60
- subsidiaries of associate / joint venture		
Upasana Engineering Limited, Chennai	16.40	14.94
- enterprises over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	1.73	1.18
- enterprises in which directors are interested		
TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)	1.07	0.73
Designo Lifestyle Solutions Private Limited	0.10	0.09

Notes on accounts - *(continued)*

Rupees in crores

	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
31 RELATED PARTY DISCLOSURE - *(continued)*		
(ii) Sale of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	6.24	-
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	462.53	2,347.54
PT. TVS Motor Company Indonesia, Jakarta	81.50	58.88
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Sundram Fasteners Limited, Chennai	-	3.06
TVS Auto Bangladesh Limited, Dhaka	465.48	262.46
TVS Lanka Private Limited, Colombo	155.43	224.08
(iii) Purchase of assets		
- subsidiary company (Sundaram Auto Components Limited, Chennai)	-	10.02
(iv) Purchase of preference shares of TVS Motor Services Limited, Chennai *		
- holding company (Sundaram-Clayton Limited, Chennai)	17.01	-
- fellow subsidiary company (Lucas-TVS Limited, Chennai)	88.43	-
(v) Sale of equity shares of TVS Credit Services Limited, Chennai *		
- holding company (Sundaram-Clayton Limited, Chennai)	17.01	-
- fellow subsidiary company (Lucas-TVS Limited, Chennai)	88.43	-
(vi) Rendering of services (including interest and reimbursements received)		
- holding company (Sundaram-Clayton Limited, Chennai)	2.07	2.43
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	0.83	0.66
TVS Motor (Singapore) Pte. Limited, Singapore	-	2.34
PT. TVS Motor Company Indonesia, Jakarta	0.55	1.29
TVS Credit Services Limited, Chennai	1.78	-
- associate / joint venture (Emerald Haven Realty Limited, Chennai)	0.24	-
- fellow subsidiaries		
Southern Roadways Limited, Madurai	0.01	0.01
Lucas-TVS Limited, Chennai	0.01	-
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	0.54	0.53
Sundaram Fasteners Limited, Chennai	0.01	-
- subsidiaries of associate / joint venture		
TVS Dynamic Global Freight Services Limited, Chennai	0.10	-
(vii) Availing of services (includes sub-contract charges paid)		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.54	0.45
- holding company (Sundaram-Clayton Limited, Chennai)	47.88	64.62
- subsidiary company (TVS Credit Services Limited, Chennai)	0.57	-
- fellow subsidiaries:		
TVS Electronics Limited, Chennai	1.17	1.11
Southern Roadways Limited, Madurai	2.96	2.23
TVS Auto Assist (India) Limited, Chennai	3.30	1.81
TVS Training and Services Limited, Chennai	0.03	-

Notes on accounts - *(continued)*

Rupees in crores

31 RELATED PARTY DISCLOSURE - *(continued)*	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	95.96	75.29
Harita Techserv Limited, Chennai	2.60	2.43
Brakes India Private Limited, Chennai	0.18	-
- subsidiaries of associate / joint venture		
TVS Dynamic Global Freight Services Limited, Chennai	45.30	22.42
TVS Commutation Solutions Limited, Chennai	-	0.03
* The Company exchanged part of equity shares held in TVS Credit Services Limited for preference shares of TVS Motor Services Limited, thereby total holding in preference shares of TVS Motor Services Limited becomes 100%. Gain on exchange shown under "Other Income".		
- enterprises in which directors are interested		
Dua Associates	0.79	3.19
Dua Consulting Private Limited	4.44	3.60
McCann-Erickson (India) Private Limited	6.43	6.99
(viii) Investments made during the year		
- subsidiary companies		
TVS Motor (Singapore) Pte. Limited, Singapore	6.37	56.91
PT. TVS Motor Company Indonesia, Jakarta	51.51	53.45
Sundaram Auto Components Limited, Chennai	171.00	24.00
TVS Motor Services Limited, Chennai	4.62	-
TVS Credit Services Limited, Chennai	25.00	-
- associate / joint venture (Emerald Haven Realty Limited, Chennai)	31.22	40.00
(ix) Remuneration to key management personnel:		
Short-term employee benefits	37.08	24.56
Post-employment benefits	0.18	0.17
(x) Dividend received from:		
subsidiary company (Sundaram Auto Components Limited, Chennai)	5.21	8.21
Associate of ultimate holding company (TVS Lanka Private Limited, Colombo)	0.20	0.37
(xi) Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	89.99	68.17
(c) Balances with related parties:		
(i) Trade receivables		
- ultimate holding company (T V Sundram Iyengar & Sons Private Limited, Madurai)	6.27	0.03
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	-	150.21
TVS Motor (Singapore) Pte Limited, Singapore	2.74	-
PT. TVS Motor Company Indonesia, Jakarta	28.16	14.12
TVS Motor Services Limited, Chennai	0.07	-
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Auto Bangladesh Limited, Dhaka	67.48	36.78
TVS Lanka Private Limited, Colombo	11.32	37.44
- enterprises in which directors are interested		
Designo Lifestyle Solutions Private Limited	-	0.02

Notes on accounts - *(continued)*

31 RELATED PARTY DISCLOSURE - *(continued)*	Rupees in crores As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
(ii) Trade payables		
- holding company (Sundaram-Clayton Limited, Chennai)	33.53	25.73
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	24.55	-
TVS Credit Services Limited, Chennai	3.96	-
- fellow subsidiaries		
Lucas-TVS Limited, Chennai	18.96	12.40
Lucas Indian Service Limited, Chennai	0.80	0.91
Sundaram Industries Private Limited, Madurai	0.01	0.01
TVS Auto Assist (India) Limited, Chennai	-	0.28
TVS Electronics Limited, Chennai	0.12	0.06
TVS Training and Services Limited, Chennai	0.01	0.01
- associate company (Emerald Haven Realty Limited, Chennai)	1.27	1.26
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	3.26	2.06
TVS Srichakra Limited, Madurai	42.74	31.99
Wheels India Limited, Chennai	1.72	0.86
Harita Techserv Limited, Chennai	0.24	0.21
India Nippon Electricals Limited, Chennai	45.97	31.57
Sundaram Brake Linings Limited, Chennai	2.21	1.73
Sundram Fasteners Limited, Chennai	9.79	7.34
TVS Logistics Services Limited, Chennai	8.53	2.20
- subsidiaries of associate / joint venture		
TVS Dynamic Global Freight Services Limited, Chennai	5.90	1.98
TVS Commutation Solutions Limited, Chennai	-	0.02
Upasana Engineering Limited, Chennai	2.24	1.71
- enterprises in which directors are interested		
Dua Consulting Private Limited	0.10	0.10
McCann-Erickson (India) Private Limited	1.06	0.81
TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)	0.04	0.04
- enterprise over which key management personnel and their relatives have significant influence (Harita-NTI Limited, Chennai)	0.16	0.22
(iii) Obligation arising out of agreements facilitating credit		
- subsidiary companies		
PT. TVS Motor Company Indonesia, Jakarta	104.28	117.96
TVS Credit Services Limited, Chennai	25.00	-

Notes on accounts - *(continued)*

Rupees in crores

		As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
32	EARNINGS PER SHARE		
	Profit after tax	662.59	558.08
	Number of equity shares	47,50,87,114	47,50,87,114
	Face value of the share (in rupees)	1.00	1.00
	Weighted average number of equity shares	47,50,87,114	47,50,87,114
	Basic and diluted earnings per share for continued operations (in rupees)	13.95	11.75
	Basic and diluted earnings per share for discontinued operations (in rupees)	-	-
	Basic and diluted earnings per share for continued and discontinued operations (in rupees)	13.95	11.75
33	WARRANTY PROVISION (CURRENT)		
	Opening balance	23.46	26.96
	Add: Provision for the year (net)	24.40	23.46
		47.86	50.42
	Less: Payments / debits (net)	23.46	26.96
	Closing balance	24.40	23.46
34	MICRO SMALL AND MEDIUM ENTERPRISES DISCLOSURE		
	Trade Payables includes amount due to Micro Small and Medium Enterprises	76.11	34.88
	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)	76.11	34.88
	(b) Interest (as no amount is overdue)	Nil	Nil
	(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
	(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
	(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
	(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
35	PAYMENT TO AUDITORS COMPRISES		
	As statutory auditors	0.72	0.60
	Taxation matters	0.15	0.10
	Certification matters	0.03	0.05
		0.90	0.75
	Miscellaneous expenses include travel and stay expenses of auditors	0.12	0.09
		1.02	0.84

Notes on accounts - *(continued)*

Rupees in crores

	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
36 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR		
(a) Claims against the company not acknowledged as debts:		
(i) Excise	70.85	29.64
(ii) Service tax	1.96	6.49
(iii) Customs	1.36	1.87
(iv) Sales tax	2.38	1.73
(v) Income tax	41.33	20.24
(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	105.06	48.14
(ii) On factoring arrangements	0.82	1.90
(c) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	232.83	463.70
(d) Other commitments:		
On import of capital goods under Export Promotion Capital Goods Scheme	40.75	45.48
37 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	162.54	150.31
(b) Capital expenditure (including WIP)	46.41	46.12
R&D Expenditure not eligible for weighted deduction - claimed U/s.35		
(a) Revenue expenditure	22.39	18.90
(b) Capital expenditure		
(i) Land and Building	16.86	-
(ii) Others	20.33	29.39
	268.53	244.72

38 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2018	Amount outstanding as at 31-03-2017
(a)	Investments by the Company				
(i)	In subsidiary companies	Sundaram Auto Components Limited, Chennai [3,59,25,000 (last year-1,45,50,000) Equity shares of Rs.10/- each fully paid up]		255.90	84.90
		Maximum amount held at any time			
		During the year	255.90		
		During the previous year	84.90		

Notes on accounts - *(continued)*

Rupees in crores

38 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015 - *(continued)*

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2018	Amount outstanding as at 31-03-2017
(a)	Investments by the Company	TVS Housing Limited, Chennai			
(i)	In subsidiary companies - *(continued)*	[50,000 (last year - 50,000) Equity shares of Rs.10/- each fully paid up]		0.05	0.05
		Maximum amount held at any time			
		During the year	0.05		
		During the previous year	0.05		
		TVS Motor Services Limited, Chennai [50,00,000 (last year - Nil) Equity shares of Rs.10/- each fully paid up]		5.00	-
		Maximum amount held at any time			
		During the year	5.00		
		During the previous year	-		
		[61,30,10,000 (last year - Nil)			
		Preference shares of Rs.10/- each fully paid up]		1,042.48	-
		Maximum amount held at any time			
		During the year	1,042.48		
		During the previous year	-		
		TVS Credit Services Limited, Chennai [70,09,753 (last year - Nil) Equity shares of Rs.10/- each fully paid up]		53.53	-
		Maximum amount held at any time			
		During the year	129.92		
		During the previous year	-		
		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		

Notes on accounts - *(continued)*

Rupees in crores

38 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015 - *(continued)*

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2018	Amount outstanding as at 31-03-2017
(a) (i)	Investments by the Company In subsidiary companies - *(continued)*	TVS Motor (Singapore) Pte. Limited, Singapore [7,75,90,002 (last year 7,62,84,702) Ordinary shares of Singapore $ 1/- each fully paid up]		153.49	147.13
		Maximum amount held at any time			
		During the year	153.49		
		During the previous year	147.13		
		PT. TVS Motor Company Indonesia,			
		Jakarta		268.90	217.39
		[68,97,000 Equity shares (Last year - 60,97,000) of Indonesian Rp.97,400/- each fully paid up]			
		Maximum amount held at any time			
		During the year	268.90		
		During the previous year	217.39		
(ii)	in associate companies	Emerald Haven Realty Limited, Chennai, (Formerly known as Green Earth Homes Limited) [11,12,19,512 (Last year - 8,00,00,000) Equity shares of Rs. 10/- each fully paid up]		111.22	80.00
		Maximum amount held at any time			
		During the year	111.22		
		During the previous year	80.00		
(b)	Investments by the holding company	Sundaram-Clayton Limited, Chennai holds 27,26,82,786 (Last year 27,26,82,786) Equity shares of Re.1/- each fully paid up		13.63	13.63
		Maximum amount held at any time			
		During the year	13.63		
		During the previous year	13.63		

	As at 31-03-2018	As at 31-03-2017
39 DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEES GIVEN		
(a) Investments made - Refer Note No.3		
(b) Guarantee given by the Company:		
(i) Guarantee given to Financial Institution / Bank to facilitate credit to PT. TVS Motor Company Indonesia, Jakarta	104.28	117.96
(ii) Guarantee given to Financial Institution / Bank to facilitate credit to TVS Credit Services Limited, Chennai	25.00	29.17

Notes on accounts - *(continued)*

Rupees in crores

40 CORPORATE SOCIAL RESPONSIBILITY

Expenditure incurred on Corporate Social Responsibility (CSR) activities:

(a) Gross amount required to be spent during the year is Rs.10.70 crores (last year Rs.9.06 crores)

(b) Amount spent during the year:

Sl. No.	Particulars	In cash	Yet to be paid in cash	Year ended 31.3.2018	Year ended 31.3.2017
1	Construction/acquisition of any asset	-	-	-	-
2	Expenses incurred through trusts	10.98	-	10.98	9.20

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

Place : Chennai
Date : 16th May 2018

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner (M. No.: 34319)

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

Bankers
STATE BANK OF INDIA
Industrial Finance Branch
Anna Salai, Chennai 600 002

Registered Office:
"Jayalakshmi Estates"
29, Haddows Road
Chennai 600 006
Tel.: 044 2827 2233
Fax : 044 2825 7121
E-mail: corpsec@scl.co.in
Web site: www.sundaramautocomponents.com
CIN : U29249TN1992PLC051417

Plant Locations
1) Belagondapalli, Hosur 635 114.
2) Oragadam, Kancheepuram District 602 105.
3) Byathahalli Village, Kadakola Post, Mysore 571 311.
4) Bhatian Village, Solan District, Himachal Pradesh 174 101.

Directors' Report to the Shareholders

The directors are pleased to present the twenty-sixth annual report together with the audited financial statements for the year ended 31st March 2018.

Financial Highlights

(Rs.in crores)

Details	Year ended 31.03.2018	Year ended 31.03.2017
Sales and other income (A)	**1,195.92**	**2,925.80**
Expenses		
Cost of material consumed	402.45	318.25
Purchase of stock in trade	484.05	2,328.44
Changes in inventories of finished goods, stock-in-trade and work-in-progress	92.86	0.79
Excise duty	18.28	56.52
Employee benefit expenses	70.29	56.79
Finance costs	4.86	3.30
Depreciation and amortisation expense	17.07	15.51
Other expenses	81.72	111.26
Total expenses (B)	**1,171.58**	**2,890.86**
Profit before tax (A) – (B)	**24.34**	**34.94**
Less: Income tax expense:		
Current Tax	6.02	7.28
Deferred Tax	1.27	2.56
Profit for the period	**17.05**	**25.10**
Other Comprehensive income for the period, net of tax	**(3.73)**	**(0.65)**
Total comprehensive income for the period	**13.32**	**24.45**

Preparation of financial statements under Indian Accounting Standards

In terms of Rule 4(1)(ii) of the Companies (Indian Accounting Standard) Rules, 2015, the Company is adopting IND AS from 2016-17 as the holdingcompany viz., TVS Motor Company Limited (TVSM) is required to adopt IND AS from financial year 2016-17.

Accordingly, the financial statements of the Company for the year 2017-18 have also been prepared in compliance with the said rules.

Changes in Share Capital

The Company's paid-up Equity Share Capital as on 31st March 2018 increased to Rs.35.92 Cr from Rs.14.55 Cr in the previous year.

During the year, the Board of Directors (the Board) allotted 2,13,70,000equity shares of Rs.10 each at a premium of Rs.70 per share to TVSM,the holding Company, on rights basis in multiple tranches.

Dividend

The Board, at their meeting held on 2nd March 2018, declared an interim dividend of Rs.1.45 per share (14.5%), on 3,59,25,000 equity shares of Rs.10/- each fully paid up, absorbing a sum of Rs. 6.27 Cr including dividend distribution tax,for the year ended 31st March 2018 and paid to the holding Company viz., TVSM on 7th March 2018.

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

Industry Performance

Production

The industry produced a total of 29.08 Million vehicles including Passenger Vehicles (PVs), Commercial Vehicles (CVs), Three-Wheelers, Two-Wheelers and Quadricycle during the year under review as against 25.33 Million in the previous year, thereby registering a growth of 14.78% as compared to previous year.

Domestic Sales

During the year, the sale of Passenger Vehicles grew by 7.89% over the corresponding previous year. Within the Passenger Vehicle, Cars, Utility Vehicle and Vans grew by 3%, 21% and 5.78% respectively during the year over the corresponding previous year.

The overall Commercial Vehicles segment grew by 20% in the year 2017-18 as compared to the corresponding previous year. Medium & Heavy Commercial Vehicles (M & HCVs) grew by 12.48% and Light Commercial Vehicles grew by 25.42% in the financial year 2017-18 over the corresponding previous year.

Three Wheelers sales grew by 24.19% in the financial year 2017-18 over the corresponding previous year. Within the Three Wheelers, Passenger Carrier & Goods Carrier sales registered a growth of 28.65% and 7.83% respectively in the financial year 2017-18 over the corresponding previous year.

Two Wheelers sales registered a growth at 14.80% in the financial year2017-18 as compared to the corresponding previous year. Within the Two Wheelers segment, Scooters and Motorcycles grew by 20% and 14% respectively, while Mopeds declined by 3.48% in the financial year 2017-18 as compared to the previous year 2016-17.

Exports

In the financial year 2017-18, overall automobile exports increased by 16%. Two and Three Wheelers Segments registered a growth of 20% and 40% respectively, while Passenger Vehicles (PVs) and Commercial Vehicles (CVs) declined by 1.51% and 10.53% respectively in the financial year 2017-18 over the corresponding previous year.

S. No	Segment	Production			Domestic sales			Export sales		
		2016-17	2017-18	GOLY %	2016-17	2017-18	GOLY %	2016-17	2017-18	GOLY %
1	PVs	38	40	5%	30	33	8%	8	7	-2%
2	CVs	8	9	10%	7	9	20%	1	1	-11%
3	Three-Wheelers	8	10	30%	5	6	24%	3	4	40%
4	Two-wheelers	199	231	16%	176	202	15%	23	28	20%
	Total	253	291	15%	219	250	14%	35	40	16%

UOM : No of units in Lakhs

Company Performance

Sales of the auto components division of the Company grew 20% from Rs.480.9 Cr in the previous year to Rs.575.7 Cr in the year under review. Increase in business from TVS Motor Company Limited, Autoliv and Daimler were the key growth drivers.

During the year, the Company has obtained orders, other than TVS Motor Company Limited, for an amount of Rs.87.4 Cr as compared to Rs.25 Cr in the previous year.

The Company has also entered into Two-Wheeler Electric vehicle area through order obtained for Ather Energy and also cleared major customer audits for Ather energy, MACE (for supplies to Maruti Suzuki), Gruppo Antolin, Rane TRW and PSA Citroen.

The Company earned a profit before tax of Rs.24.34 Cr during the year 2017-18.

The Company proposes to demerge its automobile trading division along with its relative assets and liabilities to TVS Motor Services Limited (TVS MS).

In this regard, the Board approved a Scheme of Demerger at its meeting held on 26th April 2018. Since both the Company and TVS MS are the wholly owned subsidiaries of TVS Motor Company Limited (TVSM), shares issued by TVS MS, based on the valuation of the demerging entity, to TVSM for the transfer of the automobile trading division from the Company in accordance with the Scheme of Demerger, will not change the status of both subsidiaries.

The Scheme of demerger will be filed with National Company Law Tribunal (NCLT) in due course.

Business outlook

GDP is expected to be around 7.4% and the inflation (CPI) is expected at 4.5% level during the year 2018-19.

The improvement in the overall economic scenario is likely to be driven by increase in consumption, normal prediction of monsoon, revival in private investment and increase in manufacturing growth.

The major players in the two wheeler industry are in the process of augmenting their capacity through plant additions or adding facilities in existing locations. Backed by strong rural consumption and disposable income, thetwo-wheeler industry is likely to grow by 11%, duly aided by scooter segment which is likely to grow by 15%.

The passenger vehicle industry's capacity was augmented by 330,000 vehicles in the year 2017-18. The industry's manufacturing capacity is likely to be expanded by 350,000 units during the period 2018-19. Passenger vehicle sales in India are likely to grow in the range of 7% to 10% next year on the back of new product launches.

Commercial vehicle industry is likely to witness 9 to 11% growth in FY 2019 aided by higher budgetary allocation towards the infrastructure and rural sectors. There is likely to be a shift towards higher tonnage segment trucks due to improved infrastructure.

With the overall growth in the automotive industry coupled with new products planned by the Company for its customers, the Company's overall sales during 2018-19 are expected to grow by 10%.

Awards

The Company was recognized and rewarded by the following customers during the year 2017-18;

Autoliv	:	Excellence in Project management.
Automotive Components Manufacturer's Association (ACMA)	:	Best cluster Company in establishing NPD process.
Indian Institute of safety and security Management	:	Outstanding safety performance for the year 2016-17 for Chennai plant.

Financial performance of the Subsidiary

As on the date of the report, the following are the Subsidiaries 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 32 Mn USD in SHUI a Company established under the applicable provisions of Laws of United States of America. SHUI's wholly owned subsidiaries are:

1. Green Hills Land holding LLC, South Carolina, USA
2. Component Equipment Leasing LLC, South Carolina, USA
3. Sundaram-Clayton USA LLC, South Carolina, USA (Formerly known as Workspace Project LLC)
4. Premier Land Holding LLC, South Carolina, USA

During the year 2017-18, the Company has invested a sum of USD 20,399,250 in the ordinary shares of SHUI and holds 75% of the total capital of SHUI as on 31st March 2018.

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 in progress and expected to complete by the first quarter of 2018-19. Commercial production is expected to commence towards the end of 2018-19.

The loss after tax for the financial year ended 31st March 2018 was USD 2,278,295 as against USD 939,237 in the previous year ended 31st March 2017 due to pre-production expenses.

As per Section 129 of the Companies Act, 2013 read with the Companies (Accounts) Amendment Rules, 2014, an intermediate subsidiary is exempted to prepare consolidated financial statements, as its intermediate holding Company viz., TVS Motor Company Limited prepare and files consolidated financial statements with the Registrar of Companies. However, the salient features of the financial statement of the Subsidiaries in Form AOC-I, are annexed as Annexure IV of the Report, in terms of Section 129(3) of the Companies Act, 2013 (the Act, 2013) read with Rule 5 of the Companies (Accounts) Rules, 2014.

Risk Management

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

Risk evaluation and management is an ongoing process. As a process, risks associated with the business are identified and prioritized based on the Company's overall risk appetite, tolerance, strategy, severity and taking into account the current and prospective economic and financial environment.

The risk function is looked after by a team under CEO of the Company embedded in the business. Process owners are identified for each risk and matrix are developed for monitoring through a harmonizing financial, credit and operational reporting systems.

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

Directors' responsibility statement

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

(a) that in the preparation of the annual accounts for the year ended 31st March 2018, 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 2018 on a going concern basis; and

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

Directors

Independent Directors (IDs)

In line with the requirements of the Companies Act, 2013 (the Act, 2013), the Board consists of two independent Directors viz., Mr R Ramakrishnan and Mr S Santhanakrishnan. IDs hold office for a fixed term and are not liable to retire by rotation.

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

The detailed terms of appointment of IDs is disclosed on the Company's website in the following link www.sundaramautocomponents.com

During the year, Mr S Santhanakrishnan, ID was re-appointed for the second term of three consecutive years effective 19th February 2018 and the approval of the Members by way of a special resolution was obtained at an extra-ordinary general meeting held on 29th January 2018.

Separate meeting of Independent Directors:

During the year under review, a separate meeting of IDs was held on 30th January 2018. Both IDs were present and they were enlightened about the objectives and process involved in evaluating the performance of Board,Non-IDs, Chairman and timeliness of flow of information from management.

A set of questionnaires along with the list of activities undertaken by the Company was also provided to them for facilitating them to carry out their review /evaluation.

Non-Independent Directors (Non-IDs)

IDs were accomplished with the criteria and methodology and inputs for evaluation of Non-IDs namely, M/s. H Lakshmanan, Dr. Lakshmi Venu, C N Prasad and S G Murali.

IDs evaluated the performance of all Non-IDs individually, through a set of questionnaires, reviewing their attributes towards overall level of contribution to the Company's growth and were completely satisfied with their accomplished performance.

Chairman

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

Board

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

The Board upon evaluation concluded that it is well balanced in terms of diversity of experience and had an expert in each domain viz., Engineering, Finance, Marketing and Administration. The Company endeavors to have a diverse Board representing a range of experience at policy-making levels in business and technology.

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

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

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

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

Directors liable to retire by rotation

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

Mr H Lakshmanan and Dr. Lakshmi Venu, non-executive and non-independent Directors, who are liable to retire at the ensuing AGM, and being eligible, offers their candidature for re-appointment.

The Nomination and Remuneration Committee of Directors at their meeting held on 26th April 2018 recommended the re-appointment of Mr H Lakshmanan and Dr. Lakshmi Venu as Directors of the Company.

Policy on Directors appointment and remuneration of Directors and Key Managerial Personnel

In accordance with Section 178 of the Act, 2013 the Nomination and Remuneration Committee has formulated a Nomination & Remuneration Policy (NRC Policy) to ensure that Directors and KMPs are sufficiently remunerated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a Director.

Nomination and Remuneration Policy

Directors:

NRC will recommend the remuneration for executive and non-executive Directors. This will be then approved by the Board and shareholders. The non-executive independent Directors are appointed to the Board of the Company in terms of regulatory requirements.

The Board has approved the payment of remuneration by way of profit related commission to the non-executive Independent Directors, for the financial year 2017-18, 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 2017-18, 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) through possessing the highest personal and professional ethics, integrity and values and (iii) their willingness to devote sufficient time and energy in carrying out their duties and responsibilities.

Independent Directors:

Independent Director is a Director who has no direct or indirect pecuniary relationship with the Company and or any of its officers. They should meet all criteria specified in Section 149(7) of the Act, 2013 and rules made thereunder.

Key Managerial Personnel (KMP)

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.

Evaluation of the Independent Directors and Committees of Directors

In terms of Section 134 of the Act, 2013, the Board reviewed and evaluated Independent Directors and its Committees viz., Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

Independent Directors

The performance of all Independent Directors (IDs) was assessed against a range of criteria such as contribution to the development of business strategy and performance of the Company, understanding the major risks affecting the Company, clear direction to the management and contribution to the Board cohesion.

The performance evaluation has been done by the entire Board of Directors except the Director concerned being evaluated. The Board noted that all IDs have understood the opportunities and risks to the Company's strategy and are

supportive of the direction articulated by the management team towards consistent improvement.

Committees

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

- Audit Committee for overseeing financial reporting and risk minimisation;
- Nomination and Remuneration Committee for selecting and remunerating Directors / KMPs;
- Corporate Social Responsibility Committee for overseeing CSR initiatives.

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

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

Corporate Governance

Board Meetings:

During the year under review, the Board met six times on 17th April 2017,21st July 2017, 1st September 2017, 30th October 2017, 25th January 2018 and 2nd March 2018 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):

In terms of Section 185 of the Act, 2013, the CSR Committee is required to consist of minimum of three Members, with atleast one Independent Director.

The following Directors are the Members of CSR Committee of the Company as on the date of this report:

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

Based on the recommendation of the CSR Committee, the Board has approved the projects / programs to be carried out as CSR activities by Srinivasan Services Trust (SST) by undertaking these programmes / projects, in compliance with the CSR policy of the Company and contributed Rs.70 lakhs for the financial year 2017-2018, towards CSR spending.

SST, over 22 years of service, has played a pivotal role in changing lives of people in many villages in rural India by creating self-reliant communities that are models of sustainable development.

The Company is eligible to spend on their ongoing projects / programs, falling within the CSR activities specified under the Act, 2013, as mandated by MCA for carrying out its CSR activities.

As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual report on CSR containing the particulars of the projects

/ programmes approved and recommended by CSR Committee and approved by the Board are given by way of Annexure V attached to this Report.

Auditors

Statutory Auditors:

The Company at its twenty fifth AGM held on 31st July 2017 appointed M/s V Sankar Aiyar & Co., Chartered Accountants, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office, for the first term of five consecutive years, from the conclusion of the said AGM, subject to ratification at every AGM, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

It is therefore proposed to re-appoint them as statutory auditors for the second year in the first term of five consecutive years, from the conclusion of this AGM, subject to ratification by the Members at the AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being statutory auditors of the Company for the year 2018-19.

Secretarial Auditor:

As required under Section 204 of the Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company is required to appoint a Secretarial Auditor for auditing secretarial and related records of the Company and a report received from them is required to be enclosed along with the annual report of the Company.

Accordingly, M/s S Krishnamurthy & Co., Practising Company Secretaries, secretarial auditor of the Company submitted their report for the year 2017-18.

The Board has re-appointed them as Secretarial Auditor for carrying out the secretarial audit for the financial year 2018-19.

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 2018.

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

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

Material changes and commitments:

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

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

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

Annual Return:

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

Employee's remuneration:

Details of employees receiving the remuneration as prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure III of the Report.

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 2017-18, 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 2017-18, 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 TVS Motor Company Limited, the holding Company.

The Directors thank the suppliers, customers and bankers for their continued support and assistance. The Directors also wish to place on record the appreciation of the excellent work done by all the employees of the Company.

For and on behalf of the Board

Place : Chennai
Date : 26th April 2018

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 2017-18

- Solar power

o Installed roof top solar panels at the plant located in Chennai, as a green power source for the plant with capacity of 0.42MW.

- Projects undertaken to reduce energy consumption:

o Implemented productivity improvement projects by reducing the specific consumption from 1,027 to 929 KWH/T at Mysuru plant.

o 14 high energy efficient all electric injection moulding machines and 6 energy efficient servo hydraulic machines were purchased during the year as part of expansion.

o Reduction of energy consumption by relocation, commonisation of cooling towers and chillers at Hosur and Chennai plants.

o Correction done in capacitor power bank to improve power factor at Chennai plant.

o Installation of servo hydraulic pumps & motors and variable frequency drive equipment for identified energy consuming machines, replacement of CFL by LED lighting at Hosur plant.

o The above measures along with other small projects resulted in an annual savings of Rs. 1 Crore.

1.2 Proposed measures for the year 2018-19:

o Installation of roof top solar panels at Mysuru and Hosur plant with a capacity of 1000 KW.

o Relocation and usage of common cooling towers and chillers at Mysuru plant.

o Installation of LED bulbs and variable frequency drives at Chennai plant.

o Elevated type LPG fired oven with canopy will be installed in new paint plant at Hosur plant-3.

o The Company will continue to utilize the solar energy to the extent of 1,000 MW.

o Improve Overall Equipment Effectiveness (OEE) of machines across plants.

o Capacity expansion with energy efficient all-electric machines.

The above measures are expected to result in an annual savings of approximately Rs. 1.2 Crore.

2. Steps taken for utilizing alternate sources of energy during the year 2017-18

The Company continued the utilization of the wind energy and solar energy to an extent of 13,862 MW.

3. Capital investment- Energy conservation Equipment:

The Company during the year 2017-18 invested in "Energy Efficient All Electric Injection Moulding Machines and Auxiliaries". 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 during expansion.

B. TECHNOLOGY ABSORPTION

Not Applicable

C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO.

Total foreign exchange earnings and out go	(Rs. In Cr)
(a) Earnings	-
(b) Out go	83.64

For and on behalf of the Board

Place : Chennai
Date : 26th April 2018

H Lakshmanan
Chairman

Annexure - II

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended 31st March 2018

[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 : Not ApplicableRegistrar and Transfer Agent, if any

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	47.51
2.	Two-Wheelers	3410	52.49

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.	L35921TN 1992PLC022845	Holding Company	100%	2(46)
2.	Sundaram Holding USA Inc. Address: 2711, Centerville Road, #400 Wilmington, New Castle – 19808, State of Delaware, USA	NA	Subsidiary	75%	2(87)
3.	Green Hills Land Holding LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary	100 % held by S.No.2	2(87)
4.	Component Equipment Leasing LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary		
5.	Sundaram-Clayton LLC (Formerly known as Workspace Project LLC,) Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary		
6.	Premier Land Holding LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary		

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

(i) Category-wise Share Holding : Not Applicable

(ii) Shareholding of Promoters :

S No	Name of the Shareholders (M/s.)	Shareholding at the beginning of the year		Share holding at the end of the year		% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	
1.	TVS Motor Company Limited (Holding Company) and its six nominees	1,45,50,000	100%	3,59,25,000	100%	-
	TOTAL	1,45,50,000	100%	3,59,25,000	100%	-

(iii) Change in Promoters' Shareholding:

TVS Motor Company Limited (Holding Company) and its six nominees

Particulars	Shareholding as at 1st April 2017		Shareholding as at 31st March 2018	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the year	1,45,50,000	100.00	-	-
Acquisition of shares on rights basis:				
21.07.2017	12,50,000	8.59	1,58,00,000	100.00
30.10.2017	41,25,000	28.35	1,99,25,000	100.00
25.01.2018	51,25,000	35.22	2,50,50,000	100.00
02.03.2018	1,08,75,000	74.74	3,59,25,000	100.00
At the end of the year	-	-	3,59,25,000	100.00

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

(v) Shareholding of Directors and Key Managerial Personnel: **Nil**

V. INDEBTEDNESS

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

(Rs.in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	27.57 - 0.07	1.43 - -	29.00 - 0.07
Total (i+ii+iii)	**27.64**	**1.43**	**29.07**
Change in Indebtedness during the financial year · Addition · Reduction	79.66 (20.31)	- (1.43)	79.66 (21.74)
Net Change	(59.35)	(1.43)	(57.92)
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	86.96 - 0.03	- - -	86.96 - 0.03
Total (i+ii+iii)	**86.99**	**-**	**86.99**

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:

(Rs. In lakhs)

Sl. No	Particulars of Remuneration	Name of Directors – M/s.				Total Amount
		RK		SSK		
1.	Independent Directors: Fee for attending Board / Committee meetings Commission Others, please specify	 65,000 9,00,000 -		 65,000 9,00,000 -		 1,30,000 18,00,000 -
	Total (A)	**9,65,000**		**9,65,000**		**19,30,000**
		HL	**Dr.LV**	**SGM**	**CNP**	**Total Amount**
2.	Other Non –Executive Directors: Fee for attending Board / Committee meetings Commission Others, please specify	 65,000 -	 25,000 -	 30,000 -	 25,000 -	 1,45,000 -
	Total (B)	**65,000**	**25,000**	**30,000**	**25,000**	**1,45,000**
	Total (A) + (B)					**20,75,000**
	Overall Ceiling as per the Act					**73,56,780**

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

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs. In lakhs)

S.No	Particulars of Remuneration	CEO	CFO	CS	Total
1.	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	76.49	25.27	-	101.76
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	76.49	25.27	-	101.76

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board

Place : Chennai
Date : 26th April 2018

H Lakshmanan
Chairman

Annexure - III

Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:-

Top ten employees in terms of Remuneration drawn during the year 2017-18

S.No	Name	Age (Yrs.)	Designation	Date of Employment	Remuneration (Gross) Rs.	Qualification	Experience (Yrs.)	Previous Employment
1	Rajesh Oommen	47	President	23.11.2009	76,85,529	B Tech, MSc Warwick	23	TVS Motor Company Ltd., Hosur
2	S M Kumar	49	General Manager (R&D)	04.04.2016	53,68,720	BE (Mech.), ME (Toll Engg.)	24	GE India Limited
3	K Bhavani Sankar	52	General Manager (Quality Assurance)	25.11.2010	44,72,215	DME, BS (Engg Tech)	32	Roca Bathroom Products Limited
4	P Prasanth	45	General Manager (PE)	07.09.1998	37,98,147	B Tech, PGDPE, MS	21	Q Max Anti corrosion system, Hosur
5	Raju R	44	Assistant General Manager - Sales & Marketing	07.09.2015	36,28,573	DME, DPM, BBA, PG, MBA	26	Minda SAI, Chennai
6	Sathyamurthy S	51	Assistant General Manager - R & D	28.01.2008	35,12,992	DME, AMIE	32	Ni Micro Technologies Pvt Ltd, Bangalore
7	Chandar S	43	Assistant General Manager - Operations	20.01.2016	33,30,292	BE (Mech & PE), ME (PE)	20	Ingersoll-Rand India Limited, Chennai
8	Vijayakumar P	43	Senior Manager – Operations	20.02.2004	30,78,815	DEEE, BE	25	Prasad Group of Companies, Ahmedabad
9	E P Parameswaran	51	General Manager (Operations)	14.09.1995	29,99,743	DME, GIE	31	Easun Reyrolle Relays And Devices Ltd, Hosur
10	Bhalaji M	46	Assistant General Manager – PE	27.08.1999	28,02,691	DEEE, BS, MS	28	Carborundum Universal Ltd, Hosur

Notes:

1. Years of experience also include experience prior to joining the Company.
2. Remuneration comprises of salary, house rent allowance, contribution to provident fund, medical reimbursement, medical insurance premium, leave travel assistance and other benefits evaluated under Income-tax rules besides, employees are entitled to gratuity as per rules.
3. None of the employees is related to any of the Directors of the Company.
4. Terms of employment of all the employees mentioned above are contractual.
5. None of the employees either individually or together with spouse or children hold more than 2% of the equity shares of the Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board

Place : Chennai
Date : 26th April 2018

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)

Subsidiaries

Statement containing salient features of the financial statement of subsidiaries :-

(Rs in Cr)

S.No	Name of the subsidiary	Sundaram Holding USA Inc.,
1	Date on which subsidiary was acquired	9th September 2015
2	Reporting period	1st April 2017 to 31st March 2018
3	Reporting currency	USD
	Closing Exchange rate	INR 65.175/USD
4	Share capital	206.51
5	Reserves & Surplus	(9.36)
6	Total assets	220.54
7	Total Liabilities	220.54
8	Investments	-
9	Turnover	-
10	Profit before taxation	(3.24)
11	Provision for taxation	-
12	Profit after taxation	(3.24)
13	Proposed Dividend	-
14	% of shareholding	75

Note:

1. *The figures of Sundaram Holding USA Inc includes the consolidation of its subsidiaries viz., Green Hills Land Holding LLC, Components Equipment Leasing LLC, Sundaram Clayton USA LLC (Formerly Known as Workspace Project LLC) and Premier Land Holding LLC.*
2. *Subsidiaries which have been liquidated or sold during the year – Nil.*

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

S. Venkataraman
Partner
Membership No.023116

Place: Chennai	H. Lakshmanan	Rajesh Oommen	J Ashok Chakravarthi	P D Dev Kishan
Date: 26-04-2018	Chairman	Chief Executive Officer	Chief Financial Officer	Company Secretary

Annexure - V

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

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

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

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

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

3. Web-link to the CSR policy and projects or programs - www.sundaramautocomponents.com

4. Composition of the CSR Committee.

Sl. No.	Name of the Directors (M/s.)	Designation	Status
1.	Mr H Lakshmanan	Non-Independent director	Chairman
2.	Dr. Lakshmi Venu	Non-Independent director	Member
3.	Mr R Ramakrishnan	Independent director	Member

5. Average net profit of the Company for last three financial years Rs. 33.52 Cr
6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) Rs. 0.70 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
2.	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act, 2013	• Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; • Promotion of Education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects; • Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; • ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and • rural development projects
3.	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure
4.	**Areas in which Projects / Programmes undertaken**	
	Local Area / Others	• Venkatagiri Mandal, Andhra Pradesh • Anbil village, Trichy district, Tamil Nadu
	State & district	- Nellore District, Andhra Pradesh - Trichy District, Tamil Nadu
	Amount outlay (budget) project or program-wise	Rs.1250 Lakhs
5.	Amount spent on the projects or programmes	Rs.1224.31 Lakhs (including contribution of Sundaram Auto Components Limited of Rs.70 Lakhs)
6.	**Sub-heads**	
	Direct expenses On projects / programs	Rs.1224.31 Lakhs
	Overheads	Nil
7.	Cumulative expenditure upto the reporting period	Rs.1224.31 Lakhs (including contribution of Sundaram Auto Components Limited of Rs.70 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 : 26th April 2018

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 2017-18
   (d) Date (s) of approval by the Board, if any: 17th April 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	481.80
Sale	Plastic Components and Dies & Moulds	Mark-up on cost of raw materials and conversion cost	376.64
Rendering of Services	Share of cost of Salary, training expenses, rent, sharing of common expenses	At cost	0.86

For and on behalf of the Board

Place : Chennai
Date : 26th April 2018

H Lakshmanan
Chairman

Form No. MR-3

Secretarial Audit Report for the financial year ended 31st March 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Sundaram Auto Components Limited, [CIN:U29249TN1992PLC051417]
Jayalakshmi Estates, No. 29(8), Haddows Road, Chennai-600006

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by SUNDARAM AUTO COMPONENTS LIMITED ('the Company') during the financial year from 1st April 2017 to 31st March 2018 ('the year'/ 'audit period'/ 'period under review').

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

We are issuing this report based on:

(i) Our examination / verification of the books, papers, minute books and other records maintained by the Company and furnished to us, forms and returns filed and compliance related action taken by the Company during the year as well as after 31st March 2018 but before the issue of this report;

(ii) Compliance certificate confirming compliance with all laws applicable to the Company given by the Chief Executive Officer of the Company and taken on record by the Board of Directors; and

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

In our opinion, during the audit period covering the financial year ended on 31st March 2018, the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with our letter of even date annexed to this report as Annexure – A.

1. Compliance with specific statutory provisions

We report that:

1.1. We have examined the books, papers, minute books and other records maintained by the Company and furnished for our verification, the forms, returns, reports, disclosures and information filed / submitted during the year, according to the applicable provisions of:

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

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

(iii) Secretarial Standards (SS-1) on "Meetings of the Board of Directors", Secretarial Standards (SS-2) on "General Meetings" and Secretarial Standards (SS-3) on "Dividend" issued by The Institute of Company Secretaries of India ('Secretarial Standards').

1.2. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2018 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us, complied with the applicable provisions/ clau ses of the Acts, Rules; and generally complied with FEMA, Secretarial Standards on Meetings of the Board of Directors (SS-1) (to the extent applicable to Board meetings) and Secretarial Standards on General Meetings (SS-2) (to the extent applicable to General meetings); mentioned under paragraph 1.1 above. The Secretarial Standards on Dividend (SS-3), being non-mandatory has not been adopted by the Company.

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

(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/ rules/ regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:

(a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder, with respect to Foreign Direct Investment;

(b) Securities Contracts (Regulation) Act, 1956, and the rules made thereunder;

(c) Depositories Act, 1996, and the Regulations and bye-laws framed thereunder;

(d) Regulations prescribed under the Securities and Exchange Board of India Act, 1992; and

(e) Listing agreements with stock exchanges.

(ii) There was no other law that was specifically applicable to the Company, considering the nature of its business. Hence the requirement to report on compliance with specific laws under paragraphs 1.1 and 1.2 above did not arise.

2. Board processes

We further report that:

2.1 Board constitution and balance

(i) The Board of Directors of the Company is duly constituted with a proper balance of Non-Executive Directors and Independent Directors. The Company does not have 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.

(ii) Re-appointment of the retiring director at the Annual General Meeting held on 31st July 2017, and re-appointment of Independent Director at the Extra-ordinary General Meeting held on 29th January 2018, were carried out in compliance with the applicable provisions of the Act. There were no other changes in the composition of the Board of Directors during the year.

2.2 Board meetings

(i) Adequate notice was given to all the directors to plan their schedule for all the Board Meetings., other than 2 meetings which were called at a shorter notice. Notice of Board meetings were either sent at least seven days in advance, or at a shorter notice for transacting urgent business at which meetings atleast one independent director was present.

(ii) Agenda and detailed notes on agenda were sent atleast seven days before all the Board meetings other than those called at a shorter notice. However, agenda notes in respect of additional subjects and supplementary agenda notes and annexures in respect of the agenda items were either circulated separately or at the meeting.

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

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

(i) Majority decisions were carried through; and

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

3 Compliance mechanism

We further report that:

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

4 Specific events / actions

We further report that:

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

(i) Rs.171 Crores was raised from TVS Motor Company Limited, the holding company, by way of subscription to the Company's rights issue, aggregating to 2,13,75,000 equity shares of Rs.10/- each, at a premium of Rs.70/- per share.

(ii) Rights issue of 56,25,000 Equity shares of Rs.10/- each at a premium of Rs.70/- per share to TVS Motor Company Limited, the holding company, was approved by the Board of directors of the Company.

(iii) Further investment of USD 2,03,99,250 was made in the Company's foreign subsidiary Sundaram Holding USA, Inc.

(iv) Approval by way of special resolutions were obtained from the members for borrowing upto Rs.500 Crores in terms of Section 180(1)(c) and for creation of charges under Section 180(1)(a) of the Act.

(v) Scheme of demerger of Automobile trading business division of the Company with a fellow subsidiary viz., TVS Motor Services Limited, was approved by the Board of directors of the Company.

For S. Krishnamurthy & Co
Company Secretaries
K. Sriram, Partner
Membership No.F6312
Certificate of Practice No: 2215

Date : 26th April 2018
Place : Chennai

Annexure - A to Secretarial Audit Report of even date

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2018 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 2018 but before the issue of this report.

4. We have considered compliance related actions taken by the Company based on independent legal/ professional opinion/ certification obtained as being in compliance with law.

5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company, as they are subject to audit by the Auditors of the Company appointed under Section 139 of the Act.

7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.

8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S. Krishnamurthy & Co
Company Secretaries
K. Sriram,
Partner
Membership No.F6312
Certificate of Practice No: 2215

Date : 26th April 2018
Place : Chennai

Independent Auditors' Report to the members of Sundaram Auto Components Limited, Chennai for the year ended 31st March 2018

To the Members of SUNDARAM AUTO COMPONENTS LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of SUNDARAM AUTO COMPONENTS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 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

4. Our responsibility is to express an opinion on these 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 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.

5. 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 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 aforesaidInd ASfinancial 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, 2018, and its profit, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

9. As required by Section 143(3) of the Act, based on our audit 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, Statement of Changes in Equity and the Statement of Cash Flow 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 the written representations received from the Directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note No. 34 (i) to the Ind AS financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There are no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

S. VENKATARAMAN
PARTNER
Membership No.023116

Place: Chennai
Date: 26th April 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT – 31st March 2018 (Referred to in our report of even date)

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

b. The Company has a regular program of physically verifying all the fixed assets at its plants/ office in a phased manner over a period of 2 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

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

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

iii. According to the information and explanations given to us, the Company has not granted loans to bodies corporate, covered in the register maintained under section 189 of the Companies Act, 2013 and therefore, the provisions of the clause 3(iii) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect making investments, as applicable. The Company has not granted any loan or provided any guarantee during the year.

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

vi. According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.

vii. According to the records of the Company and based on the information and explanations given to us, in respect of statutory dues:

a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise

Duty, Cess and other material statutory dues in arrears as at 31st March, 2018for a period of more than six months from the date they became payable.

b. Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at 31st March, 2018 on account of dispute are given below:

Name of the statue/ (Nature of dues)	Period of Due	Amount in Crs	Forum where dispute is pending
Finance Act 1994 (Service Tax)	2011-12	0.18	Central Excise and Service Tax Appellate Tribunal
Income Tax Act 1961	2012-13	0.30	Commissioner of Income Tax (Appeal) Chennai
Orissa Entry Tax	2008-09 to 2012-13	2.03	Pending in High Court of Orissa, subject to appeal being filed by Commercial Tax Department.

viii. 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 Government, Banks/ financial institutions. The Company has not raised any monies against issue of debentures.

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

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

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

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

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

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

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

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

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

S. VENKATARAMAN
PARTNER
Membership No.023116

Place: Chennai
Date: 26th April 2018

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT – 31st March 2018 (Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of SUNDARAM AUTO COMPONENTS LIMITED ("the Company") as of 31st March, 2018 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

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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial control and, both issued by 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 judgement, 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, 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: 26th April 2018

Balance Sheet as at 31st March 2018

Rupees in crores

	Notes	March 31, 2018	March 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	2	181.79	145.18
Capital work in progress	3	45.02	1.53
Investment property	4	35.22	32.56
Goodwill	5	2.20	2.20
Other intangible assets	5	0.20	0.30
Financial assets			
i. Investments	6	157.21	27.61
ii. Others	7	0.45	0.10
Other non-current assets	8	46.88	14.11
Total non-current assets		**468.97**	**223.59**
Current assets			
Inventories	9	31.57	167.63
Financial assets			
i. Trade receivables	10	79.06	101.22
ii. Cash and cash equivalents	11	0.97	0.94
Other current assets	12	30.47	20.66
Total current assets		**142.07**	**290.45**
Total Assets		**611.04**	**514.04**
Equity and liabilities			
Equity			
Equity share capital	13	35.93	14.55
Other equity	14		
Reserves and surplus		310.44	153.73
Total equity		**346.37**	**168.28**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	64.95	-
Other financial liabilities			
Provision - Employee benefit obligations	16	2.91	2.73
Deferred tax liabilities (Net)	17	12.97	11.19
Total non-current liabilities		**80.83**	**13.92**
Current liabilities			
Financial liabilities			
i. Borrowings	18	22.33	29.07
ii. Trade payables	19	80.32	216.43
iv. Other financial liabilities	20	36.89	32.73
Other current liabilities	21	44.30	53.57
Provision - Employee benefit obligations	16	-	0.04
Total current liabilities		**183.84**	**331.84**
Total liabilities		**264.67**	**345.76**
Total equity and liabilities		**611.04**	**514.04**
Significant Accounting Policies	1		

As per our report annexed

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

S. Venkataraman Partner Membership No. F23116	H Lakshmanan Chairman	Rajesh Oommen Chief Executive Officer
Place: Chennai Date: 26-04-2018	J Ashok Chakravarthi Chief Financial Officer	P D Dev Kishan Company Secretary

Statement of Profit and Loss for the year ended 31st March 2018

Rupees in crores

	Notes	March 31, 2018	March 31, 2017
Income			
Revenue from operations	22	1,194.92	2,913.87
Other income	23	1.00	11.93
Total income		**1,195.92**	**2,925.80**
Expenses			
Cost of material consumed	24	402.45	318.25
Purchase of stock in trade	24	484.05	2,328.44
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	24	92.86	0.79
Excise duty		18.28	56.52
Employee benefit expenses	25	70.29	56.79
Finance costs	26	4.86	3.30
Depreciation and amortisation expense	2 & 5	17.07	15.51
Other expenses	27	81.72	111.26
Total expenses		**1,171.58**	**2,890.86**
Profit before tax		**24.34**	**34.94**
Income tax expense			
Current tax	28	6.02	7.28
Deferred tax	28	1.27	2.56
Profit for the year		**17.05**	**25.10**
Other comprehensive income			
Items that may not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations arising on account of actuarial losses		0.08	(0.93)
Change in fair value of FVOCI equity instruments		(2.46)	-
Income tax relating to these items		(0.79)	0.28
Items that will be reclassified to profit or loss			
Change in fair value of FVOCI debt instruments		(0.85)	-
Income tax relating to these items		0.29	-
Other comprehensive income for the year, net of tax		**(3.73)**	**(0.65)**
Total comprehensive income for the period		**13.32**	**24.45**
Earnings per equity share			
Basic & Diluted earnings per share	35	9.02	20.21
Significant Accounting Policies	**1**		

As per our report annexed

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

S. Venkataraman Partner Membership No. F23116	H Lakshmanan Chairman	Rajesh Oommen Chief Executive Officer
Place: Chennai Date: 26-04-2018	J Ashok Chakravarthi Chief Financial Officer	P D Dev Kishan Company Secretary

Cash Flow Statement

Rupees in crores

Details	Notes	March 31, 2018		March 31, 2017	
Cash flow from operating activities					
Profit before income tax			24.34		34.94
Adjustments for					
Depreciation and amortisation expense		17.07		15.51	
Loss on disposal of property, plant and equipment		0.01		0.07	
(Gain) on disposal of property, plant and equipment		(0.04)		(9.86)	
Impact of fair valuation of hedge instruments		1.60		0.17	
Interest income classified as investing cash flows		(0.15)		(0.86)	
Insurance claim received		(0.53)		-	
Finance costs		4.34		3.40	
			22.30		**8.43**
Change in operating assets and liabilities					
(Increase) / Decrease in trade receivables		22.16		(40.25)	
(Increase) / Decrease in Inventories		136.07		(18.01)	
Increase / (Decrease) in trade payables		(136.11)		38.15	
Increase / (Decrease) in provisions		(2.59)		0.31	
Increase / (Decrease) in financial liabilities		3.02		(3.16)	
Increase / (Decrease) in other current liabilities		(9.26)		13.14	
(Increase) / Decrease in other financial assets		(0.36)		0.02	
(Increase) / Decrease in other non-current assets		0.10		2.99	
(Increase) / Decrease in other current assets		(9.81)		2.53	
			3.22		(4.28)
Cash generated from operations			**49.86**		**39.09**
Less: Income taxes paid			6.23		7.68
Net cash inflow from operating activities			**43.63**		**31.41**

Rupees in crores

Details	Notes	March 31, 2018		March 31, 2017	
Cash flows from investing activities					
Payments for property, plant and equipment		(53.51)		(48.85)	
Payments for property, plant and equipment - Cwip		(43.48)		14.72	
Capital Advances Made		(32.87)		0.80	
Payments for purchase of investment		(132.26)		(24.31)	
Proceeds from sale of property, plant and equipment		(0.03)		10.43	
Interest received		0.15		0.86	
Net cash outflow from investing activities			**(262.00)**		**(46.35)**
Cash flows from financing activities					
Interest paid		(4.34)		(3.40)	
Dividends paid to company's shareholders		(5.21)		(8.21)	
Dividend Tax paid		(1.06)		(1.67)	
Proceeds from issue of share capital		171.00		24.00	
Receipt of Short term loan		15.03		10.07	
Repayment of cash credit		(10.27)		-	
Term loan availed / (repaid)		64.95		(8.98)	
Net cash inflow (outflow) from financing activities			**230.10**		**11.81**
Net increase (decrease) in cash and cash equivalents			11.73		(3.13)
Cash and cash equivalents at the beginning of the financial year					
Cash and cash equivalents		0.94		0.51	
Cash credit balance		(19.00)	(18.06)	(15.43)	(14.93)
Cash and cash equivalents at end of the year					
Cash and cash equivalents		0.97		0.94	
Cash credit balance		(7.30)	(6.33)	(19.00)	(18.06)

As per our report annexed

For V .Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W
S. Venkataraman
Partner
Membership No. F23116
Place: Chennai
Date: 26-04-2018

H Lakshmanan
Chairman

Rajesh Oommen
Chief Executive Officer

J Ashok Chakravarthi
Chief Financial Officer

P D Dev Kishan
Company Secretary

Statement of Changes in Equity

Rupees in crores

A.

EQUITY SHARE CAPITAL	Amount
As at 01-04-2016	11.55
Changes in equity share capital	3.00
As at 31-03-2017	**14.55**
Changes in equity share capital	21.38
As at 31-03-2018	**35.93**

B. OTHER EQUITY

	General reserve	Securities premium reserve	Equity Instruments fair value through other comprehensive income	Retained earnings	Total
Balance as at April 1, 2016	**11.93**	**49.35**		**56.91**	**118.19**
Add : Profit for the period 2016-17				25.10	25.10
Other comprehensive income				(0.65)	(0.65)
Issue of equity shares		21.00		-	21.00
Sub-total A	**11.93**	**70.35**	**-**	**81.36**	**163.64**
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 B			**-**	**9.88**	**9.88**
Balance as at March 31, 2017C =(A - B)	**11.93**	**70.35**	**-**	**71.48**	**153.76**
Profit for the period 2017-18				17.05	17.05
Add : Other comprehensive income			(2.95)	(0.78)	(3.73)
Issue of equity shares		149.63			149.63
Sub-total D	**11.93**	**219.98**	**(2.95)**	**87.75**	**316.71**
Less : Distribution to shareholders					
2017-18 First Interim dividend paid				5.21	5.21
Dividend distribution tax paid for 2017-18				1.06	1.06
Sub-total E			**-**	**6.27**	**6.27**
Balance as at March 31, 2018 F = (D - E)	**11.93**	**219.98**	**(2.95)**	**81.48**	**310.44**

Nature and purpose of reserves:
Security premium reserve: This is used to record premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013
General reserve: Part of retained earnings was earlier utilised for declaration of dividends as per the erst while Companies Act, 1956. This is available for distribution to share holders.

As per our report annexed

For V .Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W
S. Venkataraman
Partner
Membership No. F23116
Place: Chennai
Date: 26-04-2018

H Lakshmanan
Chairman

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 plastics components used in automobile industry and trades in automobiles. The Company has manufacturing plants located at Chennai and Hosur in Tamil Nadu, Mysore in Karnataka 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.

Disclosure under Ind AS are made only in respect of material items and in respect of items that will be useful to the users of financial statements in making economic decisions and accordingly details relating to name of customers from whom receivables are due, the amount of inventories recognized as expense etc are not furnished.

c) Use of estimates

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

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

d) Critical Estimates and judgements are made in respect of

Estimation of useful life of Property, Plant and Equipment – Refer note 1(f) and 1(g)

e) Revenue recognition

i) Sale of products:

Revenue from sale of products is recognised when the products are delivered to the dealer / customer or when delivered to the designated carrier and when risks and rewards of ownership pass to the dealers / customers, as per terms of contract. It includes Excise Duty but excludes Value Added Tax, Sales Tax and Service tax until Goods & Services Tax was introduced. For the rest of the year, Revenue excludes Goods & Services Tax.

Revenue is measured and recognized at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates. It includes excise duty but excludes Value Added Tax and Sales Tax.

ii) Dividend income:

Dividend from investments is recognised when the right to receive the same is established.

iii) Interest income:

Interest income is recognised on time proportion basis, determined by the amount outstanding and the rate applicable.

f) Property, Plant and Equipment

Freehold Land is stated at historical cost. All other items of property plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overhead expenditure incurred upto the date the asset is ready for its intended use. However, cost excludes excise duty, value added tax and service tax, wherever credit of the duty or tax is availed of.

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

g) Depreciation and amortization

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

ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company are furnished below:

Description	Years
Factory building and other buildings	30
Material handling equipment	3
Plant and Equipment	10
Electrical equipment	15
Furniture and fixtures	16
Computers and information systems	3
Mobile phones	2
Vehicles	5

iii) Tools and dies used for manufacture of components for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 3-5 years.

iv) Residual values and useful lives are reviewed, and depreciation is accordingly charged, at the end of each reporting period. (Presently, the company retains 5% of the cost of the asset as its residual value other than mobile phone)

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

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

h) Intangible assets

i) Software and License fee

Intangible assets acquired are recorded at their acquisition cost and are amortised over its useful life, viz., 2 years in the case of software and license fee.

ii) Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

i) Transactions in foreign currencies

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

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 32. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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

When forward contracts are used to hedge forecast transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedging reserve within equity. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

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

k) Inventories

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

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 provided in the books if more than one year of age.

l) Employee benefits

i) Short term obligations:

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

ii) Other long term employee benefit:

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

iii) Post-employment obligation:

The Company operates the following post-employment schemes:

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

b) Defined contribution plan such as provident fund.

Pension and gratuity obligation:

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

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

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

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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

Provident fund:

The company regularly contributes the amounts due to the Regional Provident Fund Commissioner.

iv) Bonus plans:

The liability to pay Bonus is provided for in accordance with the provisions of the Payment of Bonus Act, 1965.

m) Income Tax

Tax expense comprises of current and deferred taxes.

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

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

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

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

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

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

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

n) Government Grants

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 statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

r) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Impairment is assessed taking into account cash inflows likely from use of such assets and their carrying value.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

s) Cash and Cash equivalents

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

t) Trade receivables

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

u) Other financial assets and Investments

i) Classification

The Company has classified as follows:

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

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

ii) Measurement – financial assets:-

Initially these are recognized at cost.

In addition to transaction cost attributable to such asset, corresponding effect on fair valuation is recognized in statement of profit and loss.

Debt Instruments:

Debt instruments are initially recognized at cost.

Debt instruments which are initially recognized at cost are subsequently measured based on the company's business model for managing the asset and cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

Amortised Cost:

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

Fair Value through statement of profit and loss:

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

Measurement - equity instruments:

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

Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Investment in subsidiary / associate:

Investment in subsidiary/associate are measured at cost.

Impairment of financial assets

iii) 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 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 statement of profit and loss as other gain/(loss).

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

w) Current and Non-current classification

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

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

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

All other assets are classified as non-current.

A liability is treated as current when:

it is expected to be settled in the normal operating cycle

it is held primarily for the purpose of trading

it is due to be settled within twelve months after the reporting period, or

there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

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

x) Business Combinations:

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a business comprises the

- Fair values of the assets acquired;

- Liabilities incurred to the former owners of the acquired business;

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, measured initially at their fair values at the acquisition date.

y) Investment properties:

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the company is classified as investment property. Investment Property is measured initially at its cost including related transaction cost were applicable borrowing cost. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item is measured reliably.

z) Earnings Per Share:

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company;
- by the weighted average number of equity shares outstanding during the financial year, adjusted for new equity shares issued during the year (note 37)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(iii) Other Comprehensive Income is not considered for computing earnings per share.

aa) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction, production or erection of a qualifying asset are capitalized if such qualifying asset takes a substantial period of time to get ready for its intended use. Substantial period is determined on a case to case basis depending on the nature of the asset and time involved in putting them on ready for use.

Notes to Balance Sheet - *(continued)*

Rupees in crores

2 Property, Plant & Equipment

Description	Property, Plant & Equipment							
	Free hold Land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Computers	Vehicles	Total
Gross Carrying Amount								
As at 01-04-2017	5.11	45.46	114.24	4.80	1.09	2.05	0.13	172.88
Additions	6.94	5.60	38.78	1.13	0.09	0.27	0.57	53.38
Sub-total	**12.05**	**51.06**	**153.02**	**5.93**	**1.18**	**2.32**	**0.70**	**226.26**
Sales / deletion	-	-	0.79	0.03	-	-	0.07	0.89
Closing Gross Carrying Amount	**12.05**	**51.06**	**152.23**	**5.91**	**1.18**	**2.32**	**0.63**	**225.37**
Accumulated Depreciation								
Upto 31-03-2017	-	2.62	23.55	0.42	0.18	0.93	-	27.70
For the year	-	1.82	13.88	0.36	0.11	0.55	0.11	16.84
Sub-total	-	4.44	37.43	0.78	0.29	1.48	0.11	44.54
Withdrawn on assets sold/deleted	-	-	0.88	0.01	-	-	0.07	0.95
Closing accumulated depreciation	**-**	**4.44**	**36.56**	**0.77**	**0.29**	**1.48**	**0.04**	**43.58**
Net Carrying Amount As at 31-03-2018	**12.05**	**46.62**	**115.67**	**5.14**	**0.89**	**0.84**	**0.59**	**181.79**
Gross Carrying Amount								
As at 01-04-2016	5.34	30.4	84.12	2.57	1.01	1.77	0.16	125.37
Additions**	0.13	15.1	30.53	2.3	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**

3. Capital Work-In-Progress

Description	As at March 31, 2018	As at March 31, 2017
Capital work in progress (At cost)		
(a) Building	14.71	1.10
(b) Plant & equipment	29.99	0.43
(c) Pre-operative expense	0.32	-
Total	**45.02**	**1.53**

4. Investment Properties - Land

Gross carrying amount		
Opening gross carrying amount / deemed cost	32.56	28.12
Additions	2.66	4.44
Closing gross carrying amount	**35.22**	**32.56**
Net carrying amount	**35.22**	**32.56**
Fair value of the investment property	**36.75**	**35.00**

5. Goodwill & Other Intangible Assets

Description	Intangible Assets		
	Goodwill	Software	Total
Gross Carrying Amount			
As at 01-04-2017	2.20	0.65	2.85
Additions**	-	0.13	0.13
Sub-total	**2.20**	**0.78**	**2.98**
Sales / deletion	-	-	-
Closing Gross Carrying Amount	**2.20**	**0.78**	**2.98**

Description	Intangible Assets		
	Goodwill	Software	Total
Accumulated amortisation			
Upto 31-03-2017	-	0.35	0.35
For the year	-	0.23	0.23
Sub-total	-	0.58	0.58
Impairment of asset	-	-	-
Closing accumulated amortization	**-**	**0.58**	**0.58**
Net Carrying Amount As at 31-03-2018	**2.20**	**0.20**	**2.40**
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**

Notes to Balance Sheet - *(continued)*

Rupees in crores

6.Non current Investments

Sl. No.	Name of the body corporate	Subsidiary / associate	No. of shares / units		Face Value	Partly paid / fully paid	Rupees in crores	
			As at 31-03-2018	As at 31-03-2017			As at 31-03-2018	As at 31-03-2017
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Investment in Equity Instruments Fair valued through OCI:							
	Unquoted:							
(i)	Green Infra Wind Energy Theni Limited, New Delhi		3,434,477		10.00	Fully paid	1.26	
	Investment in Equity Instruments valued at Cost:							
	Unquoted:							
(ii)	Sundaram Holding USA, Inc., Delaware, USA	Subsidiary	24,000,000	3,600,750	1.00	Fully paid	155.60	24.24
(iii)	Green Infra Wind Energy Theni Limited, New Delhi	Associate		3,000,000	10.00	Fully paid		3.00
	Total value of Equity Instruments (a)						**156.86**	**27.24**
(c)	**Other non-current Investments**							
(i)	Life Insurance Corporation Pension Policy, Mumbai (Valued based on amortised cost method)					Fully paid	0.34	0.36
(ii)	Mutual Fund - SBI growth fund - Quoted						0.01	0.01
	Total value of other investments (b)						**0.35**	**0.37**
	Total						**157.21**	**27.61**
	Aggregate amount of quoted investments and market value thereof						-	-
	Aggregate amount of unquoted investments						157.21	27.61
	Aggregate amount of impairment in value of investments							-
	Total						**157.21**	**27.61**

7 Financial Assets - Others	As at March 31, 2018	As at March 31, 2017
Non-current		
Other deposits	0.45	0.10
Total other financial assets	**0.45**	**0.10**

8 Other non-current assets		
Capital advances*	33.65	0.78
<u>**Advances other than capital advances:**</u>		
Prepayment for Lease	9.46	9.56
IT Recoverable - (Advance income tax net of provision)	1.46	1.00
Electricity Deposit	2.31	2.77
Total other non-current assets	**46.88**	**14.11**

*includes an amount of Rs. 26.60 crores towards infrastructure development

9 Inventories		
Raw materials and components	19.03	12.73
Work-in-process	6.05	3.71
Finished goods	5.18	3.69
Stock-in-trade	-	96.70
Stock-in-trade - Two Wheeler-in-transit	-	49.78
Stores and spares	1.31	1.02
Total Inventories	**31.57**	**167.63**

10 Trade receivables	As at March 31, 2018	As at March 31, 2017
Secured, considered good	-	-
Unsecured, considered good	79.06	101.22
Doubtful	0.09	0.17
Total	79.15	101.39
Less: Provision for doubtful receivables	0.09	0.17
Total	**79.06**	**101.22**

11 Cash and cash equivalents		
Balances with banks - Current account	0.94	0.89
Deposits with maturity of less than three months	0.01	0.01
Cash on hand	0.02	0.04
Total cash and cash equivalents	**0.97**	**0.94**

12 Other current assets		
VAT / Excise / IT Receivable	24.53	11.36
Prepaid expense	0.55	0.45
Prepayment of lease	0.10	0.11
Advance to suppliers	2.62	6.41
Employee advances	0.29	0.35
Claim receivables	2.38	1.98
Total other current assets	**30.47**	**20.66**

Notes to Balance Sheet

Rupees in crores

13 SHARE CAPITAL

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

Particulars	As at 31-03-2018		As at 31-03-2017	
Authorised:	No. of Shares	Amount	No. of Shares	Amount
Equity shares of Rs.10/- each	40,000,000	40.00	40,000,000	40.00
Issued, subscribed and paid up:				
Equity shares of Rs.10/- each	35,925,000	35.93	14,550,000	14.55
Total	**35,925,000**	**35.93**	**14,550,000**	**14.55**

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

Particulars	As at 31-03-2018		As at 31-03-2017	
Shares outstanding at the beginning of the year	14,550,000	14.55	11,550,000	11.55
Shares issued during the year	21,375,000	21.38	3,000,000	3.00
Shares outstanding at the end of the year	**35,925,000**	**35.93**	**14,550,000**	**14.55**

(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 31-03-2018		As at 31-03-2017	
		No. of shares held	% of holding	No. of shares held	% of holding
TVS Motor Company Limited, Chennai and by its six nominees	Equity	35,925,000	100.00	14,550,000	100.00

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

OTHER EQUITY Rs. In Crores

14	PARTICULARS	March 31, 2018	March 31, 2017
	General reserve	11.93	11.93
	Securties premium reserve	219.98	70.35
	Retained earnings	81.48	71.48
	Equity Instruments fair value through OCI	(2.95)	-
	Total	**310.44**	**153.76**

15. Long Term Borrowings

Description	Frequency	Maturity	As at 31-03-2018	As at 31-03-2017
Secured:				
Term loan from bank- External commercial borrowings	Repayable in 7 equal half-yearly instalments USD 14,28,571 starting 30-Mar-2020	28- Mar- 2023	64.66	-
Loan from fellow subsidiary	Repayable in 60 equal monthlyinstalments Rs.92093 starting 07-Aug- 2017 (EMI, Includes interest)	07-Jul-2022	0.36	-
Total Borrowings :			65.02	-
Less : Current Maturities of long-term borrowings (Refer Note No. 20)			0.07	-
Total Long-term Borrowings			64.95	-

Details of securities created:

Term loan from bank -Hypothecation of Movable fixed assets (Charge creation in process)

Loan from fellow subsidiary- Endorsement in the RC book of the vehicle

Description	Currency	Amount	Rate of Interest
Term loan from bank- External commercial borrowings	USD	10 Mn	3months USD LIBOR + 1.37%
Loan from fellow subsidiary	INR	0.36 Crores	IRR 13.08%

Provisions

16 . Employee benefit obligations

Details	March 31, 2018			March 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Pension	-	1.52	1.52		1.33	**1.33**
Leave Salary	-	1.08	1.08	0.04	0.91	**0.95**
Gratuity	-	0.31	0.31		0.49	**0.49**
Total employee benefit obligations	**-**	**2.91**	**2.91**	**0.04**	**2.73**	**2.77**

Details	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 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)	0.03	-	(0.03)
Total amount recognised 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)**

Notes to Balance Sheet - *(continued)*

Rupees in crores

Details	Gratuity Present value of obligation	Fair value of plan assets	Net amount	Pension Present value of obligation	Fair value of plan assets	Net amount	Leave Salary Present value of obligation	Fair value of plan assets	Net amount
April 1, 2017									
Opening values	3.73	3.24	(0.49)	1.33	-	(1.33)	0.95	-	(0.95)
Current service cost	0.47	-	(0.47)	0.06		(0.06)	0.02		(0.02)
Interest expense/(income)	0.27	0.23	(0.04)	0.10		(0.10)	0.03		(0.03)
Total amount recognised in profit or loss	**0.74**	**0.23**	**(0.51)**	**0.16**	**-**	**(0.16)**	**0.05**	**-**	**(0.05)**
Remeasurements				-					
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.16)	(0.16)	-		-	-		-
(Gain)/loss from change in demographic assumptions	-	-	-	-		-	-		-
(Gain)/loss from change in financial assumptions	(0.33)	-	0.33	-		-	(0.10)		0.10
Experience (gains)/losses	0.05	-	(0.05)	0.03		(0.03)	0.18		(0.18)
Total amount recognised in other comprehensive income	**(0.28)**	**(0.16)**	**0.12**	**0.03**	**-**	**(0.03)**	**0.08**	**-**	**(0.08)**
Employer contributions	-	0.75	0.75			-			-
Benefit payments	-	(0.18)	(0.18)			-			-
March 31, 2018	**4.19**	**3.88**	**(0.31)**	**1.52**	**-**	**(1.52)**	**1.08**	**-**	**(1.08)**

(i) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave Salary	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount rate	7.72%	7.00%	7.00%	7.00%	7.72%	7.00%
Inflation	-	-	-	-	-	-
Salary growth rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Pension growth rate		-	-	-		-
Attrition rate		-	-	-		-

(ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Gratuity — **Impact on defined benefit obligation**

Details	Change in assumption	Increase in assumption	Decrease in assumption
	March 31, 2018	March 31, 2018	March 31, 2018
Discount rate	0.50%	-4.97%	5.43%
Salary growth rate	0.50%	5.49%	-5.07%
Pension growth rate	5.00%	-0.02%	0.02%
Life expectancy	5.00%	0.25%	-0.25%

Pension — **Impact on defined benefit obligation**

	Change in assumption		Increase in assumption		Decrease in assumption	
Details	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount rate	0.50%	0.50%	-11.33%	-8.78%	6.77%	9.83%
Salary growth rate	0.50%	0.50%	2.21%	5.14%	-7.56%	-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.

Notes to Balance Sheet - *(continued)*

Rupees in crores

17. Deferred tax Liability / (Asset)

The balance comprises temporary differences attributable to:

Details	March 31, 2018	March 31, 2017
Depreciation	17.24	12.45
Provision for employee benefits	(0.86)	(0.96)
Provision for doubtful debts	(0.03)	(0.06)
Others	-	0.14
On Financial Instruments	(0.18)	(0.38)
Unused MAT credit entitlement	(3.20)	-
Net deferred tax liability / (Asset)	**12.97**	**11.19**

Movement in deferred tax Liability / (Asset)

Details	Depreciation	Provision for employee benefits	Provision for doubtful debts	Financial Instruments	Unused tax credits (MAT credit entitlement)	Others	Total
At April 1, 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	-	-	2.55
- to other comprehensive income	-	(0.27)					(0.27)
At March 31, 2017	**12.45**	**(0.96)**	**(0.06)**	**(0.38)**	**-**	**0.14**	**11.19**
(Charged)/credited:							
- to profit or loss	4.79	(0.20)	0.03		(3.20)	(0.14)	1.28
- to other comprehensive income		0.30		0.20			0.50
At March 31, 2018	**17.24**	**(0.86)**	**(0.03)**	**(0.18)**	**(3.20)**	**-**	**12.97**

18 Current Liabilities - Borrowings	As at March 31, 2018	As at March 31, 2017
Repayable on demand from banks		
Secured(Interest @ 8.55%)	15.03	10.07
Unsecured	-	1.43
Cash credit facility - Secured(Interest @ 9.25%)	7.30	17.57
Total Borrowings under Current Liabilities	**22.33**	**29.07**

Details of securities created for Cash credit facility and repayable demand loan:
Hypothecation of book debts and inventories of the company, both present and future

19 Trade payables		
Dues to Micro and Small Enterprises **	3.26	0.86
Dues to enterprises other than Micro and Small Enterprises	77.06	215.57
Total trade payables	**80.32**	**216.43**

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

20 Other financial liabilities	As at March 31, 2018	As at March 31, 2017
Current		
Current Maturities of long term borrowings		
(i) Term loans from fellow subsidiary	0.07	-
Payable under hedge instruments	1.60	0.17
Payable towards Investment property	35.22	32.56
Total other current financial liabilities	**36.89**	**32.73**

21 Other current liabilities	March 31, 2018	March 31, 2017
Statutory dues	24.01	21.27
Advance received from customers	15.83	28.36
Employee related	4.47	3.94
Total other current liabilities	**44.31**	**53.57**

Notes to Statement of Profit and Loss

Rupees in crores

		Year ended March 31, 2018	Year ended March 31, 2017
22	**Revenue from operations**		
	Sale of two wheelers	592.59	2,373.38
	Sale of components	600.41	539.16
	Other operating revenue	1.92	1.33
	Total revenue	**1,194.92**	**2,913.87**
23	**Other income**		
	Interest income	0.15	0.86
	Profit on sale of Fixed assets	0.04	9.86
	Provision for doubtful debts no longer required	0.08	0.83
	Other non-operating income	0.73	0.38
	Total other income	**1.00**	**11.93**
24	**Cost of Materials consumed:**		
	Opening stock of raw materials and components	12.73	10.82
	Add: Purchases	408.75	320.16
		421.48	330.98
	Less:Closing stock of raw materials and components	19.03	12.73
	Consumption of raw materials and components	**402.45**	**318.25**
	Purchases of stock-in-trade		
	Automobiles	484.05	2,328.44
		484.05	**2,328.44**
	Changes in inventories of finished goods, work-in-process and stock-in-trade:		
	Opening stock:		
	Work-in-process	3.71	4.65
	Stock-in-trade - Two Wheelers	96.70	97.11
	Finished goods	3.69	3.13
	(A)	**104.10**	**104.89**
	Closingstock:		
	Work-in-process	6.05	3.71
	Stock-in-trade	-	96.70
	Finished goods	5.19	3.69
	(B)	**11.24**	**104.10**
	(A)-(B)	**92.86**	**0.79**
25	**Employee benefit expense**		
	Salaries, wages and bonus	56.57	46.14
	Contribution to provident and other funds	3.79	2.90
	Welfare expenses	9.93	7.75
	Total employee benefit expense	**70.29**	**56.79**
26	**Finance Costs**		
	Interest	4.34	3.30
	Exchange fluctuations	0.52	-
	Total finance costs	**4.86**	**3.30**
27	**Other expenses**		
	(a) Consumption of stores, spares and tools	3.82	3.75
	(b) Power and fuel	18.95	16.74
	(c) Rent	3.81	8.08
	(d) Repairs - buildings	3.34	3.33
	(e) Repairs - plant and equipment	10.89	11.14
	(f) Repairs - Other assets	1.43	1.16
	(g) Insurance	1.21	1.18
	(h) Rates and taxes	0.86	3.12
	(i) Audit fees	0.24	0.18
	(j) Packing and freight charges	23.47	50.16
	(k) Sitting fees	0.03	0.02
	(l) Commission to independent Directors	0.18	0.18
	(m) Loss on sale of fixed assets	0.01	0.07
	(n) Foreign exchange loss	0.93	0.66
	(o) Bad debts written off	-	0.77
	(q) Amount Spent towards corporate social responsibility	0.70	0.70
	(r) Miscellaneous/ Other expenses	11.85	10.02
	Total other expenses	**81.72**	**111.26**
28	**Income tax expense**		
	(a) Income tax expense		
	Current tax		
	Current tax on profits for the year	5.17	7.28
	Adjustments for current tax of prior periods	0.85	-
	Total current tax expense	**6.02**	**7.28**
	Deferred tax		
	Unused tax (credit) [MAT credit entitlement]	(3.20)	-
	Decrease (increase) in deferred tax assets	(0.34)	0.22
	(Decrease) increase in deferred tax liabilities	4.81	2.34
	Total deferred tax expense/(benefit)	**1.27**	**2.56**
	Income tax expense	**7.29**	**9.84**

(b) Reconciliation of tax expense and the accounting profit multiplied by Indian tax rate:

	31 March, 2018	31 March, 2017
Profit before income tax expense	24.34	34.94
Tax at Indian tax rate of 21.34% (2016-17 - 21.34%) (Company paid tax under section 115JB (Minimum Alternate Tax) of the Income Tax Act 1961	**5.19**	**7.46**
Ind AS transition adjustment, (1/5 th of the opening adjustments are considered for calculating)	(0.02)	(0.02)
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:		
Provision for doubtful debts no longer required	(0.02)	(0.16)
Others	0.02	
Tax relating to prior periods	0.85	
Deferred tax liabilities	4.47	2.56
MAT Credit entitlements	(3.20)	

		As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
29 (a)	**Related parties and their relationship for the financial year 2017-18**		

Holding company

TVS Motor Company Limited, Chennai

Ultimate holding company

T V Sundram Iyengar & Sons Private 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

Associates

Brakes India Private Limited, Chennai

TVS Logistics Services Limited, Madurai

Delphi-TVS Diesel System Limited, Chennai

Notes to Statement of Profit and Loss - *(continued)*

Rupees in crores

	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
Fellow subsidiaries		
Sundaram-Clayton (USA) Limited, USA		
Lucas-TVS Limited, Chennai		
TVS Electronics Limited, Chennai		
Sundaram Industries Private Limited, Madurai		
TVS Motor Services Limited, Chennai		
TVS Credit Services Limited, Chennai		
P.T.TVS Motor Company, Indonesia		
Group Member		
Emerald Haven Realty Limited, Chennai (Formerly known as Green Earth Homes Limited)		
29 (b) Transactions with related parties:		
(i) Purchase of goods		
- Holding Company - TVS Motor Company Ltd, Chennai	484.05	2,328.44
Ultimate Holding Company - T V Sundaram Iyengar & Sons Private Limited, Madurai	0.06	0.03
- Associate - Brakes India Private Limited, Chennai	0.40	0.07
(ii) Purchase of Investment		
- Subsidiary- Sundaram Holdings USA Inc., Delaware, USA	131.36	24.24
(iii) Issue of Shares (including premium)		
- Holding Company - TVS Motor Company Ltd, Chennai	161.55	24.00
(iv) Sale of goods		
- Holding Company - TVS Motor Company Ltd, Chennai	376.25	296.68
- Fellow Subsidiary - Lucas-TVS Limited, Chennai	0.13	0.08
-Fellow subsidiary- P.T.TVS Motor Company, Indonesia	0.39	-
(v) Sale of fixed assets		
- Holding company - TVS Motor Company Limited, Chennai	-	10.02
(vi) Rendering of services		
- Ultimate holding company - Sundaram-Clayton Limited, Chennai	3.78	2.17
- Associate - Emerald Haven Reality Limited, Chennai	0.12	0.11

	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
(vii) Receiving of services		
- Holding company - TVS Motor Company Limited, Chennai	0.75	0.48
- Ultimate holding company - Sundaram-Clayton Limited, Chennai	2.82	3.08
- Fellow subsidiaries		
Lucas TVS Limited, Chennai	0.14	0.12
TVS Electronics Limited, Chennai	0.04	0.04
TVS Motor Services Limited, Chennai	-	4.43
TVS Credit Services Limited, Chennai	3.07	-
-Associate - 'TVS Logistics Services Limited, Madurai	0.15	0.10
-Associate - "Delphi-TVS Diesel System Limited, Chennai	0.01	0.01
Dividend paid - Holding Company - TVS Motor Company Limited, Chennai	5.21	8.21
29 (c) Balances with related parties:		
(viii) Trade receivables		
- Holding company - TVS Motor Company Limited, Chennai	27.51	16.06
- Ultimate holding company - Sundaram-Clayton Ltd, Chennai	1.22	0.12
- Fellow subsidiaries		
Lucas-TVS Limited, Chennai	0.06	0.09
P.T.TVS Motor Company, Indonesia	0.04	-
- Group Member - Emerald Haven Reality Limited, Chennai	0.02	0.03
(ix) Trade payables		
- Holding company - TVS Motor Company Limited, Chennai	0.26	158.82
- Ultimate holding company - Sundaram-Clayton Ltd, Chennai	0.61	0.47
- Fellow subsidiaries		
Lucas-TVS Limited, Chennai	0.18	0.01
TVS Motor Services Limited, Chennai	32.56	32.56
TVS Credit Services Limited, Chennai	3.03	-
- Associate		
Brakes India Private Limited, Chennai	0.06	0.02
Delphi-TVS Diesel System Limited, Chennai	-	0.01
TVS Logistics Services Limited, Madurai	0.02	0.02
(x) Term loan		
- Fellow subsidiaries		
TVS credit services Limited, Chennai	0.36	-

NOTES TO ACCOUNTS

30. Financial risk management

The company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity mitigates the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Measurement	Mitigation plan
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps

The company's risk management is carried out by the treasury department under policies approved by the Board of director. Treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit risk

"Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with 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 2018:

(a) Expected credit loss for loans, security deposits and investments

Particulars	Category	Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Security Deposits	1	0.45	-	-	0.45
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	NA	NA	NA	NA	NA	NA

(b) Expected credit loss for trade receivables under simplified approach

Ageing	Less than 180 days	More than 180 days	Total
Gross carrying amount	78.97	0.09	79.06
Expected loss rate	-	100%	
Expected credit losses (Loss allowance provision)	-	(0.09)	(0.09)
Carrying amount of trade receivables (net of impairment)	**78.97**	**-**	**78.97**

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 life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	NA	NA	NA	NA	NA	NA

NOTES TO ACCOUNTS - *(continued)*

(b) Expected credit loss for trade receivables under simplified approach

Ageing	Less than 180 days	More than 180 days	Total
Gross carrying amount	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**

(iv) Reconciliation of loss allowance provision – Trade receivables

Details	Amount in Crs
Loss allowance on 1 April 2017	0.17
Changes in loss allowance (net)	(0.08)
Loss allowance on 31 March 2018	**0.09**

(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, 2018	31 March, 2017
Floating rate		
"- Expiring within one year (bank overdraft and other facilities)"	27.70	7.43

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

(ii) Maturities of financial liabilities

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an

understanding of the timing of the cash flows.

Particulars	Maturity	Amount (Rs. Cr.)	
		31-Mar-18	31-Mar-17
Term loan	> than 12 months	64.95	-
Short-term borrowings	< than 12 months	22.30	29.00
Trade payables	< than 12 months	80.32	216.43
Consideration payable for purchase of investment property	< than 12 months	-	-
Current maturities of term loan	< than 12 months	0.07	
Interest accrued and due on loans	< than 12 months	0.03	0.07
Payable under hedge instruments	< than 12 months	1.60	0.17
Employee related	< than 12 months	4.47	3.94

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 Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

Details	31 March 2018		31 March 2017	
	USD	JPY	USD	JPY
Financial liabilities				
Foreign currency loan	-	-	-	-
ECB loan from bank	64.66	-	-	-
Trade payables	4.67	7.34	7.50	2.00
Net exposure to foreign currency risk (liabilities)	**69.33**	**7.34**	**7.50**	**2.00**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Details	Impact on profit	
	31 March 2018	31 March 2017
USD sensitivity		
INR/USD Increases by 5%	0.23	0.37
INR/USD Decreases by 5%	(0.23)	(0.37)
JPY sensitivity		
INR/JPY Increases by 5%	0.38	0.10
INR/JPY Decreases by 5%	(0.38)	(0.10)

* 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-18	31-Mar-17
Variable rate borrowings	22.37	29.00
Fixed rate borrowings	64.95	-

Sensitivity analysis

Details	Impact on profit	
	31 March 2018	31 March 2017
Interest rate		
Increases by 5%	(0.26)	(0.16)
Decreases by 5%	0.26	0.16

(D) Impact of hedging activities

Disclosure of effects of hedge accounting on financial position

Type of hedges and risks	Nominal Value of the hedging instruments	Carrying amount hedging instruments	Maturity Date	Hedge Ratio	Weighted Average price	Changes in fair value of hedging instrument
31st March 2018						
Forward Contracts	12.48	12.39	April 2018 to July 2018	1:1	INR/USD Rs.65.94 INR/ JPYRs.0.63	(0.09)
Interest rate swaps	65.175	66.03	28th March 2018			(0.85)

NOTES TO ACCOUNTS - *(continued)*

Rupees in crores

Type of hedges and risks	Nominal Value of the hedging instruments	Carrying amount hedging instruments	Maturity Date	Hedge Ratio	Weighted Average price	Changes in fair value of hedging instrument
			to	-	-	
			28th March 2023			
<u>31st March 2017</u>						
Forward Contracts	10.93	10.75	April 2017 to July 2017	1:1	INR/USD Rs.66.23	(0.18)
					INR/ JPYRs.0.59	

31 Capital management

(a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, The company may vary the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain a optimum gearing ratio. The gearing ratios were as follows:

Details	March 31, 2018	March 31, 2017
Net debt	86.38	28.13
Total equity	346.37	168.28
Net debt to equity ratio	**24.94%**	**16.72%**

(b) Dividends

	March 31, 2018	March 31, 2017
(i) Equity shares		
Interim dividends for the year ended 31 March 2017 of Rs.6.50 per fully paid share	-	8.21
Interim dividends for the year ended 31 March 2018 of Rs.1.45 per fully paid share	5.21	-
(ii) Dividends not recognised at the end of the reporting period	-	-

32 . Fair Value Measurements

Financial instruments by category

Particulars	March 31, 2018			March 31, 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	-	1.26	-	-	-	-
- Preference shares	-	-	-	-	-	-
- Others	-			-	-	-
Life Insurance Corporation Pension Policy, Mumbai	0.34	-	-	0.36	-	-
Mutual Fund investments	0.01	-	-	0.01	-	-
Deposits	-	-	0.45	-	-	0.10
Trade receivables	-	-	79.06	-	-	101.22
Loans	-	-	-	-	-	-
Cash and cash equivalents	-	-	0.97	-	-	0.94
Total financial assets	**0.35**	**1.26**	**80.48**	**0.37**	**-**	**102.25**
Financial liabilities						
Trade payables	-	-	80.32	-	-	216.43
Borrowings	-	-	86.98	-	-	29.07
Other payables - Consideration payable for purchase or investment property	-	-	-	-	-	-
Others	-	-	-	-	-	-
- Current Maturities of long term borrowings(Term loan)	0.07	-	-	-	-	-
- Interest accrued and due on loans	-	-	-	-	-	-
- Payable under hedge instruments	1.60	-	-	0.17	-	-
- Employee related	-	-	4.47	-	-	3.94
Total financial liabilities	**1.67**	**-**	**171.77**	**0.17**	**-**	**249.44**

(i) Fair value hierarchy

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

NOTES TO ACCOUNTS - *(continued)*

Rupees in crores

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

At 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Life Insurance Corporation Pension Policy, Mumbai	6			0.34	0.34
Mutual Fund	6			0.01	0.01
Financial Investments at FVOCI:					
Green Infra Wind Energy Theni Limited, New Delhi	6			1.26	1.26
Total financial assets		**-**	**-**	**1.61**	**1.61**
Financial liabilities					
Payable under hedge instruments	21	1.60	-	-	1.60
Total financial liabilities		**1.60**	**-**	**-**	**1.60**

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

At 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Others					
Deposits	7			0.45	**0.45**
Total financial assets		**-**	**-**	**0.45**	**0.45**
Financial Liabilities				-	**-**
Total financial liabilities		**-**	**-**	**-**	**-**

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
Financial Investments at FVOCI:					
Total financial assets		**-**	**-**	**0.36**	**0.36**
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					
Deposits	7			0.10	0.10
Total financial assets		**-**	**-**	**0.10**	**0.10**
Financial Liabilities					
Total financial liabilities		**-**	**-**	**-**	**-**

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of foreign currency option contracts is determined using Black Scholes valuation model.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

Fair value measurements using significant unobservable inputs (level 3)

	Unlisted Securities	Pension Assets
As at 1 April 2017	-	0.36
Acquisition/(Disposal)	-	
Gains/losses recognised in profit or loss		(0.02)
Gains/losses recognised in OCI		
31-Mar-18	**-**	**0.34**

Valuation inputs and relationships to fair value

	Fair value as at			Probability-weighted range		
Parti-culars	**31-Mar-18**	**31-Mar-17**	**Significant unob-servable inputs***	**31-Mar-18**	**31-Mar-17**	**Sensitivity**
Pension Asset	0.34	0.36	Risk adjusted discount rate	7.0%	7%	50 Basis point decrease in discount rate would have increased assets by Rs.0.02 crs and 50 Basis point increase in discount rate has would have decreased the asset by Rs.0.02 Crs

(v) Valuation processes

"The finance department of the company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once in every three months, in line with the group's quarterly reporting periods.

The main level 3 inputs for unlisted equity securities, contingent considerations and indemnification asset used by the group are derived based on the 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

NOTES TO ACCOUNTS - *(continued)*

Rupees in crores

33.Business combination

During 2015-16, the company acquired a automobile seat manufacturing business at Nalagarh, Himachal Pradesh. On the purchase of this business, assets and liabilities were recorded at fair values based on a chartered engineer's technical valuation. Consideration paid in excess of net assets acquired has been treated as Goodwill.

Details	Amount 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 generated by the acquired business. As per the management assessment no impairment is warranted as the current level of operations and cash inflows acquired from the business is sufficient to cover the carrying value goodwill and net assets.

(ii) Following are the assumptions used by the management for the said assessment:

Annual Cash InflowRs.Crs	5.00
Remaining useful life of the assets No.of Yrs	10
Pre-tax Discount rate %	8%

(iii) Company has assessed a constant net cash inflow of Rs.5 Crores over the next 5 years for the purpose of impairment testing

34. Other Disclosures

(i) **Contingent liabilities**

Details	31st March 2018	31st March 2017
(i) Claims against the company not acknowledged as debt	1.91	2.43
(ii) Other money for which the company is contingently liable on bill discounting	24.72	21.92
Total	**26.63**	**24.35**

(ii) **Commitments**

Details	31st March 2018	31st March 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for	8.51	1.03

(iii) **Rental expenses relating to operating Lease**

Details	31st March 2018	31st March 2017
Within one year	0.72	0.21
Later than one year but not later than 5 year	1.69	1.19
Later than 5 year	12.05	12.69
Total	**14.46**	**14.09**

(iii) **Audit Fees**

Details	31st March 2018	31st March 2017
Audit fee	0.17	0.14
Taxation matters	0.03	0.03
Certification matters**	0.04	0.01
Total	**0.24**	**0.18**
Miscellaneous expenses include travel and stay expenses of auditors	**0.03**	**0.05**

** Rs. 0.01 lakhs related to previous auditor certification fee

(iv) **Expenditure incurred on Corporate Social Responsibility activities:**

Details	31st March 2018	31st March 2017
(a) Gross amount required to be spent by the company during the year	0.70	0.62
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset		
(ii) On purposes other than (i) above	0.70	0.70
Total	**0.70**	**0.70**

(v) Consolidated financial statements:

The reporting entity is the holding company of Sundaram Holdings USA, INC., Delaware The accounts of the above mentioned companies are consolidated by the reporting entities holding company, namely TVS Motor Company limited and also by the reporting entity's ultimate holding company namely Sundaram Clayton Limited, Chennai. Their accounts are not consolidated by the reporting entity

(vi) Segment Reporting:

The company operates in only one segment namely, manufacturing and selling of automobile parts and trading of automobiles.

Revenue from sale of components of Rs. 376.25 Crores (Rs. 296.68 Crores) are derived from single external customer

35 Earnings per share

(a) Basic and diluted earnings per share		
	31 March, 2018	**31 March, 2017**
Basic and diluted earnings per share attributable to the equity holders of the Company	9.02	20.21
(b) Earnings used in calculating earnings per share		
	31 March, 2018	**31 March, 2017**
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basis earnings per share	17.05	25.10
(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	18,910,959	12,406,164

36	Micro Small And Medium Enterprises Disclosure	Year ended 31-03-2018	Year ended 31-03-2017
	"Trade payables includes amount due to Micro Small and Medium Enterprises Disclosure under Micro, Small and Medium Enterprises Development Act, 2006.		
	1. The principal amount and interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year:		
	(i) Principal (all are within agreed credit period and not due for payment)	3.26	0.86
	(ii) Interest (as no amount is overdue)	Nil	Nil
	2. The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
	3. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
	4. The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
	5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

37 Recent accounting pronouncements

In March 2018, the Ministry of Corporate Affairs has issued a notification amending the Companies (Indian Accounting Standards) Rules, 2015, notifying Ind AS 115 on Revenue from Contracts with Customers, with effect from 1st April 2018. Consequent to the notification of Ind AS 115, the MCA has also omitted Ind AS 18 on Revenue and Ind AS 11 on Construction Contracts.

Amendments to Ind AS 115, Revenue from Contracts with Customers

Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This standard will come in to force from accounting period commencing on or after 1st April 2018. The Company is in the process of evaluating the requirements of the said standard will adopt the new standard on the required effective date.

As per our report annexed

For V .Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W
S. Venkataraman
Partner
Membership No. F23116
Place: Chennai
Date: 26-04-2018

H Lakshmanan
Chairman

Rajesh Oommen
Chief Executive Officer

J Ashok Chakravarthi
Chief Financial Officer

P D Dev Kishan
Company Secretary

Board of Directors
V N VENKATANATHAN
S G MURALI
ARVIND BALAJI
L BHADRI
SASIKALA VARADACHARI
K N RADHAKRISHNAN

Audit Committee
L BHADRI
ARVIND BALAJI
SASIKALA VARADACHARI

Nomination and Remuneration Committee
V N VENKATANATHAN
L BHADRI
SASIKALA VARADACHARI

Chief Executive Officer
G VENKATRAMAN

Chief Financial Officer
V GOPALAKRISHNAN

Company Secretary
K SRIDHAR

Auditors
V. SANKAR AIYAR & CO.,
Chartered Accountants,
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Registered office
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CIN : U70101TN2010PLC075027

Directors Report to the Shareholders of the Company

The Directors have pleasure in presenting the ninth annual report on the progress of the Company together with the audited statement of accounts for the year ended 31st March 2018.

1. Financial Results

The highlights of the financial performance of the Company are given below:

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Other Income	4,395.37	1,530.57
Less: Finance Cost	9,087.26	9,622.27
Administrative & other expenses	2,943.17	18.61
Profit / (Loss) before tax	(7,635.06)	(8,110.32)
Less:		
- Provision for tax		
Add:		
- Deferred Tax Asset	(1,296.54)	(1,286.25)
Profit / (Loss) after tax	(6,338.51)	(6,824.07)
Other Comprehensive Income (net of tax)	-	23.79
Total Comprehensive Income for the year	(6,338.51)	(6,800.28)

2. Dividend

The board of directors does not recommend any dividend for the year under consideration, in view of the loss sustained by the Company for the year ended 31st March 2018.

3. Capital

Issue of shares on rights basis

During the year, the Company issued and allotted 30,00,000 equity shares of Rs.10/- each to TVS Motor Company Limited (TVSM), in terms of Section 62 read with the Companies (Share Capital and Debentures) Rules, 2014 under the Companies Act, 2013.

During the year under review, TVSM acquired the entire equity share capital of the Company on 7th September 2017 and thereby the Company became a wholly owned subsidiary of TVSM effective on that date.

Paid up capital

In view of the allotment to TVSM on a rights basis, the paid up capital of the Company stood increased to Rs. 618.01 Cr consisting of 50 lakhs equity shares of Rs.10/- each and 61,30,10,000 Non-Cumulative Redeemable Preference Shares (NCRPS) of Rs.10/- each during the year ended 31st March 2018.

Transfer of NCRPS

During the year under review, TVSM has acquired 16,20,000 nos. of equity shares from TVS Motor Foundation & other individual shareholders and acquired 6,20,00,000 nos. of NCRPS of the Company held by Sundaram – Clayton Limited (SCL) and Lucas-TVS Limited (Lucas-TVS) on 18th December 2017 and thereby TVSM holds 100% of the Preference Share Capital of the Company.

4. Material changes and commitments

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

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company. However, the members' attention is drawn to the statement on contingent liabilities, commitments, given in the notes forming part of the financial statements.

The Company has filed a Scheme of Arrangement (Scheme) with National Company Law Tribunal (NCLT) for redemption of Preference Shares by transferring its holding in TVS Credit Services Limited (TVS CS).

As per the Scheme, the Company will transfer its investment of 13,36,51,475 (Thirteen Crore Thirty Six Lakhs Fifty One Thousand Four Hundred and Seventy Five) equity shares of INR 10 (Rupees Ten) each in TVS CS (out of the total investment in 13,47,41,600 equity shares of TVS CS held by the Company), to TVSM, in proportion to the Preference Shares holding in the total paid-up capital of the Company.

Further, the Company proposes to acquire automobile trading division along with its relative assets and liabilities from Sundaram Auto Components Limited (SACL).

In this regard, the Board approved a Scheme of Arrangement and Demerger at its board meeting held on 14th May 2018. Since both the Company and SACL are the wholly owned subsidiaries of TVS Motor Company Limited (TVSM), shares issued by the Company, based on the valuation of the demerging entity, to TVSM for the transfer of the automobile trading division to the Company in accordance with the Scheme, will not change the status of both the subsidiaries.

The Scheme of demerger will be filed with National Company Law Tribunal (NCLT) in due course.

6. Internal control systems

The Company has adequate internal control systems to ensure operational efficiency, accuracy and promptness in financial report and compliance of various laws and regulations. The internal control system is supported by the internal audit process. An internal auditor has been appointed for this purpose. The audit committee of directors will review the internal audit report and the adequacy and effectiveness of internal controls periodically.

7. Risk management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis. These are being discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

As a process, the risks associated with the business are identified and prioritized based on severity, likelihood and effectiveness of current detection. Such risks are reviewed by the senior management on a quarterly basis. Process owners are identified for each risk and matrixes are developed for monitoring and reviewing the risk mitigation

8. Related Party Transactions

All contracts / arrangements entered by the Company during the financial year with related parties were in the ordinary course of business and at arm's length in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Hence, no particulars are being provided in Form AOC-2. Related Party disclosures, as per the Accounting Standard 18 have been provided in Notes to the financial statements.

9. Directors' responsibility statement

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

(a) in the preparation of the annual accounts for the year ended 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the accounts for the financial year ended 31st March 2018 on a going concern basis; and

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

10. Directors

Independent Directors (IDs)

The Board of Directors of the Company comprises of two Independent Directors viz., Mr L Bhadri and Ms Sasikala Varadachari and as required under sub-section 6 of Section 149 of the Act 2013, the Company received necessary declarations from IDs that they meet the criteria of independence as provided therein.

Separate meeting of Independent Directors (IDs):

During the year under review, a separate meeting of IDs was held on 26th February 2018 and all the Independent Directors were present at the Meeting.

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

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

Directors liable to retire by rotation

In terms of Article 21 of the Articles of Association of the Company, all the directors other than the independent directors, viz., Mr V N Venkatanathan, Mr Arvind Balaji, Mr S G Murali and Mr K N Radhakrishnan, retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

On 26th February 2018, the Board re-appointed Mr L Bhadri and Ms Sasikala Varadachari as Independent Directors for the second term of three consecutive years based on the recommendations and performance evaluation made by NRC.

Their appointment as Independent Directors for the second term of three consecutive years till the conclusion of 12th AGM of the Company, was approved by the shareholders at the extra-ordinary general meeting held on 23rd March 2018.

Policy on Directors appointment and remuneration of directors, Key Managerial Personnel (KMPs)

In accordance with Section 178 of the Act, 2013 the Nomination and Remuneration Committee has formulated a Nomination & Remuneration Policy (NRC Policy) to ensure that executive directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a director.

Remuneration Policy

Directors:

NRC will recommend the remuneration for executive and non-executive directors. This will be then approved by the board and shareholders. Prior approval of shareholders will be obtained, whenever required, in case of remuneration to non-executive directors.

The non-executive independent directors are appointed to the board of the Company in terms of regulatory requirements.

Key Managerial Personnel:

The remuneration of employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company's policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits and performance of each employee.

The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

The annual variable pay of senior executives is linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year.

Criteria for Board Membership

Directors:

The Company will generally consider (i) their relevant experience in Finance/ Law/ Management/ Administration/ Research/ Corporate Governance/ Technical Operations or other disciplines related to company's business, (ii) having the highest personal and professional ethics, integrity and values and (iii) their willingness to devote sufficient time and energy in carrying out their duties and responsibilities.

Independent Directors:

Independent Director is a director who has no direct or indirect pecuniary relationship with the Company and or any of its officers. They should meet all criteria specified in Section 149(7) of the Act, 2013 and rules made thereunder.

Number of board meetings held

During the year under review, the board met seven times on 1st June 2017, 1st August 2017, 23rd August 2017, 7th September 2017, 31st October 2017, 19th December 2017 and 26th February 2018 and the gap between two meetings did not exceed one hundred and twenty days.

Key Managerial Personnel (KMPs)

During the year under review, Mr K Gopala Desikan resigned as Manager of the Company and Mr G Venkatraman was appointed as Chief Executive Officer of the Company w.e.f. 31st October 2017.

As on 31st March 2018, Mr G Venkatraman, Chief Executive Officer, Mr V Gopalakrishnan, Chief Financial Officer and Mr K Sridhar, Company Secretary are KMPs of the Company in terms of Section 2(51) and Section 203 of the Companies Act, 2013.

Corporate Governance

Audit Committee:

In terms of Section 177 of the Companies Act, 2013 (Act, 2013), the Audit Committee of a Company is required to consist of minimum of three members, with majority of independent directors.

The present committee consists of Mr Arvind Balaji, non-executive and non-independent director, Mr L Bhadri and Ms Sasikala Varadachari, (ID) as its members. Thus, the composition of the audit committee is in accordance with the requirements of the Act and the Committee meets periodically to discuss and review such matters as required under the applicable provisions of the Act, 2013.

Nomination and Remuneration Committee:

In terms of Section 178 of the Act, 2013, the Nomination and Remuneration Committee is required to consist of minimum of three members, of which not less than one-half shall be independent directors.

The Committee consists of Mr Arvind Balaji, non-executive and non-independent director, Mr L Bhadri and Ms Sasikala Varadachari, (ID) as its members.

The Committee has a Nomination and Remuneration Policy to govern the terms of nomination / appointment and remuneration of (i) directors; and (ii) key managerial personnel of the Company.

Remuneration criteria to Directors:

All the directors are non-executive directors. They have not received any remuneration from the Company.

Corporate Social Responsibility (CSR) Committee:

The Corporate Social Responsibility Committee consists of the following directors namely, Mr V N Venkatanathan, Mr S G Murali and Mr L Bhadri, as members.

Evaluation of the board, committees and directors

In terms of Section 134 of the Companies Act, 2013 and the rules made there-under, the board has carried out evaluation of its own performance and that of its committees and individual directors.

The board discussed and assessed its own composition, size, mix of skills and experience, its meeting sequence effectiveness of discussion, decision making, follow up action, quality of information and the performance and reporting by the various committees. Besides, the board considered both its characteristics and the effectiveness of its performance in carrying out its role and responsibilities in the context of the nature, scope, complexity and risk profile of the Company.

The evaluation of individual directors was made on the following criteria, namely (i) attendance for the meetings, participation and independence during the meetings, (ii) interaction with management, (iii) role and accountability of the board and knowledge and proficiency etc.

The evaluation of each Committee, namely Audit Committee, Nomination and Remuneration Committee (NRC) and Corporate Social Responsibility, were evaluated by the board after seeking inputs from its members on the basis of the criteria such as matters assessed against the terms of reference, time spent by the committees in considered matters, quality of information received, work of each committee, overall effectiveness and decision making and compliance with the corporate governance requirements and concluded that all the committees continued to function effectively, with full participation by all its members and members of the management.

11. Deposits

The Company has not accepted any deposit from the public within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31st March 2018.

12. Auditors

Statutory Auditors

M/s. V Sankar Aiyar & Co., Chartered Accountants, Mumbai, having Firm Registration No.109208W allotted by the Institute of Chartered Accountants of India, who were re-appointed as statutory auditors of the Company for the second term of five consecutive years at the AGM held on 30th September 2014, subject to ratification in every AGM, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and Auditors.

In terms of the above provisions, M/s V Sankar Aiyar & Co, Chartered Accountants, have completed their fourth year in the second term of five consecutive years.

The Companies Amendment Act, 2017 has dispensed with the ratification of statutory Auditors' appointment at every AGM. The Statutory Auditors of the Company were appointed for a period of five years in the AGM held on 30th September 2014. Hence they will continue as Statutory Auditors for the year 2018-19 also, being the final year in the second term of five years.

The Company has obtained necessary certificate under Section 141 of the Act conveying their eligibility for being Statutory Auditors of the Company for the year 2018-19.

Secretarial Auditors

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

As required by Section 204 of the Act, 2013, the Secretarial Audit Report for the year 2017-18, given by Mr T N Sridharan, Practicing Company Secretary, Chennai for auditing the secretarial and related records is attached to this report. The Secretarial Audit Report does not contain any qualification, reservation or other remarks. Mr T N Sridharan, Practicing Company Secretary, Chennai, was appointed as Secretarial Auditors for carrying out the secretarial audit for the financial year 2018-19.

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.

13. Subsidiary Company

During the year under review, TVS CS has incorporated the following wholly owned subsidiaries and in terms of Section 2(87) of the Act, 2013 they have also become subsidiaries of the Company:

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

TVS CS is the retail finance arm of TVSM for financing of two-wheelers. In line with its long term vision of being preferred financier with diversified and profitable portfolio, TVS CS added Consumer Durable & Used Commercial Vehicle Finance portfolios during the year 2017-18.

During the year 2017-18, TVS CS's overall disbursements registered a growth of 22% at Rs. 4,899 Cr as compared to Rs. 4,007 Cr in the previous year. The assets under management stood at Rs. 6,152 Cr as against Rs. 5,002 Cr during the previous year registering a growth of 23%. Total income during the financial year 2018 increased to Rs. 1340.64 Cr from Rs. 1114.80 Cr during the financial year 2016-17, an increase of 20.2% over the previous year.

The Profit Before Tax for the year has also improved and stood at Rs. 170.14 Cr as against Rs. 135.56 Cr during the previous year with a growth rate of 25.5%.

The step down subsidiaries of TVS CS are yet to commence their operations.

As per Section 129 of the Companies Act, 2013 read with the Companies (Accounts) Amendment Rules, 2014, an intermediate subsidiary is exempted to prepare consolidated financial statements, as its intermediate holding Company viz., TVS Motor Company Limited prepare and files consolidated financial with the Registrar of Companies. However, the salient features of the financial statement of the Subsidiaries in Form AOC-I, is attached to the financial statements in terms of Section 129(3) of the Companies Act, 2013 (the Act, 2013) read with Rule 5 of the Companies (Accounts) Rules, 2014.

14. Disclosures

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

The Company has no activity relating to conservation of energy or technology absorption. The Company did not have any foreign exchange earnings or outgo, in terms of the requirements of Section 134(3) (m) of the Act 2013 read with the Companies (Accounts) Rules 2014.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure – I to this report.

Employee's remuneration:

There is no employee receiving the remuneration in excess of the limits prescribed under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and hence the question of attaching a statement containing the prescribed details of such employees does not arise.

Related Party Transactions:

Particulars of contracts / arrangements with related parties referred to in sub-section (1) of Section 188 of the Act, 2013 are given in notes on accounts for the financial year 2017-18.

Details of loans / guarantees / investments made:

During the year under review, the Company had not granted any loans or guarantees covered under Section 186 of the Act 2013 read with the Companies (Meetings of Board and its powers) Rules, 2014, for the financial year 2017-18.

Please refer note no. 4 to Notes on accounts for the financial year 2017-18, for details of investments made by the Company.

Other Laws

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

15. Acknowledgement

The directors wish to thank the shareholders of the Company for their co-operation and support and also place on record their appreciation of the services and assistance rendered by the bankers of the Company.

For and on behalf of the Board

Place: Chennai	V N Venkatanathan	L Bhadri
Date: 14th May 2018	Director	Director
	DIN: 00059273	DIN: 06829886

Annexure - I

Form No. MGT-9

Extract of Annual Return as on the financial year ended 31st March 2018

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U50404TN2009PLC071075
ii)	Registration Date	:	23.08.2009
iii)	Name of the Company	:	TVS Motor Services Limited
iv)	Category / Sub-Category of the Company	:	Public Limited Company
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No. 29, Haddows Road, Chennai - 600006. Ph. No: 044 28272233
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	Sundaram-Clayton Limited "Jayalakshmi Estates", 1st Floor, No.29, Haddows Road, Chennai – 600006 Tel: 044 28284959 Email: raman@scl.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Maintenance and Repair of Motor Vehicles	45200	-

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name	Address of the Company	CIN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act 2013
1.	TVS Motor Company Limited	"Jayalakshmi Estates", No.29, Haddows Road, Chennai–600 006	L35921TN1992PLC022845	Holding Company	Holds 100% in the Company	2(46)
2.	TVS Credit Services Limited		U65920TN2008PLC069758	Subsidiary Company	Holds 80.74% in the Company	2(87)

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

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2017)				No. of Shares held at the end of the year (as on 31st March 2018)				Change in shareholding during the year
	Demat	Physical	Total %	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corp.		19,99,950	100.00	100	-	50,00,000	100	100	-
Total Shareholding of Promoter (A)		**19,99,950**	**100**	**100**	-	**50,00,000**	**100**	**100**	-
B. Public Shareholding		-	-	-	-	-	-	-	
1. Institutions									
Financial Institutions		-	-	-	-	-	-	-	-
Sub-total (B)(1)		-	-	-	-	-	-	-	-
2. Non- Institutions		-	-	-		-	-	-	
a) individuals		50	0.00	0.00		-	-	-	(0.00)
i) Indian		-	-	-	-	-	-	-	-
Sub-total (B)(2):-		-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)		-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs		-	-	-	-	-	-	-	-
Grand Total (A+B+C)		**20,00,000**	**20,00,000**	**100.00**	-	**50,00,000**	**100**	**100**	-

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	TVS Motor Foundation	16,19,950	80.99	Nil	-	-	Nil	(80.99)
2.	TVS Motor Company Limited	3,80,000	(19.00)	Nil	50,00,000	100	Nil	1315.78

(iii) Change in Promoters' Shareholding

Particulars	Equity Shareholding at the beginning of the year		Cumulative Equity Shareholding during the year	
	No. of Equity shares	% of total Equity shares of the Company	No. of Equity shares	% of total Equity shares of the Company
TVS Motor Foundation				
At the beginning of the year	16,19,950	80.99	16,19,950	(80.99)
Less: Transfer of shares dt. 07.09.2018	16,19,950	80.99	16,19,950	(80.99)
At the end of the year	0	0	0	0

Particulars	Equity Shareholding at the beginning of the year		Cumulative Equity Shareholding during the year	
	No. of Equity shares	% of total Equity shares of the Company	No. of Equity shares	% of total Equity shares of the Company
TVS Motor Company Limited				
At the beginning of the year	3,80,000	19.00	3,80,000	19.00
Add: Transfer / Purchase of shares dt. 07.09.2017	10	19.00	3,80,010	19.00
Add: Transfer / Purchase of shares dt. 07.09.2017	16,19,950	81.00	19,99,960	100.00
Add: Allotment of Shares dt. 07.09.2017	30,00,000	-	49,99,960	100.00
Add: Transfer / Purchase of shares dt. 07.09.2017	40	-	50,00,000	100.00
At the end of the year	-	-	50,00,000	100.00

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

Name of the Director / KMP (M/s.)	Opening Balance		Date of Dealing / Allotment	Allotment/ Purchase or Sale	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
	No. of shares	(% of the total share capital)					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
V N Venkatanathan*	10	0.0005	07.09.2017	Sale	10	-	0	-	0	0
	0	-	07.09.2017	Transfer	1	0.00	1	0.00	1	0.00
S G Murali	10	0.0005	07.09.2017	Sale	10	-	0	-	0	0
K N Radhakrishnan	10	0.0005	07.09.2017	Sale	10	-	0	-	0	0
T K Arvind Balaji	10	0.0005	07.09.2017	Sale	10	-	0	-	0	0
K Gopala Desikan*	10	0.0005	07.09.2017	Sale	10	-	0	-	0	0
	0	-	07.09.2017	Transfer	1	0.00	1	0.00	1	0.00
H Lakshmanan*	0	-	07.09.2017	Transfer	1	0.00	1	0.00	1	0.00
R Raja Prakash*	0	-	07.09.2017	Transfer	1	0.00	1	0.00	1	0.00
K S Srinivasan*	0	-	07.09.2017	Transfer	1	0.00	1	0.00	1	0.00
N Srinivasa Ramanujam*	0		07.09.2017	Transfer	1	0.00	1	0.00	1	0.00

* Shares held as nominees of TVS Motor Company Limited.

(v) Shareholding of Directors and Key Managerial Personnel: NIL

V. INDEBTEDNESS

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

The Company has not borrowed any amount during the year under review. Hence the furnishing of details relating to Indebtedness does not arise.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Director and/or Manager:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

B. Remuneration to other directors: Not Applicable

C. Remuneration to KMP (Chief Executive Officer, Chief Financial Officer and Company Secretary): NIL

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the year.

For and on behalf of the Board

Place : Chennai	V N VENKATANATHAN	L BHADRI
Date : 14th May 2018	Director	Director
	DIN: 00059273	DIN: 06829886

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries- Statement containing salient features of the financial statement of subsidiaries:-

(Information in respect of each subsidiary to be presented with amounts Rs. in Lakhs)

#	Particulars	Name of the Company						
1	Name of the subsidiary	TVS Credit Services Limited	TVS Two Wheeler Mall Private Limited	TVS Micro Finance Private Limited	Harita ARC Private Limited	Harita Collection Services Private Ltd	TVS Commodity Financial Solutions Pvt Ltd	TVS Housing Finance Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.04.2017 to 31.03.2018	22.08.2017 to 31.03.2018	23.08.2017 to 31.03.2018	25.08.2017 to 31.03.2018	25.08.2017 to 31.03.2018	29.08.2017 to 31.03.2018	08.09.2017 to 31.03.2018
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	INR	INR	INR
4	Share capital / Contribution	16,688.57	0.25	0.25	0.25	0.25	0.25	1,200.00
5	Reserves & Surplus	72,529.33	(0.30)	(0.30)	(0.31)	(0.31)	(0.30)	9.80
6	Total assets	671,435.59	0.25	0.25	0.25	0.25	0.25	1,221.00
7	Total Liabilities	671,435.59	0.25	0.25	0.25	0.25	0.25	1,221.00
8	Investments	1,201.25	-	-	-	-	-	-
9	Turnover	134,042.52	-	-	-	-	-	-
10	Profit/(Loss) before taxation	16,987.75	(0.30)	(0.30)	(0.31)	(0.31)	(0.30)	9.80
11	Provision for taxation	5,585.33	-	-	-	-	-	-
12	Profit/(Loss) after taxation	11,402.42	(0.30)	(0.30)	(0.31)	(0.31)	(0.30)	9.80
13	Proposed Dividend	-	-	-	-	-	-	-
14	% of shareholding	80.74%	80.74%	80.74%	80.74%	80.74%	80.74%	80.74%

For and on behalf of the board

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

Place : Chennai
Date : 14th May, 2018

V N Venkatanathan
Director

L Bhadri
Director

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

K Sridhar
Company Secretary

S. Venkataraman
Partner
Membership No.: 23116
Chennai
May 14, 2018

FORM NO.MR-3
SECRETARIAL AUDIT REPORT OF TVS MOTOR SERVICES LIMITED
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members
TVS MOTOR SERVICES LIMITED,
No.29, Haddows Road,
Chennai 600 006

CIN: U50404TN2009PLC071075
Authorised Capital: Rs.625.00 Crores
Paid up Capital: Rs.618.01 Crores

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by TVS MOTOR SERVICES LIMITED, (CIN: U50404TN2009PLC071075 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

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

ii) The Company being unlisted public limited Company, the provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;

iii) The Company being unlisted public limited Company, the provisions of The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder are not applicable;

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

v) The Company being unlisted public limited Company, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 are not applicable to the Company.

vi) The Company has materially complied with laws applicable specifically to the Company.

I have also examined compliance with the applicable clauses of the following:

i) The Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India in terms of sub-section 10 of Section 118 of the Companies Act, 2013, for the financial year under review;

ii) The Company being unlisted public limited Company, the Company is not required to enter into Listing Agreements with any Stock Exchange(s), and hence compliance in relation thereto is not applicable.

From the verification of records and as per the information and explanation furnished to me, during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, wherever applicable.

I further report that:

i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. During the year under review, Mr L Bhadri and Ms Sasikala Varadachari, were re-appointed as independent directors for the second term of three consecutive years with effect from 30th March 2018, as approved by the shareholders at the extra-ordinary general meeting held on 23rd March 2018.

ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

iii) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. However on perusal of the minutes of the board or audit committee meetings, it was observed that there was no dissenting note made by any of the member.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The Company has

i) Constituted Nomination and Remuneration Committee of Directors and has formulated "Nomination and Remuneration Policy' in terms of Section 178 of the Companies Act, 2013 and the Rules made thereunder;

ii) Constituted the Audit Committee of directors in terms of Section 177 of the Companies Act, 2013;

iii) Constituted Corporate Social Responsibility Committee (CSR) to formulate and recommend to the board a Corporate Social Responsibility Policy, prepare and recommend a list of CSR projects/programs, which the Company plans to undertake. However, since the Company has incurred loss during the preceding three financial years, the Company is not liable to spend any amount in pursuance of its Corporate Social Responsibility Policy as required under Section 135(4) of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

iv) Considered and recorded the Risk Management Policy followed by the Company in terms of Section 134(3)(n) of the Companies Act, 2013 including identification therein of elements of risk, if any, which in the opinion of the board, may threaten the existence of the Company;

v) Considered and approved the "Code of Business Conduct and Ethics" of the Company framed in terms of Section 149 read with Schedule IV of the Companies Act, 2013;

vi) has appointed woman director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

I further report that from the information and explanations furnished to me, during the audit period the Company has:

i) amended its authorised share capital by re-classifying 30,00,000 non-cumulative redeemable preference shares of Rs. 10/- each into 30,00,000 equity shares of Rs. 10/- each and the amended authorised capital stood as 50,00,000 (Fifty Lakhs Only) equity shares of Rs. 10/- each aggregating to Rs. 5,00,00,000 (Rupees Five Crores Only) and 62,00,00,000 (Sixty Two Crores Only) Non-Cumulative Redeemable Preference Shares of Rs. 10/- each aggregating to Rs. 620,00,00,000/- (Rupees Six Hundred and Twenty Crores only).

ii) made issue and allotment of 30,00,000 Equity Shares of Rs.10/- each aggregating to Rs.3.00 crores during the financial year 2017-18 on rights basis to the holding company M/s. TVS Motor Company Limited and has complied with the provisions of the Companies Act, 2013 in relation thereto. Besides this, the Company has not issued any Public / Right / debentures/ sweat equity etc. during the year under review.

iii) not done any Redemption / buyback of securities;

iv) no major decisions were taken by the members in pursuance to Section 180 of the Companies Act, 2013;

v) filed a Scheme of Arrangement (Scheme) with National Company Law Tribunal (NCLT) for redemption of Preference Shares by transferring its holding in TVS Credit Services Limited (TVS CS). As per the Scheme, the Company will transfer its investment of 13,36,51,475 (Thirteen Crore Thirty Six Lakhs Fifty One Thousand Four Hundred and Seventy Five) equity shares of INR 10 (Rupees Ten) each in TVS CS (out of the total investment in 13,47,41,600 equity shares of TVS CS held by the Company) to TVSM, in proportion to the Preference Shares holding in the total paid-up capital of the Company.

Further, the Company proposes to acquire the automobile trading division along with its relative assets and liabilities from Sundaram Auto Components Limited (SACL). In this regard, the Board approved a Scheme of Arrangement and Demerger at its board meeting held on 14th May 2018. The Scheme of Demerger would be filed with National Company Law Tribunal (NCLT) in due course.

vi) No Foreign technical collaborations have been entered into during the year under review.

Place: Chennai
Date: 14th May, 2018

T.N.SRIDHARAN
Practising Company Secretary
C.P.No.4191

To
The Members
TVS MOTOR SERVICES LIMITED,
No.29, Haddows Road,
Chennai 600 006

CIN: U50404TN2009PLC071075
Authorised Capital: Rs.625.00 Crores
Paid up Capital: Rs.618.01 Crores

My Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai
Date: 14th May, 2018

T.N.SRIDHARAN
Practising Company Secretary
C.P.No.4191

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2018

To the Members of TVS Motor Services Limited

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of TVS Motor Services Limited, ('the Company'), which comprises the Balance Sheet as at 31st March 2018, 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, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 2018, and its Loss, total comprehensive income its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

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

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

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

   (c) the Balance Sheet, the Statement of Profit and Loss 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 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 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018, 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. 25 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.

      iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 14th May, 2018

Annexure "A" to Independent Auditors' Report 31st March 2018
(Referred to in our report of even date)

(i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets (investment property).

b. The fixed assets (investment property) of the Company consist of Land. We are informed by the Management that the same were verified during the year and in our view the periodicity is reasonable. No material discrepancies were noticed on such verification.

c. According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of the immovable properties (investment property) are held in the name of the company, except in the case of the Land with a book value of Rs.5,542 lakhs wherein the Company holds unregistered agreement to sell in its name.

(ii) The Company is not a manufacturing or trading Company and does not have any raw materials, spare parts and finished goods. Hence Clauses (a), (b), and (c) of para 3 (ii) of the Order is not applicable.

(iii) The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships and other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Hence clauses (a), (b), and (c) of Para 3 (iii) of the Order are not applicable.

(iv) According to the information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of investments made. The Company has not granted any loan or provided guarantee or security during the year.

(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed there under.

(vi) The Central Government has not prescribed maintenance of cost records under Section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014.

(vii) a. According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues of Income tax and Cess. There is no liability in respect of Provident Fund, Employees' State Insurance, Sales tax, duty of Customs, duty of Excise, Service Tax and Goods and Service Tax. There are no arrears of Income tax, and Cess outstanding as at 31st March 2018 for a period of more than six months from the date it becomes payable.

b. According to the information and explanations given to us and on the records of the Company, the dues of Income Tax, which have not been deposited on account of any dispute, are as follows.

Name of the Statue/(Nature of dues)	Period of dues	Amount (In Lakhs)	Forum where dispute is pending
Income Tax Act, 1961	2011-12	1.06	Commissioner of Income Tax – (Appeals)
	2012-13	0.35	

(viii) The company has not borrowed loan. Further, the requirement to report under para 3(viii) does not arise.

(ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not borrowed any term loans. Hence, the requirement to report under para 3(ix) does not arise.

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

(xi) According to the information and explanations given to us, the Company has not paid managerial remuneration as referred to Section 197 of the Act.

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

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

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

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

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

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 14th May, 2018

Annexure "B" to Independent Auditors' Report 31st March 2018

(Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of TVS Motor Services Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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, 2018, 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 : 14th May, 2018

BALANCE SHEET AS AT 31st March 2018

(Rs. In Lakhs)

	Note no	As at 31st March 2018	As at 31st March 2017
Assets			
Non-current assets			
Investment property	2	5,507.29	5,879.70
Capital work in progress	3	569.75	569.75
Financial assets			
Investments	4	58,349.00	60,659.93
Income Tax Assets (Net)	5	1.18	0.78
Deferred Tax assets	6	5,352.74	4,056.20
Total non-current assets		**69,779.96**	**71,166.36**
Current assets			
Financial assets			
i. Cash and cash equivalents	7	234.39	156.04
ii. Other receivables	8	9,543.57	9,539.55
Total current assets		**9,777.96**	**9,695.59**
Total Assets		**79,557.92**	**80,861.95**
Equity and liabilities			
Equity			
Equity share capital	9	500.00	200.00
Other Equity			
Reserves and surplus	10	(39,164.85)	(32,826.34)
Other reserves		(43.61)	(43.61)
Total equity		**(38,708.46)**	**(32,669.95)**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	11	104,248.15	96,671.60
ii. Other financial liabilities	12	13,532.27	16,183.09
Total non-current liabilities		**117,780.42**	**112,854.69**
Current liabilities			
Financial liabilities			
i Trade payables	13	2.70	3.00
ii. Other financial liabilities	14	294.44	270.89
Other current liabilities	15	188.83	403.33
Total current liabilities		**485.97**	**677.21**
Total liabilities		**118,266.39**	**113,531.90**
Total equity and liabilities		**79,557.92**	**80,861.95**
Significant accounting policies	1		

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 14th May 2018

V N Venkatanathan, Director
L Bhadri, Director
G Venkatraman, Chief Executive Officer
K Sridhar, Company Secretary
V Gopalakrishnan, Chief Financial Officer

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2018

(Rs. In Lakhs)

	Note no	Year ended 31st March 2018	Year ended 31st March 2017
Income			
Other income	16	4,395.37	1,530.57
Total income		**4,395.37**	**1,530.57**
Expenses			
Finance costs	17	9,087.26	9,622.27
Other expenses	18	2,943.17	18.61
Total expenses		**12,030.43**	**9,640.89**
Profit/(loss) before tax		**(7,635.06)**	**(8,110.32)**
Income tax expense	19		
Current tax		-	-
Deferred tax		(1,296.54)	(1,286.25)
Profit/(loss) for the year		**(6,338.51)**	**(6,824.07)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in fair value of FVOCI equity instruments		-	26.89
Income taxes on the above		-	(3.10)
Other comprehensive income for the year, net of tax		**-**	**23.79**
Total comprehensive income for the year		**(6,338.51)**	**(6,800.28)**
Significant accounting policies	1		
Earnings per equity share	20		
Basic/ diluted earnings per share		**(171.63)**	**(341.21)**

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 14th May 2018

V N Venkatanathan, Director
L Bhadri, Director
G Venkatraman, Chief Executive Officer
K Sridhar, Company Secretary
V Gopalakrishnan, Chief Financial Officer

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2018

(Rs. In Lakhs)

	Year ended 31st March 2018	Year ended 31st March 2017
Cash flow from operating activities		
Profit before income tax	(7,635.06)	(8,110.32)
Adjustments for		
Gain on transfer of land	(3,775.25)	-
Unwinding of discount on Payables	(618.99)	(1,530.57)
Finance costs	9,087.26	9,622.27
Long Term Capital Loss on Sale of Investments	2,895.34	-
Fair Valuation Loss on Mutual Funds	(1.13)	1.01
Operating Profit Before Working Capital Changes	**(47.84)**	**(17.60)**
Change in operating assets and liabilities		
(Increase)/decrease in other current assets	(4.01)	(718.43)
(Increase)/decrease in other financial liabilities	44.20	(207.79)
(Increase)/decrease in trade payables	(0.30)	1.43
(Increase)/decrease in other current liabilities	(213.69)	259.51
Cash generated from operations	**(221.64)**	**(682.89)**
Income taxes paid	-	-
Net cash inflow from operating activities	**(221.64)**	**(682.89)**
Cash flows from investing activities		
Investment Property	-	(28.34)
Net cash outflow from investing activities	**-**	**(28.34)**
Cash flows from financing activities		
Proceeds from issue of Share capital	300.00	-
Proceed from issue of Preference share capital	-	500.00
Net cash inflow (outflow) from financing activities	**300.00**	**500.00**
Net increase (decrease) in cash and cash equivalents	**78.35**	**(211.22)**
Cash and cash equivalents at the beginning of the financial year	156.04	367.26
Cash and cash equivalents at end of the year	**234.39**	**156.04**

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V N Venkatanathan
Director

L Bhadri
Director

G Venkatraman
Chief Executive Officer

K Sridhar
Company Secretary

V Gopalakrishnan
Chief Financial Officer

Chennai
Dated: 14th May 2018

Statement of Changes in Equity

1. Equity Share Capital

(Rs. In Lakhs)

	Note no	Amounts
Balance as at 1st April 2016		200.00
Changes in equity share capital during the year		-
Balance as at 31st March 2017		**200.00**
Changes in equity share capital during the year	9	300.00
Balance as at 31st March 2018		**500.00**

II) Other equity

		Reserves and surplus	Other reserves	
	Note no	**Retained earnings**	**FVOCI - Equity instruments**	**Total**
Balance as at 1st April 2016		**(26,002.27)**	**(67.40)**	**(26,069.67)**
Profit for the period		(6,824.07)	**-**	**(6,824.07)**
Other comprehensive income		-	23.79	**23.79**
Balance as at 31st March 2017		**(32,826.34)**	**(43.61)**	**(32,869.95)**
Profit for the year	10	(6,338.51)	-	**(6,338.51)**
Other comprehensive income	10	-	-	**-**
Balance as at 31st March 2018		**(39,164.85)**	**(43.61)**	**(39,208.46)**

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V N Venkatanathan
Director

L Bhadri
Director

G Venkatraman
Chief Executive Officer

K Sridhar
Company Secretary

V Gopalakrishnan
Chief Financial Officer

Chennai
Dated: 14th May 2018

1. Significant Accounting Policies forming part of Financial Statements

GROUP BACKGROUND

TVS Motor Services Limited ('the Group') is a public limited group incorporated and domiciled in India. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Nungambakkam, Chennai – 600006, Tamil Nadu, India. The group is the holding group of TVS Credit Services Limited

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of accounts:

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

Principles of Consolidation

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intergroup transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

b. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that is measured at fair value;

c. Critical Estimates and judgements

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

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

The areas involving critical estimates or judgments are:

1. Estimation of Expected Credit loss- (Refer Note- 35)
2. Estimation of defined benefit obligation - (Refer Note- 18)

d. Property, Plant & Equipment's and Depreciation:

Property, plant & Equipment are stated at cost of acquisition or construction less accumulated depreciation amortization and impairment, if any. Cost includes purchase price, taxes and duties less indirect taxes as permitted under relevant Statute. Residual value has been estimated to be Nil at the end of the useful life of all assets.

Additional expenses for the assets after capitalization are included in the carrying amount or recognised as a separate asset, as appropriate, only when it is certain 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 derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS,

The Company has elected to continue with carrying value of all of its property, plant and equipment recognized as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation:

Depreciation is provided on straight-line basis over the estimated useful lives of the assets. Useful life estimated by the company is in line with the useful life prescribed under Part C of Schedule II of the Companies Act, 2013 except in the case of mobile phone, based on the technical evaluation, wherein the useful life is considered as 2 years. Depreciation on fixed assets individually costing Rs.5,000/- or less is provided at 100%.

The cost of improvements made to rented property during the year and included under furniture and fixtures, is depreciated over the primary lease period.

Depreciation on fixed assets added/disposed off during the year is calculated on pro- rata basis with reference to the date of addition/disposal.

e. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with the carrying value of all of its investment properties recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

f. Intangible Assets

Software

Costs associated with maintaining software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use it.
- There is an ability to use
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use Software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is available for use.

Expenditure incurred for support and maintenance of software are charged off in the year of incurring.

Amortisation methods and periods

Software is amortized over 3 years period or the license period whichever is lower on Straight Line basis.

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

g. Revenue Recognition

i. Interest income for loans (other than Purchase of Originally Credit Impaired (POCI) is recognised using the effective interest rate method.

ii. For financial assets that are not "POCI" but have subsequently became credit-impaired (or 'stage-3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

iii. Incomes in the nature of overdue interest, and bounce charges are recognized on realization, due to uncertainty of collection.

iv. Income from non-financing activity is recognized as per the terms of contract, on accrual basis.

v. 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.

h. Financing Activities

i. Loans (Receivables from Financing Activities)

The loans to borrowers are stated at the contract value after netting off un-matured Interest Income, Un-matured Upfront Incomes and advance EMIs and adding unamortized portion of upfront expenses wherever applicable, installments appropriated up to the year end and amount written off.

i Financial Assets:

1) Classification

The Group classifies its financial assets in the following categories, Those to be measured subsequently at

1. fair value through other comprehensive income,
2. fair value through profit or loss), and

3. Measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

2) Measurement:

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt Instruments:

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

Amortised Cost:

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

Fair Value through profit or loss:

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

3) Impairment of financial assets:

The Group applies the expected credit loss (ECL) model for recognising impairment loss on financial assets. With respect to trade receivables, the Group measures the loss allowance at an amount equal to lifetime expected credit losses. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note- 35 (FRM credit risk note) details how the group determines whether there has been a significant increase in credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

4) De-recognition of financial assets:

A financial asset is derecognised only when:

The Group has transferred the rights to receive cash flows from the financial asset or

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

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

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

5) Derivatives and hedging activities

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.

6) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

j. Trade receivables

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

k. Cash and Cash equivalent

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

l. Taxation

i. Provision for current tax is made on the basis of taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

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

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

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

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

A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

m. Employee Benefits:

1) 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.

2) Other long term employee benefit:

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

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.

3) 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.

i) Defined benefit plans

Pension and gratuity obligation

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

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

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

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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

ii) Defined contribution plans

Provident fund:

Contributions to Provident Fund made to Regional Provident Fund Commissioner in respect of Employees' Provident Fund based on the statutory provisions are charged to Statement of Profit and Loss on accrual basis. There is no obligation on the group over and above the contribution made

n. Functional Currency:

a. Functional and presentation currencies:

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

b. Transactions and balances

- Foreign currency transactions are translated into functional currency using exchange rates at the date of transaction.
- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss

o. Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Processing fee on loan borrowed is amortized over the tenor of the respective loan.

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

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

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

p. Borrowings cost:

Borrowing costs are expensed in the period in which they are incurred.

q. Recovery cost:

Recovery cost representing the expenditure incurred in recovery of the outstanding dues are accounted in the year in which the expenditure are incurred.

r. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of the transactions of non cash nature. Deposits which are lien marked with maturity period exceeding 3 months are not treated as cash and cash equivalent for cash flow statement.

s. Earnings Per Share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

t. Impairment

The carrying amounts of assets are reviewed at each balance sheet date for indication of any impairment based on internal/external factors. An impairment loss is recognized wherever carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognized by charging it to the Statement of Profit and Loss. A previously recognized impairment loss is reversed where it no longer exists and the assets are restated to the effect.

u. Lease

Payments made under operating lease are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

v. Operating Cycle

All assets & liabilities are classified as Current and Non-Current based on the operating cycles which have been estimated to be 12 months and which are expected to be realized and settled within a period of 12 months from the date of the Balance sheet.

w. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker

x. Provisions

A provision is recorded when the Group has a present or constructive obligation as a result of present obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

y. 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.

z. Share based payments:

Equity-settled share-based payments for receipt of services are measured at the estimated average fair value of the equity instruments over the vesting period. The average fair value is determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

aa. Equity

Equity shares are classified as equity, Distributions to holders of an equity instrument are recognised by the entity directly in equity. Transaction costs of an equity transaction shall be accounted for as a deduction from equity

Notes to Balance Sheet

(Rs. In Lakhs)

2 Investment Property

Particulars	Gross Value			
	As at 1st April'17	Additions during the year	Deletions during the year	As at 31st March'18
Land*	5,879.70	-	372.41	5,507.29
Total	**5,879.70**	**-**	**372.41**	**5,507.29**

Fair Value of the land as at 31st March'18 Rs. 7,101 Lakhs (31st March'17 Rs. 11,602.42 Lakhs)

Particulars	Gross Value			
	As at 1st April'16	Additions during the year	Deletions during the year	As at 31st March'17
Land*	5,851.36	28.34	-	5,879.70
Total	**5,851.36**	**28.34**	-	**5,879.70**

Fair Value of the land as at 31st March'17 Rs.11,602.42 Lakhs (31st March'16 Rs.11,574.08 Lakhs)

*1. A part land is given as security for term loan borrowing of subsidiary company .

*2. Land includes Rs. 5,542 lakhs, whose possession has been taken by Company and supported by Agreement of Sale,Power of Attorney and in respect of which process of registration is in progress.

The company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. The fair values of investment properties have been determined by independent valuers.

3 Capital Work in Progress

Description	As at 31st March 2018	As at 31st March 2017
Capital work in progress	569.75	569.75
Total Capital work in progress	**569.75**	**569.75**

4 Investments

Description	As at 31st March 2018	As at 31st March 2017
Unquoted		
Investment in equity instrument of subsidiary carried at cost		
TVS Credit Services Limited	43,405.63	43,405.63
13,47,41,600 (PY 13,47,41,600) equity shares of Rs.10 each fully paid up		
Investment equity instruments carried at FVOCI		
Phi Research Private Ltd	300.70	300.70
Investment Carried at FVTPL		
Investment in CIG Reality Fund	35.00	35.00
(5,00,000(PY 5,00,000) units of Rs 10 each)		
Investment in Urban Infra Opportunities Fund	58.61	84.99
250 (PY 250) units of Rs 1,00,000 each)		
Investment Carried at Amortised Cost		
Investment in Zero Coupon Bond	14,549.05	16,833.61
Total Financial Assets-Investments	**58,349.00**	**60,659.93**
Aggregate amount of Quoted Investments and market value thereof	**-**	**-**
Aggregate amount of Unquoted Investments	**58,349.00**	**60,659.93**
Total	**58,349.00**	**60,659.93**

5 Income Tax Assets (Net)

Description	As at 31st March 2018	As at 31st March 2017
Income Tax Assets (Net)	1.18	0.78
Total Other- Income Tax Assets	**1.18**	**0.78**

Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

6 Deferred Tax Liabilities/(Assets)

The balance comprises temporary differences attributable to:

Description	As at 31st March 2018	As at 31st March 2017
Depreciation		
Fair valuation of financial liabilties	(3,731.41)	(2,259.37)
Fair valuation of financial asset	(546.40)	(739.16)
Investment Property	(1,074.93)	(1,057.67)
Net Deferred Tax Liabilities/(Asset)	**(5,352.74)**	**(4,056.20)**

Movement in deferred tax Assets/(Liabilities)

Description	Investment Property	Fair valuation of financial asset	Fair valuation of financial liabilities	Total
At March 31, 2017	**(1,057.67)**	**(739.16)**	**(2,259.37)**	**(4,056.20)**
Charged/(credited):				
- to profit or loss	(17.26)	192.76	(1,472.04)	(1,296.54)
- to other comprehensive income	-	-	-	-
At March 31, 2018	**(1,074.93)**	**(546.40)**	**(3,731.41)**	**(5,352.74)**

Note:-

Deferred Tax assets been recognised on certain losses. The group has concluded tax assets will be recoverable against future taxable income.

(Rs. In Lakhs)

7 Cash & Cash Equivalents

Description	As at 31st March 2018	As at 31st March 2017
Balances with banks	167.88	89.53
Cash on Hand	66.51	66.51
Total cash and cash equivalents	**234.39**	**156.04**

8 Other Financial Assets

Description	As at 31st March 2018	As at 31st March 2017
<u>Secured</u>		
Receivable towards sale of property and other assets	9,543.57	9,539.55
Total Other receivables	**9,543.57**	**9,539.55**

9 Equity share capital

i) Authorised, issued, subscribed & fully paid equity share capital

	Number of shares	Amount (Rs in Lakhs)
50,00,000 nos (Previous year: 20,00,000 nos) of Equity shares of Rs.10 each		
As at 31st March 2016	2,000,000	200.00
Increase during the year	-	-
As at 31st March 2017	2,000,000	200.00
Increase during the year	3,000,000	300.00
As at 31st March 2018	**5,000,000**	**500.00**

ii) Reconciliation of equity share outstanding at the Beginning and End of the year

	Number of shares	Value (Rs in lakhs)
As at 31st March 2017	**2,000,000**	**200.00**
Add: Issue of equity shared during the year	3,000,000	300.00
As at 31st March 2018	**5,000,000**	**500.00**

Terms and rights attached to equity shares

Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act 2013.

Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

iii) Shares of the company held by holding company at the end of the year

	March 31, 2018		March 31, 2017	
	Share holding %	Number of shares	Share holding %	Number of shares
TVS Motor Company Limited (w.e.f 7th Sept'17)	100%	5,000,000	-	-
TVS Motor Foundation	-	-	81%	1,619,950

iv) Details of other shareholders holding more than 5% shares in the company

	March 31, 2018			March 31, 2017		
	Share holding percentage	Number of shares	Amount (In Lakhs)	Share holding percentage	Number of shares	Amount (In Lakhs)
TVS Motor Foundation	-	-	-	81%	1,619,950	162.00
TVS Motor Company Limited	100%	5,000,000	500.00	19%	380,000	38.00
		5,000,000	**500.00**		**1,999,950**	**200.00**

10 Reserves and surplus

Description	As at 31st March 2018	As at 31st March 2017
Retained earnings	(39,164.85)	(32,826.34)
Total reserves and surplus	**(39,164.85)**	**(32,826.34)**

Description	As at 31st March 2018	As at 31st March 2017
<u>a) Retained earnings</u>		
Opening balance	(32,826.34)	(26,002.27)
Net profit for the period	(6,338.51)	(6,824.07)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	-	-
Closing balance	**(39,164.85)**	**(32,826.34)**

<u>Note</u>

Retained earnings: Company's cumulative earnings since its formation minus the dividends/capitalisation.

Description	As at 31st March 2018	As at 31st March 2017
b) Other reserves		
<u>FVOCI-Equity Instruments</u>		
Opening balance	(43.61)	(67.40)
Other Comprehensive income (net of tax)	-	23.79
Closing Balance	(43.61)	(43.61)

11 Borrowings

Description	As at 31st March 2018	As at 31st March 2017
Non Cumulative Redeemable Preference shares	104,248.15	96,671.60
Total borrowings	**104,248.15**	**96,671.60**

During the FY 2016-17, the Company allotted 50 Lakhs numbers of non cumulative redeemable preference shares of Rs.10/- each at par to TVS Motor Company Limited, the existing share holders of the Company, valuing Rs.500 lakhs.The holder of the Preference Shares shall be entitled to redeem the said Preference Shares at a premium of 70% of the face value of the Preference Shares at the end of the 9th year, from the date of allotment of respective lot. The Investors, will have an option, in lieu of the redemption of such Preference Shares held by them in the Company, to have such number of Equity Shares in the Subsidiary Company namely TVS Credit Services Ltd, out of the total shares held by the Company in the said Subsidiary Company, in the same proportion which the investment held by such Preference Share holders in the Company bears to the face value of the total paid up capital of the Company existing at the time of redemption and transfer to such preference share holders in full and final settlement of such redemption.

12 Other Financial Liabilities

Description	As at 31st March 2018	As at 31st March 2017
Non- Current		
Payable towards purchase of Investments	13,532.27	16,183.09
Total non current financial liabilities	**13,532.27**	**16,183.09**

13 Trade Payables

Description	As at 31st March 2018	As at 31st March 2017
<u>Current</u>		
Total Outstanding dues of Micro Enterprises and Small Enterprises *	-	-
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2.70	3.00
Total trade payables	**2.70**	**3.00**

* Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by management. There are no interest due or outstanding on the same.

Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

14 Current Financial Liability

Description	As at 31st March 2018	As at 31st March 2017
Payable for purchase of investments	93.50	121.00
Advance received towards sale of Fixed Assets		
repayable	140.34	149.89
Stale Cheques	53.28	-
Payable to Holding company	7.32	-
Total other current financial liabilities	**294.44**	**270.89**

15 Other Current Liabilities

Description	As at 31st March 2018	As at 31st March 2017
Advance received from Chennai business consulting services Pvt Ltd.	187.56	403.28
Statutory Dues	1.27	0.05
Total other current liabilities	**188.83**	**403.33**

Notes to statement of Profit and Loss

16 Other Income

Description	Year ended 31st March 2018	Year ended 31st March 2017
Other Non Operating Income	4,394.24	1,530.57
Fair valuation gain on mutual fund investments	1.13	-
Total other income	**4,395.37**	**1,530.57**

17 Finance Cost

Description	Year ended 31st March 2018	Year ended 31st March 2017
Other Borrowing Cost	9,087.26	9,622.27
Total Finance Cost	**9,087.26**	**9,622.27**

(Rs. In Lakhs)

18 Other Expenses

Description	Year ended 31st March 2018	Year ended 31st March 2017
Rates and Taxes	3.30	1.45
Payment to Auditor* (Refer below note)	3.75	3.26
Consultancy Fees	32.63	12.80
Fair valuation loss on mutual fund investments	-	1.01
Long Term Capital Loss on Sale of Investments	2,903.47	-
Other expenses	0.01	0.09
Total other expenses	**2,943.17**	**18.61**
*** Details of payment to auditors**		
Payment to auditors		
As Statutory auditors	3.75	3.01
In other capacities		
Taxation matters	-	0.25
Total payment to auditors	**3.75**	**3.26**

19 Income Tax Expense

(a) Income Tax Expense

Description	Year ended 31st March 2018	Year ended 31st March 2017
Current tax	-	-
Current tax on profits for the year	-	-
Total current tax expense	**-**	**-**
Deferred tax		
Decrease (increase) in deferred tax assets	175.50	77.87
(Decrease) increase in deferred tax liabilities	(1,472.04)	(1,364.12)
Total deferred tax expense/(benefit)	**(1,296.54)**	**(1,286.25)**
Income tax expense	**(1,296.54)**	**(1,286.25)**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Description	Year ended 31st March 2018	Year ended 31st March 2017
Profit before income tax expense	(7,635.06)	(8,110.32)
Tax at the Indian tax rate of 30.90% (2016-2017 – 30.90%)	**(2,359.23)**	**(2,506.09)**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Difference in rate of taxation of capital gain items	1,079.95	1,121.29
Tax benefit on investment property	(17.26)	98.55
Income tax expense	**(1,296.54)**	**(1,286.25)**

(Rs. In Lakhs)

20 Earnings per share

	March 31, 2018	March 31, 2017
(a) Basic and diluted earnings per share		
Basic and diluted earnings per share attributable to the equity holders of the company (in Rupees)	(171.63)	(341.21)
(b) Reconciliations of earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basis earnings per share (Rs in lakhs)	(6,338.51)	(6,824.07)
(c) Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share (in numbers)	3,693,151	1,999,950

21 Fair value measurements

Financial instruments by category

Particulars	March 31, 2018			March 31, 2017		
	FVTPL	**FVOCI**	**Amortised cost**	**FVTPL**	**FVOCI**	**Amortised cost**
Financial assets						
Investments						
- Equity instruments	-	300.70	-	-	300.70	-
- Other funds	93.61	-	-	119.99	-	-
Zero Coupon bond			14,549.05			16,833.61
Cash and cash equivalents	-	-	234.39	-	-	156.04
Receivable towards sale of property	-	-	9,543.57	-	-	9,539.55
Total financial assets	**93.61**	**300.70**	**24,327.01**	**119.99**	**300.70**	**26,529.20**
Financial liabilities						
Borrowings	-	-	-	-	-	-
Borrowings	104,248.15	-	-	96,671.60	-	-
Trade payables	-	-	2.70	-	-	3.00
Payable towards purchase of Investments	-	-	13,532.27	-	-	16,183.09
Other financial liability	-	-	294.44	-	-	270.89
Total financial liabilities	**104,248.15**	**-**	**13,829.40**	**96,671.60**	**-**	**16,456.97**

FVTPL:- Fair Value through Profit and loss

FVOCI:- Fair Value through Other comprehensive Income

(i) Fair value hierarchy

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

(Rs. In Lakhs)

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

Particulars	Notes	As at 31st March 2018	As at 31st March 2017
Level 3 Measurements			
Financial Assets			
Investments	4	394.31	420.69
Total financial Assets		**394.31**	**420.69**
Financial liabilities			
Borrowings	12	104,248.15	96,671.60
Total financial liabilities		**104,248.15**	**96,671.60**

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

Particulars	Notes	As at 31st March 2018	As at 31st March 2017
Level 3 Measurements			
Financial assets			
Zero Coupon bond	4	14,929.05	17,338.62
Total financial assets		**14,929.05**	**17,338.62**
Financial liabilities			
Payable towards purchase of Investments	12	13,357.16	15,942.60
Total financial liabilities		**13,357.16**	**15,942.60**

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments

- the use of entity specific growth rates and discount rates applicable to the entity

- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 March 2018 and 31 March 2017:

Particulars	Preference shares
As at 1 April 2017	**96,671.60**
Issue/ (redemption)	-
Gains/losses recognised in profit or loss	7,576.55
Gains/losses recognised in OCI	-
As at 1 April 2018	**104,248.15**

(iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at		Significant unobservable inputs*	Probability-weighted range for the year end		Sensitivity
	31st March 2018	31st March 2017		31st March 2018	31st March 2017	
Preference shares	104,248.15	96,671.60	a) Earnings growth rate b) Risk adjusted discount rate	20-30% 18.32%	20-30% 17.80%	If the growth rate increases by 5% and reduction in discount rate by 50bps, the value of preference shares will increase by 2% and vice versa.

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset and Earnings growth factor.

Risk adjustments have been derived based on the market risk premium adjusted for companies relevered financial data

(vi) Fair value of financial assets and liabilities measured at amortised cost

(Rs. In Lakhs)

Particulars	As at 31st March 2018		As at 31st March 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investment in Zero Coupon Bond	14,549.05	14,929.05	16,833.61	17,338.62
Cash and cash equivalents	234.39	234.39	156.04	156.04
Receivable towards sale of property	9,543.57	9,543.57	9,539.55	9,539.55
Total financial assets	**24,327.01**	**24,707.01**	**26,529.20**	**27,034.21**
Financial Liabilities				
Trade payables	2.70	2.70	3.00	3.00
Payable towards purchase of Investments	13,532.27	13,357.16	16,183.09	15,942.60
Other financial liability	294.44	294.44	270.89	270.89
Total financial liabilities	**13,829.40**	**13,654.30**	**16,456.97**	**16,216.48**

The carrying amounts of trade receivables, receivables for sale of property, trade payables, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

22 Financial risk management

The company's activities expose it to liquidity risk and credit risk.

(A) Credit risk

Credit risk arises from cash and cash equivalents, and receivables for sale of property

Credit risk management

Credit risk is on cash and cash equivalents are managed by depositing in high rated banks/institutions are accepted and company faces negligible credit risk on receivable from sale of property

(B) Liquidity risk

Company is managing liquidity risk by issue of Preference Shares

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:

31st March 2018	Less than 3 months	Between 3 Months and 1 year	Between 1 and 2 years	Greater than 2 years	Total
Non-derivatives					
Payable towards purchase of Investments	-	3,434.03	3,434.03	10,302.08	17,170.13
Trade payables	2.70	-	-	-	2.70
Other financial liabilities	294.44	-	-	-	294.44
Total non-derivative liabilities	**297.14**	**3,434.03**	**3,434.03**	**10,302.08**	**17,467.27**

31st March 2017	Less than 3 months	Between 3 Months and 1 year	Between 1 and 2 years	Greater than 2 years	Total
Non-derivatives					
Payable towards purchase of Investments	-	3,553.92	3,553.92	14,215.68	21,323.52
Trade payables	3.00	-	-	-	3.00
Other financial liabilities	270.89	-	-	-	270.89
Total non-derivative liabilities	**273.89**	**3,553.92**	**3,553.92**	**14,215.68**	**21,597.41**

23 Capital management

Risk management

The company's objectives when managing capital are to

• safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

• maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, The company may adjust the amount of dividends paid to shareholders, return on capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, The company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)

divided by Total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain a optimal gearing ratio. The gearing ratios were as follows:

Particulars	March 31, 2018	March 31, 2017
Net debt	104,248.15	96,671.60
Total equity	(38,708.46)	(32,669.95)
Net debt to equity ratio	-	-

24 Segment information

Description of segments and principal activities

The Company has identified its board of directors as chief operating decision maker (CODM) .They review the entire operations of the entity as one.Hence, the Company has only one operating segment which are all as reflected in the financial statements as at and for the year ended March 31, 2018.

25 Contingent Liabilities not provided for

Particulars	March 31,2018	March 31,2017
Disputed liability relating to Income Tax asst. – matter under appeal, at Commissioner of Income Tax (Appeal) - 11, Chennai.		
for the FY 2011-12	1.06	1.06
for the AY 2012-13	0.35	0.35

(Rs. In Lakhs)

26 Related party transactions

(a) Holding Entity

Name of entity

TVS Motor Company Limited (Effective 7th Sep'17), Chennai

TVS Motor Foundation (Until 6th Sep'17), Chennai

(b) Ultimate Holding Entity

Sundaram-Clayton Limited, Chennai

T V Sundaram Iyengar & Sons Private Limited, Madurai

(c) Subsidiaries

Name of entity

TVS Credit Services Limited, Chennai

(d) Fellow Subsidiaries

Sundaram Auto Components Limited, Chennai

(e)Transactions with related parties

The following transactions occurred with related parties:

	March 31, 2018	March 31, 2017
TVS Credit Services Limited		
Reimbursement of Expenditure and sale of land	4,400.89	240.48
TVS Motor company		
Equity Investment	300.00	-
Issue of Preference shares	-	500.00

(f) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	March 31, 2018	March 31, 2017
Payables:		
TVS Credit Services Limited	13,532.27	16,183.09
Receivables:		
Sundaram Auto Components Limited	3,522.31	3,255.52

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 14th May 2018

V N Venkatanathan
Director

K Sridhar
Company Secretary

L Bhadri
Director

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

BOARD OF DIRECTORS

Venu Srinivasan, Chairman
R Ramakrishnan
T K Balaji
Sudarshan Venu
K N Radhakrishnan
Anupam Thareja
S Santhanakrishnan
V Srinivasa Rangan
Sasikala Varadachari

AUDIT COMMITTEE

R Ramakrishnan
S Santhanakrishnan
V Srinivasa Rangan
K N Radhakrishnan

NOMINATION AND REMUNERATION COMMITTEE

R Ramakrishnan
V Srinivasa Rangan
K N Radhakrishnan

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Venu Srinivasan, Chairman
R Ramakrishnan
K N Radhakrishnan

RISK MANAGEMENT COMMITTEE

R Ramakrishnan
Anupam Thareja
S Santhanakrishnan

ASSET LIABILITY MANAGEMENT COMMITTEE

R Ramakrishnan
Sudarshan Venu
Anupam Thareja
S Santhanakrishnan

CHIEF EXECUTIVE OFFICER

G Venkatraman

CHIEF FINANCIAL OFFICER

V Gopalakrishnan

COMPANY SECRETARY

K Sridhar

FINANCIAL INSTITUTION

Housing Development Finance Corporation Limited

STATUTORY AUDITORS

V Sankar Aiyar & Co., Chartered Accountants
2C, Court Chambers, 35 New Marine Lines,
Mumbai - 400 020
Tel: (91 22) 2200 4465 / 2206 7440
Email: mumbai@vsa.co.in, chennai@vsa.co.in

SECRETARIAL AUDITOR

T N Sridharan
No. 4, Viswanathan Street, Vivekananda Nagar,
Ambattur, Chennai - 600 053
Tel: 044 - 26581508
Email: tn_sridhar@yahoo.com

REGISTERED OFFICE

“Jayalakshmi Estates”
29, Haddows Road
Chennai - 600 006, Tamilnadu, India.
Tel.: 044 - 28272233 Fax: 044 - 28257121
CIN: U65920TN2008PLC069758
Email: corpsec@scl.co.in
Website: www.tvscredit.com

BANKERS

Axis Bank Limited
Aditya Birla Finance Limited
Bank of Baroda
Bank of India
Bank Of Maharashtra
BNP Paribas
Canara Bank
Central Bank of India
Citicorp Finance India Ltd
Corporation Bank
CTBC Bank Limited
DCB bank Limited
Deutsche Bank
Federal Bank Limited
HDFC Bank Limited
HSBC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
Indian Bank
Karnataka Bank
Karur Vysya Bank Limited
Oriental Bank of Commerce
Punjab & Sindh Bank
South Indian Bank Limited
State Bank of India
Syndicate Bank
Tata Capital Limited
UCO Bank
Union Bank of India

Directors' Report to the Shareholders

The Directors have pleasure in presenting the Tenth Annual Report on the business and operations of the Company together with the audited financial statements for the year ended March 31, 2018

1. BUSINESS AND FINANCIAL PERFORMANCE

The highlights of the financial performance of the Company are given below:

Particulars	Year ended	
	31-03-2018	31-03-2017
	(Rs in Cr)	
Revenue from Operations	1,332.52	1,110.77
Other Income	7.91	4.02
Total	**1,340.43**	**1,114.79**
Finance Costs	406.36	346.75
Business Origination, Employee benefit, administrative & Other Operating Expenses	606.75	535.86
Depreciation and amortisation expenses	9.98	8.71
Provision and loan losses	147.46	87.91
Total	**1,170.55**	**979.23**
Profit / (Loss) before tax	**169.88**	**135.56**
Less: Tax expense		
- Current Tax	71.68	55.16
- Deferred Tax	-15.82	-7.12
Profit / (Loss) after tax	**114.02**	**87.52**
Balance brought forward from previous year	173.55	86.03
Surplus / (Deficit) carried to Balance sheet	**287.57**	**173.55**

The Company's overall disbursements registered a growth of 22% at Rs. 4,899 Cr as compared to Rs. 4,007 Cr in the previous year.

During the year under review, the assets under management stood at Rs. 6,152 Cr as against Rs. 5,002 Cr during the previous year registering a growth of 23%. Total income during the financial year 2018 increased to Rs. 1340.43 Cr from Rs. 1114.79 Cr during the financial year 2017, an increase of 20.2% over the previous year. The profit before tax for the year has also improved and stood at Rs.169.88 Cr as against Rs. 135.56 Cr during the previous year with a growth rate of 25.3%.

The Company continues to invest in analytics backed by niche technology to create differentiated value propositions for the customers, enhance productivity and maintain healthy portfolio quality. The asset quality of the Company continues to remain healthy. The ratio of net non-performing assets to advances as on March 31, 2018 stood at 2.09% as against 1.69% last year as per RBI provisioning norms. The specific loan loss provisions that the Company has made for its non-performing assets continue to be more conservative than those prescribed by the regulator. The Company carries Rs. 59 Cr accelerated provision in excess of Reserve Bank of India norms. As a result, as per Company provisioning norms, ratio of net non-performing assets to advances as on March 31, 2018 stood at 1.15% as against 1.10% last year.

Key initiatives during the financial year

The key initiatives of the Company during the year are given below:-

1. Sales

In line with Company's long term vision of being preferred financier with diversified and profitable portfolio, the company added Consumer Durable & Used Commercial Vehicle Finance portfolios during the year. Accordingly, the Company has financed more than 14,000 customers with a disbursal value of Rs 32 crores in Consumer Durable finance. The Company also started the pilot in the used commercial vehicle finance. In Used Car Finance, the company has reduced dealer dependent model by venturing into direct sourcing model through self and digital programme. Besides, the Company launched Valued Partner Program (VPP) to enhance engagement of channel partners by developing and executing a holistic engagement and communication programme. In the Used tractor segment, alternate channels through referral agents were scaled up for demand generation.

2. Credit

In the two-wheeler segment, E-KYC and Customer risk based processing model implemented. E-KYC enabled assisted model for on-boarding customers implemented in used car business. In-house blue book credit evaluation model has been developed for Tractor financing. In Consumer Durable Credit policy, process for seamless digital decision and on boarding of dealers completed.

3. Collections

The Company has used Statistical tools to improve predictability in resolutions of delinquent customers and residual management. Data analytics are being used for allocation of collectibles to the field resulting in cost optimisation and improved productivity. The Company has given alternate payment methods to encourage customers to make cash less payment through payment gateways and other digital platforms.

4. Operations

The Company simplified the banking process by implementing common mandates across banks. The Company was able to update collections from customer instantly through systems. The Company has developed PDD management systems to improve productivity on PDD updations. The Company also became the first NBFC Company to launch E-NACH for consumer durable product and plans to roll out the same across all products in 2018-19.

5. Marketing

The Company launched a customer mobile application, "TVS Credit Saathi". The application enables customers to pay their EMIs, request statements of accounts, apply for loan, and avail of other benefits. A new and improved version of this application was launched in March'18 with a superior user experience and host of powerful new features, bringing customers closer to the Company. The Company created a Net Promoter Score system to gauge customer loyalty and its enhancements.

6. Quality

In the journey towards excellence, the Company continues to focus on quality. The Company carries out periodic assessment of gaps and takes immediate actions to address such identified gaps which have resulted in strengthening the process across the Company. The Company obtained ISO Quality ISO9001/2008 and ISMS 27001/2013 certification in 2017 for all processing hubs and central operations.

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Outlook

Global economic growth was stronger than expected on the backdrop of good recovery in investment, manufacturing and trade. Global economic activity gained momentum in 2017-18 across Advanced Economies (AEs) and Emerging Market Economies (EMEs) led by robust private consumption and lower unemployment rates. Global financial markets have primarily remained buoyant during the year, reflecting the improving economic outlook and the gradual normalisation of monetary policy by the US Fed.

India's real gross domestic product (GDP) is expected to grow at 6.6% in 2017-18 as against 7.1% in 2016-17. The agriculture sector grew at 3.0% (Gross Value Added) in 2017-18 as against 6.3% in the previous year. The services sector grew at 8.3% (Gross Value Added) in 2017-18 as against 7.2% in 2016-17.

Retail inflation measured by the headline Consumer Price Index (CPI) is expected to increase to 4.3% in 2017-18 from 3.8% in 2016-17. In the first quarter of the year, the headline inflation had fallen mainly on account of softening in food prices and normal monsoon. With inflation under control, RBI reduced the repo rate by 25 basis points in August 2017. Current Account Deficit (CAD) is expected to touch 2.0% of GDP for the year 2017-18 primarily on account of a higher trade deficit brought about by a larger increase in merchandise imports relative to exports.

Growth – inflation dynamics are turning favourable in the last quarter of FY18. RBI's own assessment of GDP is at 7.4% for FY 2019 vs. 6.6% for FY 2018. Better still, the inflation (CPI) forecast for 2018-19 is estimated at 4.7% - 5.1% in H1 and 4.4% in H2. CAD is expected to widen in 2018-19 on firm oil prices. Considering the inflation targets to be higher than the RBI's mid-term target of 4.0%, hardening of rates are expected in the H2 of FY19.

The focus of the Union Budget 2018 on the rural and infrastructure sectors is a positive development as it would support rural incomes and investment, and in turn provide a further push to aggregate demand and economic activities.

Industry Developments

1. Non-Banking Finance Companies (NBFCs)

NBFCs in India have managed to witness robust credit growth in the past few years due to a) Flexible technology driven business operations to cater to retail clients individually at the fastest turnaround time b) Cost-efficient business model c) Last mile connectivity with individual retail customer which enabled them to understand precise customer needs and d) Lower ticket size disbursements along with better underwriting practices ensured limited risk of defaults.

In FY18, NBFCs has been stable after structural changes along with culmination of a period of regulatory transition. NBFCs expected to grow at 18% CAGR till 2020 and its share in system credit to rise to 19% from 13% in 2013. Vehicle Finance growth expected to be around 15% CAGR by 2020. Cars and Utility Vehicles segment to drive Vehicle Finance Growth.

2. Two wheeler industry

The domestic two-wheeler market have crossed the 20-million-unit milestone, with sales growing 15% on Y-o-Y basis, supported by strong demand in the rural areas and good rains last monsoon. Despite the early setbacks of BSIV implementation, two-wheeler witnessed growth. Scooters grew at 20% (from 56 lakh units to 67 lakh units) and the category share increased to 33% due to changing consumer preferences and leading urban demand. The motorcycle category grew at 14% (12 Mn units). Mopeds have de-grown by 4% in 2017-18. The growth outlook for FY19 largely depends on monsoon with Industry likely to grow between 7 to 10% in FY19. Higher rural investment and increasing MSP will boost rural income which will support growth of two-wheeler.

3. Car industry

Passenger vehicle market have grown by 8% Y-o-Y basis and crossed 3.2 million units in FY18. Changing customer preference has prompted players to focus more on Utility Vehicles which registered a growth of 21% on Y-o-Y basis in FY18. The growth of passenger car sales remained flat at 3.3% on Y-o-Y basis. In FY19, growth of passenger vehicle is likely to be same at approx. 7-9% on Y-o-Y basis. India's used car market has had a relative stable growth. It will continue to grow at ~15% Y-o-Y till FY20 on account of increasing disposable income and growing inclination of consumer towards pre-owned cars. The small car segment in Indian used car market is forecast to grow at a CAGR of ~10% (in value terms) during 2017-2022.

4. Tractor industry

Tractor sales have shown positive signs of recovery due to revival in rural demand and another year of strong farm sector growth. Tractor industry is expected to grow at 12-13% in FY18 with positive growth momentum spilling over next year. It is set to cross 6.5 Lakh units this year with highest ever sales of 1 lakh units in Sep'17. The growth would moderate in FY19 and is expected to be around 9-10%. Union budget in FY18 clearly focussed on enhancement of infrastructure development and upliftment of agriculture sector and improvement of farming community. Farm loan waivers by some state government would also be a relief for farmers. Demand of tractors from non-agricultural sectors in construction and infrastructure is likely to grow. About 20% of the tractors are used for non-agriculture use.

5. Consumer durable industry

Consumer durables/light electrical market in India reached Rs 1 trillion (US$ 15.45 billion) in 2017. The industry is expected to grow at 13 per cent CAGR and reach Rs 3 trillion (US$ 46.54 billion) by 2020. Today, Urban markets account for the major share (65 per cent) of total revenues in the consumer durables sector in India. There is a lot of scope for growth from rural markets with consumption expected to grow in these areas as penetration of brands increases. Also demand for durables like refrigerators as well as consumer electronic goods are likely to witness growing demand in the coming years in the rural markets as the government plans to invest significantly in rural electrification.

Growing awareness, easier access, and changing lifestyles have been the key growth drivers for the consumer market. The Government of India's policies and regulatory frameworks such as relaxation of license rules and approval of 51 per cent foreign direct investment (FDI) in multi-brand and 100 per cent in single-brand retail are some of the major growth drivers for the consumer markets.

6. Used Commercial vehicle industry

Commercial vehicle industry witnessed a double digit growth after a gap of 3 years across all categories i.e. MHCV, ICV, SCV and Passenger.

M&HCV segment is likely to continue the growth in FY 19 aided by strong demand, higher budgetary allocation towards infrastructure, good monsoon and potential implementation of vehicle scrappage policy. This would also trigger huge demand for Used Commercial vehicle as the scrapped model vehicle would get replaced with older model vehicles.

Since Bharat BS VI emission norms planned to be implemented in 2020, price of new vehicle is expected to increase by 8-10%. This would also directly propel the growth of Used commercial vehicle sales. First time buyers would prefer to take Used Commercial vehicle for better viability and to absorb the shocks in the economic downturn. Used vehicle finance is currently pegged at 1.50 lakh crores and organized financier market size is expected to grow from 52% to 55% in the next 2 years.

New Regulatory Framework

Reserve Bank of India has issued following important guidelines to NBFCs during the year:

- Directions on Information technology Framework: The guidelines focussed on IT Governance, IT Policy, Information & Cyber Security, IT Operations, IS Audit, Business Continuity Planning and IT Services Outsourcing which are to be benchmarked to best practises. Directions require all NBFCS to carry out gap analysis and identify and complete required actions;
- Directions for Peer to Peer Lending Platform;
- Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs : Guideline insists that the outsourced activities are to be brought within regulatory purview, a) to protect the interest of the customers of NBFCs, b) to ensure that the NBFC concerned and the Reserve Bank of India have access to all relevant books, records and information available with service provider, c) to ensure sound and responsive risk management practices for effective oversight, due diligence and management of risks arising from such outsourced activities d) to ensure that the service provider employs the same high standard of care in performing the services as is expected to be employed by the Company, if the activities were conducted within the Company and not outsourced and e) Not to engage in outsourcing that would result in their internal control, business conduct or reputation being compromised or weakened;
- Submission of Financial Information to Information Utilities: A Company as a financial creditor shall submit financial information and information

relating to assets in relation to which any security interest has been created, to an information utility registered under the IBBI (IUs) Regulations, 2017; and

- Ombudsman Scheme for Non-Banking Financial Companies, 2018 - Appointment of the Nodal Officer/Principal Nodal Officer.

Opportunities

Even though NBFCs have been diversifying into various lending segments – niche presence in few specific segments has remained a key success mantra for most NBFCs. With increasing presence across geographies, relatively faster turnaround time and adaption of new technology platforms, there is wider scope for NBFCs to improve their retail finance penetrations. Cross-selling of existing products, mining of existing customers and generating fee-based income have also been the emerging opportunities.

Emerging technology driven business models provides good opportunity to transform the lending and underwriting landscape by improving productivity, lowering cost, expansion of target market segment and geographical reach.

Threats

Growth may end up lower than 7.4% in FY19, due to some moderation in consumption and continued weakness in external demand. Similarly, an inflation estimate of 4.5% (excluding HRA impact), leaves little room for downside surprises. RBI itself lists down a number of variables, which could adversely impact inflation projections - including higher Minimum Support Price (MSP) for kharif crops, fiscal slippages and volatile crude prices.

Spreads will be under pressure from higher borrowing Cost and intensifying Competition. GST led formalisation of the economy and the Government's transparency push could have structural implications in the medium to long term, especially in asset classes where the informal method of income assessment has been the primary competitive advantage. As the transition to the formalisation gains momentum, many NBFC borrowers may turn creditworthy for banks.

Infrastructure & Information Technology

The Company is present in 22 States and Union Territories with 110 offices covering more than 3000 locations. In the drive to digitize its service offerings and process flows, the Company uses web based platforms, mobile applications and tablets for loan processing and collections. The Company is investing in big data analytics which helps in faster primary decision making at the time of customer underwriting and life cycle management thereafter.

The Company implemented the following technology initiatives through robust IT network systems and point of sale solutions.

1. Launched seamless integration system from data entry to disbursal without manual intervention for consumer durable finance with new technologies to ensure paperless transactions such as e-sign, e-mandate, total KYC, multi bureau and credit score based on mobile data;
2. Implemented customer field force tracking (geography tag of customer location) to optimize collection process thereby improve collector productivity;
3. Integrated and provided Aadhaar based repayment option to customer through biometric (cashless);
4. Integrated with mobile based payment partners where customers can pay their EMIs in nearest outlet of the partner. This reduces the overall cost of collection; and
5. Implemented CCE (Credit Collection Executive) mobile application for approval which is integrating with credit bureau, verification process and e-KYC for rural business.

The Company will continue to focus on data privacy and information security. With growth in business and geographical expansion, the Company is investing in strengthening its internal financial control framework and statistical fraud control systems.

Human Resources

The Company has developed a robust human resource management framework to maximise employee performance. People remain the most valuable assets of the Company. The Company is professionally managed with senior management team having rich experience and long tenure with the Company. At the macro level, the Company has undertaken many initiatives to develop organisational leadership and culture. The Company has also launched continuous employee recognition and training programs to develop a talented workforce to meet day to day business challenges. The cornerstone of our people strategy is to ensure that talent development, internal mobility, promotion, rewards and performance work in a well synchronised manner to reinforce our values - Nurturing, Innovation and Empowerment. The following accolades have been received during the year:

1. "Innovation in L & D" by Indian HR Convention & HDM Awards;
2. "Employee Engagement Strategy" by Indian HR Convention & HDM Awards;
3. "Best IJP Practice" by Indian HR Convention & HDM Awards;
4. "Most Effective Employee Engagement Strategy" by World HRD Congress;
5. "Adopting innovative strategies for HR Management and Skill Development towards excellence (Employee Engagement) by EEE (Energy and Environment Foundation), World Petro Coal Congress.

The Company also launched "Think, Evaluate, Discuss, Do and Inform" (TEDDI) to build innovation as a culture in the Company.

The Company duly complied with all the statutory compliances related to employment and labour laws. As on 31st March 2018, the Company had 10,393 employees on its rolls.

CAUTIONARY STATEMENT

Statements in the above report describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic markets in which the Company operates, changes in the government regulations, tax laws and other statutes and incidental factors.

3. DIVIDEND

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

4. PUBLIC DEPOSITS

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31st March 2018.

The Company shall not raise public deposits without prior written approval of the RBI, as per the conditions attached to the Certificate of Registration issued by RBI.

5. SHARE CAPITAL

During the year under review, the board of directors issued and allotted 66,66,600 equity shares of Rs.10/- each at a premium of Rs. 65/- per share aggregating to Rs. 50 Cr and 32,05,000 equity shares of Rs. 10/- each at a premium of Rs. 68/- per share aggregating to Rs. 25 Cr to TVS Motor Company Limited, in terms of Sections 42 and 62 of the Act 2013 read with the Rules made there-under, on a preferential basis.

The paid up capital of the Company accordingly stood increased from Rs. 157.01 Cr (15,70,14,100 equity shares of Rs.10/- each) to Rs.166.88 Cr (16,68,85,700 equity shares of Rs.10/- each) as on 31st March 2018.

During the year 2017-18, TVS Motor Company Limited transferred 21,80,250 and 1,13,37,297 no. of equity shares to Sundaram-Clayton Limited (Holding Company) and Lucas-TVS Limited (Fellow subsidiary) respectively.

The Company became a subsidiary of TVS Motor Company Limited effective 7th September 2017 consequent to acquisition of entire shares of the holding company viz., TVS Motor Services Limited.

6. FUNDING

With equity infusion of Rs. 75.00 Cr in FY 2017-18, participation from NBFCs, banks and financial institutions in the form of Tier 1 (Perpetual Debt Instrument) and Tier 2 capital (Subordinated Debt), the Company has an adequate Capital Adequacy Ratio (CAR). The CAR as on 31st March 2018 stood at 18.50%.

The Company rating has been upgraded to AA- by CRISIL for long term loans and A1+ by CRSIL and ICRA for its short term debt program.

The Company has taken various initiatives to reduce its cost of borrowings to the extent of 50 bps and accordingly diversified its funding mix with borrowings from Public sector banks, Private sector banks, Financial Institutions and Mutual funds. During the year, the Company borrowed Rs. 2,085 crores (including long & short term borrowings). No interest or principal repayment of the term loans was due and unpaid as on March 31, 2018. The assets of the Company which are available by way of security are sufficient to discharge the claims of the banks as and when they become due.

During the year, the Company has securitised its AAA rated tractor portfolio to the extent of Rs. 74.72 crores (principal outstanding). The Company has adhered to the revised guidelines on Securitisation and Direct assignment transactions issued by RBI in August 2012.

During the year the Company also raised Rs. 100 crores in the form of Subordinated debt, on private placement basis to augment Tier II capital of the Company. The Subordinated debt is rated AA- by CRISIL and has a maturity period of 5 years and 6 months.

During the year, the Company also raised Rs. 100 crores in the form of Unlisted, Unsecured, Subordinated, Taxable, and Perpetual Debt Instrument in the nature of Non-Convertible Debentures to augment both Tier I and Tier II capital of the Company.

With the diversification of business into consumer durable, used commercial vehicles and other segments, the funding programme is managed effectively to meet the business requirements at competitive rates.

7. SUBSIDIARY COMPANIES

During the year, the Company has incorporated the following subsidiaries:

Subsidiaries

S.No	Name of the Companies	Period of Accounts
1.	TVS Two Wheeler Mall Private Limited	22.08.2017 to 31.03.2018
2.	TVS Micro Finance Private Limited	23.08.2017 to 31.03.2018
3.	Harita ARC Private Limited	25.08.2017 to 31.03.2018
4.	Harita Collection Services Private Ltd	
5.	TVS Commodity Financial Solutions Pvt Ltd	30.08.2017 to 31.03.2018
6.	TVS Housing Finance Private Limited	08.09.2017 to 31.03.2018

All the subsidiary companies are yet to commence their operations.

During the year 2017-18, the Company has invested a sum of Rs. 12 Cr in TVS Housing Finance Private Limited to meet the net owned funds as per requirements under the National Housing Bank Act 1987.

As per Section 129 of the Companies Act, 2013 read with the Companies (Accounts) Amendment Rules, 2014, an intermediate subsidiary was exempted to prepare consolidated financial statements, subject to the consent of the members of the Company for not presenting consolidated financial statements and its intermediate holding company viz., TVS Motor Company Limited files consolidated financial statements with the Registrar. Hence the Company has availed the exemption and not presented the consolidated financial statements.

8. DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts for the year ended 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

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

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the accounts for the financial year ended 31st March 2018 on a going concern basis; and

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

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Declaration of independence

All the existing IDs have declared that they meet all the criteria of independence as provided under Section 149(6) of the Act 2013. The detailed terms of appointment of IDs is disclosed on the Company's website in the following link https://www.tvscredit.com/

Declaration and undertaking

During the year, as per the directions of RBI on 'Non-banking financial companies – Corporate Governance (Reserve Bank) Directions, 2015, the board obtained necessary annual 'declarations of undertaking' from the directors, in the format prescribed by RBI.

Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 26th February 2018. All IDs were present and they were enlightened about the objectives and process involved in evaluating the performance of board, Non-IDs, Chairman and timeliness of flow of information from management.

A set of questionnaires along with the list of activities undertaken by the Company were 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. Venu Srinivasan, Sudarshan Venu, T K Balaji, Anupam Thareja and K N Radhakrishnan, directors.

IDs evaluated the performance of all Non-IDs individually, through a set of questionnaires, reviewing their attributes towards overall level of contribution to the Company's growth.

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

Chairman

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 as Chairman.

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., 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 T K Balaji and Mr K N Radhakrishnan, non-executive and non-independent directors, who are liable to retire at the ensuing AGM and being eligible, offers themselves for re-appointment.

The Nomination and remuneration committee of directors at their meeting held on 30th April 2018 recommended the re-appointment of Mr T K Balaji and Mr K N Radhakrishnan as directors 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 2017-18, based on the recommendation of the Nomination and Remuneration Committee. The approval of the shareholders by way of an ordinary resolution was obtained at the seventh annual general meeting held on 29th July 2015, in terms of Sections 197 and 198 and any other applicable provisions of the Act 2013.

Commission:

The Company benefits from the expertise, advise and inputs provided by the IDs. The IDs devote their valuable time in deliberating on strategic and critical issues in the course of the board / committee meetings of the Company and give their valuable advice, suggestions and guidance to the management of the Company, from time to time and hence IDs are being paid by way of commission.

As approved by the shareholders at the annual general meeting of the Company held on 29th July 2015, Non-executive and Independent Directors are being paid commission, subject to a maximum, as determined by the board, for each such director from the financial year 1st April 2015.

A commission of Rs. 12 lakhs per annum is payable to each such IDs, who serve as members of the audit committee as well and Rs. 9 lakhs per annum to other IDs. The amount of commission for every financial year will be decided by the board, as approved by the shareholders at the AGM held on 29th July 2015, subject to the limit of 1% in the aggregate of net profits of the Company, as calculated pursuant to Section 198 of the Act 2013.

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 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)

Mr G Venkatraman, Chief Executive Officer, Mr V Gopalakrishnan, Chief Financial Officer and Mr K Sridhar 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 four times on 16th June 2017, 22nd September 2017, 4th January 2018 and 26th February 2018 and the gap between two meetings did not exceed one hundred and twenty days.

The Board Committees play a crucial role in the governance structure of the Company have been constituted to deal with specific areas / activities in accordance with the requirements of the applicable provisions of the Act 2013 / Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions 2015.

The Board has currently established the following committees:

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 S Santhanakrishnan, chairman
2. Mr R Ramakrishnan, independent director
3. Mr V Srinivasa Rangan, independent director
4. Mr K N Radhakrishnan, non-executive non-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
2. Mr S Santhanakrishnan, independent director
3. Mr K N Radhakrishnan, non-executive non-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 Venu Srinivasan, chairman.
2. Mr R Ramakrishnan, independent director.
3. Mr K N Radhakrishnan, non-executive non-independent director.

Based on the recommendation of the CSR Committee, the board has approved the projects / programs to be carried out as CSR activities by Srinivasan Services Trust (SST) by undertaking these programmes / projects, in compliance with the CSR policy of the Company and contributed Rs. 175 lakhs constituting 2% of average net profits, for the immediate past three financial years, towards CSR spending for the current financial year 2017-2018.

SST, over 20 years of service, has played a pivotal role in changing lives of people in many villages in rural India by creating self-reliant communities that are models of sustainable development.

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

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

Asset Liability Management Committee (ALCO):

The Company constituted an Asset Liability Management Committee (ALCO), in terms of Guidelines issued by RBI to NBFCs for effective risk management in its portfolios.

The following directors are the members of ALCO committee of the Company as on the date of this report:

1. Mr R Ramakrishnan, chairman.
2. Mr Sudarshan Venu, non-executive non-independent director.
3. Mr Anupam Thareja, non-executive non-independent director.
4. Mr S Santhanakrishnan, independent director.

Risk Management Committee:

The Company being in the business of financing of two wheelers, cars and tractors has to manage various risks. These risks include credit risk, liquidity risk, interest rate risk and operational risk.

The Company has constituted a Risk Management Committee (RMC) to review on an on-going basis the measures adopted by the Company for the identification, measurement, monitoring and mitigation of the risks involved in various areas of the Company's functioning.

The Company has laid down procedures to inform board about the risk assessment and mitigation procedures, to ensure that executive management controls risk through means of a properly defined framework.

The Company has a robust asset-liability management model to ascertain and manage interest rate and liquidity risks are being discussed and reviewed periodically at meetings of RMC. This Committee meets periodically and oversee the risk management activities of the Company.

The Company continues to invest substantially in personnel, technology and infrastructure towards improved process efficiencies and mitigate business risks.

The following directors are the members of RMC of the Company as on the date of this report:

1. Mr R Ramakrishnan, chairman.
2. Mr Anupam Thareja, non-executive non-independent director.
3. Mr S Santhanakrishnan, independent director.

Information Technology (IT) Strategy Committee:

In line with the information technology / information systems directions issued by RBI vide their circular dated 8th June 2017, in addition to IT Governance, NBFCs are required to constitute an IT strategy committee which shall consist of an independent director as chairman of the Committee and Chief Information Officer (CIO) and Chief Technology Officer (CTO) shall be part of the Committee.

As per the above requirement, the Company has constituted a Information Technology Strategy Committee with the following members:

1. Mr R Ramakrishnan, Independent Director (Chairman)
2. Mr Sudarshan Venu, director (Member)
3. Mr K N Radhakrishnan, director (Member)
4. Mr G Venkatraman, chief executive officer
5. Mr V Gopalakrishnan, chief financial officer
6. Mr C Arulanandam, Head – IT (equivalent to chief technology officer)

10. INTERNAL CONTROL SYSTEMS

The Company's comprehensive and effective internal control system ensures smooth business operations, meticulously recording all transaction details and ensuring regulatory compliance and protecting the Company's assets from loss or misuse.

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations.

The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the internal controls including its system and processes and compliance with regulations and procedures.

Internal audit reports are discussed with the management and are reviewed by the audit committee of the board which also reviews the adequacy and effectiveness of the internal controls. The Company's internal control system is commensurate with its size, nature and operations.

11. AUDITORS

Statutory Auditors:

The Company at its sixth 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 the second term of five consecutive 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 final year in the second 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 2018-19.

The Auditors' Report for the financial year 2017-18 does not contain any qualifications, reservations and adverse remarks and the same is attached with the annual financial statements.

Secretarial Auditor:

Mr T N Sridharan, Practicing Company Secretary, Chennai, was appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2017-18.

As required under Section 204 of the Act, 2013, the Secretarial Audit Report for the year 2017-18, given by him is attached to this report. The Secretarial Audit Report does not contain any qualifications, reservations or other remarks.

The Board at its meeting held on 30th April 2018 has re-appointed Mr T N Sridharan, Practicing Company Secretary as Secretarial Auditor for the financial year 2018-19.

12. CORPORATE GOVERNANCE

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company's philosophy on corporate governance is founded on the fundamental ideologies of the group viz., Trust, Value and Service.

The Company constantly endeavours to improve on these aspects. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and reviewed by the board of the committees of the members of the Board.

A report on corporate governance regarding compliance with the conditions of Corporate Governance as stipulated under RBI guidelines forms part of the Report and is annexed herewith.

13. ADHERENCE TO RBI NORMS AND STANDARDS

The Company has fulfilled the prudential norms and standards as laid down by RBI pertaining to income recognition, provisioning of non-performing assets and capital adequacy. The capital adequacy ratio of the Company is 18.50% which is well above the prescribed minimum of 15% by RBI.

As a prudent practice, the Company's current provisioning standards are more stringent than Reserve Bank of India (RBI) prudential norms. In line with its conservative approach, the Company continues to strengthen its provisioning norms beyond the RBI regulation by accelerating the provisioning to an early stage of delinquencies based on past experience and emerging trends.

The Fair Practices Code and KYC norms framed by RBI seek to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency so that customers have a better understanding of what they can reasonably expect of the services being offered, encourage market forces through competition to achieve higher operating standards, promote fair and cordial relationships between customers and the finance Company and foster confidence in the housing finance system.

The Company has put in place all the Committees prescribed by RBI and have formulated a comprehensive Corporate Governance Policy. The Company has instituted a mechanism to monitor and review adherence to the Fair Practices Code, KYC norms, and Investment & Credit policies as approved by the Board of Directors.

14. POLICY ON VIGIL MECHANISM

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

The policy also provides a direct access to the Chairperson of the Audit Committee to make protective disclosures to the management about grievances or violation of the Company's Code of Business Conduct and Ethics. The policy is disclosed on the Company's website in the following link https://www.tvscredit.com/

STATUTORY STATEMENTS

(i) Information on conservation of energy, technology absorption, foreign exchange etc.:

The Company, being a non-banking finance Company, does not have any manufacturing activity and hence the reporting on "Conservation of Energy and Technology Absorption" does not arise.

Foreign currency expenditure in FY 2017-18 is Nil (previous year Nil). The Company did not have any foreign exchange earnings.

(ii) Material changes and commitments:

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

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

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

(iv) Annual Return:

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

(v) Employees' remuneration:

Details of employees receiving the remuneration 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 II.

(vi) Details of related party transactions:

All contracts / arrangements entered by the Company during the period ended 31st March 2018 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Hence, no particulars are being provided in Form AOC-2. Related Party disclosures, as per the Indian Accounting Standards have been provided in Note No 23.10 to the financial statements.

(vii) Details of loans / guarantees / investments made:

Furnishing the details of investments under Section 186 of the Act 2013 for the financial year 2017-2018 does not arise, since the Company has not made any investment during the year under review.

In terms of Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014 NBFC Companies are excluded from the applicability of Section 186 of the Act 2013, where the loans, guarantees and securities are provided in the ordinary course of its business.

On loans granted to the employees, the Company has charged interest as per its remuneration policy, in compliance with Section 186 of the Act 2013.

(viii) Reporting of fraud:

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

(ix) Other laws:

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

15. ACKNOWLEDGEMENT

The directors gratefully acknowledge the continued support and co-operation received from the holding Companies, namely TVS Motor Services Limited, TVS Motor Company and other investors. The directors thank the bankers, investing institution, customers and dealers of TVS Motor Company Limited and Tractors and Farm Equipment Limited for their valuable support and assistance.

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

For and on behalf of the Board

Place: Chennai	R Ramakrishnan	S Santhanakrishnan
Date: 30th April 2018	Director	Director
	DIN: 00809342	DIN: 00005069

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31st MARCH 2018

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65920TN2008PLC069758
ii)	Registration Date	:	05.11.2008
iii)	Name of the Company	:	TVS Credit Services Limited
iv)	Category / Sub-Category of the Company	:	Public Limited Company
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No. 29, Haddows Road, Chennai - 600006. Ph. No: 044 28272233
vi)	Whether listed company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Retail Financial Services	65921	99%

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No.	Name and Address of the Company	Registered Office	CIN	Holding / Subsidiary	% of shares held	Applicable Section of the Companies Act 2013
1.	TVS Motor Services Limited	"Jayalakshmi Estates", No.29, Haddows Road, Chennai–600 006	U50404TN2009PLC071075	Holding Company	Holds 80.74% in the Company	2(46)
2	TVS Two Wheeler Mall Private Limited		U65923TN2017PTC118211	Subsidiary Company	100%	2(87)
3	TVS Micro Finance Private Limited		U65929TN2017PTC118238			
4	Harita ARC Private Limited		U65999TN2017PTC118296			
5	Harita Collection Services Private Ltd		U65100TN2017PTC118290			
6	TVS Commodity Financial Solutions Pvt Ltd		U65929TN2017PTC118316			
7	TVS Housing Finance Private Limited		U65999TN2017PTC118512			

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

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2017)				No. of Shares held at the end of the year (as on 31st March 2018)				Change in shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corp.		14,53,97,300	14,53,97,300	92.60	-	14,17,51,353	14,17,51,353	84.94	(7.66)
Total Shareholding of Promoter (A)		14,53,97,300	14,53,97,300	92.60	-	14,17,51,353	14,17,51,353	84.94	(7.66)
B. Public Shareholding									
1. Institutions									
Financial Institutions		50,00,000	50,00,000	3.18	-	50,00,000	50,00,000	3.00	(0.18)
Sub-total (B)(1)		50,00,000	50,00,000	3.18	-	50,00,000	50,00,000	3.00	(0.18)
2. Non- Institutions									
a) Bodies Corp.									
i) Indian		66,16,800	66,16,800	4.22	-	2,01,34,347	2,01,34,347	12.06	7.84
Sub-total (B)(2):-		66,16,800	66,16,800	4.22	-	2,01,34,347	2,01,34,347	12.06	7.84
Total Public Shareholding (B)=(B)(1)+ (B)(2)		1,16,16,800	1,16,16,800	7.40	-	2,51,34,347	2,51,34,347	15.06	7.66
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**15,70,14,100**	**15,70,14,100**	**100.00**	-	**16,68,85,700**	**16,68,85,700**	**100.00**	-

(ii) Shareholding of Promoters:

Name of the Director / KMP (M/s.)	Opening Balance (% of the total share capital)	Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
TVS Motor Services Limited	13,47,41,600 (92.60)	-	-	-	-	-	-	13,47,41,600	80.74
TVS Motor Company Limited	1,06,55,700	16.06.2017	Allotment	66,66,600	4.07	66,66,600	4.07	1,73,22,300	10.58
	1,73,22,300	18.12.2017	Sales	(1,35,17,547)	8.26	38,04,753	2.32	38,04,753	2.32
	38,04,753	26.02.2018	Allotment	32,05,000	1.92	70,09,753	4.20	70,09,753	4.20

(iii) Change in Promoters' Shareholding

Name of the Director / KMP (M/s.)	Opening Balance		Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
	No. of shares	% of the total share capital					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
TVS Motor Company Limited	1,06,55,700	6.79	16.06.2017	Allotment	66,66,600	4.07	1,73,22,300	4.20	70,09,753	4.20
			18.12.2017	Sale	(1,35,17,547)	8.26	38,04,753			
			26.02.2018	Allotment	32,05,000	1.92	70,09,753			

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

Name of the Director / KMP (M/s.)	Opening Balance		Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
	No. of shares	(% of the total share capital)					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Lucas-TVS Limited	-	-	18.12.2017	Purchase	1,13,37,297	6.93	-	-	1,13,37,297	6.93
Sundaram-Clayton Limited	-	-	18.12.2017	Purchase	21,80,250	1.33	-	-	21,80,250	1.33
Housing Development Finance Corporation Limited	50,00,000	3.89	-	-	-	-	-	-	50,00,000	3.00
Phi Research Private Limited	35,00,000	2.71	-	-	-	-	-	-	35,00,000	2.10
Phi Capital Services LLP	31,16,800	1.99	-	-	-	-	-	-	31,16,800	1.87

(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 Cr)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	3079.87	1127.19	4207.06
ii) Interest due but not paid**	9.77	0.00	9.77
iii) Interest accrued but not due	0.00	2.20	2.20
Total (i+ii+iii)	**3089.64**	**1129.39**	**4219.03**
Change in Indebtedness during the financial year			
• Addition	2509.98	453.91	2963.89
• Reduction	1492.74	349.94	1842.68
Net Change	**1017.24**	**103.97**	**1121.21**
Indebtedness at the end of the financial year			
i) Principal Amount	4095.34	1227.25	5322.59
ii) Interest due but not paid**	6.71	1.93	8.64
iii) Interest accrued but not due	4.83	4.18	9.01
Total (i+ii+iii)	**4106.88**	**1233.36**	**5340.24**

** Funds are made available with banks which have been appropriated subsequently.

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:

(Rs. in lakhs)

Sl. No	Particulars of Remuneration	Name of Directors				Total Amount
		RK	VSR	SSK	SKV	
1.	Independent Directors					
	Fee for attending board / committee meetings	1.80	0.70	1.50	0.50	4.50
	Commission*	12.00	12.00	12.00	9.00	45.00
	Others	-	-	-	-	-
	Total (1)	**13.80**	**12.70**	**13.50**	**9.50**	**49.50**

Sl. No	Particulars of Remuneration	Name of Directors					Total Amount (in Rs)
		VS	TKB	AT	SV	KNR	
2.	Other Non-Executive Directors						
	Fee for attending board / committee meetings	0.40	0.30	0.60	0.60	1.10	3.00
	Commission / Others	-	-	-	-	-	-
	Total (2)	**0.40**	**0.30**	**0.60**	**0.60**	**1.10**	**3.00**
	Total (B) = (1+2)						
	Overall Ceiling as per the Act	**Rs. 494.79 Lakhs**					

RK - Mr R Ramakrishnan; VSR – Mr V Srinivasa Rangan; SSK - Mr S Santhanakrishnan; SKV – Ms Sasikala Varadachari; VS – Mr Venu Srinivasan; TKB – Mr T K Balaji; AT – Mr Anupam Thareja; SV – Mr Sudarshan Venu; KNR – K N Radhakrishnan

C. Remuneration to KMP:

S.No.	Particulars of Remuneration	(Rs in lakhs)			
		Key Managerial Personnel			
		CEO	CFO	Company Secretary	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	310.24	110.70	-	420.94
	(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, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	**310.24**	**110.70**	**-**	**420.94**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: N.A

For and on behalf of the Board

Place: Chennai
Date: 30th April 2018

R Ramakrishnan
Director
DIN: 00809342

S Santhanakrishnan
Director
DIN: 00005069

ANNEXURE - II

Employee receiving the remuneration in excess of the limits prescribed under Section 197 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl.No.	Name	Age (Yrs.)	Designation	Date of Employment	Remuneration (Gross) Rs.	Qualification	Experience (Yrs.)	Previous Employment
1	G Venkatraman	51	Chief Executive Officer	24-01-2011	3,10,24,085	B.Com MBA	27	Fullerton India Limited
2	V Gopalakrishnan	49	Chief Financial Officer	05-11-2008	1,10,69,773	B.Sc., ACA	26	TVS Finance & Services Limited
3	S Rammohan	49	Chief Strategy Officer	15-04-2011	99,35,947	BE., MBA	26	TVS Motor Company Limited
4	Anjaneya Prasad Prabhala	40	Head – New Products	05-07-2012	80,56,158	BE., CAIIB, Programme in Business Management from IIM – Kolkata	20	Eicher Tractor Limited
5	Pravin Patel	50	National Credit Manager - Tractor Finance	19-03-2012	78,43,859	B.Sc., CAIIB	29	HDFC Bank Limited
6	C Arulanandam	48	Head - Information Technology	03-08-1992	67,18,387	B.Sc., MCA	26	-
7	Biswadev Banerjee	42	Chief Operating Officer	14-12-2016	65,69,520	B.Com, MA (Economics)	20	Tata Motors Finance Solutions Limited
8	N Vasanth	40	National Collections Manager	05-01-2012	57,52,097	B.Com., MBA	21	Fullerton India Credit Company Limited
9	R Ananthakrishnan	43	National Credit Manager	18-09-2009	55,39,407	BBM., MBA	22	Cholamandalam DBS Finance Limited
10	K Jayashubha	46	Head - HR	23-11-2009	49,61,809	BA, MSW	22	Prasad Corporation Limited

Notes:

(i) Years of experience also include experience prior to joining the Company.

(ii) Remuneration comprises of salary, house rent allowance, contribution to provident fund, medical reimbursement, medical insurance premium, leave travel assistance and other benefits evaluated under Income tax rules.

(iii) Besides, employees are entitled to gratuity as per rules.

(iv) None of the above employees is related to any of the directors of the Company.

(v) Terms of employment of all the employees mentioned above are contractual.

(vi) None of the employees either individually or together with spouse or children holds more than 2% of the equity shares of the Company.

For and on behalf of the Board

Place: Chennai
Date: 30th April 2018

R Ramakrishnan
Director
DIN: 00809342

S Santhanakrishnan
Director
DIN: 00005069

Annexure - III

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

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

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

2. Overview of projects or programmes being undertaken:

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

3. Web-link to the CSR policy and projects or programmes - http://www.tvscredit.co.in.

4. Composition of the CSR Committee.

#	Name of the Member (M/s.)	Designation	Status
1.	Venu Srinivasan	Non-Independent Director	Chairman
2.	K N Radhakrishnan	Non-Independent Director	Member
3.	R Ramakrishnan	Independent Director	Member

5. Average net profit of the Company for last three financial years — Rs. 86.24 Cr
6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) — Rs. 1.75 Cr
7. Details of CSR spent during the financial year
   (a) Total amount spent for the financial year — Rs. 1.75 Cr
   (b) Amount unspent, if any — Not Applicable
   (c) Manner in which the amount spent during the financial year is detailed below.

S.No.	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road, Chennai - 600 006, Tamil Nadu Phone No: 044-2827 2233 Mail ID: sst@scl.co.in
1.	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act 2013	(i) Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; (ii) Promotion of Education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects; (iii) Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; (iv) ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and (v) rural development projects
2.	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure
3.	Areas in which Projects / Programmes undertaken:	• Hosur, Padavedu, Thirukkurungudi, Navatirupati and Javadhu Hills; • Mysore
4.	Local Area / Others:	- Tamilnadu - Karnataka
	State & district:	- Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts - Karnataka: Mysore
	Amount outlay (budget) project or program-wise:	Rs. 1250 lakhs
5.	Amount spent on the projects or programmes:	Rs. 1224.31 lakhs (including contribution of the Company of Rs. 175 lakhs)
6.	Sub-heads:	
	Direct expenses On projects / programs:	Rs. 1224.31 lakhs (including contribution of the Company of Rs. 175 lakhs)
	Overheads:	Nil
	Cumulative expenditure upto the reporting period:	Rs. 1224.31 lakhs (including contribution of the Company of Rs. 175 lakhs)

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

   - Not applicable

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

   To discharge the duties cast under provisions of the Act, members of the CSR Committee visit places where SST is doing service.

For and on behalf of the Board

Place: Chennai
Date: 30th April 2018

R Ramakrishnan
Member of CSR Committee

REPORT ON CORPORATE GOVERNANCE

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

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

The Company would constantly endeavour to improve on these aspects. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and reviewed by the board and the duly constituted committees of the Board.

A summary of the corporate governance measures adopted by the Company is given below:

i) The Board of Directors along with its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company.

ii) The size of the Board is commensurate with the size and business of the Company. As on 31st March 2018, the board comprises of nine Directors, viz.,

S. No.	Name of the directors (M/s.)	Designation
1.	Venu Srinivasan	Non-Executive Chairman
2.	Sudarshan Venu	Non-Executive Director
3.	Anupam Thareja	Non-Executive Director
4.	T K Balaji	Non-Executive Director
5.	K N Radhakrishnan	Non-Executive Director
6.	R Ramakrishnan	Non-Executive Independent Director
7.	S Santhanakrishnan	Non-Executive Independent Director
8.	V Srinivasa Rangan	Non-Executive Independent Director
9.	Sasikala Varadachari	Non-Executive Independent Director

iii) The Board has constituted Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These are the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Management Committee and Information Technology (IT) Strategy Committee.

a. Audit Committee:

The Company has in place the Audit Committee constituted in accordance with the provisions of Para 11 of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and as required under Section 177 of the Companies Act, 2013.

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

The Audit Committee also ensures that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.

The Audit Committee of the Company consists of the following Directors:

S. No.	Name of the Directors (M/s.)	Status
1.	S Santhanakrishnan	Chairman
2.	R Ramakrishnan	Member
3.	V Srinivasa Rangan	Member
4.	K N Radhakrishnan	Member

b. Nomination and Remuneration Committee:

The Company has in place the Nomination & Remuneration Committee (NRC). It was constituted to formulate and recommend to the board of directors, the company's policies relating to identification of directors, key managerial personnel and senior management personnel one level below the board and remuneration payable to them and the criteria for determining qualifications, positive attributes and independence of a director.

The NRC lays down the evaluation criteria for evaluating the performance of every director, committees of the board and the board as a whole and also the performance of key managerial personnel (KMP) and senior management personnel (SMP).

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

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

The performance of SMP was measured against the achievement of the business plans approved by the board during and at the completion of the financial year and their annual at risk remuneration reflects their business plan achievements.

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

The NRC also ensures 'fit and proper' status of proposed and existing directors and on a continual basis.

The Nomination and Remuneration Committee of the Company consists of the following directors:

S. No.	Name of the Directors (M/s.)	Status
1.	R Ramakrishnan	Chairman
2.	V Srinivasa Rangan	Member
3.	K N Radhakrishnan	Member

c. Risk Management Committee:

The Company has laid down procedures to inform board about the risk assessment and mitigation procedures, to ensure that executive management controls risk through means of a properly defined framework.

This Committee would ensure that the risks associated with the functioning of the Company are identified, controlled and mitigated and also lay procedures regarding managing and mitigating the risk through integrated risk management systems, strategies and mechanism. The Committee would meet periodically to review the risk management and mitigation/minimization plans.

The Risk Management Committee of the Company consists of the following directors:

S. No.	Name of the Directors (M/s.)	Status
1.	R Ramakrishnan	Chairman
2.	S Santhanakrishnan	Member
3.	Anupam Thareja	Member

d. Asset Liability Management Committee (ALCO):

The Company constituted an Asset Liability Management Committee (ALCO), in terms of Guidelines issued by RBI to NBFCs for effective risk management in its portfolios.

The ALCO consists of the following directors:

S.No.	Name of the Directors (M/s.)	Status
1.	R Ramakrishnan	Chairman
2.	S Santhanakrishnan	Member
3.	Sudarshan Venu	Member
4.	Anupam Thareja	Member

e. Information Technology (IT) Strategy Committee:

The Company constituted an Information Technology (IT) Strategy Committee, in accordance with the information technology / information systems directions issued by RBI vide their circular dated 8th June 2017 for reviewing and monitoring IT resources, risks and controls.

The IT Strategy Committee consists of the following directors and officials:

S. No.	Name (M/s.)	Status
1.	R Ramakrishnan	Chairman
2.	Sudarshan Venu	Member
3.	K N Radhakrishnan	Member
4.	G Venkatraman	Chief Executive Officer
5.	V Gopalakrishnan	Chief Financial Officer
6.	C Arulanandam	Head - IT

Related Party Transactions Policy

The Company has formulated a policy on related party transactions (RPTs). The Audit Committee reviews and approves said transactions between the Company and related parties, as defined under the Companies Act, 2013, to ensure that the terms of such RPTs would reasonably be expected of transactions negotiated on an arm's length basis. The Committee meets prior to each scheduled Board meeting to review all RPTs of the Company.

Copy of the said policy is available in the Company's website with the following link https://www.tvscredit.com/

Attendance of directors at Meetings of the Board, Audit Committee (including attendance through video conferencing) and Annual General Meeting (AGM) held during the year:

S. No	Name of Director (M/s.)	Board Meetings		Audit Committee Meetings		Whether present at previous AGM held on 10th July 2017
		Held	Attended	Held	Attended	
1.	Venu Srinivasan	4	3	-	-	Yes
2.	R Ramakrishnan	4	4	4	4	No
3.	T K Balaji	4	3	-	-	No
4.	Sudarshan Venu	4	3	-	-	Yes
5.	S Santhanakrishnan	4	4	4	4	Yes
6.	Anupam Thareja	4	3	-	-	No
7.	V Srinivasa Rangan	4	2	4	2	No
8.	K N Radhakrishnan	4	4	4	4	No
9.	Sasikala Varadachari	4	4	-	-	No

iv) Pursuant to the guidelines on 'Fair Practices Code' issued by RBI, the Company has adopted a "Code", which is posted on the website of the Company and also a regular review on the implementation of the same is conducted by the Committee members.

v) The Company has adopted a Code of conduct for employees of the Company and due care is taken that the employees adhere to it.

vi) The Company has fulfilled the prudential norms and standards as laid down by RBI pertaining to income recognition, provisioning of non-performing assets and capital adequacy.

The Capital adequacy ratio of the Company is well within the limit prescribed by RBI. The Fair Practices Code and KYC norms framed by the Company seek to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency so that customers have a better understanding of what they can reasonably expect of the services being offered, encourage market forces through competition to achieve higher operating standards, promote fair and cordial relationships between customers and the Company and foster confidence in the finance system.

The Company has put in place a mechanism to monitor and review adherence to the Fair Practices Code, KYC norms & Credit policies as approved by the Board of Directors.

vii) The Board of directors of the Company reviews, records and adopts the minutes of the meetings of various committees constituted by the Company.

The Company is keeping with proper responsibility and authority matrix inculcated in the structure of certification to ensure compliance from diversified and various locations.

viii) The Company proposes to pay commission to the Non-executive directors (NEDs) of the Company for the year ended 31st March 2018. None of the NEDs holds equity shares of the Company.

ix) Sitting fees for attending the meetings of the Board and Committees of the Board are paid to NEDs within the maximum prescribed limits. Sitting fees paid to NEDs for the meetings held during 2017-18 are as follows:-

S.No.	Name of the directors (M/s.)	Sitting Fees (Amount in Rs.)
1.	Venu Srinivasan	40,000
2.	R Ramakrishnan	1,80,000
3.	T K Balaji	30,000
4.	Sudarshan Venu	60,000
5.	S Santhanakrishnan	1,50,000
6.	Anupam Thareja	60,000
7.	V Srinivasa Rangan	70,000
8.	K N Radhakrishnan	1,10,000
9.	Sasikala Varadachari	50,000

x) The certification from Mr G Venkatraman, Chief Executive Officer and Mr V Gopalakrishnan, Chief Financial Officer on the financial statements has been obtained.

xi) For further clarification / information, stakeholders are requested to visit the Company's website at https://www.tvscredit.com/

FORM NO.MR-3
SECRETARIAL AUDIT REPORT OF TVS CREDIT SERVICES LIMITED
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
TVS CREDIT SERVICES LIMITED,
CIN: U65920TN2008PLC069758
Authorised Capital: Rs.200,00,00,000/-
Paid up capital: Rs. 166,88,57,000/-
No.29, Haddows Road,
Chennai 600 006

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by TVS CREDIT SERVICES LIMITED, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2018 according to the provisions of:

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

ii) The Company being unlisted public limited company, the provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;

iii) The Company being unlisted public limited company, the provisions of The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder are not applicable;

iv) The Company having not received any Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings is not applicable;

v) The Company being unlisted public limited company, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 are not applicable to the Company.

vi) Any other laws as applicable to the Company which inter alia includes:-

1) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

2) RBI NBFC Regulations Contract Labour (Regulations & Abolition) Act,1970

3) Compliance with the requirements of Foreign Exchange Management Act and Non Banking Finance Companies (Reserve Bank) Directions 1998 with regard to non-acceptance of Deposits from Public;

4) Compliance under Prevention of Money Laundering Act, (PMLA) 2002 for the purpose of compliance with the obligations under Know your Customer Norms/ Anti Money Laundering (AMC) standards & fair pricing code (FPC) and Combating of Finance of Terrorism (CFT) obligations under PMLA,2002.

5) Motor Vehicles Act, 1938;

6) Income Tax Act, 1961 and the Income Tax Rules, 1962 and Finance Act;

7) Profession Tax, 1992;

8) Labour laws like Equal Remuneration Act, 1976 and rules made thereunder; Employees Provident Fund and Miscellaneous Provisions Act, 1952 & Employees Provident Fund Scheme, 1952; Apprentice Act, 1961; Employees' State Insurance Act, 1948; Payment of Wages Act, 1936; Payment of Gratuity Act, 1972 & the Payment of Gratuity (Central) Rules, 1972.; Payment of Bonus Act, 1965 & the Payment of Bonus Rules, 1975 and other applicable employee welfare or labour legislations covering the company and its establishments;

9) Goods and Services Tax & Rules made thereunder;

10) Indian & State Stamp Act and Rules;

11) Competition Act, 2002;

12) Trade & Merchandise Marks Act, 1958;

13) Patents Act, 1970

14) Copyright Act, 1957 or any licences issued thereunder.

I have also examined compliance with the applicable clauses of the following:

i) The Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India in terms of sub-section 10 of Section 118 of the Companies Act, 2013, for the financial year under review;

ii) The Company being unlisted public limited company, the company is not required to enter into Listing Agreements with any Stock Exchange(s), and hence compliance in relation thereto is not applicable.

From the verification of records and as per the information and explanation furnished to me, during the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, wherever applicable.

I further report that:-

i) The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and in case where meeting was held on shorter notice, consent for shorter notice was obtained from all the directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

iii) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. However on perusal of the minutes of the board or Audit Committee or Nomination & Remuneration Committee, or Asset Liability Management Committee, or Corporate Social Responsibility Committee meetings, or Risk Management Committee it was observed that there was no dissenting note made by any of the member.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The company has

i) Constituted Nomination and Remuneration Committee of Directors and has formulated "Nomination and Remuneration Policy' in terms of Section 178 of the Companies Act, 2013 and the Rules made thereunder;

ii) Constituted the Audit Committee of directors in terms of Section 177 of the Companies Act, 2013;

iii) Constituted Corporate Social Responsibility Committee of Directors (CSR) and has formulated CSR Policy and the projects/programmes, to be undertaken for CSR spending in terms of the Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014. It was observed on verification of records and based on the information furnished to me that an amount of Rs.175.00 lacs, constituting 2% of average net profits for the immediate past three financial years, has been spent for the financial year 2017-18 on the projects/programs that have been identified to be undertaken for this purpose through Srinivasan Services Trust (SST), an independent Trust (NGO) in existence since 1996;

iv) Considered and recorded the Risk Management Policy followed by the Company in terms of Section 134(3)(n) of the Companies Act, 2013 including identification therein of elements of risk, if any, which in the opinion of the board, may threaten the existence of the company;

v) Considered and approved the "Code of Business Conduct and Ethics" of the Company framed in terms of Section 149 read with Schedule IV of the Companies Act, 2013;

vi) Constituted Asset Liability Management Committee as required to be formed as per RBI directions for Non-Banking Finance Companies as part of their overall system for effective risk management in their various portfolios.

vii) has appointed woman director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

viii) has provided Vigil Mechanism and approved Whistle Blower Policy in terms of Section 177(9) of Companies Act, 2013.

ix) has complied with the provisions of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

I further report that from the information and explanations furnished to me, during the audit period the company has

i) made Preferential issue of 66,66,600 equity shares of Rs.10/- each aggregating to Rs.49,99,95,000/- at a premium of Rs.65/- per equity share and 32,05,000 equity shares of Rs.10/- each aggregating to Rs.24,99,90,000/- at a premium of Rs.68/- per equity share respectively on private placement basis and has complied with the provisions of the Companies Act, 2013 and the rules made thereunder.

ii) in the Extra Ordinary General Meeting held on 23rd March, 2018 obtained shareholders approval under section 180 of the Companies Act, 2013, delegating powers to the board of directors to borrow from time to time to the extent of and upto Rs.7500 Crores and for creation of charge on the company's assets.

iii) not done any Redemption/ buyback of securities;

iv) no Merger/ amalgamation/ reconstruction etc. took place during the year under review. However the Company along with its holding company viz., TVS Motor Services Limited (TVSMS) has filed an application with the National Company Law Tribunal for redemption of the Preference Shares of TVSMS whereby the entire Preference Shareholding in TVSMS shall stand cancelled and extinguished and in consideration for which TVSMS shall transfer its investment of 13,36,51,475 (Thirteen Crore Thirty Six Lakhs Fifty One Thousand Four Hundred and Seventy Five) equity shares of INR 10 (Rupees Ten) each in the Company (out of the total investment in 13,47,41,600 equity shares of the Company held by TVSMS), to its Preference Shareholder, in proportion to the Preference Shareholder holding in the total paid-up capital of TVSMS.

Place: Chennai.
Date: 30th April 2018

T N Sridharan
Practising Company Secretary
Certificate of No. 4191

To
The Members
TVS CREDIT SERVICES LIMITED,
CIN: U65920TN2008PLC069758
Authorised Capital: Rs.200,00,00,000/-
Paid up capital: Rs. 166,88,57,000/-
No.29, Haddows Road,
Chennai 600 006

My Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai.
Date: 30th April 2018

T N Sridharan
Practising Company Secretary
Certificate of No. 4191

Independent Auditors' Report

To the Members of TVS Credit Services Ltd

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **TVS Credit Services Limited**, ('the Company'), which comprises the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act.

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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

4. Our responsibility is to express an opinion on these Standalone financial statements based on our audit. 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 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone 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 financial statements.

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 2018, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

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

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

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

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

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

   (e) on the basis of written representations received from the directors as on 31 March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, 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 dealt 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. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No.23 (3) to the Standalone financial statements.

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

S. VENKATARAMAN
Partner
Membership No. 34319

Place : Chennai
Date : 30th April, 2018

Annexure "A" to Independent Auditors' Report 31st March 2018

(Referred to in our report of even date)

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

(b) The company has a regular program of physically verifying all its fixed assets at all its locations in a phased manner over a period of 2 years, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company. In respect of land taken possession during the year, agreement of sale has been executed, stamp duty has been paid and registration is in progress.

(ii) The Company is in the business of lending and hence does not have physical inventories. Therefore, clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause (iii) of paragraph 3 of the Order is not applicable to the Company.

(iv) 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 loan and making Investments, as applicable. The Company has not provided any guarantees or securities.

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

(vi) The Central Government has not specified the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Goods and Service Tax, Value Added Tax and Cess and other material statutory dues with the appropriate authorities. There is no liability in respect of duty of Customs, Excise Duty, Sales Tax. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Goods and Service Tax and Cess were in arrears as at 31St March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company, the dues of Service Tax which have not been deposited on account of any dispute are as follows:

Name of the Statute / (Nature of dues)	Period of dues	Amount (Rs. in lakhs)	Forum where dispute is pending
Finance Act,1994 (Service Tax)	2011 to 2015	407.83	Central Excise and Service Tax Appellate Tribunal, Chennai

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Financial Institutions, Banks and debenture holders. There are no borrowings from Government.

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

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no material fraud by the Company and no fraud on the company by its officers or employees, except for 80 cases of frauds (individual case not exceeding Rs. 1 Crore) in the nature of 'fraudulent encashment/ manipulation of books of accounts' amounting to Rs. 137.18 Lakhs (since collected Rs. 56.38 Lakhs), on the Company have been noticed and reported during the year.

(xi) 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 paragraph 3 of the Order is not applicable.

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

(xiv) During the year the Company has made preferential allotment of shares and the requirements of Section 42 of the Act have been complied with. Further the amounts raised have been used for the purpose for which the funds were raised.

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

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the certificate of registration dated 13th April 2010.

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

S. VENKATARAMAN
Partner
Membership No. 34319

Place : Chennai
Date : 30th April, 2018

Annexure "B" to Independent Auditors' Report 31st March 2018

(Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of TVS Credit Services Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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, 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal controls 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. 34319

Place : Chennai
Date : 30th April, 2018

Auditor's Additional Report

AUDITOR'S REPORT UNDER NON BANKING FINANCE COMPANIES

AUDITOR'S REPORT (RESERVE BANK OF INDIA) DIRECTIONS 2016

We have audited the Balance Sheet of TVS Credit Services Limited as at 31st March, 2018 and the Statement of Profit and Loss for the year ended on that date Cash Flow Statement for the year ended on that date, issued our report dated 30th April,2018. As required under Auditor's report under Non-Banking Finance Companies Auditor's report (Reserve Bank of India) Directions 2016 issued by RBI and read with amendments made time to time, we give below a statement on the matters specified in Para 3 (A) and (C) of the said directions. As the company has not accepted or holding public deposits, para 3(B) is not applicable. Also para 3(D) of the Directions is not applicable.

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 Standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

Pursuant to the requirements of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 (the "Directions") it is our responsibility to examine the books and records of the Company and report on the matters specified in the Directions to the extent applicable to the Company:

We conducted our examination in accordance with the Guidance Note on Special Purpose Audit reports and Certificates issued by Institute of Chartered Accountants of India.

Based on our examination of the books and records of the Company as produced for our examination and the information and explanations given to us we further report that:

MATTERS UNDER PARA 3(A):

I. The company is engaged in the business of non-banking financial institution and has obtained a Certificate of Registration (CoR) No. N -07-00783 dated 13-04-2010 from the Reserve Bank of India, Department of Non-Banking Supervision, Chennai Regional Office.

II. The company is entitled to continue to hold such CoR in terms of its asset/income pattern as on 31st March 2018.

III. The company is meeting the required net owned fund requirement as laid down in Master Direction – Non-Banking Financial Company – Systematically Important Non-Deposit taking and Deposit taking Company (Reserve Bank) Directions, 2016.

MATTERS UNDER PARA 3(C):

i. The Board of Directors has passed a resolution in its meeting held on 23rd March 2017 for non- acceptance of any public deposits.

ii. The company has not accepted any public deposits during the financial year ending 31st March 2018;

iii. The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 read with the amendments made subsequently.

iv. The company is a Systemically Important Non-deposit taking NBFCs as defined in Non-Banking Financial Company – Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016:

   i. The capital adequacy ratio as disclosed in the return submitted to the Bank inform NBS-7 has been correctly arrived at and such ratio is in compliance with the minimum CRAR prescribed by the Bank;

   ii. The company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period.

v. Para 3(C)(V) is not applicable as the Company is not a Micro Finance Institutions as per the definition referred to under Notification DNBS. PD.No.234 /CGM(US)-2011 dated December 02, 2011.

Restriction on use

This report is issued pursuant to our obligations under Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 to submit a report, on additional matters as stated in the above directions, while issuing our report dated 30th April 2018 to Board of Directors and should not be used by any other person or for any other purpose. V. Sankar Aiyar & Co., neither accepts nor assumes any duty or liability for any other purpose or to any other party to whom our report is shown or in to whose hands it may come without our prior consent in writing.

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

S. VENKATARAMAN
Partner
Membership No. 34319

Place : Chennai
Date : 30th April, 2018

BALANCE SHEET AS AT 31st March 2018

(Rs. In Lakhs)

Particulars	Note No	As at 31st March 2018	As at 31st March 2017
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	16,688.57	15,701.41
Reserves and Surplus	3	72,529.33	54,614.22
		89,217.90	**70,315.63**
Non-Current Liabilities			
Long Term Borrowings	4	184,880.84	116,588.46
Other Long Term Liabilities	5	5,964.87	9,411.58
Long Term Provisions	6	6,872.60	4,874.90
		197,718.31	**130,874.94**
Current Liabilities			
Short Term Borrowings	4	234,764.17	186,557.51
Trade payables	7	7,830.38	9,346.57
Other Current Liabilities	8	133,300.87	140,105.19
Short-term Provisions	6	8,603.96	6,446.25
		384,499.38	**342,455.52**
Total		**671,435.59**	**543,646.09**
ASSETS			
Non-current Assets			
Fixed Assets			
(i) Tangible assets	9	10,270.69	5,350.52
(ii) Intangible assets	9	193.56	173.13
		10,464.25	**5,523.65**
Non Current Investments	10	1,201.25	-
Long term loans and advances	11	1,822.50	892.73
Other Non Current Asset	12	17,170.13	22,017.00
Receivable from Financing Activities	13	282,435.87	220,401.11
		302,629.75	**243,310.84**
Deferred Tax Asset (net)	23.5	4,415.65	2,833.67
Current Assets			
Trade receivables	14	1,666.21	944.63
Cash and Bank Balances	15	8,669.12	15,355.86
Short-term loans and advances	11	3,516.80	1,526.93
Receivable from Financing Activities	13	339,466.69	273,299.96
Other current assets	16	607.12	850.55
		353,925.94	**291,977.93**
Total		**671,435.59**	**543,646.09**
Significant Accounting Policies forming part of financial statements	**1**		
Additional Notes forming part of financial statements	**23**		

As per our report of even date

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

S.Venkatraman
Partner
Membership No. 34319

Place: Chennai
Date: April 30, 2018

For and on behalf of the Board

R Ramakrishnan
Director

S Santhanakrishnan
Director

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

K Sridhar
Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Rs. In Lakhs)

Particulars	Note No	For the year ended 31st March 2018	For the year ended 31st March 2017
INCOME			
Revenue from operations	17	133,251.38	111,076.56
Other Income		791.14	402.50
Total		**134,042.52**	**111,479.06**
EXPENSES			
Finance costs	19	40,635.75	34,674.91
Business origination and Recovery Cost		14,912.33	12,470.63
Employee benefits expense	20	30,847.90	28,161.97
Depreciation and amortization expense	9	997.78	870.77
Other Operating expenses	21	14,915.16	12,953.87
Provisions and Loan Losses	22	14,745.85	8,791.24
Total		**117,054.77**	**97,923.39**
Profit before tax		**16,987.75**	**13,555.67**
Tax expense:			
Current Tax		7,183.68	5,516.20
Prior Years		(16.36)	-
Deferred Tax Liability/(Asset)		(1,581.99)	(712.80)
Profit after tax for the year		**11,402.42**	**8,752.27**
Earning per equity share:			
Basic Earnings per Share in Rs		7.01	5.83
Diluted Earnings per Share in Rs.		7.01	5.83

Significant Accounting Policies forming part of financial statements	**1**
Additional Notes forming part of financial statements	**23**

As per our report of even date

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

S.Venkatraman
Partner
Membership No. 34319

Place: Chennai
Date: April 30, 2018

For and on behalf of the Board

R Ramakrishnan
Director

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Director

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

K Sridhar
Company Secretary

Cash Flow Statement for the year ended 31st March 2018

(Rs. In Lakhs)

Particulars	Year ended 31st March 2018		Year ended 31st March 2017	
Cash flow from Operations				
Profit before tax		16,987.75		13,555.67
Adjustments for				
Depreciation	997.78		870.79	
Provisions and Write Off	9,451.01		6,272.27	
Loss on sale of Assets	-		0.53	
Discard of Fixed Assets	14.86		7.62	
Shares issued in lieu of professional charges incurred	-		475.31	
Provision for Employee Related Expenses	687.17		613.92	
Financing Charges	40,635.75		34,663.34	
Interest earned	(22.56)		(18.69)	
		51,763.99		42,885.09
Operating Profit Before Working Capital changes		68,751.76		56,440.76
Adjustments for				
(Increase)/Decrease in Receivables under financial activities (NBFC)	(133,617.63)		(138,787.68)	
(Increase)/Decrease in Trade Receivables	(721.59)		(10.58)	
(Increase)/Decrease in Loans & Advances	(3,246.32)		(903.57)	
(Increase)/Decrease in Bank deposit held as collateral security for de-recognised assets and lien marked	3,762.18		(1,697.98)	
Interest received	68.43		30.44	
(Increase)/Decrease in Other Non Current Assets	4,863.23		-	
(Increase)/Decrease in Other Current Assets	197.55		(1,110.09)	
Increase/(Decrease) in Trade payables & Other Liabilities	(7,649.65)		32,660.71	
		(136,343.80)		(109,818.75)
Financing Charges paid	(40,066.95)		(34,032.80)	
Income Tax Paid	(7,423.60)		(4,761.96)	
		(47,490.55)		(38,794.76)
		-		
Net Cash used in Operation- (A)		(115,082.59)		(92,172.75)
Cash flow from investing activity				
Purchase of Fixed Assets	(5,953.24)		(2,109.48)	
Purchase of Investments in equity shares of Subsidiaries	(1,201.25)		-	
Net Cash (used in) Investing Activity - (B)		(7,154.49)		(2,109.48)
Cash flow from financing activity				
Proceeds from issue of Share Capital	987.16		1,143.49	
Share Premium Received	6,512.69		5,831.80	
Proceeds/(Repayment) of Term Loan from Bank	68,292.40		3,070.95	
Increase/(Decrease) in Short term Borrowings	43,520.28		68,563.39	
Net Cash from financing activity - (C)		119,312.53		78,609.63
Net Increase/(Decrease) in Cash and cash equivalents (A+B+C)		**(2,924.55)**		**(15,672.61)**
		-		

Cash Flow Statement for the year ended 31st March 2018

(Rs. In Lakhs)

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Cash and cash equivalents at the beginning of the year	6,229.74	21,902.35
Cash and cash equivalents at the end of the year	3,305.19	6,229.74
	(2,924.55)	**(15,672.61)**
Note:		
Cash and cash equivalents at the end of the year	8,669.13	15,355.86
Less:Bank Deposits under Lien	5,363.92	9,126.12
	3,305.19	6,2**29.74**

Note: Previous year figures have been regrouped to confirm to current year groupings

As per our report of even date

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

S.Venkatraman
Partner
Membership No. 34319

Place: Chennai
Date: April 30, 2018

For and on behalf of the Board

R Ramakrishnan
Director

S Santhanakrishnan
Director

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

K Sridhar
Company Secretary

1. Significant Accounting Policies forming part of Financial Statements

COMPANY BACKGROUND

The Company received Certificate of Registration dated 13th April, 2010 from Reserve Bank of India and commenced Non-Banking Financial activity there on. The company is categorized as Systemically Important Non-Banking Finance (Non-Deposit Accepting or Holding) Company, as defined under Section 45-IA of Reserve Bank of India (RBI) Act, 1934. The company is engaged predominantly in financing of vehicles. The Company falls under the category of Loan Company.

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of accounts:

The financial statements are prepared on a going concern basis under the historical cost convention on accrual basis of accounting, unless otherwise stated, in accordance with the generally accepted accounting principles and Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014. Further, the Company follows the statutory requirements, circulars and guidelines issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFC), from time to time. The Company has a policy of making additional provision on a prudential basis.

All assets & liabilities are classified as Current and Non-Current based on the operating cycles which have been estimated to be 12 months and which are expected to be realized and settled within a period of 12 months from the date of the Balance sheet.

b. Use of Estimates

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

c. Fixed assets and depreciation:

Fixed Assets:

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties less eligible Goods and Service Tax as permitted under relevant Statute. Subsequent expenditure incurred on assets is capitalised only if it increases the future benefit of such assets. Residual value has been estimated to be Nil at the end of the useful life of the all assets.

The assets taken over under the Business Transfer Agreement (BTA) are at the net depreciated block value of the transferor on the date of said transfer.

Depreciation:

Depreciation is charged over the useful life prescribed under Part C of Schedule II of the Companies Act, 2013 except in the case of mobile phone, based on the technical evaluation, wherein the useful life is considered as 2 years and full depreciation is charged on fixed assets whose individual value is less than Rs.5,000/-.

The cost of improvements made to rented property during the year and included under furniture and fixtures, is depreciated over the primary lease period.

Depreciation on fixed assets added/disposed off during the year is calculated on pro- rata basis with reference to the date of addition/disposal.

d. Intangible Assets

Software cost is treated as Intangible Assets and are amortized at lower of 33.33% per annum or the license period. Expenditure incurred for support and maintenance of software are charged off in the year of incurring.

e. Revenue Recognition

i. Interest income is recognized under the Internal Rate of Return Method on accrual basis. In the case of non-performing loans, interest income is recognized on realization, as per RBI guidelines. Interest recognized as income in the previous year is reversed in the month in which loan is classified as Non Performing as per RBI norms.

ii. Incomes by way of service charges like processing fee, documentation charges, Subvention Income received from dealers/manufacturers are recognized on disbursement of loan.

iii. Incomes in the nature of overdue interest and bounce charges are recognized on realization, due to uncertainty of collection.

iv. Interest revenue from deposits with banks is recognized on time proportion basis taking into account the outstanding amount and the applicable rate of interest.

v. Income from non-financing activity is recognized as per the terms of contract, on accrual basis.

vi. Delinquency fund received is amortised over the tenor of the loan.

f. Financing Activities

i. Receivables from Financing Activities

The loans to borrowers are stated at the contract value after netting off un-matured Income, wherever applicable, installments appropriated up to the year end and amount written off.

ii. Prudential Norms – Application & Provisioning for financing activities

The company has followed the Prudential Norms of RBI on Income recognition, Asset classification, Provisioning requirement, etc. issued from time to time. As required in the said directions, the Company has not accrued income in respect of Loan Assets, which are Non Performing.

In respect of standard assets, the company provides 0.40% on standard assets as stipulated by circular (DNBR PD) cc.No.002/03.10.001/2014-15 dated 10th November 2014 issued by RBI.

g. Securitization/Assignment of Receivables

Securitisation transactions entered into and covered by the RBI circular dated 21st August 2012 are accounted as under:

i. Securitised/assigned receivables are derecognized in the balance sheet on its sale, i.e. when they fully meet with the ‘true sale’ criteria.

ii. The excess interest spread on the securitization transaction is recognized in the statement of profit and loss only when it is redeemed in cash by the SPV after adjusting for overdue receivables. Losses, if any are recognized upfront.

h. Taxation

i. Provision for current tax is made on the basis of taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

ii. The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

i. Employee Benefits:

i. Provident Fund:

Contributions to Provident Fund made to Regional Provident Fund Commissioner in respect of Employees’ Provident Fund and Employee Pension Fund based on the statutory provisions are charged to Statement of Profit and Loss on accrual basis.

ii. Gratuity

The Company makes contribution to a Gratuity fund administered by trustees and managed by LIC based on actuarial valuation determined every year by independent actuary as at balance sheet using the projected unit credit method.

iii. Compensated Absences

The Company accounts its liability for long term compensated absences based on actuarial valuation, as at the balance sheet date, determined by an independent actuary using the Projected Unit Credit method. Actuarial gains or losses are recognized in the statement of profit and loss, in the year in which they occur.

iv. Pension

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

j. Transactions in foreign currencies

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

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

iii) Non-monetary items denominated in foreign currency such as investments, fixed assets,

etc., are valued at the exchange rate prevailing on the date of transaction.

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

v) Exchange differences relating to forward exchange contracts entered into for hedging i.e.

for mitigating the foreign currency fluctuation risk on as underlying asset or liability are

recognized in the Profit and Loss Statement. Premium or discount on forward contract is

amortised over the life of such contracts and is recognized as income or expense.

k. Goods and Service Tax Input Credit

Eligible Goods and Service Tax input credit is accounted as receivable when the underlying service is received, as per the Goods and Service Tax Act Rules applicable to Non-Banking Financial activities.

l. Prepaid Expenses

Processing fee on loan borrowed is amortized over the tenor of the respective loan. Un-amortized borrowing cost remaining if any, is fully expensed off, as and when the related borrowing is prepaid.

m. Provisions & Contingencies

Provision

A provision arising out of a present obligation, as a result of past event, is recognized only when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

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.

In case of possible obligation or present obligation in respect of which likelihood of outflow of resource is remote, no provision or disclosure is made.

Contingent assets are not recognized in the financial statements.

n. Business originating and recovery cost:

Business origination and recovery cost representing the expenditure incurred for sourcing, processing, recovery are accounted in the year of incurring.

o. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of the transactions of non-cash nature. Deposits which are lien marked with maturity period exceeding 3 months are not treated as cash and cash equivalent for cash flow statement.

p. Earnings Per Share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

q. Impairment

The carrying amounts of assets are reviewed at each balance sheet date for indication of any impairment based on internal/external factors. An impairment loss is recognized wherever carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognized by charging it to the Statement of Profit and Loss. A previously recognized impairment loss is reversed where it no longer exists and the assets are restated to the effect.

r. Lease

Payments under operating lease arrangements are recognized as per the terms of the lease.

2. Share Capital

(Rs. In Lakhs)

	Description	As at 31 March 2018	As at 31 March 2017
a	**Authorised Share Capital:**		
	200,000,000 Equity shares of Rs.10 each (Previous Year 20,00,00,000 Equity Shares)	20,000.00	20,000.00
		20,000.00	**20,000.00**
b	**Issued, Subscribed and Fully Paid up Share Capital:**		
	166,885,700 number of Equity shares of Rs.10 each (Previous year 15,70,14,100 Equity Shares of Rs .10 each)	16,688.57	15,701.41
c	**Par Value per Share**	Rs.10 each	Rs.10 each
d	**Number of equity shares at the beginning of the year**	157,014,100	144,800,000
	Add: Preferential Allotment made during the year	9,871,600	12,214,100
	Number of equity shares at the end of the year	166,885,700	157,014,100
e	**Equity Shares held by Holding Companies**		
	Particulars	**No. of Shares**	**No. of Shares**
	Holding Company - TVS Motor Services Limited (including nomiees)	134,741,600	134,741,600
	TVS Motor Company Limited (Holding Company of TVS Motor Services Limited effective 7th September 2017)	7,009,753	-
	Sundaram Clayton Limited (Holding Company of TVS Motor Company Limited)	2,180,250	-

		As at 31 March 2018		As at 31 March 2017	
f	**Number of shares held by share holders more 5% of total shares**	**No. of Shares**	**% of Holding**	**No. of Shares**	**% of Holding**
	TVS Motor Services Limited	134,741,600	80.74	134,741,600	85.81
	TVS Motor Company Limited, Holding Company of TVS Motor Services Limited	7,009,753	4.20	10,655,700	6.79
	Lucas-TVS Limited	11,337,297	6.79	-	-

g **Terms/Rights attached to Equity Shares**

a) Every Shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013. There are no restrictions attached to equity shares.

b)Pursuant to MOU dated 16th April, 2010 entered into by the Company with PHI Capital Services Private Limited (converted into PHI Capital Services LLP) and PHI Research Private Limited (PR), PR has assigned its responsibility towards providing strategic and operational advisory service in connection with the NBFC business of the Company, to PHI Capital Services LLP. In consideration thereto, the company has agreed to allot shares to PHI Capital Services LLP, on achieving certain levels of PBT, from the financial year commencing from 2014-15 to 2016-17 (wherein financial year is to be reckoned as that beginning from 1st October to 30th September).

c)35,00,000 number of fully paid up equity shares allotted to PHI Research Private Limited in 2010-11 (having a lock in period of 5 years from the date of allotment) and the shares allotted to PHI Capital Services LLP viz., 7,79,200 number of fully paid up equity shares allotted in 2014-15 (having a lock in period of 3 years from the date of allotment), 7,79,200 number of fully paid up equity shares allotted in 2015-16 (having a lock in period of 2 years from the date of allotment) and 15,58,400 number of fully paid up equity shares allotted in 2016-17 (having a lock in period of 1 year) as per the alliance agreement dated 16th April 2010 entered into with them, have been made for a consideration received other than cash

3. Reserves and Surplus

(Rs. In Lakhs)

Description	As at 31 March 2018		As at 31 March 2017	
	Amount	Amount	Amount	Amount
a Share Premium Reserve				
As per Last Balance Sheet	37,259.51		31,030.32	
Add: Premium received on Preferential Allotment	6,512.69		6,229.19	
Closing balance		43,772.20		37,259.51
b Statutory Reserve u/s 45-1(c)of Reserve Bank India Act, 1934.				
As per Last Balance Sheet	3,818.46		2,068.00	
Add: Additions during the year	2,280.48		1,750.46	
Closing balance		6,098.94		3,818.46
c Surplus from Profit & Loss account				
As per Last Balance Sheet	13,536.25		6,534.42	
Add: Net Profit for the year	11,402.42		8,752.29	
Less: Transfer to Statutory Reserve	2,280.48		1,750.46	
Closing balance		22,658.19		13,536.25
		72,529.33		**54,614.22**

4. Borrowings

(Rs. In Lakhs)

Description	NON - CURRENT		CURRENT	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
LONG TERM				
TERM LOAN				
a. From Bank				
Sub Ordinated Debt	21,250.00	6,875.00	625.00	625.00
Term Loans	106,980.84	80,363.46	102,054.55	81,982.61
Foreign Currency Term Loans	23,750.00	-	8,750.00	30,000.00
b. From Other Parties				
Senior Debt	-	-	-	418.75
Sub Ordinated Debt	22,900.00	29,350.00	1,450.00	1,450.00
Term Loans	-	-	-	3,089.58
Perpetual Debt	10,000.00	-	-	-
	184,880.84	**116,588.46**	**112,879.55**	**117,565.94**
The above amount includes				
Secured Borrowings	130,730.84	80,363.46	110,804.55	115,072.19
Unsecured Borrowings	54,150.00	36,225.00	2,075.00	2,493.75
Amount disclosed under the head "Other Current Liabilities"	-	-	(112,879.55)	(117,565.94)
	184,880.84	**116,588.46**	**-**	**-**

(Rs. In Lakhs)

Description	NON CURRENT		CURRENT	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
SHORT TERM				
Working Capital Demand Loan and Cash Credit Loan repayable on Demand				
- From Banks	-	-	134,914.17	104,557.51
Term Loan From Bank:				
- Secured			27,500.00	8,000.00
- Unsecured	-	-	26,500.00	4,000.00
Term Loan from Others			5,850.00	-
Commercial Papers	-	-	40,000.00	70,000.00
	-	**-**	**234,764.17**	**186,557.51**
The above amount includes				
Secured Borrowings	-	-	168,264.17	112,557.51
Unsecured Borrowings	-	-	66,500.00	74,000.00
	-	**-**	**234,764.17**	**186,557.51**

Security

a. Holding Company has given guarantee in the form of Put Option amounting to Rs.1,875 lakhs (Previous Year Rs.2,500 lakhs) towards Sub-Ordinated Debt

b. Term loan received from Banks and Other Parties of Rs.2,74,885.39 lakhs inclusive of Current and Non Current Dues (Previous Year Rs.2,00,346.07 Lakhs) is secured against hypothecation of receivables under the financing activity of the Company.

c. Working Capital Demand Loan and Cash credit of Rs.1,34,914.17. lakhs (Previous Year Rs.1,04,557.51 lakhs) is secured by hypothecation of receivables under the financing activity of the Company

Institution	Amount outstanding as on 31st March 2018	No. of Instalments	Frequency	Rate of Interest	Amount of Instalments		Repayable	
					2017-18	2016-17	From	To
	Rs. In Lakhs				Rs. In Lakhs	Rs. In Lakhs		
Sub-Ordinated Debt								
From Other Parties	4,350.00	3	Annual	8.01%	1,450.00	1,450.00	Jun-18	Jan-20
From Other Parties	5,000.00	1	Bullet	11.50%	5,000.00	5,000.00	Sep-20	Sep-20
From Bank	1,875.00	3	Annual	10.35%	625.00	625.00	Jun-18	Jun-20
From Other Parties	5,000.00	1	Bullet	11.00%	5,000.00	5,000.00	Jul-21	Jul-21
From Other Parties	5,000.00	1	Bullet	10.80%	5,000.00	5,000.00	Sep-21	Sep-21
From Other Parties	5,000.00	1	Bullet	10.49%	5,000.00	5,000.00	Apr-22	Apr-22
From Other Parties	5,000.00	1	Bullet	10.50%	5,000.00	5,000.00	May-22	May-22
From Bank	2,500.00	1	Bullet	9.70%	2,500.00	5,000.00	Sep-22	Sep-22
From Bank	2,500.00	1	Bullet	9.70%	2,500.00		Sep-22	Jan-00
	5,000.00	1	Bullet	9.70%	5,000.00	-	May-23	May-23
	5,000.00	1	Bullet	9.70%	5,000.00	-	Jul-23	Jul-23
Senior Debt								
From Other Parties	-	-	-	-	-	1,675.00	-	-
Term Loan								
From Other Parties	-	-	-	-	-	333.33	-	-
From Other Parties	-	-	-	-	-	750.00	-	-
From Bank	2,000.00	8	Quarterly	8.75%	250.00	250.00	Jun-18	Mar-20
From Bank	9,000.00	6	Quarterly	8.40%	1,500.00	1,500.00	Jun-18	Sep-19
From Bank	2,121.21	7	Monthly	8.80%	303.03	303.03	Apr-18	Oct-18
From Bank	-	-	-	-	-	413.00	-	-
From Bank	3,333.33	2	Quarterly	8.80%	1,666.66	1,666.66	Jun-18	Sep-18
From Bank	-	-	-	-	-	333.33	-	-
From Bank	-	-	-	-	-	138.89	-	-

(Rs. In Lakhs)

Institution	Amount outstanding as on 31st March 2018	No. of Instalments	Frequency	Rate of Interest	Amount of Instalments		Repayable	
					2017-18	2016-17	From	To
From Bank	-	-	-	-	-	83.33	-	-
From Bank	2,000.00	1	Quarterly	7.90%	2,000.00	2,000.00	May-18	May-18
From Bank	-	-	-	-	-	1,000.00	-	-
From Bank	-	-	-	-	-	83.33	-	-
From Bank	2,000.00	2	Quarterly	8.45%	1,000.00	1,000.00	Jun-18	Sep-18
From Bank	833.33	2	Quarterly	8.50%	416.67	416.67	Jun-18	Sep-18
From Bank	9,500.00	1	Quarterly	8.35%	9,500.00	9,500.00	Jun-18	Jun-18
From Bank	4,000.00	2	Quarterly	8.40%	2,000.00	2,000.00	May-18	Aug-18
From Bank	1,500.00	3	Quarterly	8.40%	500.00	500.00	May-18	Nov-18
From Bank	-	-	-	-	-	5,000.00	-	-
From Bank	-	-	-	-	-	625.00	-	-
From Bank	7,500.00	3	Quarterly	8.35%	2,500.00	2,500.00	May-18	Nov-18
From Bank	4,197.45	5	Quarterly	8.40%	833.33	833.33	Jun-18	Jun-19
From Bank	4,000.06	4	Quarterly	8.70%	1,000.00	1,000.00	Jun-18	Mar-19
From Bank	2,500.00	1	Bullet	8.00%	2,500.00	-	Jun-18	Jun-18
From Bank	3,000.00	6	Quarterly	8.50%	500.00	500.00	Apr-18	Jul-19
From Bank	3,750.00	3	Half Yearly	8.90%	1,250.00	1,250.00	Aug-18	Aug-19
From Bank	5,000.00		Bullet	8.25%	5,000.00	-	Sep-18	Sep-18
From Bank	2,500.00	6	Quarterly	8.50%	417.00	417.00	Jun-18	Sep-19
From Bank	-	-	-	-	-	937.50	-	-
From Bank	-	-	-	-	-	5,000.00	-	-
From Bank	6,466.67	21	Monthly	8.45%	300.00	33.33	Apr-18	Jan-20
From Bank	5,833.33	7	Quarterly	8.50%	833.00	833.00	Jun-18	Dec-19
From Bank	-	-	-	-	-	1,250.00	-	-
From Bank	5,000.00	4	Quarterly	8.35%	1,250.00	1,250.00	Apr-18	Jan-19
From Bank	17,500.00	7	Quarterly	8.35%	2,500.00	1,000.00	Jun-18	Dec-19
From Bank	8,000.00	8	Quarterly	8.45%	1,000.00	500.00	Jun-18	Mar-20
From Bank	3,333.33	8	Quarterly	8.35%	417.00	417.00	Jun-18	Mar-20
From Bank	6,250.00	5	Quarterly	8.30%	1,250.00	-	Jun-18	Jun-19
From Bank	8,750.00	7	Quarterly	8.40%	1,250.00	-	Jun-18	Dec-19
From Bank	3,750.00	4	Quarterly	8.55%	937.50	-	Jun-18	Mar-19
From Bank	10,000.00	10	Quarterly	8.40%	1,000.00	-	May-18	Aug-20
From Bank	8,750.00	7	Quarterly	8.15%	1,250.00	-	Jun-18	Dec-19
From Bank	10,000.00	2	Bullet	8.25%	5,000.00	-	Sep-19	Sep-20
From Bank	20,000.00	2	Bullet	7.95%	10,000.00	-	Oct-19	Oct-19
From Bank	9,166.67	11	Quarterly	8.10%	833.00	-	May-18	Nov-20
From Bank	10,000.00	10	Quarterly	8.10%	1,000.00	-	Sep-18	Dec-20
From Bank	20,000.00	10	Quarterly	8.15%	2,000.00	-	Aug-18	Nov-20
From Bank	15,000.00	1	Bullet	8.00%	15,000.00	-	Jun-18	Jun-18
From Bank	19,000.00	12	Quarterly	8.40%	1,583.00	-	Jun-18	Mar-21
From Bank	10,000.00	1	Bullet	8.20%	10,000.00	-	Jun-18	Jun-18
From Bank	10,000.00	1	Bullet	8.05%	10,000.00	-	Jun-18	Jun-18
From Other Parties	5,850.00	1	Bullet	8.25%	-	-	May-18	May-18
From Bank	20,000.00	1	Bullet	8.30%	20,000.00	-	Nov-19	Nov-19

5. Other Long Term Liabilities

(Rs. In Lakhs)

Description	As at 31 March 2018	As at 31 March 2017
Security Deposit	-	33.11
Income received in Advance	659.20	603.24
Advance received from Borrowers	5,305.67	6,360.70
Advance Insurance premium collected from Borrowers	-	2,414.53
	5,964.87	**9,411.58**

6. Provision

(Rs. In Lakhs)

Description	LONG TERM		SHORT TERM	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Provision for Taxation - (Net of Advance Tax and Tax deducted at source) **(A)**	-	-	-	566.60
Provision for Employee Benefits				
- Compensated Absences	546.36	328.21	318.30	192.23
- Pension	1,002.25	916.14	-	-
- Gratuity	358.87	102.03	-	-
Total of Provision for Employee Benefit (B)	**1,907.48**	**1,346.38**	**318.30**	**192.23**
Others				
As per RBI Norms				
Provision for Standard Assets	1,060.40	844.15	1,232.57	1,002.52
Provision for Sub Standard Assets	400.73	273.34	884.26	618.90
Provision for Doubtful Assets	211.01	112.71	183.42	19.26
Provision for Loss Assets [includes Assets taken over from erst while TVS Finance and Services Limited (converted to Chennai Business Consulting Services Limited) vide BTA dated 21/04/2010]	674.64	663.83	2,718.20	2,712.35
As per Company Norms				
Incremental provision as per Company Norms	2,304.20	1,196.79	2,631.71	1,037.29
Contingent provision for De-recognised Assets	314.14	437.70	635.50	297.10
Total of Provision for Receivables (C)	**4,965.12**	**3,528.52**	**8,285.66**	**5,687.42**
Total (A)+(B)+(C)	**6,872.60**	**4,874.90**	**8,603.96**	**6,446.25**

6A.Changes in Provisions

Description	Provision as on 01.04.2017	Net amount debited in P&L	Provision as on 31.03.2018
As per RBI Norms			
Provision for Standard Assets	1,846.67	446.30	2,292.96
Provision for Sub Standard Assets	892.23	392.76	1,284.98
Provision for Doubtful Assets	131.96	262.47	394.44
Provision for Loss Assets	827.81	16.66	844.47
Provision for Loss Assets taken over from TVSFS	2,548.37	-	2,548.37
As per Company Policy			
Incremental Provision as per Company Norms	2,968.89	2,916.66	5,885.55
	9,215.93	**4,034.85**	**13,250.77**

7. Trade Payable

(Rs. In Lakhs)

Description	As at 31 March 2018	As at 31 March 2017
TRADE PAYABLE		
- Outstanding dues to Micro,Medium & Small Enterprises	-	-
- Others	7,830.38	9,346.57
	7,830.38	**9,346.57**

8. Other Current Liabilities

Description	As at 31 March 2018	As at 31 March 2017
OTHER CURRENT LIABILITIES		
- Current maturities of Long term debts	112,879.55	117,565.94
- Interest Accrued and due on Loans(@)	863.89	977.02
- Interest Accrued but not due on Loans	901.84	219.90
- Income received in Advance	1,801.58	1,846.43
OTHER PAYABLES		
- Advance received from Borrowers	7,622.78	8,277.59
- Collection received from Borrowers	-	320.23
- Employee Related Liabilities	3,154.59	4,058.35
- Security Deposits	2,642.08	2,052.85
- Collections in respect of de-recognised assets (refer Note No.23.9)	1,814.90	3,456.29
- Advance Insurance premium collected from Borrowers	-	761.04
- Statutory Dues	1,619.66	569.55
	133,300.87	**140,105.19**

@ Funds are made available with banks which have been appropriated subsequently.

9. FIXED ASSETS

S.No.	Particulars	GROSS BLOCK (AT COST)				DEPRECIATION BLOCK				NET BLOCK	
		As at 1-Apr-17	Additions 2017-18	Deductions 2017-18	As at 31-Mar-18	As at 1-Apr-17	For the year 2017-18	Deductions 2017-18	Total as at 31-Mar-18	As at 31-Mar-18	As at 31-Mar-17
	Tangible Assets										
1	Land	3,731.68	4,814.94	-	8,546.62	-	-	-	-	8,546.62	3,731.67
2	Building	45.00	-	-	45.00	4.59	0.75	-	5.34	39.66	40.41
3	Furniture & Fixtures	1,407.34	190.31	6.98	1,590.67	857.39	190.15	4.00	1,043.54	547.13	549.95
4	Office Equipments	1,012.61	429.74	81.08	1,361.27	669.76	253.86	69.20	854.42	506.85	342.85
5	Vehicles	3.15	-	-	3.15	0.94	0.30	-	1.24	1.91	2.21
6	Computers	1,984.98	374.53	248.23	2,111.28	1,301.56	429.43	248.23	1,482.76	628.52	683.42
	Tangible Assets - TOTAL	**8,184.76**	**5,809.52**	**336.29**	**13,657.99**	**2,834.24**	**874.49**	**321.43**	**3,387.30**	**10,270.69**	**5,350.51**

(Rs. In lakhs)

S.No.	Particulars	GROSS BLOCK (AT COST)				DEPRECIATION BLOCK				NET BLOCK	
		As at 1-Apr-17	Additions 2017-18	Deductions 2017-18	As at 31-Mar-18	As at 1-Apr-17	For the year 2017-18	Deductions 2017-18	Total as at 31-Mar-18	As at 31-Mar-18	As at 31-Mar-17
	Intangible Assets										
1	Computer Software	787.57	143.72	-	931.29	614.44	123.29	-	737.73	193.56	173.13
	Intangible Assets - TOTAL	**787.57**	**143.72**	**-**	**931.29**	**614.44**	**123.29**	**-**	**737.73**	**193.56**	**173.13**

9. FIXED ASSETS

(Rs. In lakhs)

S. No.	Particulars	GROSS BLOCK (AT COST) As at 1-Apr-16	Additions 2016-17	Deductions 2016-17	As at 31-Mar-17	DEPRECIATION BLOCK As at 1-Apr-16	For the year 2016-17	Deductions 2016-17	Total as at 31-Mar-17	NET BLOCK As at 31-Mar-17	As at 31-Mar-16
	Tangilble Assets									.	
1	Land	2,842.37	889.30	-	3,731.67	-	-	-	-	3,731.67	2,842.37
2	Building	45.00	-	-	45.00	3.78	0.81	-	4.59	40.41	41.22
3	Furniture & Fixtures	1,171.63	235.71	-	1,407.34	653.01	204.37	-	857.38	549.95	518.62
4	Office Equipments	887.33	270.51	145.23	1,012.61	574.94	234.31	139.49	669.76	342.85	312.39
5	Vehicles	2.59	0.56	-	3.15	0.69	0.25	-	0.94	2.21	1.90
6	Computers	1,591.25	559.47	165.74	1,984.98	1,132.15	333.27	163.86	1,301.56	683.42	459.10
Tangible Assets - TOTAL		**6,540.17**	**1,955.55**	**310.97**	**8,184.75**	**2,364.57**	**773.01**	**303.35**	**2,834.23**	**5,350.51**	**4,175.60**

S. No.	Particulars	GROSS BLOCK (AT COST) As at 1-Apr-16	Additions 2016-17	Deductions 2016-17	As at 31-Mar-17	DEPRECIATION BLOCK As at 1-Apr-16	For the year 2016-17	Deductions 2016-17	Total as at 31-Mar-17	NET BLOCK As at 31-Mar-17	As at 31-Mar-16
	Intangible Assets										
1	Computer Software	633.65	153.91	-	787.56	516.67	97.76	-	614.43	173.13	116.97
Tangible Assets - TOTAL		**633.65**	**153.91**	**-**	**787.54**	**516.67**	**97.76**	**-**	**614.43**	**173.13**	**116.97**

10. Non Current Investments

(Rs. In Lakhs)

Description	Subsidiary/ Associate	As at 31 March 2018	As at 31 March 2017
Investment in Equity Instruments: (Trade, unquoted)			
TVS Housing Finance Private Limited (1,20,00,000 equity shares @ Rs.10/- each fully paid up, PY - Nil)	Subsidiary	1,200.00	-
TVS Two Wheeler Mall Private Ltd (2,500 equity shares @ Rs.10/- each fully paid up, PY - Nil)	Subsidiary	0.25	-
TVS Commodity Financial Solutions Private Limited (2,500 equity shares @ Rs.10/- each fully paid up, PY - Nil)	Subsidiary	0.25	-
Harita ARC Private Limited (2,500 equity shares @ Rs.10 each fully paid up, PY - Nil)	Subsidiary	0.25	-
TVS Micro Finance Private Limited (2,500 equity shares @ Rs.10/- each fully paid up, PY - NIl)	Subsidiary	0.25	
Harita Collection Services Private Limited (2,500 equity shares @ Rs.10/- each fully paid up, PY - Nil)	Subsidiary	0.25	-
		1,201.25	**-**

Aggregate amount of quoted investments and market value thereof.	-	-
Aggregate amount of unquoted investments	1,201.25	-

11. Loans and Advances - Unsecured (unless other wise stated), considered good

(Rs. In Lakhs)

Description	LONG TERM		SHORT TERM	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Capital Advances	150.53	4.08	-	-
Balance with GST/ Service Tax Department	-	-	653.32	60.03
Others:				
Advance Tax/Tax deducted at source - (Net of Provision)	527.47	-	142.30	-
Prepaid Expenses	103.01	101.37	768.24	695.12
Rent Advance	711.41	556.48	-	-
Staff Advance	175.40	107.41	400.66	148.56
Deposit with Service Providers	154.68	123.39	0.47	1.17
Vendor Advance	-	-	161.77	92.22
Loans and advances - Related Parties	-	-	674.34	479.04
Loans and advances - Non Related Parties	-	-	715.70	50.79
	1,822.50	**892.73**	**3,516.80**	**1,526.93**

12. Other Non Current Assets (Considered good)

(Rs. In Lakhs)

Description	LONG TERM	
	As at 31 March 2018	As at 31 March 2017
Others - Receivable from Holding Company towards sale of Investments (vide Note No.23.4)	17,170.13	22,017.00
Total	**17,170.13**	**22,017.00**
Secured	5,215.13	10,062.00
Unsecured	11,955.00	11,955.00
Total	**17,170.13**	**22,017.00**

13. Receivables from Financing Activity

(Rs. In Lakhs)

Description	NON CURRENT		CURRENT	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Secured				
Automobile Financing	261,807.37	220,259.25	297,247.65	260,188.21
Other Financing	19,651.35	-	24,626.16	-
Instalments due from borrowers (Automobile and Other financing)	-	-	8,595.51	6,615.56
Unsecured				
Other Financing	977.15	141.86	2,266.24	253.79
Trade Advance and Term loan	-	-	6,731.13	6,242.40
	282,435.87	**220,401.11**	**339,466.69**	**273,299.96**
Of the above :				
Considered Good	272,601.14	213,117.67	331,325.56	267,757.97
Considered -				
Sub Standard Assets	8,842.59	6,188.98	4,007.36	2,733.36
Doubtful Assets	822.31	430.63	910.76	96.28
Loss Assets	169.83	663.83	3,223.01	2,712.35
(Non Performing Assets as per RBI Prudential Norms)				
	282,435.87	**220,401.11**	**339,466.69**	**273,299.96**

The stock of loan (automobile finance) includes 11455 nos (Previous year 11097 nos) repossessed vehicles as at Balance Sheet date.

Automobile financing is secured by hypothecation of vehicles supported by Registration Certificate book issued by Regional Transport Officer and undertaking given by the borrower to register the vehicle with RTO.

Details of Registration is in process or Registration no. not available

Product	2017-18		2016-17	
	Nos	Receivable Value	Nos	Receivable Value
		(Rs.in Lakhs)		(Rs.in Lakhs)
Two Wheeler	195,335	67,678.45	125,292	39,691.79
Used Car	6,755	21,508.59	2,462	7,510.64
Tractor	5,679	18,322.89	4,581	15,157.27
Used Tractor	-	-	4,560	7,242.45

The provisions created as per RBI Prudential Norms and as per Company Policy in respect of the above balances are shown under the head long term and short term provisions (Vide Note No.6)

Loss assets includes receivables taken over from Chennai Business Consulting Services Limited, (erstwhile TVS Finance and Services Limited) as part of Business Transfer Agreement dated 21st April 2010 to the extent of Rs.2,548.37 lakhs, fully provided.

14. Trade Receivables - Unsecured, Considered good

(Rs. In Lakhs)

Description	As at 31 March 2018	As at 31 March 2017
-Due for a period exceeding six months from the Due dates	1,499.93	805.54
- Others	166.28	139.09
	1,666.21	**944.63**

15. Cash and Bank Balances

(Rs. In Lakhs)

Description	As at 31 March 2018	As at 31 March 2017
Cash and Cash Equivalents		
Balances with Banks		
- In Current Account	470.04	5,793.80
Cash on Hand *	2,787.14	418.70
Other Bank balances		
- Fixed Deposits, (period exceeding 3 months and less than 12 months)@	5,411.94	9,143.36
	8,669.12	**15,355.86**

Represents cash collected from borrowers as on Balance Sheet date, deposited with Bank subsequently/in the process of being deposited

Includes Fixed Deposit of Rs.5,363.93 lakhs offered as Cash Collateral and lien marked favouring SPV(Note No.23.18.2-a)

16. Other Current Assets

(Rs. In Lakhs)

Description	As at 31 March 2018	As at 31 March 2017
Interest accrued on Fixed Deposits with Bank	8.59	54.46
Discount on Commercial Paper	598.53	796.09
	607.12	**850.55**

17. Revenue from Operations

(Rs. In Lakhs)

Description	Year ended 31 March 2018	Year ended 31 March 2017
Income from Financing Activity		
(i) Interest		
- Automobile & Other Finance	104,204.51	83,164.69
- Interest spread on Securitisation/Assignment	1,769.60	4,411.99
- on Deposits - Cash Collateral towards assets de-recognised	421.48	582.31
(ii) Other Operating Revenue		
- Automobile & Other Finance		
- Processing Fee	21,381.42	18,517.31
- Fee based income	3,720.91	3,452.24
- Other Service Income	1,753.46	948.02
	133,251.38	**111,076.56**

18. Other Income

(Rs. In Lakhs)

Description	Year ended 31 March 2018	Year ended 31 March 2017
Interest Income on Staff Advance	22.56	18.69
Bad debts Recovered	763.44	382.45
Other Non Operating Income	5.14	1.36
	791.14	**402.50**

19. Finance Cost

(Rs. In Lakhs)

Description	Year ended 31 March 2018	Year ended 31 March 2017
Interest Expenses		
- Bank Loans	28,286.21	24,269.99
- FIs	427.46	726.82
- NBFCs	2,758.19	2,851.39
- Others	32.39	1.61
Other Borrowing Cost		
-Discount on Commercial Papers	5,551.67	4,662.11
-Amortisation of Line of credit charges	458.76	176.45
-Bank charges	1,197.33	1,046.38
-Hedge Cost	1,923.74	940.15
	40,635.75	**34,674.90**

20. Employee Benefit expenses

(Rs. In Lakhs)

Description	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and Allowances	27,195.13	24,551.35
Contribution to provident and other funds	2,208.89	2,025.49
Staff welfare	1,443.88	1,585.13
	30,847.90	**28,161.97**

21. Other Operating Expenses

(Rs. In Lakhs)

Description	Year ended 31 March 2018	Year ended 31 March 2017
Rent [2]	1,573.99	1,328.52
Insurance	583.80	502.72
Travelling and Conveyance	2,602.91	2,944.47
Communication expenses	3,416.97	2,268.01
Rates and Taxes	434.27	329.28
Payment to Auditor		
Statutory Audit [1]	25.13	22.40
Tax Audit [1]	7.45	5.31
Certification	4.91	4.31
Reimbursement of Expenses	1.70	0.94
Consultancy Fees	3,949.05	3,538.19
Electricity Charges	254.01	227.45
Discard of Fixed Assets	14.86	7.62
Donation	455.90	535.21
Other expenses	1,590.21	1,239.44
	14,915.16	**12,953.87**

1. Includes taxes of earlier year.

2. Disclosure requirement under AS 19 - Accounting for leases is given below:

The company has taken commercial premises and amenities under cancellable and non cancellable operating leases.The lease agreements are normally renewable on expiry.

(Rs. In Lakhs)

Description	2017-18	2016-17
Less than 1 year	593.18	950.17
Between 1 year and 5 years	1,596.75	1,899.53
More than 5 years	2,465.47	56.91

22. Provisions and Loan Losses

(Rs. In Lakhs)

Description	Year ended 31 March 2018	Year ended 31 March 2017
Provision for Non-Performing Assets(Refer Note 6A)	3,588.57	1,829.86
Provision for Standard Assets(Refer Note 6A)	446.30	507.66
Loss on sale of Repossessed Assets	5,294.84	2,518.98
Bad debts Written Off	5,416.14	3,934.74
	14,745.85	**8,791.24**

23. Additional Notes forming part of Financial Statements for year ended 31st March 18

1. Capital Commitments (Rs. in lakhs)

Description	March 31, 2018	March 31, 2017
Estimated amount of contracts remaining to be executed on Capital Account not provided for	146.56	4.08

2. Other Commitments (Rs. in lakhs)

Description	March 31, 2018	March 31, 2017
Undrawn Loans sanctioned to borrowers	3,608.89	343.30

3. Contingent Liabilities not provided for:

Claims against the Company not acknowledged as debts.

Description	March 31, 2018	March 31, 2017
Disputed Income Tax Demand (adjusted out of refunds)	106.63	105.99
Disputed Service Tax Demand inclusive of Penalty – Commissioner order appealed against by Company during 2017-18 (Pre-deposit of Rs.15.29 lakhs)	407.83	407.83
Legal cases filed by borrowers against the company	130.31	196.14

The Company's pending litigations comprise of claims against the company and proceedings pending with Statutory Authorities. The company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

4. Pursuant to a Business Transfer Agreement (BTA) entered into with TVS Finance and Services Limited (TVSFS) on 21st April 2010, the company acquired the retail finance business of TVSFS as a going concern along with the related assets (comprising of fixed assets, receivables, loans and advances and Bank balances) of Rs. 5,075.51 lakhs and liabilities (comprising of borrowings from Banks and Institution, current liabilities and provisions) of Rs. 29,875.51 lakhs. TVSFS issued Unsecured Redeemable Bonds to the Company, for the excess of liabilities over assets of Rs. 24,800.00 lakhs. The bonds are redeemable between 7th and 12th year from the date of allotment. The said bonds have been purchased by TVS Motor Services Limited (TVSMS), the Holding Company, during 2010-11 at book value and the same is repayable by TVSMS in 6 years. Rs. 4,133.33 Lakhs is instalment due in FY 2017-18. TVSMS has discharged this liability, by transfer of land owned by TVSMS and other payments received from them aggregating to Rs.2, 783 Lakhs during the earlier years and Rs. 4,846.87 Lakhs by way of transfer of land owned by TVSMS and other payments received during current year. Accordingly, the receivables from TVSMS to the Company stands at Rs. 17,170.13 lakhs, as on year end. The receivables, arising out of sale of land, from TVSMS is partly secured (being created) by the land owned by TVSMS receivables, whose book value is Rs.5,215.13 lakhs (PY Rs. 10,062 lakhs). Considering the intrinsic value of land lying with TVSMS and the equity shares held by TVSMS in the Company, the unsecured amount Rs.11,955 lakhs (PY – Rs. 11,955 lakhs) is considered good and recoverable.

5. The break-up of Deferred tax (assets)/Liabilities are as under:

(Rs. In Lakhs)

Timing Differences	Balance as at 01.04.2017	For the Year	Balance as at 31.03.2018
Deferred Tax Asset			
Provision for Compensated Absence	(177.01)	(91.63)	(268.64)
Provision for Bad and Doubtful Debts	(2,014.94)	(1,336.27)	(3,351.21)
Provision for Pension	(317.06)	(33.17)	(350.23)
Fixed Assets - Depreciation	(324.66)	(120.91)	(445.57)
Total Deferred Tax Asset	(2,833.67)	(1,581.98)	(4,415.65)

6. Gratuity & Compensated Absence

(Rs. In Lakhs)

Details of Defined benefit plan for gratuity and Compensated absence, as per Actuarial Valuation Report, is as follows:

Description	Gratuity		Compensated absence	
	2017-18	2016-17	2017-18	2016-17
Present value of defined benefit obligations at beginning of the year	698.60	433.18	520.44	358.12
Current service cost	181.47	93.62	18.84	14.43
Interest Cost	48.90	33.57	36.43	24.84
Actuarial (gains)/Losses	74.19	138.23	384.85	198.34
Benefits Paid	-	-	(95.89)	(75.29)
Present value of defined benefit obligations at end of the period	**1003.16**	**698.60**	**864.66**	**520.44**
Changes in Plan Assets				
Fair value of the plan assets at the beginning of the year	596.56	377.16	-	-
Acquisition adjustments	-	-	-	-
Expected return on plan assets	48.02	41.95	-	-
Contributions	-	212.21	95.89	75.29
Benefits paid	-	(18.38)	(95.89)	(75.29)
Actuarial Gain (Loss) on plan assets	(0.30)	(16.37)	-	-
Fair value of assets at the end of the year	**644.28**	**596.57**	**-**	**-**
Amount recognised in the Balance Sheet under Note No.6				
Present value of funded defined benefit obligations at end of the year	1,003.16	698.60	864.66	520.44
Fair value of plan assets at end of year	644.29	596.56	-	-
Funded status	(358.87)	(102.03)	-	-
Net (Liability) Asset recognised in balance sheet at end of the year	(358.87)	(102.03)	(864.66)	(520.44)
Expense recognised in income statement	-	-		
Current service cost	181.47	93.62	18.84	14.43
Interest cost	48.90	32.86	36.43	24.84
Expected return on plan assets	(48.02)	(41.95)	-	-
Curtailment cost / (credit)	-	-	-	-
Settlement cost / (credit)	-	-	-	-
Actuarial losses	74.49	(16.37)	384.84	123.04
Expense recognised in the statement of Profit & Loss a/c	**256.84**	**68.16**	**440.12**	**162.31**
Assumptions				
Discount Rate	6.88% p.a	7.00% p.a	6.88%p.a	7.00% p.a
Interest Rate (Rate of Return on Assets)	8.05% p.a	8.05% p.a	0.00% p.a	0.00% p.a
Future Salary Increase	6.00 % p.a	6.00 % p.a	6.00 % p.a	6.00 % p.a
Attrition Rate	3.00 % p.a	2.00 % p.a	3.00 % p.a	2.00 % p.a

(Rs. In Lakhs)

Actuarial (gain) loss on Obligation	**Mar-18**	**Mar-17**	**Mar-16**	**Mar-15**	**Mar-14**
Experience Adjustment	71.57	144.80	29.36	(40.09)	(11.57)
Assumption Change	2.62	12.54	12.63	47.81	21.80
Total	**74.19**	**157.34**	**41.99**	**7.72**	**10.23**
Actuarial (Gain) / Loss on Plan Assets					
Experience Adjustment	(0.30)	(16.37)	(16.51)	(8.54)	-
Assumption Change	-	-	-	-	-
Total	**(0.30)**	**(16.37)**	**(16.51)**	**(8.54)**	**-**
Estimated contribution next year	320.91	206.31	184.76	99.08	14.40
Present value of funded defined benefit obligations at end of the year	1003.16	698.60	433.18	345.99	230.49
Fair value of plan assets at end of year	644.29	596.56	377.16	96.32	55.60
Net (Liability) /Asset recognised in balance sheet at end of the year	**(358.87)**	**(102.03)**	**(56.02)**	**(249.67)**	**(174.90)**

7. Earnings per Share (EPS)

(Rs. In Lakhs)

Particulars		2017-18	2016-17
Profit/(Loss) after Tax for Basic EPS	Rs.in Lakhs	11,402.43	8,752.28
Weighted average number of Equity shares used in computing Basic earnings per share	Nos	16,25,91,134	13,22,96,396
Face value of Equity Shares	Rupees	10.00	10.00
Basic Earnings per share	Rupees	**7.01**	**5.83**
Profit after Tax for Basic EPS	Rs.in Lakhs	11,402.43	8,752.28
Loss after Tax for Diluted EPS Rs.in	Lakhs	11,402.43	8,752.28
Weighted average number of Equity shares used in computing Basic earnings per share	Nos	16,25,91,134	15,00,69,597
Weighted average number of Equity shares in computing Diluted earnings per share	Nos	16,25,91,134	15,00,69,597
Diluted Earnings per Share	**Rupees**	**7 .01**	**5 .83**

8. During the year, Company has acquired without recourse through assignment agreements, Portfolio of Rs.Nil (Previous year Rs. Nil) for a consideration of Rs. Nil (Previous year Rs. Nil). Accounting for the same is in line with the receivable from financing activity.

9. As at the balance sheet date, the company has received dues of Rs.1,814.90 lakhs (PY - Rs. 3,456.29 lakhs), arising out of the assigned/securitized asset and the same is held as “payable to the Bank” and shown under Other Current Liabilities (Note No.8).

10. Disclosure in respect of Related Parties pursuant to Accounting Standard 18:

Nature of Relationship	Parties name
Reporting Enterprise	TVS Credit Services Limited
Holding Company	TVS Motor Services Limited TVS Motor Company Limited Sundaram Clayton Limited
Ultimate Holding Company	TV Sundram Iyengar & Sons Private Limited
Subsidiaries	TVS Housing Finance Private Limited Harita ARC Private Limited, TVS Two Wheeler Mall Private Limited, TVS Micro Finance Private Limited, Harita Collection Services Private Limited, TVS Commodity Financial Solutions Private Limited
Fellow Subsidiaries	Sundaram Auto Components Limited, Chennai TVS Housing Limited, Chennai TVS Motor Company (Europe) B.V TVS Motor (Singapore) Pte Limited PT. TVS Motor Company Sundaram Holdings USA Inc Green Hills Land holding LLC Component Equipment Leasing LLC Sundaram-Clayton USA LLC Premier Land Holding LLC Southern Roadways Limited Sundaram Industries Private Limited Lucas TVS Limited Lucas Indian Service Limited TVS Electronics Limited, The Associated Auto Parts Private Limited, TVS Interconnect Systems Private Limited, TVS Automobile Solutions Private Limited, Autosense Private Limited,(Formerly TVS All Car Services Private Limited), Carcrew Technology Private Limited, TVS Investments Private Limited, Sundaram Lanka Tyres Limited, Pusam Rubber Products Limited, Uthiram Rubber Products Limited, TVS Elastomeric Engineered Products Private Limited,

Nature of Relationship	Parties name
Fellow Subsidiaries	NK Telecom Products Limited, Rajgarhia Automobile Solution Limited, Essex Automobile Solutions Limited, TVS Insurance Broking Limited, Focuz Automobile Services Limited, Myers Tyre Supply (India) Limited, NCR Auto Cars Limited, TVS TWG Warranty Solutions Limited, TVS Auto Assist (India) Limited, Focuz Parts Mart Limited, Storeji Private Limited, Jai and Sons Private Limited, Scudaria Car Parts Limited, TVS Europe Distribution Limited, Europe Africa Distribution Limited, TVS Distribution and Services Middle East FZE, Universal Components, Wrea Hurst Parts Distribution Ltd, Universal Components USA Inc, Kellett (UK) Ltd, Universal Components UK (Corporate Trustee) Ltd, Reflected Light Ltd, Pollard Beaumont Ltd, European Truck and Trailer Ltd, Jiaxing Yousi Automobile Components Company Limited, TVS EPD Otomotiv San Ve Tic Limited, UC Africa (Pty) Limited,(Formerly Africa Truck Distribution Holdings Pty Ltd), Africa Truck Distributors Pty Ltd, TVS Automotive Systems Limited, Sundaram Clayton (USA) Limited, TVS Capital Funds Private Limited, TVS Wealth Private Limited, Prime Property Holdings Limited, Sundaram Textiles Limited, TVS Training and Services Limited.

Transactions with the Related Parties:

(Rs. In Lakhs)

S.No	Name of the Related Party	Nature of Transactions	Amount 2017-18	Amount 2016-17
1	TVS Motor Services Ltd (Holding Company)	Advance received	4,400.89	445.98
		Balance outstanding (Dr)	17,170.13	21,571.02
2	TVS Motor Company Limited (Holding Company)	Contribution towards Equity Share Capital Contribution towards Security Premium Services Rendered Advance received	987.16 6,512.69 548.64 840.81	1,065.57 5,434.41 276.46 1,060.48
		Balance outstanding (Dr)	395.89	
3	PHI Capital Services Private Limited	Contribution towards Equity Share Capital Contribution towards Security Premium Professional Charges	- - -	155.84 794.78 1,566.42
		Balance outstanding	-	-
4	Sundaram Clayton Limited (Holding Company)	EMI Payment Services Rendered	2.36 271.62	-
		Balance outstanding (Dr)	53.78	-
5	Sundaram Auto Components Limited (Fellow Subsidiary)	EMI Payment Advance received	7.37 266.79	-
		Balance outstanding (Dr)	314.68	-
6	Harita ARC Private Limited (Subsidiary)	Investments in Equity Reimbursement of Expenses	0.25 0.21	-
		Balance outstanding (Dr)	0.21	
7	TVS Two Wheeler Mall Private Limited (Subsidiary)	Investments in Equity Reimbursement of Expenses	0.25 0.20	- -
		Balance outstanding (Dr)	0.20	-
8	TVS Micro Finance Private Limited (Subsidiary)	Investments in Equity Reimbursement of Expenses	0.25 0.20	- -
		Balance outstanding (Dr)	0.20	-
9	Harita Collection Services Private Limited (Subsidiary)	Investments in Equity Reimbursement of Expenses	0.25 0.21	- -
		Balance outstanding (Dr)	0.21	-
10	TVS Commodity Financial Solutions Private Limited (Subsidiary)	Investments in Equity Reimbursement of Expenses	0.25 0.21	- -
		Balance outstanding (Dr)	0.21	-
11	TVS Housing Finance Private Limited (Subsidiary)	Investments in Equity Reimbursement of Expenses	1,200.00 10.62	- -
		Balance outstanding (Dr)	10.62	-

Note: Related party relationships are as identified by the Management and relied upon by auditors.

11. Segment Reporting

The Company is primarily engaged in the business of "Financial Services". All activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per AS-17 "Segmental Reporting".

12. Expenditure in foreign currency

(Rs. In Lakhs)

Description	2017-18	2016-17
Interest on Foreign Currency Loan	1,356.01	527.32
Professional and Consultancy Fees(including Software as a Service)	77.22	63.85
Other Matters	39.81	-

13. Earnings in Foreign Currency

(Rs. In Lakhs)

Description	2017-18	2016-17
Earnings in Foreign Currency	-	-

14. The Company has sought information from suppliers under the Micro, Small and Medium Enterprises Development Act 2006 which is pending. In view of this, information required under Schedule III of the Companies Act, 2013 is not furnished.

15. In the opinion of the Management, the Current Assets, Loans & Advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the balance sheet.

16. The Company has the process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, company has reviewed and ensured that adequate provision as required under any law/accounting standard for material foreseeable losses on such long-term contracts has been made in the books of accounts

17. Expenditure incurred on Corporate Social Responsibility activities:

a. Gross amount required to be spent during the year is Rs.175 lakhs.

b. Amount spent during the year

(Rs. In Lakhs)

S.No.	Particulars	In cash	Yet to be paid in cash	2017-18	2016-17
1	Construction/acquisition of any asset	-	-	-	-
2	Expenses incurred through trusts	-	-	175.00	90.00

18.1. Disclosure pursuant to Reserve Bank of India Notification DBNS.193DG (VL) – 2007 dated February 22,2007

(As required in terms of Paragraph 13 of Non- Banking Financial (Non- Deposit accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(Rs. In Lakhs)

S.No	Description	Amount Outstanding	Amount Overdue
		as at March 31, 2018	
	Liabilities		
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**		
A	Debentures	**-**	-
	- Secured	-	-
	- Unsecured (other than falling within the meaning of public deposits)	10,000.00	-
B	Deferred Credits	-	-
C	Term Loans (including Sub Ordinated Debt)	3,49,376.12	-
D	Inter-corporate loans and borrowings	**-**	-
E	Commercial paper	40,000.00	-
F	Other loans - (Cash Credit)	1,34,914.17	-
	Total	**5,34,290.29**	-
	Assets		
(2)	**Break-up of Loans and Advances including bills receivable (other than those included in (4) below) :**		
(a)	Secured	6,11,928.03	-
(b)	Unsecured considered good	15,313.82	-
(3)	**Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities:**		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed assets	-	-
	(iii) Other Loan counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
	Total	**6,27,241.85**	

(Rs. In Lakhs)

S. No	Description	Amount Outstanding	Amount Overdue
		as at March 31, 2018	
4.	**Current Investments:**		
	1 Quoted :		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (Please specify)	-	-
	2 Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (Please specify)	-	-
	Long term Investments:		
	1 Quoted :		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (Please specify)	-	-
	2 Unquoted:		
	(i) Shares: (a) Equity	1,201.25	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (Pass through Certificates - Securitisation)	-	-
	Total	**-**	-

(5)	**Borrower group -wise classification of assets financed as in (2) and (3) above**			
	Category	**Amount (Net of provisions for Non-performing assets)**		
		Secured	**Unsecured**	**Total**
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	76.24	-	76.24
	(c)Other related parties	-	-	-
	2. Other than related parties	6,06,855.77	15,313.82	6,22,169.59
	Total	6,06,932.01	15,313.82	6,22,245.83

(6)	**Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)**		
	Category	**Market value / Break up or fair value of NAV**	**Book value (Net of provisions)**
1	Related parties		
	(a) Subsidiaries	1,201.25	1,201.25
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2	Other than related parties	-	-

(Rs. In Lakhs)

(7)	Other Information	Amount
(i)	Gross Non-performing assets	
	(a) Related Parties	-
	(b) Other than related parties	17,975.86
		17,975.86
(ii)	Net - Non Performing assets	
	(a) Related Parties	-
	(b) Other than related parties	12,903.59
		12,903.59
(iii)	Assets acquired in satisfaction of debt	-

Disclosure pursuant to Reserve Bank of India Notification RBI/2014-15/299 DNBR (PD) CC.No.002/03/10/001/2014-15 dated November 10, 2014

a. Capital Adequacy Ratio

(Rs. In Lakhs)

Description	2017-18	2016-17
Tier I Capital	78,252.26	63,724.00
Tier II Capital	40,242.69	31, 313.31
Total Capital	**1,18,494.95**	**95,037.31**
Total Risk Weighted Assets	**6,40,660.07**	**5,19,485.02**
Amount of Subordinated Debt as Tier II Capital (Discounted Value)	31,245.00	28,490.00
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	12.21%	12.27%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	6.28%	6.03%
Total (%)	**18.50%**	**18.29%**
Amount of perpetual debt raised and qualifying as Tier I capital during the year	7,218.43	**-**
Amount of sub-ordinated debt raised and qualifying as Tier II capital during the year	12,781.57	15,000.00

b. Investments

(Rs. In Lakhs)

S.No	Description	2017-18	2016-17
1	**Value of Investments**		
	i) Gross Value of Investments		
	a) In India	1201.25	-
	b) Outside India	-	-
	ii) Provision for Depreciation		
	a) In India	-	-
	b) Outside India	-	-
	iii) Net Value of Investments		
	a) In India	1201.25	-
	b) Outside India	-	-
2	**Movement of Provisions held towards depreciation on Investments**		
	i) Opening Balance	-	-
	ii) Add: Provisions made during the year	-	-
	iii) Less: Write off/write back of excess provisions during the year	-	-
	iv) Closing Balance	-	-

c. Exposure to Real Estate sector, both Direct and Indirect

(Rs. In Lakhs)

Description	2017-18	2016-17
(a) Direct/Indirect Exposure (Net of Advances from Customers)		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	**-**	**-**
- individual housing loans up to Rs. 15 Lakhs		
- individual housing loans more than Rs. 15 Lakhs	-	-
(ii) Commercial Real Estate -	-	-
Lending secured by mortgages on commercial real estates (office building, retails space, multi-purpose commercial premises, multi -family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.).	-	-
- Fund Based	-	-
- Non- Fund Based	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other Securitised exposures-	-	-
a. Residential	-	-
b. Commercial Real Estate.	-	-
Fund based and non-fund based exposures on National	-	-
Housing Bank (NHB) and Housing Finance Companies(HFC's)	1,200.00	-

Note: The above summary is prepared based on the information available with the Company and relied upon by the auditors.

d. Exposure to Capital Market

(Rs. In Lakhs)

#	Description	2017-18	2016-17
I	Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	-	-
Ii	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds.	-	-
Iii	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken a primary security.	-	-
Iv	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances.	-	-
V	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	-	-
Vi	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
Vii	Bridge loans to companies against expected equity flows/issues.	-	-
Viii	all exposures to Venture Capital Funds (both registered and unregistered)	-	-

e. Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities.

(Rs. In Lakhs)

	As on 31st Mar 2018					
Time of Buckets	**Deposits**	**Advances**	**Investments**	**Borrowings**	**Foreign Currency Assets**	**Foreign Currency Liabilities**
Upto 1 Month	5,411.94	49,828.67	-	4,285,43	-	-
Over 1 to 2 Months	-	32,297.28	-	7,436.36	-	-
Over 2 to 3 Months	-	33,951.68	-	20,344.69	-	2,187.50
Over 3 months to 6 Months	-	81 ,846,43	-	70,559.10	-	2,187.50
Over 6 Months to 1 Year	-	1,41 ,771.22	-	2,38,033.86	-	4,375.00
Over 1 Year to 3 Years	-	2,48,438,45	1,201.25	1,11 ,130.84	-	23,750.00
Over 3 Year to 5 Years	-	33,943.86	-	30,000.00	-	-
Over 5 Years	-	91.99	-	20,000.00	-	-
Total	**5,411.94**	**6,22,169,58**	**1,201.25**	**5,01,790,28**	**-**	**32,500,00**

f. Disclosure of frauds reported during the year vide DNBS.PD.CC NO. 256/03.10.042/2011-12 dated 2 March, 2012

(Rs.in Lakhs)

	Category	Less than Rs.1 lacs		Rs.1 to Rs.5 lacs		Total	
		Count	Value	Count	Value	Count	Value
A	**Person Involved**						
	Staff	47	18.81	33	118.37	80	137.18
	Customers/Showroom Managers	-	-	-	-	-	-
	Staff and Customers	**47**	**18.81**	**33**	**118.37**	**80**	**137.18**
B	**Type of Fraud**						
	Misappropriation and Criminal breach of trust	-	-	-	-	-	-
	Fraudulent encashment / manipulation of books of accounts	47	18.81	33	118.37	80	137.18
	Unauthorised credit facility extended	-	-	-	-	-	-
	Cheating and Forgery	-	-	-	-	-	-
	Total	**47**	**18.81**	**33**	**118.37**	**80**	**137.18**

Out of the above, Rs.56.38 lakhs has been recovered and the company has made provision for the balance recoverable. The above information is prepared based on the information available with the Company and relied upon by the Auditors.

18.2. Note on Securitization

a. Disclosure pursuant to Reserve Bank of India Notification DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012 and DNBR (PD) CC.No.0029/03.10.001/2014-15 dated April 10, 2015

During the year, the Company has without recourse securitized on 'at Par' basis through Pass through Certificate (PTC) route, and derecognized the said loan receivables from the books. In terms of the accounting policy stated in Note No.1 (g), securitization income is recognized as per RBI guidelines dated 21st August 2012.

(Rs. In Lakhs)

S. No	Description	2017-18	2016-17
1	No of SPVs sponsored by the NBFC for securitisation transactions	6 nos	10 nos
2	Total amount of securitised assets as per books of the SPVs sponsored by NBFC's	15,609.98	21,715.44
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	- First loss (cash collateral term deposits with banks) (refer Note No.15) - Second Loss	3,775.16 1,588.76	7,790.89 1,335.22
	- Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	- First loss	-	-
	- loss	-	-
	ii) Exposure to third party securitizations		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitizations		
	- First loss	-	-
	- Others	-	-

b. The value of "excess interest spread receivable" and "unrealized gain" on securitization transactions undertaken in terms of guidelines on securitization transaction issued by Reserve bank of India on 21st August 2012 are given below:

(Rs. In Lakhs)

S.No	Description	2017-18		2016-17	
		Non-Current	Current	Non- Current	Current
1	Excess Interest Spread receivable	1,267.36	639.86	1,103.04	2,348.43
2	Unrealised gain on Securitisation Transactions	1,267.36	639.86	1,103.04	2,348.43

c. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(Rs. In Lakhs)

Description	2017-18	2016-17
No. of Accounts	-	-
Aggregate value (net of Provisions) of accounts sold to SC/RC	-	-
Aggregate Consideration	-	-
Additional Consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate Gain/Loss over net book value	-	-

d. Details of Assignment Transactions undertaken by NBFCs

(Rs.in Lakhs)

Description	2017-18	2016-17
No. of Accounts	2,16,478	2,16,478
Aggregate value (net of Provisions) of accounts sold	57,716.33	57,716.33
Aggregate Consideration	57,716.33	57,716.33
Additional Consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate Gain/Loss over net book value	-	-

18.3. Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.0029/03.10.001/2014-15 dated April 10 2015

(Rs.in Lakhs)

#	Particulars		March 31,2018	March 31,2017
(i)	Net NPA to Net Advances (%)		2.09%	1.69%
(ii)	Movement of NPAs (Gross)*			
	a)	Opening Balance	12,825.45	4,843.68
	b)	Additions during the year	15,860.24	18,169.27
	c)	Reductions and Write off during the year	5,293.69	6,366.08
	d)	Write off during the year	5,416.14	3,821.43
	e)	Closing Balance	17,975.86	12,825.45
(iii)	Movement of NPAs (Net)*			
	a)	Opening Balance	8,425.06	2,021.56
	b)	Additions during the year	13,336.34	16,317.25
	c)	Reductions during the year	3,441.66	6,092.31
	d)	Write off during the year	5,416.14	3,821.43
	e)	Closing Balance	12,903.59	8,425.06
(iv)	Movement of provisions for NPA's(excluding provision on standard assets)*			
	a)	Opening Balance	4,400.39	2,822.13
	b)	Provisions made during the year	2,523.90	1,852.02
	c)	Write off/Write-back of excess provisions	1,852.02	273.76
	d)	Closing Balance	5,072.27	4,400.39

*The NPA figures mentioned provision includes provision on assets taken over from Chennai Business Consulting Services Limited (erst while TVS Finance and Services Limited) vide BTA dated 21/04/2010

b. Movement of Contingent Standard Assets Provision

(Rs. In Lakhs)

Description			March 31,2018	March 31,2017
(i)		Movement of Contingent Provision against standard assets		
	a)	Opening Balance	1,846.67	1,339.01
	b)	Additions during the year	446.30	507.66
	c)	Reductions during the year	-	-
	d)	Closing Balance	2,292.97	1,846.67

c. Movement of General Provision

(Rs. In Lakhs)

Description			March 31,2018	March 31,2017
(i)	Movement of Contingent Provision against standard assets			
	a)	Opening Balance	2,968.89	2,717.27
	b)	Additions during the year	2,916.65	251.62
	c)	Reductions during the year	-	-
	d)	Closing Balance	5,885.54	2,968.89

d. Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the Head Expenditure in Profit and Loss Account

(Rs. In Lakhs)

Description	March 31,2018	March 31,2017
Provision for Depreciation on Investments	-	-
Provision towards NPA as per RBI	671.89	1,578.25
Provision made towards Income Tax	7,183.68	5,516.20
Other Provision and Contingencies - Provision as per Company Norms	2,916.66	251.62
Provision for Standard Assets	446.30	507.66
	11,218.53	**7,853.73**

18.4. Concentration of Advances, Exposures & NPAs

a. Concentration of Advances

(Rs. In Lakhs)

Description	2017-18	2016-17
Total Advances to Twenty Largest Borrowers	1,355.88	2,573.73
Percentage of advances to twenty largest borrowers to Total Advances	0.22%	0.52%

b. Concentration of Exposures

(Rs. in Lakhs)

Description	2017-18	2016-17
Total Exposures to Twenty Largest Borrowers/Customers	1,355.88	2,573.73
Percentage of Exposures to twenty largest borrowers to Total Advances	0.22%	0.52%

c. Concentration of NPAs

(Rs. In Lakhs)

Description	2017-18	2016-17
Total Exposure to Top Four NPA Accounts	128.26	125.24

d. Sector-wise distribution of NPA's

(Rs. In Lakhs)

S. No	Sector	Percentage of NPA's to Total Advances in that Sector	
		2017-18	2016-17
1	Agriculture and Allied Activities	3.98%	2.77%
2	MSME	-	-
3	Corporate Borrowers	3.28%	2.83%
4	Services	-	-
5	Unsecured Personal Loans to dealers	0.89%	6.30%
6	Auto Loans (includes assets taken over from Chennai Business Consulting Services Limited)	2.74%	1.98%
7	Other Personal Loans	-	-
8	Others	-	-

18.5. Customer Complaints

Description	2017-18 (Nos)	2016-17 (Nos)
No of Complaints pending at the beginning of the year	73	9
No of Complaints received during the year	2,304	1,194
No of Complaints redressed during the year	2,298	1,130
No of Complaints Pending at the end of the year	79	73

Note: The above figures are based on complaints received from customer for identified service deficiency. As on 26th April 2018, except for 43 cases, other complaints have been resolved.

18.6. Details of non- performing financial assets purchased/sold

The company has neither purchased nor sold any non-performing financial assets during the year.

18.7. Registration under Other Regulators

The company has neither purchased nor sold any non-performing financial assets during the year.

18.8. Penalties imposed by RBI and Other Regulators

No penalties have been imposed by RBI and other regulators during the FY 2017-18 and FY 2016-17.

18.9. Details of Financing of Parent Company Products.

During the year the Company has financed 5,83,913 nos. of two wheelers and 2,495 nos. of three wheelers of TVS Motor Company Limited as against 5,29,717 lakhs nos. of two wheelers and 3,455 nos. of three wheelers in the previous year.

18.10. Registration under Other Regulators

Description	2017-18	2016-17
Commercial paper	CRISIL/ICRA:A1+	CRISIL/ICRA:A1+
Working Capital Demand Loans	CRISIL/BWR:AA-	BWR:AA-
Cash Credit	CRISIL/BWR:AA-	BWR:AA-
Bank Term Loans	CRISIL/BWR:AA-	BWR:AA-
Non-Convertible Debentures- Long Term	CRISIL:AA-	CRISIL:A+
Perpetual Debt	CRISIL/BWR: A+	-
Subordinated Debt	BWR:AA-	BWR:AA-

18.11. Details of Financing of Parent Company Products.

(Rs. In Lakhs)

S.No	Name of the Director	Nature	2017-18	2016-17
1	Mr. Venu Srinivasan	Sitting Fees	0.40	0.40
		Commission	-	-
2	Mr. T.K.Balaji	Sitting Fees	0.30	0.10
		Commission	-	-
3	Mr. R.Ramakrishnan	Sitting Fees	1.80	1.60
		Commission	12.00	9.00
4	Mr. Sudarshan Venu	Sitting Fees	0.60	0.90
		Commission	-	-
5	Mr. S.Santhanakrishnan	Sitting Fees	1.50	2.00
		Commission	12.00	9.00
6	Mr. P.Sivaram	Sitting Fees	-	0.20
		Commission	-	-
7	Mr. K.N.Radhakrishnan	Sitting Fees	1.10	0.80
		Commission	-	-
8	Mr. V.Srinivasa Rangan	Sitting Fees	0.70	0.80
		Commission	12.00	9.00
9	Mr.Anupam Thareja	Sitting Fees	0.60	0.40
		Commission	-	-
10	Ms. Sasikala Varadhachari	Sitting Fees	0.50	0.50
		Commission	9.00	6.00
	Total		**52.50**	**40.70**

18.12. Details of Single Borrower Limits (SBL)/Group Borrower Limits (GBL) exceeded

Company has not exceeded the single borrower limit as set by Reserve Bank of India

18.13. Advance against Intangible Securities

Company has not given any loans against intangible securities

18.14. Derivatives

1. Forward Rate Agreement/Interest Rate Swap

(Rs. In Lakhs)

S. No	Description	2017-18	2016-17
(i).	The notional principal of swap agreements	32,500.00	30,000.00
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
(iii)	Collateral required by the NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of the swap books	32,371.50	31,753.07

2. Exchange Traded Interest Rate (IR) Derivatives

(Rs.in lakhs)

S. No	Description	Amount
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument wise)	-
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March, 2018 (instrument wise)	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not " highly effective"(instrument wise)	-
(iv)	Mark- to - market value of exchange traded IR derivatives outstanding and not" highly effective" (instrument -wise)	-

3. Disclosure on Risk Exposure in Derivatives

Towards the foreign currency loan availed, the Company has taken forward cover to hedge the foreign current risks and cross currency interest rate swap.

(Rs. In Lakhs)

S.No	Particular		As at 31st March 2018
(i)	Outstanding Derivatives (Notional Principal Amount)		
	For hedging (Currency/Interest Rate Derivatives)		32,500.00
(ii)	Marked to Market Positions		
	a)	Asset (+)	128.50
	b)	Liability (-)	
(iii)		Credit Exposure	32,371.50
(iv)		Unhedged Exposures	Nil

18.15. Overseas assets (for those with JV and Subsidiaries abroad)

There are no overseas assets owned by the Company.

18.16. Draw down from Reserves

No draw down from reserve existed for the year.

18.17. Off balance sheet SPV sponsored

There are no SPVs which are required to be consolidated.

18.18. There are no prior period items accounted during the year.

18.19. There are no circumstances in which revenue recognition postponed pending the resolution of significant uncertainties.

18.20. Summary of total borrowings, receivables and provision

Total borrowings

(Rs. In Lakhs)

Term-wise breakup	**2017-18**	**2016-17**
Long Term borrowings	1,84,880.84	1,16,588.46
Short Term borrowings	2,34,764.17	1,86,557.51
Current maturities of long term borrowings	1,12,879.55	1,17,565.94
Total borrowings	**5,32,524.56**	**4,20,711.91**
Category-wise breakup		
Secured		
Term loans from bank	2,69,035.39	2,03,435.65
Term loans from Others	5,850.00	-
Working Capital Demand Loan	1,34,914.17	1,04,557.51
Unsecured		
Term loans from bank	26,500.00	4,000.00
Term loans from Other Parties	-	418.75
Commercial papers	40,000.00	70,000.00
Subordinated debts	46,225.00	38,300.00
Perpetual Debt	10,000.00	-
	5,32,524.56	4,20,711.91

Total receivable under financing activity

(Rs. In Lakhs)

Particulars	**2017-18**	**2016-17**
Term-wise Breakup		
Long term receivables	2,82,435.87	2,20,401.11
Current maturities of long term receivables	3,39,466.69	2,73,299.97
Total receivables	**6,21,902.56**	**4,93,701.08**
Less: Substandard, Doubtful assets and Loss Assets	17,975.86	12,825.43
Net loan book	**6,03,926.70**	**4,80,875.65**
Category-wise Breakup		
Secured	6,11,928.04	4,87,063.03
Unsecured	9,974.52	6,638.05
Total receivables	**6,21,902.56**	**4,93,701.08**
Less: Substandard, Doubtful assets and Loss Assets	17,975.86	12,825.43
Net loan book	**6,03,926.70**	**4,80,875.65**

Total asset provisions

(Rs In Lakhs)

Particulars	2017-18	2016-17
Category-wise Breakup		
Provision for Doubtful Debts and Loss Assets	5,072.27	4,400.39
Contingent provision against standard assets	2,292.97	1,846.67
General provisions	5,885.55	2,968.89
Provision for diminution in the value of investments	-	-

19. Previous year figures have been reclassified to confirm with the current year's classification / presentation, wherever applicable.

As per our report of even date

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

S.Venkatraman
Partner
Membership No. 34319

Place: Chennai
Date: April 30, 2018

For and on behalf of the Board

R Ramakrishnan
Director

S Santhanakrishnan
Director

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

K Sridhar
Company Secretary

Board of Directors

V GOPALAKRISHNAN

N SRINIVASA RAMANUJAM

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 : U65999TN2017PTC118296

Directors' Report to the Shareholders

The directors present the first annual report together with the annual audited statement of accounts for the period from 25th August 2017 to 31st March 2018.

Financial Highlights

During the period under review, the Company incurred a sum of Rs. 31,496/- towards incorporation expenses, rates & taxes, audit fees, etc. The Company is yet to commence its operations.

Dividend

The directors of the Company do not recommend any dividend for the period ended 31st March 2018.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Companies Act, 2013 (the Act, 2013) with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the period from 25th August 2017 to 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

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

Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 all the existing directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 25th August 2017, 4th September 2017, 4th December 2017 and 16th March 2018 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

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

The Company at its ensuing Annual General Meeting (AGM) to be held on 1st June 2018 will appoint M/s V Sankar Aiyar & Co., Chartered Accountants, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office for a term of five consecutive years, subject to ratification of their appointment, at every annual general meeting (AGM), at such remuneration in addition to reimbursement of applicable taxes, out of pocket expenses, travelling and other expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

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

Disclosures

Material changes and commitments

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

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

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

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2018 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's Remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards the furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act, 2013 for the period ended

31st March 2018, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2018 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act, 2013 (the Act, 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Relevant particulars are being provided in Form AOC-2 as Annexure-II. Related Party disclosures as per the Accounting Standards have been provided in Note No. 6 (10) to the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Other Laws:

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

During the period under review, there were no foreign earnings or expenditure in the Company.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place: Chennai	V Gopalakrishnan	N Srinivasa Ramanujam
Date: 30th April 2018	Director	Director
	DIN: 03291640	DIN: 07384809

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31st MARCH 2018

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65999TN2017PTC118296
ii)	Registration Date	:	25.08.2017
iii)	Name of the Company	:	Harita ARC Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No. 29, Haddows Road, Chennai - 600006.
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	N.A.

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.	Not Applicable		

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100	2(87)

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

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mr V N Venkatanathan	1	0.00	Nil	-	-	Nil	(0.00)
2	TVS Credit Services Limited	2,499	100.00	Nil	-	-	Nil	-
3	TVS Credit Services Limited along with its nominee	-	-	Nil	2,500	100.00	Nil	100.00

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

S.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
1.	Mr V N Venkatanathan				
	At the beginning of the year	1	0.00	1	0.00
	Less: Transfer of shares dt. 25.08.2017	1	0.00	-	0.00
	At the End of the year	-	-	-	0.00
2.	Mr V N Venkatanathan (nominee of TVS Credit Services Ltd)				
	At the beginning of the year	-	-	-	-
	Less: Transferred on 25.08.2017	1	-	1	0.00
	At the End of the year	-	-	1	0.00

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

V. Shareholding of directors and key managerial personnel: NIL

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

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of directors and key managerial personnel

Remuneration to directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

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

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review.

For and on behalf of the Board

Place: Chennai
Date: 30th April 2018

V Gopalakrishnan
Director
DIN: 03291640

N Srinivasa Ramanujam
Director
DIN: 07384809

Annexure – II

Form No. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis - Nil
2. Details of material contracts/arrangement/transactions at arm's length basis:

Name of Related Party and Relationship	Nature of Contract / arrangement/ transactions	Amount (In Rs.)
TVS Credit Services Limited (Holding Company)	Allotment of equity shares (2,500 shares of Rs.10 each)	25,000
	Reimbursement of Expenses	21,260

For and on behalf of the Board

Place: Chennai
Date: 30th April 2018

V Gopalakrishnan
Director
DIN: 03291640

N Srinivasa Ramanujam
Director
DIN: 07384809

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2018

To the Members of Harita Arc Pvt Ltd

Report on the Financial Statements

1. We have audited the accompanying financial statements of Harita Arc Pvt Ltd, ('the Company'), which comprises the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounting) Rules, 2014.

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

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

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, and its Loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

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

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

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

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

   (d) in our opinion, the aforesaid financial statements, comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014;

   (e) on the basis of written representations received from the directors as on 31st March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018, 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. the Company did not have pending litigations.

      ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. there is no amount required to be transferred to the Investor Education and Protection Fund by the Company.

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 30th April, 2018

Annexure "A" to Independent Auditors' Report 31st March 2018
(Referred to in our report of even date)

(i) The Company does not own any fixed asset in the financial year 2017-18. Hence, paragraph 3(i) of the Order is not applicable to the Company.

(ii) The Company does not any have physical inventories as per books of accounts. Therefore, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of clause (iii) of the paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and providing guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

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

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of clause (vi) of the Order are not applicable to the Company.

(vii) According to the records of the Company, the Company does not have the liability under Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Goods and Service Tax, Value Added Tax and Cess or any other Statute. Hence, the provisions of clause (vii) of the Order are not applicable.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Government/Financial Institutions/Banks. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

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

(xi) Being a Private limited company, provisions of Section 197 read with Schedule V of the Companies Act, 2013 is not applicable.

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

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

(xiv) During the year the Company has not made any preferential allotment of shares. Hence, clause (xiv) of the Order is not applicable.

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

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

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 30th April, 2018

Annexure "B" to Independent Auditors' Report 31st March 2018

(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 Harita Arc Pvt Ltd ("the Company") as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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 31st March, 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal controls 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 : 30th April, 2018

BALANCE SHEET AS AT 31st March 2018

(Amount in Rs.)

Particulars	Note No	As at 31st March 2018
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	2	25,000
Reserves and Surplus	3	**(31,496)**
Current Liabilities		
Other Current Liabilities	4	31,260
Total		**24,764**
ASSETS		
Current Assets		
Cash and cash equivalents		24,764
Total		**24,764**

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 30th April 2018

STATEMENT OF PROFIT & LOSS FOR THE PERIOD FROM 22nd AUGUST 2017 TO 31st MARCH 2018

(Amount in Rs.)

Particulars	Note No	For the period from 22nd August 2017 to 31st March 2018
INCOME		
Revenue from operations		-
Other Income		-
Total		**-**
EXPENSES		
Other expenses	5	31,496
Total		**31,496**
Profit/(Loss) before tax		**(31,496)**
Tax expense		-
Profit/(Loss) after tax for the year		**(31,496)**
Earning per equity share:		**(12.60)**
Basic Earnings / (Loss) per Share in Rs		**(12.60)**
Significant Accounting Policies forming part of financial statements	1	
Additional Notes forming part of financial statements	6	

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 30th April 2018

CASH FLOW STATEMENT

Annexed to the Balance Sheet for the Period ended 31st March 2018

(Amount in Rs.)

		As at 31st March 2018
Cash Flow from Operating Activities		
Profit/(Loss) Before Tax		(31,496)
Adjustments For:		
Interest Earned	-	
Operating Loss before Working Capital Changes		**(31,496)**
Adjustments For:		
Increase/(Decrease) in Trade and other Payables	31,260	
Change in Working Capital		**31,260**
Cash generated from Operations (B+C)		**(236)**
Cash Flow from Investing Activities		-
Net Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares	25,000	
Net Cash from Financing Activities		**25,000**
Net Increase/(Decrease) in Cash and Cash Equivalents		**24,764**
Cash and Cash Equivalents at the end of the year		**24,764**
Less: Cash and Cash Equivalents as at Beginning		**-**
		24,764

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 30th April 2018

COMPANY BACKGROUND

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

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

b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

e. Earnings per Share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

f. Provisions

A provision arising out of a present obligation, as a result of past event, is recognized only when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Schedules to Balance Sheet

2. Share Capital

(Amount in Rs.)

	Particulars	As at 31st March 2018
a	**Authorised Share Capital:**	
	2,500 Equity shares of Rs.10/- each	25,000
		25,000
b	**Issued, Subscribed and Fully Paid up Share Capital:**	
	2,500 Equity shares of Rs.10/- each fully paid up	25,000
		25,000
c	**Par Value per Share**	
	Equity Shares	Rs.10 each
d	**Reconciliation of number of shares**	
	Equity Shares in Number	
	Shares at the beginning of the year	-
	Issued during the year	2,500
	Shares at the end of the year	**2,500**
e	**Equity Shares held by holding company**	
	Equity Shares	

Particulars	As at 31 March 18 (Number of Shares)	
	No. of Shares	**%**
Holding Company :		-
TVS Credit Services Limited	2,500	100.00

f **Details of share holders holding more than 5%**

Equity Shares

Name of the Share Holder	As at 31 March 18 (Number of Shares)	
	No. of Shares	**%**
TVS Credit Services Limited	2,500	100.00

g **Terms / Rights attached**

Equity Shares

The company has only one class of equity shares having a par value of Rs.10/- per share fully paid up. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held.

3. Reserves and Surplus

Particulars	As at 31st March 2018
Surplus/(Deficit) from Profit & Loss account	
As per Last Balance Sheet	-
Add: Profit/(Loss) for the year	(31,496)
Closing balance	**(31,496)**

4. Other Current Liabilities

Particulars	As at 31st March 2018
OTHER CURRENT LIABILITIES	
Payable to Holding Company	21,260
Sundry Creditors for Expenses	10,000
Other Payables	
Total Other Current Liabilities	**31,260**

(Amount in Rs.)

Schedules to Profit & Loss account

5. Other Expenses

	Particulars	For the period from 25th August 2017 to 31st March 2018
a	Professional charges	11,800
b	Rates and taxes	9,460
c	Payment to Auditors	
	- Statutory Audit	10,000
d	Bank Charges	236
		31,496

6. Additional Notes forming part of Financial Statements for year ended 31st March 2018

1. The Company was incorporated on 25th August 2017 under the name of Harita ARC Private Limited. The company has not commenced its operation during the financial period.
2. The Company was incorporated on 25th August 2017 and the accounts are for the period from this date to 31st March 2018.
3. The Company has issued 2,500 Equity Shares of Rs 10/- each at par valuing Rs 25,000/-. The equity shares are held entirely by the holding Company TVS Credit Services Limited.
4. This being the first year of closing of Accounts, the requirement of furnishing previous year's figures is not applicable.
5. The Directors have waived sitting fees payable to them for attending Board Meeting.
6. The Company has no employees and consequently no employee benefits paid.
7. Current Liabilities include amounts payable to Holding Company (TVS credit Services Limited) towards pre-operative expenses incurred.
8. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 does not arise.
9. Dues from companies in which directors of the company is a Director is Rs. Nil

10. Related Party Disclosures:

Reporting Entity: Harita ARC Private Limited

Relationship	Name
Holding Company	TVS Credit Services Limited TVS Motor Services Limited TVS Motor Company Limited
Ultimate Holding Company	Sundaram-Clayton Limited T.V.Sundram Iyengar and Sons Private Limited
Subsidiary Company	Nil
Fellow Subsidiaries	TVS Housing Finance Private Limited TVS Two Wheeler Mall Private Limited, TVS Micro Finance Private Limited, Harita Collection Services Private Limited, TVS Commodity Financial Solutions Private Limited Sundaram Auto Components Limited, TVS Housing Limited, TVS Motor Company (Europe) B.V TVS Motor (Singapore) Pte Limited PT. TVS Motor Company Indonesia Sundaram Holdings USA Inc Green Hills Land holding LLC Component Equipment Leasing LLC Sundaram-Clayton USA LLC Premier Land Holding LLC Southern Roadways Limited Sundaram Industries Private Limited Lucas TVS Limited Lucas Indian Service Limited TVS Electronics Limited, The Associated Auto Parts Private Limited, TVS Interconnect Systems Private Limited, TVS Automobile Solutions Private Limited, Autosense Private Limited, (Formerly TVS All Car Services Private Limited), Carcrew Technology Private Limited, TVS Investments Private Limited, Sundaram Lanka Tyres Limited, Pusam Rubber Products Limited, Uthiram Rubber Products Limited, TVS Elastomeric Engineered Products Private Limited, NK Telecom Products Limited, Rajgarhia Automobile Solution Limited, Essex Automobile Solutions Limited, TVS Insurance Broking Limited, Focuz Automobile Services Limited, Myers Tyre Supply (India) Limited, NCR Auto Cars Limited, TVS TWG Warranty Solutions Limited, TVS Auto Assist (India) Limited, Focuz Parts Mart Limited, Storeji Private Limited, Jai and Sons Private Limited, Scudaria Car Parts Limited, TVS Europe Distribution Limited, Europe Africa Distribution Limited, TVS Distribution and Services Middle East FZE, Universal Components, Wrea Hurst Parts Distribution Ltd, Universal Components USA Inc, Kellett (UK) Ltd, Universal Components UK (Corporate Trustee) Ltd, Reflected Light Ltd, Pollard Beaumont Ltd, European Truck and Trailer Ltd, Jiaxing Yousi Automobile Components Company Limited, TVS EPD Otomotiv San Ve Tic Limited, UC Africa (Pty) Limited, (Formerly Africa Truck Distribution Holdings Pty Ltd), Africa Truck Distributors Pty Ltd, TVS Automotive Systems Limited, Sundaram Clayton (USA) Limited, TVS Capital Funds Private Limited, TVS Wealth Private Limited, Prime Property Holdings Limited, Sundaram Textiles Limited, TVS Training and Services Limited.
Key Management Personnel	Nil

Transactions with Related Parties

Amount (Rs.)

Sl. No	Nature of Transaction	Name of the Related Party	During the Reporting period
01.	Allotment of Equity Shares Fully paid up - 2,500 Equity Shares of Rs.10 Each at par	TVS Credit Services Limited	25,000
02.	Reimbursement of Expenses	TVS Credit Services Limited	21,260
	Balance Payable (Cr.)	TVS Credit Services Limited	21,260

For and on behalf of the Board

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

S.Venkataraman Partner Membership No.23116	V Gopalakrishnan Director DIN: 03291640	N Srinivasa Ramanujam Director DIN: 07384809

Place: Chennai
Date: 30th April 2018

Board of Directors

V GOPALAKRISHNAN

N SRINIVASA RAMANUJAM

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 : U65100TN2017PTC118290

Directors' Report to the Shareholders

The directors present the first annual report together with the annual audited statement of accounts for the period from 25th August 2017 to 31st March 2018.

Financial Highlights

During the period under review, the Company incurred a sum of Rs. 31,496/- towards incorporation expenses, rates & taxes, audit fees, etc. The Company is yet to commence its operations.

Dividend

The directors of the Company do not recommend any dividend for the period ended 31st March 2018.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Companies Act, 2013 (the Act, 2013) with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the period from 25th August 2017 to 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

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

Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 all the existing directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 25th August 2017, 4th September 2017, 4th December 2017 and 16th March 2018 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

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

The Company at its ensuing Annual General Meeting (AGM) to be held on 1st June 2018 will appoint M/s V Sankar Aiyar & Co., Chartered Accountants, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office for a term of five consecutive years, subject to ratification of their appointment, at every annual general meeting (AGM), at such remuneration in addition to reimbursement of applicable taxes, out of pocket expenses, travelling and other expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

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

Disclosures

Material changes and commitments

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

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

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

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2018 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's Remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards the furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act, 2013 for the period ended

31st March 2018, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2018 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act, 2013 (the Act, 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Relevant particulars are being provided in Form AOC-2 as Annexure-II. Related Party disclosures as per the Accounting Standards have been provided in Note No. 6 (10) to the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Other Laws:

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

During the period under review, there were no foreign earnings or expenditure in the Company.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place: Chennai	V Gopalakrishnan	N Srinivasa Ramanujam
Date: 30th April 2018	Director	Director
	DIN: 03291640	DIN: 07384809

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31st MARCH 2018

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65100TN2017PTC118290
ii)	Registration Date	:	25.08.2017
iii)	Name of the Company	:	Harita Collection Services Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No. 29, Haddows Road, Chennai - 600006.
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	N.A.

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.	Not Applicable		

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100	2(87)

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

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mr V N Venkatanathan	1	0.00	Nil	-	-	Nil	(0.00)
2	TVS Credit Services Limited	2,499	100.00	Nil	-	-	Nil	-
3	TVS Credit Services Limited along with its nominee	-	-	Nil	2,500	100.00	Nil	100.00

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

S.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
1.	Mr V N Venkatanathan				
	At the beginning of the year	1	0.00	1	0.00
	Less: Transfer of shares dt. 25.08.2017	1	0.00	-	0.00
	At the End of the year	-	-	-	0.00
2.	Mr V N Venkatanathan (nominee of TVS Credit Services Ltd)				
	At the beginning of the year	-	-	-	-
	Less: Transferred on 25.08.2017	1	-	1	0.00
	At the End of the year	-	-	1	0.00

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

V. Shareholding of directors and key managerial personnel: NIL

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

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of directors and key managerial personnel

Remuneration to directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

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

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review.

For and on behalf of the Board

Place: Chennai
Date: 30th April 2018

V Gopalakrishnan
Director
DIN: 03291640

N Srinivasa Ramanujam
Director
DIN: 07384809

Annexure – II

Form No. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis - Nil
2. Details of material contracts/arrangement/transactions at arm's length basis:

Name of Related Party and Relationship	Nature of Contract / arrangement/ transactions	Amount (In Rs.)
TVS Credit Services Limited (Holding Company)	Allotment of equity shares (2,500 shares of Rs.10 each)	25,000
	Reimbursement of Expenses	21,260

For and on behalf of the Board

Place: Chennai
Date: 30th April 2018

V Gopalakrishnan
Director
DIN: 03291640

N Srinivasa Ramanujam
Director
DIN: 07384809

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2018

To the Members of of Harita Collection Services Pvt Ltd,

Report on the Financial Statements

1. We have audited the accompanying financial statements of of Harita Collection Services Pvt Ltd, ('the Company'), which comprises the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounting) Rules, 2014.

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

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

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, and its Loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

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

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

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

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

   (d) in our opinion, the aforesaid financial statements, comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014;

   (e) on the basis of written representations received from the directors as on 31st March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018, 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. the Company did not have pending litigations.

      ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. there is no amount required to be transferred to the Investor Education and Protection Fund by the Company.

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 30th April, 2018

Annexure "A" to Independent Auditors' Report 31st March 2018

(Referred to in our report of even date)

(i) The Company does not own any fixed asset in the financial year 2017-18. Hence, paragraph 3(i) of the Order is not applicable to the Company.

(ii) The Company does not any have physical inventories as per books of accounts. Therefore, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of clause (iii) of the paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and providing guarantees and securities which has application of the provisions of Sections 185 and 186 of the Act. Therefore, the provisions of clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

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

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of clause (vi) of the Order are not applicable to the Company.

(vii) According to the records of the Company, the Company does not have the liability under Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Goods and Service Tax, Value Added Tax and Cess or any other Statute. Hence, the provisions of clause (vii) of the Order are not applicable.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Government/Financial Institutions/Banks. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

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

(xi) Being a Private limited company, provisions of Section 197 read with Schedule V of the Companies Act, 2013 is not applicable.

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

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

(xiv) During the year the Company has not made any preferential allotment of shares. Hence, clause (xiv) of the Order is not applicable.

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

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

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 30th April, 2018

Annexure "B" to Independent Auditors' Report 31st March 2018

(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 of Harita Collection Services Pvt Ltd, ("the Company") as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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 31st March, 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal controls 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 : 30th April, 2018

BALANCE SHEET AS AT 31st March 2018

(Amount in Rs.)

Particulars	Note No	As at 31st March 2018
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	2	25,000
Reserves and Surplus	3	**(31,496)**
Current Liabilities		
Other Current Liabilities	4	31,260
Total		**24,764**
ASSETS		
Current Assets		
Cash and cash equivalents		24,764
Total		**24,764**

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 30th April 2018

STATEMENT OF PROFIT & LOSS FOR THE PERIOD FROM 22nd AUGUST 2017 TO 31st MARCH 2018

(Amount in Rs.)

Particulars	Note No	For the period from 22nd August 2017 to 31st March 2018
INCOME		
Revenue from operations		-
Other Income		-
Total		**-**
EXPENSES		
Other expenses	5	31,496
Total		**31,496**
Profit/(Loss) before tax		**(31,496)**
Tax expense		-
Profit/(Loss) after tax for the year		**(31,496)**
Earning per equity share:		**(12.60)**
Basic Earnings / (Loss) per Share in Rs		**(12.60)**
Significant Accounting Policies forming part of financial statements	1	
Additional Notes forming part of financial statements	6	

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 30th April 2018

CASH FLOW STATEMENT

Annexed to the Balance Sheet for the Period ended 31st March 2018

(Amount in Rs.)

		As at 31st March 2018
Cash Flow from Operating Activities		
Profit/(Loss) Before Tax		(31,496)
Adjustments For:		
Interest Earned	-	
Operating Loss before Working Capital Changes		**(31,496)**
Adjustments For:		
Increase/(Decrease) in Trade and other Payables	31,260	
Change in Working Capital		**31,260**
Cash generated from Operations (B+C)		**(236)**
Cash Flow from Investing Activities		-
Net Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares	25,000	
Net Cash from Financing Activities		**25,000**
Net Increase/(Decrease) in Cash and Cash Equivalents		**24,764**
Cash and Cash Equivalents at the end of the year		**24,764**
Less: Cash and Cash Equivalents as at Beginning		**-**
		24,764

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 30th April 2018

COMPANY BACKGROUND

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

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

b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

e. Earnings per Share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

f. Provisions

A provision arising out of a present obligation, as a result of past event, is recognized only when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Schedules to Balance Sheet

2. Share Capital

(Amount in Rs.)

	Particulars	As at 31st March 2018
a	**Authorised Share Capital:**	
	2,500 Equity shares of Rs.10/- each	25,000
		25,000
b	**Issued, Subscribed and Fully Paid up Share Capital:**	
	2,500 Equity shares of Rs.10/- each fully paid up	25,000
		25,000
c	**Par Value per Share**	
	Equity Shares	Rs.10 each
d	**Reconciliation of number of shares**	
	Equity Shares in Number	
	Shares at the beginning of the year	-
	Issued during the year	2,500
	Shares at the end of the year	**2,500**

e **Equity Shares held by holding company**

Equity Shares

Particulars	As at 31 March 18 (Number of Shares)	
	No. of Shares	**%**
Holding Company :		-
TVS Credit Services Limited	2,500	100.00

f **Details of share holders holding more than 5%**

Equity Shares

Name of the Share Holder	As at 31 March 18 (Number of Shares)	
	No. of Shares	**%**
TVS Credit Services Limited	2,500	100.00

g **Terms / Rights attached**

Equity Shares

The company has only one class of equity shares having a par value of Rs.10/- per share fully paid up. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held.

3. Reserves and Surplus

Particulars	As at 31st March 2018
Surplus/(Deficit) from Profit & Loss account	
As per Last Balance Sheet	-
Add: Profit/(Loss) for the year	(31,496)
Closing balance	**(31,496)**

4. Other Current Liabilities

Particulars	As at 31st March 2018
OTHER CURRENT LIABILITIES	
Payable to Holding Company	21,260
Sundry Creditors for Expenses	10,000
Other Payables	
Total Other Current Liabilities	**31,260**

(Amount in Rs.)

Schedules to Profit & Loss account

5. Other Expenses

	Particulars	For the period from 25th August 2017 to 31st March 2018
a	Professional charges	11,800
b	Rates and taxes	9,460
c	Payment to Auditors	
	- Statutory Audit	10,000
d	Bank Charges	236
		31,496

6. Additional Notes forming part of Financial Statements for year ended 31st March 2018

1. The Company was incorporated on 25th August 2017 under the name of Harita Collection Services Private Limited. The company has not commenced its operation during the financial period.
2. The Company was incorporated on 25th August 2017 and the accounts are for the period from this date to 31st March 2018.
3. The Company has issued 2,500 Equity Shares of Rs 10/- each at par valuing Rs 25,000/-. The equity shares are held entirely by the holding Company TVS Credit Services Limited.
4. This being the first year of closing of Accounts, the requirement of furnishing previous year's figures is not applicable.
5. The Directors have waived sitting fees payable to them for attending Board Meeting.
6. The Company has no employees and consequently no employee benefits paid.
7. Current Liabilities include amounts payable to Holding Company (TVS credit Services Limited) towards pre-operative expenses incurred.
8. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 does not arise.
9. Dues from companies in which directors of the company is a Director is Rs. Nil

10. Related Party Disclosures:

Reporting Entity: Harita Collection Services Private Limited

Relationship	Name
Holding Company	TVS Credit Services Limited TVS Motor Services Limited TVS Motor Company Limited
Ultimate Holding Company	Sundaram-Clayton Limited T.V.Sundram Iyengar and Sons Private Limited
Subsidiary Company	Nil
Fellow Subsidiaries	TVS Housing Finance Private Limited TVS Two Wheeler Mall Private Limited, TVS Micro Finance Private Limited, Harita ARC Private Limited, TVS Commodity Financial Solutions Private Limited Sundaram Auto Components Limited, TVS Housing Limited, TVS Motor Company (Europe) B.V TVS Motor (Singapore) Pte Limited PT. TVS Motor Company Indonesia Sundaram Holdings USA Inc Green Hills Land holding LLC Component Equipment Leasing LLC Sundaram-Clayton USA LLC Premier Land Holding LLC Southern Roadways Limited Sundaram Industries Private Limited Lucas TVS Limited Lucas Indian Service Limited TVS Electronics Limited, The Associated Auto Parts Private Limited, TVS Interconnect Systems Private Limited, TVS Automobile Solutions Private Limited, Autosense Private Limited, (Formerly TVS All Car Services Private Limited), Carcrew Technology Private Limited, TVS Investments Private Limited, Sundaram Lanka Tyres Limited, Pusam Rubber Products Limited, Uthiram Rubber Products Limited, TVS Elastomeric Engineered Products Private Limited, NK Telecom Products Limited, Rajgarhia Automobile Solution Limited, Essex Automobile Solutions Limited, TVS Insurance Broking Limited, Focuz Automobile Services Limited, Myers Tyre Supply (India) Limited, NCR Auto Cars Limited, TVS TWG Warranty Solutions Limited, TVS Auto Assist (India) Limited, Focuz Parts Mart Limited, Storeji Private Limited, Jai and Sons Private Limited, Scudaria Car Parts Limited, TVS Europe Distribution Limited, Europe Africa Distribution Limited, TVS Distribution and Services Middle East FZE, Universal Components, Wrea Hurst Parts Distribution Ltd, Universal Components USA Inc, Kellett (UK) Ltd, Universal Components UK (Corporate Trustee) Ltd, Reflected Light Ltd, Pollard Beaumont Ltd, European Truck and Trailer Ltd, Jiaxing Yousi Automobile Components Company Limited, TVS EPD Otomotiv San Ve Tic Limited, UC Africa (Pty) Limited, (Formerly Africa Truck Distribution Holdings Pty Ltd), Africa Truck Distributors Pty Ltd, TVS Automotive Systems Limited, Sundaram Clayton (USA) Limited, TVS Capital Funds Private Limited, TVS Wealth Private Limited, Prime Property Holdings Limited, Sundaram Textiles Limited, TVS Training and Services Limited.
Key Management Personnel	Nil

Transactions with Related Parties

Amount (Rs.)

Sl. No	Nature of Transaction	Name of the Related Party	During the Reporting period
01.	Allotment of Equity Shares Fully paid up - 2,500 Equity Shares of Rs.10 Each at par	TVS Credit Services Limited	25,000
02.	Reimbursement of Expenses	TVS Credit Services Limited	21,260
	Balance Payable (Cr.)	TVS Credit Services Limited	21,260

For and on behalf of the Board

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

S.Venkataraman Partner Membership No.23116	V Gopalakrishnan Director DIN: 03291640	N Srinivasa Ramanujam Director DIN: 07384809

Place: Chennai
Date: 30th April 2018

TVS COMMODITY FINANCIAL SOLUTIONS PRIVATE LIMITED

Board of Directors

V GOPALAKRISHNAN

N SRINIVASA RAMANUJAM

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 : U65929TN2017PTC118316

Directors' Report to the Shareholders

The directors present the first annual report together with the annual audited statement of accounts for the period from 29th August 2017 to 31st March 2018.

Financial Highlights

During the period under review, the Company incurred a sum of Rs. 30,496/- towards incorporation expenses, rates & taxes, audit fees, etc. The Company is yet to commence its operations.

Dividend

The directors of the Company do not recommend any dividend for the period ended 31st March 2018.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Companies Act, 2013 (the Act, 2013) with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the period from 29th August 2017 to 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

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

Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 all the existing directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 29th August 2017, 4th September 2017, 4th December 2017 and 16th March 2018 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

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

The Company at its ensuing Annual General Meeting (AGM) to be held on 1st June 2018 will appoint M/s V Sankar Aiyar & Co., Chartered Accountants, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office for a term of five consecutive years, subject to ratification of their appointment, at every annual general meeting (AGM), at such remuneration in addition to reimbursement of applicable taxes, out of pocket expenses, travelling and other expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

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

Disclosures

Material changes and commitments

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

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

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

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2018 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act, 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's Remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards the furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act, 2013 for the period ended

31st March 2018, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2018 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act, 2013 (the Act, 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Relevant particulars are being provided in Form AOC-2 as Annexure-II. Related Party disclosures as per the Accounting Standards have been provided in Note No. 6 (10) to the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Other Laws:

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

During the period under review, there were no foreign earnings or expenditure in the Company.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place: Chennai	V Gopalakrishnan	N Srinivasa Ramanujam
Date: 30th April 2018	Director	Director
	DIN: 03291640	DIN: 07384809

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31st MARCH 2018

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65929TN2017PTC118316
ii)	Registration Date	:	29.08.2017
iii)	Name of the Company	:	TVS Commodity Financial Solutions Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No. 29, Haddows Road, Chennai - 600006.
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	N.A.

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.	Not Applicable		

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100	2(87)

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

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mr V N Venkatanathan	1	0.00	Nil	-	-	Nil	(0.00)
2	TVS Credit Services Limited	2,499	100.00	Nil	-	-	Nil	-
3	TVS Credit Services Limited along with its nominee	-	-	Nil	2,500	100.00	Nil	100.00

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

S.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
1.	Mr V N Venkatanathan				
	At the beginning of the year	1	0.00	1	0.00
	Less: Transfer of shares dt. 29.08.2017	1	0.00	-	0.00
	At the End of the year	-	-	-	0.00
2.	Mr V N Venkatanathan (nominee of TVS Credit Services Ltd)				
	At the beginning of the year	-	-	-	-
	Less: Transferred on 29.08.2017	1	-	1	0.00
	At the End of the year	-	-	1	0.00

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

V. Shareholding of directors and key managerial personnel: NIL

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

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of directors and key managerial personnel

Remuneration to directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

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

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review.

For and on behalf of the Board

Place: Chennai
Date: 30th April 2018

V Gopalakrishnan
Director
DIN: 03291640

N Srinivasa Ramanujam
Director
DIN: 07384809

Annexure – II

Form No. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis - Nil
2. Details of material contracts/arrangement/transactions at arm's length basis:

Name of Related Party and Relationship	Nature of Contract / arrangement/ transactions	Amount (In Rs.)
TVS Credit Services Limited (Holding Company)	Allotment of equity shares (2,500 shares of Rs.10 each)	25,000
	Reimbursement of Expenses	20,260

For and on behalf of the Board

Place: Chennai
Date: 30th April 2018

V Gopalakrishnan
Director
DIN: 03291640

N Srinivasa Ramanujam
Director
DIN: 07384809

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2018

To the Members of TVS Commodity Financial Solutions Pvt Ltd,

Report on the Financial Statements

1. We have audited the accompanying financial statements of TVS Commodity Financial Solutions Pvt Ltd, ('the Company'), which comprises the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounting) Rules, 2014.

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

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

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, and its Loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

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

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

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

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

   (d) in our opinion, the aforesaid financial statements, comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014;

   (e) on the basis of written representations received from the directors as on 31st March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018, 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. the Company did not have pending litigations.

      ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. there is no amount required to be transferred to the Investor Education and Protection Fund by the Company.

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 30th April, 2018

Annexure "A" to Independent Auditors' Report 31st March 2018

(Referred to in our report of even date)

(i) The Company does not own any fixed asset in the financial year 2017-18. Hence, paragraph 3(i) of the Order is not applicable to the Company.

(ii) The Company does not any have physical inventories as per books of accounts. Therefore, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of clause (iii) of the paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and providing guarantees and securities which has application of the provisions of Sections 185 and 186 of the Act. Therefore, the provisions of clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

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

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of clause (vi) of the Order are not applicable to the Company.

(vii) According to the records of the Company, the Company does not have the liability under Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Goods and Service Tax, Value Added Tax and Cess or any other Statute. Hence, the provisions of clause (vii) of the Order are not applicable.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Government/Financial Institutions/Banks. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

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

(xi) Being a Private limited company, provisions of Section 197 read with Schedule V of the Companies Act, 2013 is not applicable.

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

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

(xiv) During the year the Company has not made any preferential allotment of shares. Hence, clause (xiv) of the Order is not applicable.

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

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

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 30th April, 2018

Annexure "B" to Independent Auditors' Report 31st March 2018

(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 of TVS Commodity Financial Solutions Pvt Ltd, ("the Company") as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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 31st March, 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal controls 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 : 30th April, 2018

BALANCE SHEET AS AT 31st March 2018

(Amount in Rs.)

Particulars	Note No	As at 31st March 2018
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	2	25,000
Reserves and Surplus	3	**(30,496)**
Current Liabilities		
Other Current Liabilities	4	30,260
Total		**24,764**
ASSETS		
Current Assets		
Cash and cash equivalents		24,764
Total		**24,764**

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 30th April 2018

STATEMENT OF PROFIT & LOSS FOR THE PERIOD FROM 29th AUGUST 2017 TO 31st MARCH 2018

(Amount in Rs.)

Particulars	Note No	For the period from 29th August 2017 to 31st March 2018
INCOME		
Revenue from operations		-
Other Income		-
Total		**-**
EXPENSES		
Other expenses	5	30,496
Total		**30,496**
Profit/(Loss) before tax		**(30,496)**
Tax expense		-
Profit/(Loss) after tax for the year		**(30,496)**
Earning per equity share:		**(12.60)**
Basic Earnings / (Loss) per Share in Rs		**(12.60)**
Significant Accounting Policies forming part of financial statements	1	
Additional Notes forming part of financial statements	6	

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 30th April 2018

CASH FLOW STATEMENT

Annexed to the Balance Sheet for the Period ended 31st March 2018

(Amount in Rs.)

		As at 31st March 2018
Cash Flow from Operating Activities		
Profit/(Loss) Before Tax		(30,496)
Adjustments For:		
Interest Earned	-	
Operating Loss before Working Capital Changes		**(30,496)**
Adjustments For:		
Increase/(Decrease) in Trade and other Payables	30,260	
Change in Working Capital		**30,260**
Cash generated from Operations (B+C)		**(236)**
Cash Flow from Investing Activities		-
Net Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares	25,000	
Net Cash from Financing Activities		**25,000**
Net Increase/(Decrease) in Cash and Cash Equivalents		**24,764**
Cash and Cash Equivalents at the end of the year		**24,764**
Less: Cash and Cash Equivalents as at Beginning		**-**
		24,764

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 30th April 2018

COMPANY BACKGROUND

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

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

b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. Cash Flow Statement

Cash flow statement is prepared under “Indirect Method” and the same is annexed.

d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

e. Earnings per Share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

f. Provisions

A provision arising out of a present obligation, as a result of past event, is recognized only when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Schedules to Balance Sheet

2. Share Capital

(Amount in Rs.)

	Particulars	As at 31st March 2018
a	**Authorised Share Capital:**	
	2,500 Equity shares of Rs.10/- each	25,000
		25,000
b	**Issued, Subscribed and Fully Paid up Share Capital:**	
	2,500 Equity shares of Rs.10/- each fully paid up	25,000
		25,000
c	**Par Value per Share**	
	Equity Shares	Rs.10 each
d	**Reconciliation of number of shares**	
	Equity Shares in Number	
	Shares at the beginning of the year	-
	Issued during the year	2,500
	Shares at the end of the year	**2,500**

e **Equity Shares held by holding company**

Equity Shares

Particulars	As at 31 March 18 (Number of Shares) No. of Shares	%
Holding Company :		-
TVS Credit Services Limited	2,500	100.00

f **Details of share holders holding more than 5%**

Equity Shares

Name of the Share Holder	As at 31 March 18 (Number of Shares) No. of Shares	%
TVS Credit Services Limited	2,500	100.00

g **Terms / Rights attached**

Equity Shares

The company has only one class of equity shares having a par value of Rs.10/- per share fully paid up. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held.

3. Reserves and Surplus

Particulars	As at 31st March 2018
Surplus/(Deficit) from Profit & Loss account	
As per Last Balance Sheet	-
Add: Profit/(Loss) for the year	(30,496)
Closing balance	**(30,496)**

4. Other Current Liabilities

Particulars	As at 31st March 2018
OTHER CURRENT LIABILITIES	
Payable to Holding Company	20,260
Sundry Creditors for Expenses	10,000
Other Payables	
Total Other Current Liabilities	**30,260**

(Amount in Rs.)

Schedules to Profit & Loss account

5. Other Expenses

	Particlars	For the period from 29th August 2017 to 31st March 2018
a	Professional charges	11,800
b	Rates and taxes	8,460
c	Payment to Auditors	
	- Statutory Audit	10,000
d	Bank Charges	236
		30,496

6. Additional Notes forming part of Financial Statements for year ended 31st March 2018

1. The Company was incorporated on 29th August 2017 under the name of TVS Commodity Financial Solutions Private Limited. The Company has not commenced its operation during the financial period.
2. The Company was incorporated on 29th August 2017 and the accounts are for the period from this date to 31st March 2018.
3. The Company has issued 2,500 Equity Shares of Rs 10/- each at par valuing Rs 25,000/-. The equity shares are held entirely by the holding Company TVS Credit Services Limited.
4. This being the first year of closing of Accounts, the requirement of furnishing previous year's figures is not applicable.
5. The Directors have waived sitting fees payable to them for attending Board Meeting.
6. The Company has no employees and consequently no employee benefits paid.
7. Current Liabilities include amounts payable to Holding Company (TVS Credit Services Limited) towards pre-operative expenses incurred.
8. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 does not arise.
9. Dues from companies in which directors of the Company is a Director is Rs. Nil

10. Related Party Disclosures:

Reporting Entity: TVS Commodity Financial Solutions Private Limited

Relationship	Name
Holding Company	TVS Credit Services Limited TVS Motor Services Limited TVS Motor Company Limited
Ultimate Holding Company	Sundaram-Clayton Limited T.V.Sundram Iyengar and Sons Private Limited
Subsidiary Company	Nil
Fellow Subsidiaries	TVS Housing Finance Private Limited TVS Two Wheeler Mall Private Limited, TVS Micro Finance Private Limited, Harita ARC Private Limited, Harita Collection Services Private Limited Sundaram Auto Components Limited, TVS Housing Limited, TVS Motor Company (Europe) B.V TVS Motor (Singapore) Pte Limited PT. TVS Motor Company Indonesia Sundaram Holdings USA Inc Green Hills Land holding LLC Component Equipment Leasing LLC Sundaram-Clayton USA LLC Premier Land Holding LLC Southern Roadways Limited Sundaram Industries Private Limited Lucas TVS Limited Lucas Indian Service Limited TVS Electronics Limited, The Associated Auto Parts Private Limited, TVS Interconnect Systems Private Limited, TVS Automobile Solutions Private Limited, Autosense Private Limited, (Formerly TVS All Car Services Private Limited), Carcrew Technology Private Limited, TVS Investments Private Limited, Sundaram Lanka Tyres Limited, Pusam Rubber Products Limited, Uthiram Rubber Products Limited, TVS Elastomeric Engineered Products Private Limited, NK Telecom Products Limited, Rajgarhia Automobile Solution Limited, Essex Automobile Solutions Limited, TVS Insurance Broking Limited, Focuz Automobile Services Limited, Myers Tyre Supply (India) Limited, NCR Auto Cars Limited, TVS TWG Warranty Solutions Limited, TVS Auto Assist (India) Limited, Focuz Parts Mart Limited, Storeji Private Limited, Jai and Sons Private Limited, Scudaria Car Parts Limited, TVS Europe Distribution Limited, Europe Africa Distribution Limited, TVS Distribution and Services Middle East FZE, Universal Components, Wrea Hurst Parts Distribution Ltd, Universal Components USA Inc, Kellett (UK) Ltd, Universal Components UK (Corporate Trustee) Ltd, Reflected Light Ltd, Pollard Beaumont Ltd, European Truck and Trailer Ltd, Jiaxing Yousi Automobile Components Company Limited, TVS EPD Otomotiv San Ve Tic Limited, UC Africa (Pty) Limited, (Formerly Africa Truck Distribution Holdings Pty Ltd), Africa Truck Distributors Pty Ltd, TVS Automotive Systems Limited, Sundaram Clayton (USA) Limited, TVS Capital Funds Private Limited, TVS Wealth Private Limited, Prime Property Holdings Limited, Sundaram Textiles Limited, TVS Training and Services Limited.
Key Management Personnel	Nil

Transactions with Related Parties

Amount (Rs.)

Sl. No	Nature of Transaction	Name of the Related Party	During the Reporting period
01.	Allotment of Equity Shares Fully paid up - 2,500 Equity Shares of Rs.10 Each at par	TVS Credit Services Limited	25,000
02.	Reimbursement of Expenses	TVS Credit Services Limited	20,260
	Balance Payable (Cr.)	TVS Credit Services Limited	20,260

For and on behalf of the Board

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

S.Venkataraman Partner Membership No.23116	V Gopalakrishnan Director DIN: 03291640	N Srinivasa Ramanujam Director DIN: 07384809

Place: Chennai
Date: 30th April 2018

Board of Directors
V GOPALAKRISHNAN
N SRINIVASA RAMANUJAM

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 : U65929TN2017PTC118238

Directors' Report to the Shareholders of the Company

The directors present the first annual report together with the annual audited statement of accounts for the period from 23rd August 2017 to 31st March 2018.

Financial Highlights

During the period under review, the Company had incurred a sum of Rs. 30,496/- towards incorporation expenses, rates & taxes, audit fees, etc. The Company is yet to commence its operations.

Dividend

The directors of the Company do not recommend any dividend for the period ended 31st March 2018.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the period from 23rd August 2017 to 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(e) the directors had prepared the annual accounts on a going concern basis; and

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

Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 all the existing directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 23rd August 2017, 4th September 2017, 4th December 2017 and 16th March 2018 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

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

The Company at its ensuing Annual General Meeting (AGM) to be held on 1st June 2018 will appoint M/s V Sankar Aiyar & Co., Chartered Accountants, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office for a term of five consecutive years, subject to ratification of their appointment, at every annual general meeting (AGM), at such remuneration in addition to reimbursement of applicable taxes, out of pocket expenses, travelling and other expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

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

Disclosures

Material changes and commitments

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

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

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

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2018 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act, 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards the furnishing the details of loans, guarantees an investments made by the Company as per Section 186 of the Act, 2013 for the period ended 31st March 2018, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2018 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act, 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Relevant particulars are being provided in Form AOC-2 as Annexure-II. Related Party disclosures as per the Accounting Standards have been provided in Note No. 6 (10) to the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Other Laws:

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

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

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from its shareholders, customers and bankers for their continued support and assistance.

For and on behalf of the Board

Place: Chennai	V Gopalakrishnan	N Srinivasa Ramanujam
Date: 30th April 2018	Director	Director
	DIN: 03291640	DIN: 07384809

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31st MARCH 2018

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65929TN2017PTC118238
ii)	Registration Date	:	23.08.2017
iii)	Name of the Company	:	TVS Micro Finance Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No. 29, Haddows Road, Chennai - 600006.
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	N.A.

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.	Not Applicable		

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100	2(87)

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

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mr V N Venkatanathan	1	0.00	Nil	-	-	Nil	(0.00)
2	TVS Credit Services Limited	2,499	100.00	Nil	-	-	Nil	-
3	TVS Credit Services Limited along with its nominee	-	-	Nil	2,500	100.00	Nil	100.00

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

S.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
1.	Mr V N Venkatanathan				
	At the beginning of the year	1	0.00	1	0.00
	Less: Transfer of shares dt. 23.08.2017	1	0.00	-	0.00
	At the End of the year	-	-	-	0.00
2.	Mr V N Venkatanathan (nominee of TVS Credit Services Ltd)				
	At the beginning of the year	-	-	-	-
	Less: Transferred on 23.08.2017	1	-	1	0.00
	At the End of the year	-	-	1	0.00

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

V. Shareholding of directors and key managerial personnel: NIL

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

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of directors and key managerial personnel

Remuneration to directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

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

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review.

For and on behalf of the Board

Place : Chennai
Date : 30th April 2018

V Gopalakrishnan
Director
DIN: 03291640

N Srinivasa Ramanujam
Director
DIN: 07384809

Annexure – II

Form No. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis - Nil
2. Details of material contracts/arrangement/transactions at arm's length basis:

Name of Related Party and Relationship	Nature of Contract / arrangement/ transactions	Amount (In Rs.)
TVS Credit Services Limited (Holding Company)	Allotment of equity shares (2,500 shares of Rs.10 each)	25,000
	Reimbursement of Expenses	20,260

For and on behalf of the Board

Place: Chennai
Date: 30th April 2018

V Gopalakrishnan
Director
DIN: 03291640

N Srinivasa Ramanujam
Director
DIN: 07384809

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2018

To the Members of TVS Micro Finance Pvt Ltd

Report on the Financial Statements

1. We have audited the accompanying financial statements of TVS Micro Finance Pvt Ltd, ('the Company'), which comprises the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounting) Rules, 2014.

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

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

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, and its Loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

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

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

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

   (c). the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d). in our opinion, the aforesaid financial statements, comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014;

   (e). on the basis of written representations received from the directors as on 31st March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018, 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. the Company did not have any pending litigations.

      ii. the Company did not have any long- term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. there is no amount required to be transferred to the Investor Education and Protection Fund by the Company.

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 30th April, 2018

Annexure "A" to Independent Auditors' Report 31st March 2017

(Referred to in our report of even date)

(i) The Company does not own any fixed asset in the financial year 2017-18. Hence, paragraph 3(i) of the Order is not applicable to the Company.

(ii) The Company does not any have physical inventories as per books of accounts. Therefore, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause (iii) of the paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and providing guarantees and securities which has application of the provisions of Sections 185 and 186 of the Act. Therefore, the provisions of clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

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

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of clause (vi) of the Order are not applicable to the Company.

(vii) According to the records of the Company, the Company does not have the liability under Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Goods and Service Tax, Value Added Tax and Cess or any other Statute. Hence, the provisions of clause (vii) of the Order are not applicable.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Government/Financial Institutions/Banks. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

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

(xi) Being a Private limited company, provisions of Section 197 read with Schedule V of the Companies Act, 2013 is not applicable.

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

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

(xiv) During the year the Company has not made any preferential allotment of shares. Hence, clause (xiv) of the Order is not applicable.

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

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

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 30th April, 2018

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 of TVS Micro Finance Pvt Ltd ("the Company") as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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, 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal controls 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 : 30th April, 2018

BALANCE SHEET AS AT 31st March 2018

(Amount in Rs.)

Particulars	Note No	As at 31st March 2018
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	2	25,000
Reserves and Surplus	3	**(30,496)**
Current Liabilities		
Other Current Liabilities	4	30,260
Total		**24,764**
ASSETS		
Current Assets		
Cash and cash equivalents		24,764
Total		**24,764**

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 30th April 2018

STATEMENT OF PROFIT & LOSS FOR THE PERIOD FROM 23rd AUGUST 2017 TO 31st MARCH 2018

(Amount in Rs.)

Particulars	Note No	For the period 23rd August 2017 to 31st March 2018
INCOME		
Revenue from operations		-
Other Income		-
Total		**-**
EXPENSES		
Other expenses	5	30,496
Total		**30,496**
Profit/(Loss) before tax		**(30,496)**
Tax expense		-
Profit/(Loss) after tax for the year		**(30,496)**
Earning per equity share:		**(12.20)**
Basic Earnings / (Loss) per Share in Rs.		**(12.20)**

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 30th April 2018

CASH FLOW STATEMENT

Annexed to the Balance Sheet for the Period ended 31st March 2018

(Amount in Rs.)

		As at 31st March 2018
Cash Flow from Operating Activities		
Profit/(Loss) Before Tax		(30,496)
Adjustments For:		
Interest Earned	-	
		-
Operating Loss before Working Capital Changes		**(30,496)**
Adjustments For:		
Increase/(Decrease) in Trade and other Payables	30,260	
Change in Working Capital		**30,260**
Cash generated from Operations (B+C)		**(236)**
Cash Flow from Investing Activities		-
Net Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares	25,000	
Net Cash from Financing Activities		**25,000**
Net Increase/(Decrease) in Cash and Cash Equivalents		**24,764**
Cash and Cash Equivalents at the end of the year		**24,764**
Less: Cash and Cash Equivalents as at Beginning		**-**
		24,764

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

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 30th April 2018

For and on behalf of the Board of Directors

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

COMPANY BACKGROUND

SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of preparation of financial statements**

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

b. **Use of estimates**

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. **Cash Flow Statement**

Cash flow statement is prepared under “Indirect Method” and the same is annexed.

d. **Contingencies and events occurring after balance sheet date**

There are no contingencies that need to be provided as on the balance sheet date.

e. **Earnings per Share**

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

f. **Provisions**

A provision arising out of a present obligation, as a result of past event, is recognized only when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Schedules to Balance Sheet

2. Share Capital

(Amount in Rs.)

	Particulars	As at 31st March 2018
a	**Authorised Share Capital:**	
	2,500 Equity shares of Rs.10/- each	25,000
		25,000
b	**Issued, Subscribed and Fully Paid up Share Capital:**	
	2,500 Equity shares of Rs.10/- each fully paid up	25,000
		25,000
c	**Par Value per Share**	
	Equity Shares	Rs.10 each
d	**Reconciliation of number of shares**	
	Equity Shares in Number	
	Shares at the beginning of the year	-
	Issued during the year	2,500
	Shares at the end of the year	**2,500**

e **Equity Shares held by holding company**

Equity Shares

Particulars	As at 31 March 18 (Number of Shares)	
	No. of Shares	%
Holding Company :		-
TVS Credit Services Limited	2,500	100.00

f **Details of share holders holding more than 5%**

Equity Shares

Name of the Share Holder	As at 31 March 18 (Number of Shares)	
	No. of Shares	%
		-
TVS Credit Services Limited	2,500	100.00

g **Terms / Rights attached**

Equity Shares

The company has only one class of equity shares having a par value of Rs.10/- per share fully paid up. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held.

3. Reserves and Surplus

Particulars	As at 31st March 2018
Surplus/(Deficit) from Profit & Loss account	
As per Last Balance Sheet	-
Add: Profit/(Loss) for the year	(30,496)
Closing balance	**(30,496)**

4. Other Current Liabilities

Particulars	As at 31st March 2018
OTHER CURRENT LIABILITIES	
Payable to Holding Company	20,260
Sundry Creditors for Expenses	10,000
Total Other Current Liabilities	**30,260**

Schedules to Balance Sheet

(Amount in Rs.)

Schedules to Profit & Loss account

5. Other Expenses

	Particulars	For the period from 23rd August 2017 to 31st March 2018
a	Professional charges	11,800
b	Rates and taxes	8,460
c	Payment to Auditors	
	- Statutory Audit	10,000
d	Bank Charges	236
		30,496

6. Additional Notes forming part of Financial Statements for year ended 31st March 2018

1. The Company was incorporated on 23rd August 2017 under the name of TVS Micro Finance Private Limited. The Company has not commenced its operation during the financial period.
2. The Company was incorporated on 23rd August 2017 and the accounts are for the period from this date to 31st March 2018.
3. The Company has issued 2,500 Equity Shares of Rs 10/- each at par valuing Rs 25,000/-. The equity shares are held entirely by the holding Company TVS Credit Services Limited.
4. This being the first year of closing of Accounts, the requirement of furnishing previous year's figures is not applicable.
5. The Directors have waived sitting fees payable to them for attending Board Meeting.
6. The Company has no employees and consequently no employee benefits paid.
7. Current Liabilities include amounts payable to Holding Company (TVS Credit Services Limited) towards pre-operative expenses incurred.
8. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 does not arise.
9. Dues from companies in which directors of the Company is a Director is Rs. Nil

10. Related Party Disclosures:

Reporting Entity: TVS Micro Finance Private Limited

Relationship	Name
Holding Company	TVS Credit Services Limited TVS Motor Services Limited TVS Motor Company Limited
Ultimate Holding Company	Sundaram-Clayton Limited T.V.Sundram Iyengar and Sons Private Limited
Subsidiary Company	Nil
Fellow Subsidiaries	TVS Housing Finance Private Limited TVS Two Wheeler Mall Private Limited, Harita ARC Private Limited, Harita Collection Services Private Limited, TVS Commodity Financial Solutions Private Limited Sundaram Auto Components Limited, TVS Housing Limited, TVS Motor Company (Europe) B.V TVS Motor (Singapore) Pte Limited PT. TVS Motor Company Indonesia Sundaram Holdings USA Inc Green Hills Land holding LLC Component Equipment Leasing LLC Sundaram-Clayton USA LLC Premier Land Holding LLC Southern Roadways Limited Sundaram Industries Private Limited Lucas TVS Limited Lucas Indian Service Limited TVS Electronics Limited, The Associated Auto Parts Private Limited, TVS Interconnect Systems Private Limited, TVS Automobile Solutions Private Limited, Autosense Private Limited, (Formerly TVS All Car Services Private Limited), Carcrew Technology Private Limited, TVS Investments Private Limited, Sundaram Lanka Tyres Limited, Pusam Rubber Products Limited, Uthiram Rubber Products Limited, TVS Elastomeric Engineered Products Private Limited, NK Telecom Products Limited, Rajgarhia Automobile Solution Limited, Essex Automobile Solutions Limited, TVS Insurance Broking Limited, Focuz Automobile Services Limited, Myers Tyre Supply (India) Limited, NCR Auto Cars Limited, TVS TWG Warranty Solutions Limited, TVS Auto Assist (India) Limited, Focuz Parts Mart Limited, Storeji Private Limited, Jai and Sons Private Limited, Scudaria Car Parts Limited, TVS Europe Distribution Limited, Europe Africa Distribution Limited, TVS Distribution and Services Middle East FZE, Universal Components, Wrea Hurst Parts Distribution Ltd, Universal Components USA Inc, Kellett (UK) Ltd, Universal Components UK (Corporate Trustee) Ltd, Reflected Light Ltd, Pollard Beaumont Ltd, European Truck and Trailer Ltd, Jiaxing Yousi Automobile Components Company Limited, TVS EPD Otomotiv San Ve Tic Limited, UC Africa (Pty) Limited, (Formerly Africa Truck Distribution Holdings Pty Ltd), Africa Truck Distributors Pty Ltd, TVS Automotive Systems Limited, Sundaram Clayton (USA) Limited, TVS Capital Funds Private Limited, TVS Wealth Private Limited, Prime Property Holdings Limited, Sundaram Textiles Limited, TVS Training and Services Limited.
Key Management Personnel	Nil

Transactions with Related Parties

Sl. No	Nature of Transaction	Name of the Related Party	Amount (Rs.) During the Reporting period
01.	Allotment of Equity Shares Fully paid up - 2,500 Equity Shares of Rs.10 Each at par	TVS Credit Services Limited	25,000
02.	Reimbursement of Expenses	TVS Credit Services Limited	20,260
	Balance Payable (Cr.)	TVS Credit Services Limited	20,260

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 30th April 2018

Board of Directors

V GOPALAKRISHNAN

N SRINIVASA RAMANUJAM

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 : U65923TN2017PTC118211

Directors' Report to the Shareholders

The directors present the first annual report together with the annual audited statement of accounts for the period from 22nd August 2017 to 31st March 2018.

Financial Highlights

During the period under review, the Company had incurred a sum of Rs. 30,471/- towards incorporation expenses, rates & taxes, audit fees, etc. The Company is yet to commence its operations.

Dividend

The directors of the Company do not recommend any dividend for the period ended 31st March 2018.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the period from 22nd August 2017 to 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

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

Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 all the existing directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 22nd August 2017, 4th September 2017, 4th December 2017 and 16th March 2018 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

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

The Company at its ensuing Annual General Meeting (AGM) to be held on 1st June 2018 will appoint M/s V Sankar Aiyar & Co., Chartered Accountants, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office for a term of five consecutive years, subject to ratification of their appointment, at every annual general meeting (AGM), at such remuneration in addition to reimbursement of applicable taxes, out of pocket expenses, travelling and other expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

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

Disclosures

Material changes and commitments

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

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

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

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2018 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards the furnishing the details of loans, guarantees an investments made by the Company as per Section 186 of the Act 2013 for the period ended 31st March 2018, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2018 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Relevant particulars are being provided in Form AOC-2 as Annexure-II. Related Party disclosures as per the Accounting Standards have been provided in Note No. 6 (10) to the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Other Laws:

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

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

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place: Chennai	V Gopalakrishnan	N Srinivasa Ramanujam
Date: 30th April 2018	Director	Director
	DIN: 03291640	DIN: 07384809

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31st MARCH 2018

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65923TN2017PTC118211
ii)	Registration Date	:	22.08.2017
iii)	Name of the Company	:	TVS Two Wheeler Mall Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No. 29, Haddows Road, Chennai - 600006.
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	N.A.

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.	Not Applicable		

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100	2(87)

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

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mr V N Venkatanathan	1	0.00	Nil	-	-	Nil	(0.00)
2	TVS Credit Services Limited	2,499	100.00	Nil	-	-	Nil	-
3	TVS Credit Services Limited along with its nominee	-	-	Nil	2,500	100.00	Nil	100.00

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

S.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
1.	Mr V N Venkatanathan				
	At the beginning of the year	1	0.00	1	0.00
	Less: Transfer of shares dt. 22.08.2017	1	0.00	-	0.00
	At the End of the year	-	-	-	0.00
2.	Mr V N Venkatanathan (nominee of TVS Credit Services Ltd)				
	At the beginning of the year	-	-	-	-
	Less: Transferred on 22.08.2017	1	-	1	0.00
	At the End of the year	-	-	1	0.00

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

V. Shareholding of directors and key managerial personnel: NIL

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

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of directors and key managerial personnel

Remuneration to directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

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

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review.

For and on behalf of the Board

Place : Chennai
Date : 30th April 2018

V GOPALAKRISHNAN
Director
DIN: 03291640

N SRINIVASA RAMANUJAM
Director
DIN: 07384809

Annexure – II

Form No. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis - Nil
2. Details of material contracts/arrangement/transactions at arm's length basis:

Name of Related Party and Relationship	Nature of Contract / arrangement/ transactions	Amount (In Rs.)
TVS Credit Services Limited (Holding Company)	Allotment of equity shares (2,500 shares of Rs.10 each)	25,000
	Reimbursement of Expenses	20,235

For and on behalf of the Board

Place: Chennai
Date: 30th April 2018

V Gopalakrishnan
Director
DIN: 03291640

N Srinivasa Ramanujam
Director
DIN: 07384809

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2018

To the Members of TVS Two Wheeler Mall Pvt Ltd

Report on the Financial Statements

1. We have audited the accompanying financial statements of TVS Two Wheeler Mall Pvt Ltd, ('the Company'), which comprises the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounting) Rules, 2014.

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

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

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, and its Loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

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

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

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

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

   (d) in our opinion, the aforesaid financial statements, comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014;

   (e) on the basis of written representations received from the directors as on 31st March, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, 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. the Company did not have any pending litigations.

      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. there is no amount required to be transferred to the Investor Education and Protection Fund by the Company

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 30th April, 2018

Annexure "A" to Independent Auditors' Report 31st March 2018

(Referred to in our report of even date)

(i) The Company does not own any fixed asset in the financial year 2017-18. Hence, paragraph 3(i) of the Order is not applicable to the Company.

(ii) The Company does not any have physical inventories as per books of accounts. Therefore, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause (iii) of the paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and providing guarantees and securities which has application of the provisions of Sections 185 and 186 of the Act. Therefore, the provisions of clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

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

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of clause (vi) of the Order are not applicable to the Company.

(vii) According to the records of the Company, the Company does not have the liability under Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Goods and Service Tax, Value Added Tax and Cess or any other Statute. Hence, the provisions of clause (vii) of the Order are not applicable.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Government/Financial Institutions/Banks. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

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

(xi) Being a Private limited company, provisions of Section 197 read with Schedule V of the Companies Act, 2013 is not applicable.

(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 Sections 188 and Section 177 of the Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment of shares. Hence, clause (xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Act, 2013 are not applicable.

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

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 30th April, 2018

Annexure "B" to Independent Auditors' Report 31st March 2018

(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 Two Wheeler Mall Pvt Ltd ("the Company") as of 31st March, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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 31st March, 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal controls 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 : 30th April, 2018

BALANCE SHEET AS AT 31st March 2018

(Amount in Rs.)

Particulars		Note No	As at 31st March 2018
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital		2	25,000
Reserves and Surplus		3	**(30,471)**
Current Liabilities			
Other Current Liabilities		4	30,235
	Total		**24,764**
ASSETS			
Current Assets			
Cash and cash equivalents			24,764
	Total		**24,764**

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 30th April 2018

STATEMENT OF PROFIT & LOSS FOR THE PERIOD FROM 22nd AUGUST 2017 TO 31st MARCH 2018

(Amount in Rs.)

Particulars		Note No	For the period from 22nd August 2017 to 31st March 2018
INCOME			
Revenue from operations			-
Other Income			-
	Total		**-**
EXPENSES			
Other expenses		5	30,471
	Total		**30,471**
Profit/(Loss) before tax			**(30,471)**
Tax expense			-
Profit/(Loss) after tax for the year			**(30,471)**
Earning per equity share:			**(12.19)**
Basic Earnings / (Loss) per Share in Rs			**(12.19)**
Significant Accounting Policies forming part of financial statements		1	
Additional Notes forming part of financial statements		6	

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 30th April 2018

CASH FLOW STATEMENT

Annexed to the Balance Sheet for the Period ended 31st March 2018

(Amount in Rs.)

		As at 31st March 2018
Cash Flow from Operating Activities		
Profit/(Loss) Before Tax		(30,471)
Adjustments For:		
Interest Earned	-	
Operating Loss before Working Capital Changes		**(30,471)**
Adjustments For:		
Increase/(Decrease) in Trade and other Payables	30,235	
Change in Working Capital		**30,235**
Cash generated from Operations (B+C)		**(236)**
Cash Flow from Investing Activities		-
Net Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares	25,000	
Net Cash from Financing Activities		**25,000**
Net Increase/(Decrease) in Cash and Cash Equivalents		**24,764**
Cash and Cash Equivalents at the end of the year		**24,764**
Less: Cash and Cash Equivalents as at Beginning		**-**
		24,764

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 30th April 2018

COMPANY BACKGROUND

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

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

b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

e. Earnings per Share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

f. Provisions

A provision arising out of a present obligation, as a result of past event, is recognized only when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Schedules to Balance Sheet

2. Share Capital

(Amount in Rs.)

Particulars	As at 31st March 2018
a **Authorised Share Capital:**	
2,500 Equity shares of Rs.10/- each	25,000
	25,000
b **Issued, Subscribed and Fully Paid up Share Capital:**	
2,500 Equity shares of Rs.10/- each fully paid up	25,000
	25,000
c **Par Value per Share**	
Equity Shares	Rs.10 each
d **Reconciliation of number of shares**	
Equity Shares in Number	
Shares at the beginning of the year	-
Issued during the year	2,500
Shares at the end of the year	**2,500**

e **Equity Shares held by holding company**

Equity Shares

Particulars	As at 31 March 18 (Number of Shares) No. of Shares	%
Holding Company :		-
TVS Credit Services Limited	2,500	100.00

f **Details of share holders holding more than 5%**

Equity Shares

Name of the Share Holder	As at 31 March 18 (Number of Shares) No. of Shares	%
TVS Credit Services Limited	2,500	100.00

g **Terms / Rights attached**

Equity Shares

The company has only one class of equity shares having a par value of Rs.10/- per share fully paid up. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held.

3. Reserves and Surplus

Particulars	As at 31st March 2018
Surplus/(Deficit) from Profit & Loss account	
As per Last Balance Sheet	-
Add: Profit/(Loss) for the year	(30,471)
Closing balance	**(30,471)**

4. Other Current Liabilities

Particulars	As at 31st March 2018
OTHER CURRENT LIABILITIES	
Payable to Holding Company	20,235
Sundry Creditors for Expenses	10,000
Other Payables	
Total Other Current Liabilities	**30,235**

Schedules to Balance Sheet

Schedules to Profit & Loss account

(Amount in Rs.)

5. Other Expenses

Particulars	For the period from 22nd August 2017 to 31st March 2018
a Professional charges	11,800
b Rates and taxes	8,435
c Payment to Auditors	
- Statutory Audit	10,000
d Bank Charges	236
	30,471

6. Additional Notes forming part of Financial Statements for year ended 31st March 2018

1. The Company was incorporated on 22nd August 2017 under the name of TVS Two Wheeler Mall Private Limited. The Company has not commenced its operation during the financial period.
2. The company was incorporated on 22nd August 2017 and the accounts are for the period from this date to 31st March 2018.
3. The Company has issued 2,500 Equity Shares of Rs 10/- each at par valuing Rs 25,000/-. The equity shares are held entirely by the holding Company TVS Credit Services Limited.
4. This being the first year of closing of Accounts, the requirement of furnishing previous year's figures is not applicable.
5. The Directors have waived sitting fees payable to them for attending Board Meeting.
6. The Company has no employees and consequently no employee benefits paid.
7. Current Liabilities include amounts payable to Holding Company (TVS Credit Services Limited) towards pre-operative expenses incurred.
8. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 does not arise.
9. Dues from companies in which directors of the Company is a Director is Rs. Nil

10. Related Party Disclosures:

Reporting Entity: TVS Two Wheeler Mall Private Limited

Relationship	Name
Holding Company	TVS Credit Services Limited TVS Motor Services Limited TVS Motor Company Limited
Ultimate Holding Company	Sundaram-Clayton Limited T.V.Sundram Iyengar and Sons Private Limited
Subsidiary Company	Nil
Fellow Subsidiaries	TVS Housing Finance Private Limited Harita ARC Private Limited, TVS Micro Finance Private Limited, Harita Collection Services Private Limited, TVS Commodity Financial Solutions Private Limited Sundaram Auto Components Limited, TVS Housing Limited, TVS Motor Company (Europe) B.V TVS Motor (Singapore) Pte Limited PT. TVS Motor Company Indonesia Sundaram Holdings USA Inc Green Hills Land holding LLC Component Equipment Leasing LLC Sundaram-Clayton USA LLC Premier Land Holding LLC Southern Roadways Limited Sundaram Industries Private Limited Lucas TVS Limited Lucas Indian Service Limited TVS Electronics Limited, The Associated Auto Parts Private Limited, TVS Interconnect Systems Private Limited, TVS Automobile Solutions Private Limited, Autosense Private Limited, (Formerly TVS All Car Services Private Limited), Carcrew Technology Private Limited, TVS Investments Private Limited, Sundaram Lanka Tyres Limited, Pusam Rubber Products Limited, Uthiram Rubber Products Limited, TVS Elastomeric Engineered Products Private Limited, NK Telecom Products Limited, Rajgarhia Automobile Solution Limited, Essex Automobile Solutions Limited, TVS Insurance Broking Limited, Focuz Automobile Services Limited, Myers Tyre Supply (India) Limited, NCR Auto Cars Limited, TVS TWG Warranty Solutions Limited, TVS Auto Assist (India) Limited, Focuz Parts Mart Limited, Storeji Private Limited, Jai and Sons Private Limited, Scudaria Car Parts Limited, TVS Europe Distribution Limited, Europe Africa Distribution Limited, TVS Distribution and Services Middle East FZE, Universal Components, Wrea Hurst Parts Distribution Ltd, Universal Components USA Inc, Kellett (UK) Ltd, Universal Components UK (Corporate Trustee) Ltd, Reflected Light Ltd, Pollard Beaumont Ltd, European Truck and Trailer Ltd, Jiaxing Yousi Automobile Components Company Limited, TVS EPD Otomotiv San Ve Tic Limited, UC Africa (Pty) Limited, (Formerly Africa Truck Distribution Holdings Pty Ltd), Africa Truck Distributors Pty Ltd, TVS Automotive Systems Limited, Sundaram Clayton (USA) Limited, TVS Capital Funds Private Limited, TVS Wealth Private Limited, Prime Property Holdings Limited, Sundaram Textiles Limited, TVS Training and Services Limited.
Key Management Personnel	Nil

Transactions with Related Parties

			Amount (Rs.)
Sl. No	Nature of Transaction	Name of the Related Party	During the Reporting period
01.	Allotment of Equity Shares Fully paid up - 2,500 Equity Shares of Rs.10 Each at par	TVS Credit Services Limited	25,000
02.	Reimbursement of Expenses	TVS Credit Services Limited	20,235
	Balance Payable (Cr.)	TVS Credit Services Limited	20,235

For and on behalf of the Board
For V.Sankar Aiyar & Co.
Chartered Accountants
ICAI Regn. No.:109208W

S.Venkataraman Partner Membership No.23116	K Gopala Desikan Director DIN: 03291640	N Srinivasa Ramanujam Director DIN: 07384809

Place: Chennai
Date: 30th April 2018

Board of Directors

VENU SRINIVASAN

SUDARSHAN VENU

K GOPALA DESIKAN

G VENKATRAMAN

KALPANA UNADKAT

Chief Financial Officer

V GOPALAKRISHNAN

Company Secretary

K SRIDHAR

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 : U65999TN2017PTC118512

Directors' Report to the Shareholders of the Company

The directors present the first annual report together with the audited statement of accounts for the period from 8th September 2017 to 31st March 2018.

Financial Highlights

During the period under review, the Company had incurred a sum of Rs. 10,82,365/- towards incorporation expenses, rates & taxes, license fees and audit fees, etc.

During the year period under review, the Company has an income of Rs. 20,62,557/- which is primarily interest income on fixed deposits.

Dividend

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

Changes in Share Capital

During the period under review, the Company vide extra-ordinary general meeting held on 31st October 2017 increased the authorised capital from Rs.25,000 to Rs. 12 Cr to augment the financial resources of the Company.

During the period under review, the board of directors approved and allotted 1,19,97,500 equity shares of Rs.10 each aggregating to Rs. 11,99,75,000/- on rights basis to TVS Credit Services Limited, the holding company.

The Company's paid-up Equity Share Capital as on 31st March 2018 is Rs. 12 Crs.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

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

(a) in the preparation of the annual accounts for the period from 8th September 2017 to 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

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

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the accounts for the period ended 31st March 2018 on a going concern basis; and

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

Resignation of directors:

During the period under review, Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, Directors had resigned from the board effective 30th March 2018. The directors do place on record their appreciation of the valuable services rendered by them during their tenure as Directors of the Company.

Appointment:

During the period under review, the Board at its meeting held on 29th March 2018 appointed Mr Venu Srinivasan, Mr Sudarshan Venu, Mr K Gopala Desikan and Ms Kalpana Unadkat, as additional directors and Mr G Venkatraman, as whole time director.

The proposal for regularizing the above appointment of directors is placed before the shareholders at this annual general meeting for approval.

Number of board meetings held

During the year under review, the board met 5 times on 8th September 2017, 3rd October 2017, 24th November 2017, 5th January 2018 and 29th March 2018 and the gap between two meetings did not exceed one hundred and twenty days.

Key Managerial Personnel (KMPs)

The following persons have been designated as Key Managerial Personnel of the Company pursuant to Section 2(51) and Section 203 of the Act, 2013, read with the Rules framed thereunder.

1. Mr G Venkatraman, Whole-Time Director
2. Mr V Gopalakrishnan, Chief Financial Officer
3. Mr K Sridhar, Company Secretary

Statutory Auditors

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

The Company at its ensuing Annual General Meeting (AGM) to be held on 18th June 2018 will appoint M/s V Sankar Aiyar & Co., Chartered Accountants, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office for a term of five consecutive years, subject to ratification of their appointment, at every annual general meeting (AGM), at such remuneration in addition to reimbursement of 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.

Disclosures

Material changes and commitments

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

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

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

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2018 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act, 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure-I to this report.

Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act, 2013 for the financial year 2017-18, the Company has not extended any guarantee or has given loans to other companies during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2018 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act, 2013 (the Act, 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Relevant particulars are being provided in Form AOC-2 as Annexure-II. Related Party disclosures as per the Indian Accounting Standards have been provided in Note No. 6 (10) to the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act, 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company and there are no foreign exchange earnings and outgo.

Reporting of fraud:

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

Other Laws:

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

During the period under review, there were no foreign earnings or expenditure in the Company.

Acknowledgement

The Directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The Directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place: Chennai	K Gopala Desikan	G Venkatraman
Date: 30th April 2018	Director	Whole-Time Director
	DIN: 00067107	DIN: 08098890

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March 2018

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65999TN2017PTC118512
ii)	Registration Date	:	08.09.2017
iii)	Name of the Company	:	TVS Housing Finance Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No. 29, Haddows Road, Chennai - 600006. Tel: 044- 28272233 Fax: 044- 28257121
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Housing Finance	65922	Nil

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 of the Companies Act, 2013
1.	TVS Credit Services Limited No. 29, Haddows Road, Chennai – 600006	U65920TN2008PLC069758	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:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mr V N Venkatanathan	1	0.00	Nil	-	-	Nil	(0.00)
2.	TVS Credit Services Limited	2,499	100.00	Nil	-	-	Nil	-
3.	TVS Credit Services Limited along with its nominee	-	-	Nil	1,20,00,000	100.00	Nil	100.00

(iii) Change in Promoters' Shareholding :

S.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr V N Venkatanathan				
	At the beginning of the year	1	0.00	1	0.00
	Less: Transfer of shares dt. 08.09.2017	1	0.00	-	-
	At the End of the year	-	-	-	-
2.	Mr V N Venkatanathan (nominee of TVS Credit Services Ltd)				
	At the beginning of the year	-	-	-	-
	Less: Transferred on 08.09.2017	1	-	1	0.00
	At the End of the year	-	-	1	0.00
3.	TVS Credit Services Limited				
	At the beginning of the year	2,499	100.00	2,499	100.00
	Add: Purchased on 08.09.2017	1	0.00	2,500	0.00
	Add: Allotment vide Rights Issue dt. 05.01.2018	1,19,97,500	99.98	1,20,00,000	100.00
	At the end of the year	-	-	1,20,00,000	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

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: Nil

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review.

For and on behalf of the Board

Place : Chennai
Date : 30th April 2018

K GOPALA DESIKAN
Director
DIN: 00067107

G VENKATRAMAN
Whole-Time Director
DIN: 08098890

Annexure – II

Form No. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis - Nil
2. Details of material contracts/arrangement/transactions at arm's length basis:

Name of Related Party and Relationship	Nature of Contract / arrangement/ transactions	Amount (In Rs.)
TVS Credit Services Limited (Holding Company)	Allotment of equity shares (1,20,00,000 shares of Rs.10 each)	12,00,00,000
	Reimbursement of Expenses	10,62,070

For and on behalf of the Board

Place: Chennai
Date: 30th April 2018

K Gopala Desikan
Director
DIN: 00067107

G Venkatraman
Whole-Time Director
DIN: 08098890

Independent Auditors' Report

To the Members of TVS Housing Finance Pvt Ltd

Report on the Financial Statements

1. We have audited the accompanying financial statements of TVS Housing Finance Pvt Ltd, ('the Company'), which comprises the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounting) Rules, 2014.

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

Auditors' Responsibility

4. Our responsibility is to express an opinion on these 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 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 financial statements are free from material misstatement.

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

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, and its Loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

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

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

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

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

   (d) in our opinion, the aforesaid financial statements, comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014;

   (e) on the basis of written representations received from the directors as on 31 March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, 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. the Company did not have pending litigations.

      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. there has been no amount required to be transferred to the Investor Education and Protection Fund by the Company.

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 30th April, 2018

Annexure A to Independent Auditors' Report - 31 March 2018

(Referred to in our report of even date)

(i) The Company does not own any fixed asset in the financial year 2017-18. Hence, paragraph 3(i) of the Order is not applicable to the Company.

(ii) The Company does not any have physical inventories as per books of accounts. Therefore, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause (iii) of the paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and providing guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

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

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of clause (vi) of the Order are not applicable to the Company.

(vii) According to the records of the Company, the Company does not have the liability under Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Goods and Service Tax, Value Added Tax and Cess or any other Statute. Hence, the provisions of clause (vii) of the Order are not applicable.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Government/Financial Institutions/Banks. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

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

(xi) Being a Private limited company, provisions of section 197 read with Schedule V of the Companies Act, 2013 is not applicable.

(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.

(xvi) During the year the Company has not made any preferential allotment of shares. Hence, clause (xiv) of the Order is not applicable.

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

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

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 30th April, 2018

Annexure B to Independent Auditors' Report - 31 March 2018

(Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of TVS Housing Finance Pvt Ltd ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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, 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal controls 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 : 30th April, 2018

BALANCE SHEET AS AT 31st March 2018

(Amount in Rs.)

Particulars	Note No	As at 31st March 2018
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	2	12,00,00,000
Reserves and Surplus	3	9,80,192
Current Liabilities		
Other Current Liabilities	4	10,72,070
Total		**12,20,52,262**
ASSETS		
Current Assets		
Cash and cash equivalents	5	11,98,21,385
Short-term loans and advances	6	22,30,877
Total		**12,20,52,262**
Significant Accounting Policies forming part of financial statements	1	
Additional Notes forming part of financial statements	6	

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

For and on behalf of the Board of Directors

S.VENKATARAMAN *Partner* Membership No.: 23116	**K GOPALA DESIKAN** Director	**G VENKATRAMAN** Whole-Time Director
Chennai Dated: 30th April, 2018	**V GOPALAKRISHNAN** Chief Financial Officer	**K SRIDHAR** Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE PERIOD FROM 8th SEPTEMBER 2017 TO 31st MARCH 2018

(Amount in Rs.)

Particulars	Note No	For the period from 8th Sep 2017 to 31st March 2018
INCOME		
Revenue from operations		-
Other Income	7	20,62,557
Total		**2,062,557**
EXPENSES		
Other expenses	8	10,82,365
Total		**10,82,365**
Profit/(Loss) before tax		**9,80,192**
Tax expense		-
Profit/(Loss) after tax for the year		**9,80,192**
Earning per equity share:		**0.08**
Basic Earnings / (Loss) per Share in Rs		**0.08**

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

For and on behalf of the Board of Directors

S.VENKATARAMAN *Partner* Membership No.: 23116	**K GOPALA DESIKAN** Director	**G VENKATRAMAN** Whole-Time Director
Chennai Dated: 30th April, 2018	**V GOPALAKRISHNAN** Chief Financial Officer	**K SRIDHAR** Company Secretary

CASH FLOW STATEMENT

Annexed to the Balance Sheet for the Period ended 31st March 2018

(Amount in Rs.)

		As at 31st March 2018
Cash Flow from Operating Activities		
Profit/(Loss) Before Tax		**9,80,192**
Adjustments For:		
Interest Earned	-	
		-
Operating Loss before Working Capital Changes		**9,80,192**
Adjustments For:		
(Increase)/Decrease in Loans & Advances	(2,230,877)	
Increase/(Decrease) in Trade and other Payables	10,72,070	
Change in Working Capital		**(1,158,807)**
Cash generated from Operations (B+C)		**(178,615)**
Cash Flow from Investing Activities		-
Net Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares	12,00,00,000	
Net Cash from Financing Activities		**12,00,00,000**
Net Increase/(Decrease) in Cash and Cash Equivalents		**11,98,21,385**
Cash and Cash Equivalents at the end of the year		**11,98,21,385**
Less: Cash and Cash Equivalents as at Beginning		**-**
		11,98,21,385

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

For and on behalf of the Board of Directors

S.VENKATARAMAN *Partner* Membership No.: 23116	**K GOPALA DESIKAN** Director	**G VENKATRAMAN** Whole-Time Director
Chennai Dated: 30th April, 2018	**V GOPALAKRISHNAN** Chief Financial Officer	**K SRIDHAR** Company Secretary

COMPANY BACKGROUND

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

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

b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

e. Earnings per Share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

f. Provisions

A provision arising out of a present obligation, as a result of past event, is recognized only when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Schedules to Balance Sheet

2. Share Capital

(Amount in Rs.)

	Particulars	As at 31st March 2018
a	**Authorised Share Capital:**	
	1,20,00,000 Equity shares of Rs.10/- each	12,00,00,000
		12,00,00,000
b	**Issued, Subscribed and Fully Paid up Share Capital:**	
	1,20,00,000Equity shares of Rs.10/- each fully paid up	12,00,00,000
		12,00,00,000
c	**Par Value per Share**	
	Equity Shares	Rs.10 each
d	**Reconciliation of number of shares**	
	Equity Shares in Number	
	Shares at the beginning of the year	-
	Issued during the year	1,20,00,000
	Shares at the end of the year	**1,20,00,000**

e **Equity Shares held by holding company**

Equity Shares

Particulars	As at 31 March 2018 No. of Shares	%
Holding Company :		-
TVS Credit Services Limited	1,20,00,000	100.00

f **Details of share holders holding more than 5%**

Equity Shares

Name of the Share Holder	As at 31 March 2018 (Number of Shares)	%
		-
TVS Credit Services Limited	1,20,00,000	100.00

g **Terms / Rights attached**

Equity Shares

The company has only one class of equity shares having a par value of Rs.10/- per share fully paid up. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held.

3. Reserves and Surplus

Particulars	As at 31st March 2018
Surplus/(Deficit) from Profit & Loss account	
As per Last Balance Sheet	-
Add: Profit/(Loss) for the year	980,192
Closing balance	**980,192**

Schedules to Balance Sheet

4. Other Current Liabilities

(Amount in Rs.)

Particulars	As at 31st March 2018
OTHER CURRENT LIABILITIES	
Payable to Holding Company	10,62,070
Sundry Creditors for Expenses	10,000
Other Payables	
Total Other Current Liabilities	**10,72,070**

5. Cash and Cash Equivalents

Particulars	As at 31st March 2018
Cash with banks	5,921,385
Fixed Deposits with Bank	113,900,000
	119,821,385

6. Short term Loans and Advances

Particulars	As at 31st March 2018
Interest Accrued on Fixed Deposits	1,725,621
Advance Tax/Tax Deducted at Source	505,256
	2,230,877

Schedules to Profit & Loss account

(Amount in Rs.)

7. Income

	Particulars	For the period from 8th Sep 2017 to 31st March 2018
a	Interest on Fixed Deposits	20,62,557
		20,62,557

8. Other Expenses

	Particulars	For the period from 8th Sep 2017 to 31st March 2018
a	Professional charges	18,290
b	Rates and taxes	10,43,780
c	Payment to Auditors	
	- Statutory Audit	10,000
d	License Fees	10,000
d	Bank Charges	295
		10,82,365

9. Additional Notes forming part of Financial Statements for year ended 31st March 2018

1. The Company was incorporated on 8th September 2017 under the name of TVS Housing Finance Private Limited. The Company has not commenced its operation during the financial period.
2. The Company was incorporated on 8th September 2017 and the accounts are for the period from this date to 31st March 2018.
3. The Company has issued 1,20,00,000 Equity Shares of Rs 10/- each at par valuing Rs 12,00,00,000/-. The equity shares are held entirely by the holding Company TVS Credit Services Limited.
4. This being the first year of closing of Accounts, the requirement of furnishing previous year's figures is not applicable.
5. The Directors have waived sitting fees payable to them for attending Board Meeting.
6. The Company has no employees and consequently no employee benefits paid.

7. Current Liabilities include amounts payable to Holding Company (TVS credit Services Limited) towards pre-operative expenses incurred.
8. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 does not arise.
9. Dues from companies in which directors of the company is a Director is Rs. Nil

10. Related Party Disclosures:

Reporting Entity: TVS Housing Finance Private Limited.

Relationship	Name
Holding Company	TVS Credit Services Limited TVS Motor Services Limited TVS Motor Company Limited.
Ultimate Holding Company	Sundaram-Clayton Limited T.V.Sundram Iyengar and Sons Private Limited
Subsidiary Company	Nil
Fellow Companies	Harita ARC Private Limited, TVS Two Wheeler Mall Private Limited, TVS Micro Finance Private Limited, Harita Collection Services Private Limited, TVS Commodity Financial Solutions Private Limited Sundaram Auto Components Limited, TVS Housing Limited, TVS Motor Company (Europe) B.V TVS Motor (Singapore) Pte Limited PT. TVS Motor Company Indonesia Sundaram Holdings USA Inc Green Hills Land holding LLC Component Equipment Leasing LLC Sundaram-Clayton USA LLC Premier Land Holding LLC Southern Roadways Limited Sundaram Industries Private Limited Lucas TVS Limited Lucas Indian Service Limited TVS Electronics Limited, The Associated Auto Parts Private Limited, TVS Interconnect Systems Private Limited, TVS Automobile Solutions Private Limited, Autosense Private Limited, (Formerly TVS All Car Services Private Limited), Carcrew Technology Private Limited, TVS Investments Private Limited, Sundaram Lanka Tyres Limited, Pusam Rubber Products Limited, Uthiram Rubber Products Limited, TVS Elastomeric Engineered Products Private Limited, NK Telecom Products Limited, Rajgarhia Automobile Solution Limited, Essex Automobile Solutions Limited, TVS Insurance Broking Limited, Focuz Automobile Services Limited, Myers Tyre Supply (India) Limited, NCR Auto Cars Limited, TVS TWG Warranty Solutions Limited, TVS Auto Assist (India) Limited, Focuz Parts Mart Limited, Storeji Private Limited, Jai and Sons Private Limited, Scudaria Car Parts Limited, TVS Europe Distribution Limited, Europe Africa Distribution Limited, TVS Distribution and Services Middle East FZE, Universal Components, Wrea Hurst Parts Distribution Ltd, Universal Components USA Inc, Kellett (UK) Ltd, Universal Components UK (Corporate Trustee) Ltd, Reflected Light Ltd, Pollard Beaumont Ltd, European Truck and Trailer Ltd, Jiaxing Yousi Automobile Comwponents Company Limited, TVS EPD Otomotiv San Ve Tic Limited, UC Africa (Pty) Limited,(Formerly Africa Truck Distribution Holdings Pty Ltd), Africa Truck Distributors Pty Ltd, TVS Automotive Systems Limited, Sundaram Clayton (USA) Limited, TVS Capital Funds Private Limited, TVS Wealth Private Limited, Prime Property Holdings Limited, Sundaram Textiles Limited, TVS Training and Services Limited.
Key Managerial Personnel	Mr G Venkatraman, Whole-Time Director Mr V Gopalakrishnan, Chief Financial Officer Mr K Sridhar, Company Secretary

Transactions with Related Parties

Amount (Rs.)

Sl. No	Nature of Transaction	Name of the Related Party	During the Reporting period
01.	Allotment of Equity Shares Fully paid up - 1,20,00,000 Equity Shares of Rs.10 Each at par	TVS Credit Services Limited	12,00,00,000
02.	Reimbursement of Expenses	TVS Credit Services Limited	10,62,070
	Balance Payable (Cr.)	TVS Credit Services Limited	10,62,070

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

K GOPALA DESIKAN
Director

G VENKATRAMAN
Whole-Time Director

Chennai
Dated: 30th April, 2018

V GOPALAKRISHNAN
Chief Financial Officer

K SRIDHAR
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

Ist Floor, Greenways Tower,

119, St Mary's Road, Abhiramapuram

Chennai - 600 018.

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 eighth annual report and the audited financial statements for the year ended 31st March 2018.

Financial highlights

(Rs. in Thousands)

Details	Year ended 31.03.2018	Year ended 31.03.2017
Sales and other income	**13,869.34**	70,161.25
Less: Expenses	**13,139.57**	66,439.04
Profit / (Loss) before tax	**729.76**	3,722.21
Less: Provision for taxation	**241.70**	1,150.16
Profit / (loss) after tax	**488.07**	2,572.05

Preparation of financial statements under Indian Accounting Standards

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16th February, 2015 relating to the Companies (Indian Accounting Standard) Rules, 2015, TVS Motor Company Limited (TVSM), the holding company, is required to adopt Indian Accounting Standards ("IND AS") from financial year 2016-17.

In terms of Rule 4(1)(ii) of the aforesaid rules, the holding, subsidiary, joint venture and associate companies are required to comply with Ind AS from financial year 2016-17 onwards. Accordingly, the financial statements of the Company for the year 2017-18 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 2018, 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 accordance with the provisions of Section 134(5) of the Companies Act, 2013 (the Act, 2013), with respect to Directors' Responsibility Statement, it is hereby stated that -

(i) in the preparation of the annual accounts for the financial year ended 31st March 2018, 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;

(vi) the directors had prepared the accounts forthe financial year ended 31st March 2018 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.

Board Meetings

During the year under review, the board met six times on 20th April 2017, 11th August 2017, 10th November 2017, 28th November 2017, 30th January 2018 and 26th February 2018. 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 to hold office, from the conclusion of this annual general meeting till the conclusion of the next annual general meeting for the fifth year in the term of five years 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 2018-19.

Change of the Registered Office of the Company

The Board at its meeting held on 28th November, 2017 had approved the shifting of Company's registered office address from No. 29, Haddows Road, Nungambakkam, Chennai - 600006 to 1st Floor, Greenways Tower, 119, St. Mary's Road, Abhiramapuram, Chennai 600 018, with effect from 28th November 2017.

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 2018 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 2017-2018, 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 : 23rd April 2018	Director	Director

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN for the financial year ended 31st March 2018

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U70101TN2010PLC075027
ii)	Registration Date	:	22.03.2010
iii)	Name of the Company	:	TVS Housing Limited
iv)	Category / Sub-Category of the Company	:	Public Limited Company-Limited by shares
v)	Address of the Registered office and contact details	:	1st Floor, Greenways Tower, 119, St. Mary's Road, Abhiramapuram, Chennai 600 018 Tel: 044- 28272233 Fax: 044- 28257121
vi)	Whether listed company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Developing and subdividing real estate into lots	70105	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Motor Company Limited (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	10,000	30,000	30,000	70,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total	10,000	30,000	30,000	70,000

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
Date : 23rd April 2018

R CHANDRAMOULI
Director

C MUKUNDHAN
Director

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2018

To the Members of TVS Housing Limited

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of TVS Housing Limited, Chennai ('the Company'), which comprise the Balance Sheet as at 31st March 2018, 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 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 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.
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 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 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.
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 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 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, of the state of affairs of the Company as at 31st March 2018, its profit, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
9. As required by section 143(3) of the Act, we report that:
   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) the Balance Sheet, the Statement of Profit and Loss 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 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 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018, 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 2018.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
      iii. There were no amounts which were required to be transferred to the Investor education and Protection Fund by the Company.

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 23rd April, 2018

Annexure "A" to Independent Auditors' Report 31st March 2018

(Referred to in our report of even date)

(i) The Company does not have any fixed assets. Therefore, the provisions of clause (i) of the para 3 of the Order are not applicable to the Company.

(ii) As informed to us, the inventories were physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable. There were no material discrepancies noticed during such verification.

(iii) The company has not granted any loan to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause (iii) of the para 3 of the Order are not applicable to the Company.

(iv) The company has not granted any loan, made investments and provided guarantees and security. Therefore, the provisions of clause (iv) of the para 3 of the Order are not applicable to the Company

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

(vi) Maintenance of cost records is not specified under section 148 (1) of the Companies Act, 2013, for the operations carried on by the Company, as the threshold limit of previous year turnover of Rs. 35 Crores as per Clause C of Rule 3 of Companies (Cost records and audit) Rules, 2014 was not reached. Therefore, the provisions of clause (vi) of the para 3 of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Income Tax, Goods and Service Tax, Service Tax, Cess and other material statutory dues with the appropriate authorities. We are informed that there is no liability towards Provident Fund, Employees' State Insurance, Sales Tax, 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, Goods and Service Tax, Service Tax and Cess were in arears as at 31st March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to u, there are no dues of Income Tax, Sales Tax, VAT, Service Tax and Goods and Service Tax which have not been deposited on account of any dispute.

(viii) The Company has no borrowings nor has not raised any monies against issue of debentures. Also, has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year Therefore, the provisions of clause (viii) and (ix) of the para 3 of the Order are not applicable to the Company.

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

(x) In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred to Section 197 of the Act.

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

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

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

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

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

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 23rd April, 2018

Annexure "B" to Independent Auditors' Report 31st March 2018

(Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of TVS Housing Limited, Chennai ("the Company") as of March 31st, 2018 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

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 authorisation of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2018, 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 : 23rd April, 2018

Balance Sheet as at 31st March 2018

(Rs. in Lakhs)

	Note No.	March 31, 2018	March 31, 2017
Assets			
Current assets			
Inventories	2	242.61	323.71
Financial assets			
i. Cash and cash equivalents	3	23.37	34.06
Current tax assets (Net)	4	64.75	63.03
Other current assets	5	111.92	105.03
Total current assets		**442.65**	**525.83**
Total Assets		**442.65**	**525.83**
Equity and Liabilities			
Equity			
Equity share capital	6	5.00	5.00
Other equity	7	78.87	74.37
Total equity		**83.87**	**79.37**
Current liabilities			
Financial liabilities			
i. Trade payables	8	3.10	9.94
ii. Other financial liabilities	9	355.31	387.78
Current tax liabilities (Net)	10	-	0.50
Other current liabilities	11	0.37	48.24
Total current liabilities		**358.78**	**446.46**
Total liabilities		**358.78**	**446.46**
Total equity and liabilities		**442.65**	**525.83**

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner

C. MUKUNDHAN
Director

R. CHANDRAMOULI
Director

Membership No.: 23116

Chennai
Dated: 23rd April 2018

Statement of Profit and Loss for the year ended 31st March 2018

(Rs. in Lakhs)

	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
Income			
Revenue from operations	12	138.69	700.17
Other income	13	-	1.44
Total income		**138.69**	**701.61**
Expenses			
Operating Expenses	14	96.10	513.01
Other expenses	15	35.80	151.38
Total expenses		**131.90**	**664.39**
Profit before tax		**6.79**	**37.22**
Income tax expense	16		
Current tax		2.29	11.50
Deferred tax			-
Total tax expense		**2.29**	**11.50**
Profit for the year		**4.50**	**25.72**
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive income for the year		**4.50**	**25.72**
Earnings per equity share			
Basic & Diluted earnings per share	17	9.01	51.44
Significant Accounting Policies	1		

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner

C. MUKUNDHAN
Director

R. CHANDRAMOULI
Director

Membership No.: 23116

Chennai
Dated: 23rd April 2018

Statement of Changes in Equity

(Rs. in Lakhs)

Equity share capital	Number of shares	Equity share capital (par value) Rs. In Lakhs
As at 31 March 2016	50,000	5.00
Changes in Equity share Capital	-	-
As at 31 March 2017	50,000	5.00
Changes in Equity share Capital	-	-
As at 31 March 2018	50,000	5.00

Other equity

	Retained earnings
Balance as at March 31, 2016	**48.65**
Add : Profit for the year ending March 31, 2017	25.72
Balance as at March 31, 2017	**74.37**
Add : Profit for the period ending March 31, 2018	4.50
Balance as at March 31, 2018	**78.87**

Cash Flow Statement

			Year ended March 31, 2018		Year ended March 31, 2017
A.	**Cash flow from operating activities:**				
	Net profit before extraordinary items and tax		**6.79**		**37.22**
	Add:				
	Interest income			(1.44)	
			-		(1.44)
	Operating profit before working capital changes		**6.79**		**35.78**
	Adjustments for:				
	Inventories	81.10		365.07	
	Other current assets	-		32.06	
	Loans and advances	(6.89)		(19.10)	
	Trade payables	(6.84)		(3.65)	
	Other current liabilities	(80.34)		(367.88)	
			(12.97)		6.50
	Cash generated from operations		**(6.18)**		**42.28**
	Income taxes paid		(4.51)		(9.56)
	Net cash from operating activities		**(10.69)**		**32.72**
B.	**Cash flow from investing activities:**				
	Interest received				
			-		**-**
	Net cash from / (used in) investing activities		**-**		**-**
C.	**Cash flow from financing activities :**				
			-		**-**
	Net cash from / (used in) financing activities		**-**		**-**
	Total (A+B+C)		**(10.69)**		**32.72**
	Cash and cash equivalents at the beginning of the year		34.06		1.34
	Cash and cash equivalents at the end of the year		23.37		34.06
	Net increase/(decrease) in cash and cash equivalents		**(10.69)**		**32.72**

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116
Chennai
Dated: 23rd April 2018

C. MUKUNDHAN
Director

R. CHANDRAMOULI
Director

COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

a. Brief description of the Company

TVS Housing Limited ('the Company') is a public limited company incorporated in the year 2010 and domiciled in India. The registered office is located at "1st Floor, Greenways Towers, No. 119, St.Marys Road, Abhiramapuram, Chennai – 600018, Tamil Nadu, India.

b. Basis of preparation

(i) Compliance with Ind AS

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

(ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for 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. 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.

e. Inventories

Land is valued at the lower of cost or Net Realisable Value (NRV). 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.

f. 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.

g. 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.

h. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

i. 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.

j. 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.

k. 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.

l 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.

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 & realisation of project into cash & cash equivalents and range from 3 to 7 years.

m. 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 17)

(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 on accounts

(Rs. in Lakhs)

		As at March 31, 2018	As at March 31, 2017
2	**Inventories**		
	Land held for Development	242.61	323.71
	Total Inventories	**242.61**	**323.71**
3	**Cash and cash equivalents**		
	Balances with banks	23.37	34.06
	Total cash and cash equivalents	**23.37**	**34.06**

		As at March 31, 2018	As at March 31, 2017
4	**Current tax assets (Net)**		
	Opening balance	63.03	95.09
	Add: Taxes paid net of refund	4.01	(32.06)
	Less: Current tax payable for the year	(2.29)	-
	Closing balance	**64.75**	**63.03**
5	**Other current assets**		
	Excise/GST Receivable	111.79	104.90
	Advance given to vendor	0.13	0.13
	Total other current assets	**111.92**	**105.03**

6 Equity share capital

(a) **Authorised, issued, subscribed and fully paid up**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
Authorised:				
Equity shares of Rs.10/- each	50,000	5.00	50,000	5.00
Issued, subscribed and fully paid up:				
Equity shares of Rs.10/- each	50,000	5.00	50,000	5.00
	50,000	5.00	50,000	5.00

(b) **Reconciliation of equity shares outstanding at the beginning and at the end of the year**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
Shares outstanding at the beginning of the year	50,000	5.00	50,000	5.00
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	50,000	5.00	50,000	5.00

(c) (i) Rights and preferences attached to equity share:

The company has one class of equity shares having a par value of Rs.10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) **Shares held by holding company at the end of the year/ shareholders holding more than 5% of paid up Equity Share Capital**

Name of shareholder	Class of share	As at March 31, 2018		As at March 31, 2017	
		No. of shares held	% of holding	No. of shares held	% of holding
TVS Motor Company Limited with nominees	Equity	50,000	100%	50,000	100%

(Rs. in Lakhs)

		As at March 31, 2018	As at March 31, 2017
7	**Other Equity**		
	Retained earnings	78.87	74.37
	Total reserves and surplus	**78.87**	**74.37**

Notes to balance sheet

Rs. in Lakhs

		As at March 31, 2018	As at March 31, 2017
8	**Trade payables**		
	Dues to Micro and Small Enterprises **		-
	Dues to enterprises other than Micro and Small Enterprises	3.10	9.94
	Total trade payables	**3.10**	**9.94**

** 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. There are no interests due or outstanding on the same.

		As at March 31, 2018	As at March 31, 2017
9	**Other financial liabilities**		
	Payable to related parties (Net of Security Deposit)	355.31	387.78
	Total other current financial liabilities	**355.31**	**387.78**
10	**Current tax Liabilities (Net)**		
	Opening Balance of Tax Payable	0.50	**-**
	Add: Current tax payable for the year	-	11.50
	Less: Taxes paid net of refund	(0.50)	(11.00)
	Closing balance	**-**	**0.50**
11	**Other current liabilities**		
	Statutory Dues	0.37	0.15
	Advance received from customers	-	48.09
	Total other current liabilities	**0.37**	**48.24**

Notes to Statement of Profit or Loss

Rs. in Lakhs

		Year Ended March 31, 2018	Year Ended March 31, 2017
12	**Revenue from operations**		
	Income from sale of Land	138.69	700.17
	Total revenue	**138.69**	**700.17**
13	**Other income**		
	Interest income	-	1.44
	Total other income	**-**	**1.44**
14	**Cost of Sales**		
	Inventories at the beginning of the year:		
	Land held for development	323.71	688.77
	Add: Incurred during the year:	-	-
	Infrastructure and Development cost	15.00	147.95
		338.71	**836.72**
	Less: Inventories at the end of the year:	242.61	323.71
	Cost of Land Sold	**96.10**	**513.01**
15	**Other expenses**		
	Advertisement Expenses	18.03	91.61
	Audit Fees	2.00	1.50
	Consultancy and Professional Charges	1.22	2.39
	Deputation cost	11.10	55.70
	Rates & Taxes	1.85	0.18
	Miscellaneous Expenses	1.60	-
	Total other expenses	**35.80**	**151.38**
16	**Income tax expense**		
	(a) Income tax expense		
	Current tax		
	Current tax on profits for the year	2.29	11.50
	Total current tax expense	**2.29**	**11.50**
	Total deferred tax expense/(benefit)	**-**	**-**
	Income tax expense	**2.29**	**11.50**

Notes to Statement of Profit or Loss (Contd.)

Rs. in Lakhs

	Year Ended March 31, 2018	Year Ended March 31, 2017
(b) Reconciliation of tax expense and the accounting profit multiplied by Income tax rate:		
Profit before income tax expense	6.79	37.22
Tax at the Income tax rate of 25.75% (2016-2017 – 30.90%)	1.75	11.50
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Deemed Income considered only for tax purpose	0.54	-
Taxes relating to Previous years	0.01	-
Income tax expense	**2.30**	**11.50**

17 Earnings per share

	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Basic and diluted earnings per share		
Basic/Diluted earnings per share attributable to the equity holders of the Company (Rs.)	9.01	51.44
(b) Reconciliations of earnings used in calculating earnings per share		
Profit attributable to equity shareholders of the company used in calculating basic/diluted earnings per share (Rs.)	4.50	25.72
(c) Weighted average number of equity shares used as the denominator in calculating basic/diluted earnings per share	50,000	50,000

Rs. in Lakhs

18 Fair value measurements

Financial instruments by category

	As at March 31, 2018	As at March 31, 2017
	Amortised cost	**Amortised cost**
Financial assets		
Cash and cash equivalents	23.37	34.06
Others	-	-
Total Financial Assets	**23.37**	**34.06**
Financial liabilities		
Trade payables	3.10	9.94
Payable to related parties	355.31	387.78
Total Financial Liabilities	**358.41**	**397.72**

The Company has no Financial Assets or Liabilities that are valued at Fair Value through Profit and Loss or Fair Value through Other Comprehensive Income

(ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade payables, cash and cash equivalents, and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

19 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 ,

Financial instruments and risk management

(A) **Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

(i) Credit risk management

Credit risk is managed on a company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

(B) **Liquidity risk**

(i) Maturities of financial liabilities

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

Particulars	Maturity	Rs. in Lakhs	
		March 31, 2018	March 31, 2017
Trade payables	< than 12 months	3.10	9.94
Other financial liabilities	< than 12 months	355.31	387.78

20 Capital management

Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Other disclosures Rs. in Lakhs

21 Operating Segment
(a) Description of segments and principal activities

The Company is primarily engaged in the business of Developing and subdividing real estate into lots. The entity's entire operations are reviewed by Chief operating decision makers as one Operating segment.

(b) Entity Wide disclosures
i) Company's major service is real estate development
ii) Company is domiciled and operates within India
iii) There is no major reliance on a single customer.

22 Contingent liabilities and contingent assets

(a) Contingent liabilities
The Company has no Contingent Liabilities as on date

(b) Contingent assets
The Company has no Contingent Assets as on date

23 Commitments

	March 31, 2018	March 31, 2017
(a) Capital commitments		
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities	Nil	Nil
(b) Other commitments		
Expenditure related contractual commitments apart from Capital Commitments	Nil	Nil

Rs. in Lakhs

24 Related Party Disclosure

		As at/ year ended March 31, 2018	As at/ year ended March 31, 2017
(a)	**Related parties and their relationship for the financial year 2017-18**		
	Holding company		
	Sundaram – Clayton Limited, Chennai		
	TVS Motor Company Limited		
	Associate of Holding Co.		
	Emerald Haven Realty Limited, Chennai		
(b)	**Transactions with related parties:**		
	- Associate of Holding Co.		
	Emerald Haven Realty Limited, Chennai		
(i)	Reimbursement of Advertisement, Deputation and Infrastructure Expenses	44.38	225.07
(ii)	Rent - Corporate Office	0.90	-
(c)	**Balances with related parties:**		
(i)	Other payables (Net of Security Deposit)		
	- Associate of Holding Co.		
	Emerald Haven Realty Limited, Chennai	355.31	387.78
	Note: The balances are unsecured and payable on demand.		

25 Deferred Tax Asset on loss is recognised as the management is confident of achieving taxable profit which will be available against which the loss will be reversed.

26 Auditors' remuneration (Exclusive of Service Tax)

Particulars	As at 31st March 2018	As at 31st March 2017
Payments to Auditors as		
a. Statutory Audit	1.50	1.00
b. Tax Audit	0.50	0.50

27 Recent accounting pronouncements

The Indian Accounting Standard (Ind AS) 115, Revenue from Contracts with Customers is applicable from FY 2018-19. The management believes that the adoption of Ind AS 115 does not have any significant impact on the standalone financial statements of the Company.

The management believes that the adoption of amendments to Ind AS 21, The Effects of Changes in Foreign Exchange Rates and amendments to Ind AS 12 Income Taxes do not have any significant impact on the standalone financial statements of the Company.

28 In the opinion of the management, the current assets, loans & advances have a value of realisation in ordinary course of business or at least equal to the amount at which they are stated in the balance sheet.

As per our report annexed
For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner

C. MUKUNDHAN
Director

R. CHANDRAMOULI
Director

Membership No.: 23116

Chennai
Dated: 23rd April 2018

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 2018.

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 2018 and the financial performance, changes in equity and cash flows of the company for the year then ended; and

   (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

2. **DIRECTORS**

   The directors of the company in office at the date of this statement are:

   Venu Srinivasan

   Hari Hara Iyer Lakshmanan

   Seenivasan Elayalwar

3. **ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

   Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object are, or one of whose objects is, to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

4. **DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

   The directors who held office at the end of the financial year, had no interest in the share capital of the company and related corporations as recorded in the register of directors' shareholdings required to be kept by the company under Section 164 of the Singapore Companies Act, Chapter 50 except as stated below:

	Number of ordinary shares of INR1 each	
Name of directors and corporation In which interests are held	At beginning of year	At end of year
TVS Motor Company Limited (Holding company)		
Venu Srinivasan	2,569,726	2,569,726
Hari Hara Iyer Lakshmanan	55,870	55,870

5. **SHARE OPTION**

   During the financial year, no option to take up unissued shares of the company was granted. During the financial year, there were no shares of the company issued by virtue of the exercise of options to take up unissued shares.

   As at the end of the financial year, there were no unissued shares of the company under option.

6. **INDEPENDENT AUDITOR**

   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,

26th April, 2018

Independent Auditors' report to the Member of TVS Motor (Singapore) Pte. Limited

Opinion

We have audited the financial statements of TVS MOTOR (SINGAPORE) PTE. LIMITED (the "company"), which comprise the statement of financial position as at 31 March 2018, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 and 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern .

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirement

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

RAMA & CO.
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS
SINGAPORE

Singapore,

26th April, 2018

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018	2017
		S$	S$
ASSETS			
Non-current asset			
Investment in associate	(8)	**74,697,543**	74,697,543
Total non-current asset		**74,697,543**	74,697,543
Current assets:			
Bank balance	(9)	**1,313,586**	637,420
Total current asset		**1,313,586**	637,420
Total assets			
EQUITY AND LIABILITIES			
Capital reserve:			
Share capital	(10)	**77,590,002**	76,284,702
Accumulated losses		**(2,142,229)**	(955,539)
Total equity		**75,447,773**	75,329,163
Current liabilities:			
Other payables		**563,356**	5,800
Total current liabilities		**563,356**	5,800
Total equity and liabilities		**76,011,129**	75,334,963

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 2018

	Note	2018	2017
		S$	S$
Revenue		–	–
Other income	(12)	–	254,152
Administrative expenses		**(1,186,690)**	(15,226)
Finance cost	(13)	–	(428,281)
Loss before income tax		**(1,186,690)**	(189,355)
Income tax	(14)	–	–
Loss for the year	(15)	**(1,186,690)**	(189,355)
Other comprehensive income		–	–
Total comprehensive loss for the year		**(1,186,690)**	(189,355)

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 2018

	Share Capital	**Accumulated Losses**	**Total**
	S$	**S$**	**S$**
Balance as at 1 April 2016	64,802,445	(766,184)	64,036,261
Issuance of shares	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
Issuance of shares (Note 10)	1,305,300	-	1,305,300
Total comprehensive loss for the year	-	(1,186,690)	(1,186,690)
Balance as at 31 March 2018	77,590,002	(2,142,229)	75,447,773

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 2018

	2018 S$	2017 S$
Cash flow from operating activities:		
Loss before income tax	**(1,186,690)**	(189,355)
Adjustment for:		
Foreign currency exchange difference	**-**	(59,133)
Interest income	**-**	(223,423)
Interest expense	**-**	383,597
Withholding tax	**-**	44,684
Operating loss before working capital changes	**(1,186,690)**	(43,630)
Other payables	**557,556**	(450)
Net cash used in operating activities	**(629,134)**	(44,080)
Investing activities:		
Interest received	**-**	583,423
Withholding tax paid	**-**	(44,684)
Net cash from investing activities	*	538,739
Financing activities:		
Interest paid	**-**	(809,045)
Issuance of shares	**1,305,300**	694,600
Net cash from! (used in) financing activities	**1,305,300**	(114,445)
Net increase in bank balance	**676,166**	380,214
Bank balance at beginning of year	**637,420**	257,206
Bank balance at end of year	**1,313,586**	637,420

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

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 26 April 2018.

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 assumption. The areas involving a higher degree of judgement or complexity or areas when assumption and estimates are significant to the financial statements as disclosed in Note 4.

2.2. **Changes in Accounting Policies**

a) Adoption of new revised FRSs and INT FRSs

In the current financial year, the company has adopted all the new and revised FRSs and INT FRSs issued by the ASC that are relevant to its operations and effective for annual periods beginning on or after 1 April 2017. The adoption of these newly 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 except for the standards described below:

Amendments to FRS 7: Statement of Cash Flows: Disclosure Initiative

The amendments required the company to provide disclosures that enables user of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

b) **Standards issued but not yet effective**

Reference	Description	Effective date (annual periods beginning on or after)
FRS 109	Financial Instruments	1 January 2018
FRS 110 and FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contributions of Assets between an	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019
INT FRS 122	Foreign Currency Transactions and Advances Consideration	1 January 2018
INT FRS 123	Uncertainty over Income Tax Treatments	1 January 2019

The management anticipate that the adoption of the above FRSs, INT FRS and amendments to FRS in future periods standards will not have a materials impact on the financial statements of the company in the period of their initial adoption.

c) **Improvements to FRSs issued in December 2016**

FRS and amendments issued in December 2016 that are relevant to the company were issued but not effective are as follows:

Reference	Subject of amendments	Effective date (annual periods beginning on or after)
FRS 28	Measuring an associate or joint venture at fair value	1 January 2018

The improvement contains amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments.

The directors expect that the adoption of the improvements to FRSs above will have no material impact on the financial statements in the period of initial application.

2.3. Functional and Foreign Currency

a) **Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The financial statements of the company are presented in Singapore dollar, which is also the functional currency of the company.

b) **Foreign currency transactions**

Transactions in foreign currencies are measured in the functional currency of the company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss.

2.4. **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) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates that have been enacted.

b) Deferred tax

Deferred tax is provided, using the liability method on all temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences carry-forward of unutilised tax assets and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unutilised tax assets and unutilised tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit or loss nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed at the each of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.7. Employee Benefits

a) Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the company's obligations under the plans are equivalent to those arising in a defined contribution plan.

b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrued to employees. A provision is made for the estimated liability for unconsumed annual leave as a result of services rendered by employees to the end of financial year.

2.8. Related Parties

A related party is a person or an entity related to the company and is further defined as follows:

a) A person or a close member of that person's family is related to the company if that person:

i) has control or joint control over the company;

ii) has significant influence over the company; or

iii) is a member of the key management personnel of the company or of a parent of the company.

b) An entity is related to 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.

2.9. Provisions

Provisions are recognised when the company has present obligations (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.10. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When changes in the probability of an outflow occur so that the outflow is probable, it will then be recognised as a provision. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company.

A 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. Bank balance is classified within loans and receivables on the statement of financial position.

Bank balance

Bank balance comprises cash at bank and is readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

b) **Impairment of financial assets**

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, he 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 of 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 is determined based on management's assessment of the primary economic environment in which the company operates and the company's process of determining sales prices.

4.2. Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of investment in associate

The company follows the guidance of FRS 36 in determining the recoverability of its investment in associate. This requires assessment as to whether the carrying values of its investment can be supported by the net present values of future cash flows derived from such investment using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement. The company determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information. The carrying amount of investment in associate is disclosed in Note 8 to the financial statements.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT

5.1. Categories of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	2018	2017
	S$	S$
Financial asset		
Loans and receivable:		
- Bank balance	**1,313,586**	637,420
Financial liabilities		
At amortised cost:		
Other payables	**563,356**	5,800

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. It is the company's policy to enter into transactions with creditworthy customers and high credit rating counterparties to mitigate any significant credit risk. The company has procedures in place to control credit risk and that exposure to such risk is monitored on an ongoing basis.

As the company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

Financial assets that are neither past due nor impaired Bank

Balance that is neither past due nor impaired is mainly deposit with bank with high credit ratings assigned by international credit-rating agencies. Other receivable that is neither past due nor impaired is substantially company with a good credit record with the company.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

b) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market interest rate.

The Company has bank balance that is non-interest bearing, therefore has no exposure to cash flow interest rate risk.

No interest rate sensitivity analysis is disclosed as the impact of changes in interest rate is not expected to be material.

c) **Foreign currency exchange rate risk**

Foreign currency exchange rate risk arose from the change in foreign exchange rates that may have an adverse effect on the company in the current reporting period and in the future periods.

The company transacts mainly in Singapore dollar. 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:

	2018 US$	2017 US$
In Singapore dollar		
Financial assets		
- Bank balance	**1,313,586**	637,420
Financial liabilities		
Other payables		
Net exposure	**1,313,586**	637,420

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:

	2018 S$	2017 S$
US$ impact	**(131,359)**	(63,742)

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.

2018	**Effective interest rate (%)**	**Carrying Carrying**	**Within 1 year of repayable on demand**	**Total**
Financial liability		**S$**	**S$**	**S$**
Other payables	-	563,356	563,356	563,356

2018	**Effective interest rate (%)**	**Carrying Carrying**	**Within 1 year of repayable on demand**	**Total**
		S$	**S$**	**S$**
Financial liability				
Other payables	-	5,800	5,800	5,800

e) **Fair value of financial assets and financial liabilities**

The carrying amounts of bank balance and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

5.3. **Capital Risk Management Policies and Objectives**

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as other payables less bank balance. Total capital is calculated as equity and net debt. The company's overall strategy remains unchanged during the period.

	2018 S$	2017 S$
Other payables	**563,356**	5,800
Less: Bank balance	**(1,313,586)**	(637,420)
Net debts	**(750,230)**	(631,620)
Total equity	**75,447,773**	75,329,163
Total capital	**74,697,543**	74,697,543
Gearing ratio	**N.M.**	N.M.

The company is not subject to externally imposed capital requirements.

N.M. - Not meaningful.

6. **HOLDING COMPANY**

The company is wholly-owned subsidiary of TVS Motor Company Ltd, incorporated in India. The company's ultimate holding company is Sundaram Clayton Limited, incorporated in India. The registered office of the holding company is at 29 (Old No.8) Haddows Road, Chennai 600006, and India.

Some of the company's transactions and arrangements are between members of the company and the effects of these on the basis determined between the parties are reflected in these financial statements.

Significant holding company transactions:

	2018 US$	2017 US$
Interest expenses	**-**	383,597
Recovery of consultancy fees	**540,000**	-
Recovery of rental expense	**15,056**	-

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018 (Continued)

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:

	2018 US$	2017 US$
Interest income	-	223,423

8. INVESTMENT IN ASSOCIATE

	2018 US$	2017 US$
Unquoted equity shares at cost:		
At beginning of the year	74,697,543	63,967,275
Addition	-	10,730,268
At end of the year	74,697,543	74,697,543

Details of the associate are as follows:

Name of associate/ Country of incorporation	Principal activity	Proportion of ownership Interest	
		2018	2017
PT. TVS Motor Company Indonesia	Manufacturers of motorcycles, motorcycles spare parts and accessories.	35%	37%

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. BANK BALANCE

	2018 S$	2017 S$
Cash at bank	1,313,586	637,420

Bank balance is denominated in United States dollar.

10. SHARE CAPITAL

	2018	2017	2018 S$	2017 S$
	Number of ordinary shares			
Issued and Paid UP:				
At beginning of the year	76,284,702	64,802,445	76,284,702	64,802,445
Issued during the year	1,305,300	11,482,257	1,305,300	11,482,257
At the end of the year	77,590,002	76,284,702	77,590,002	76,284,702

During the financial year, the company issued 1,305,300 ordinary shares at S$1 per share for cash.

The company has one class of ordinary shares with no par value, which carry one vote per share and carry a right to dividends and when declared by the company.

11. OTHER PAYABLES

	2018 US$	2017 US$
Payable to holding company (Note 6) :	555,056	-
Accrued expenses	8,300	5,800
	563,356	5,800

Payable to holding company is unsecured, interest free and repayable on demand.

Other payables are denominated in the following currencies:

	2018 US$	2017 US$
Singapore dollar	23,356	5,800
Indian Rupee	540,000	5,800

12. OTHER INCOME

	2018 US$	2017 US$
	-	30,729
Foreign currency exchange gain	-	223,423
Interest income	-	254,152

13. FINANCE COST

	2018 US$	2017 US$
	-	383,597
Interest expenses	-	44,684
Withholding tax	-	428,281

14. INCOME TAX

The income tax expense varied from the amount of income tax determined by applying the Singapore income tax rate of 17% (2017: 17%) to profit before income tax as a result of the following differences:

	2018 US$	2017 US$
Loss before income tax	(1,186,690)	(189,355)
Income tax benefit at statutory rate of 17% (2017:17%)	(201,737)	(32,190)
Income tax effect of:		
Interest expenses	201,737	32,190
- tax losses forfeited	-	-

15. LOSS FOR THE YEAR

Loss for the year has been arrived at after (crediting)/charging:

	2018 S$	2017 S$
Consultancy fees	540,000	-
Foreign currency exchange loss/ (gain)	39,229	(30,729)
Short-term employee's benefits	547,160	-
Cost of defined benefits plans included in employee benefits expenses	8,160	-

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018 (Continued)

16. EVENTS AFTER THE REPORTING PERIOD

No items, transactions or events of material and unusual nature have arisen between the end of the reporting period and the date of authorisation for issue of the financial statements which are likely to affect substantially the results of operations of the company for the succeeding financial year.

DETAILED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST MARCH 2018

	2018 S$	2017 S$
Revenue	–	–
Other income		
Foreign currency exchange gain	–	30,729
Interest income	–	223,423
	–	254,152
Less: Operating expenses		
Administrative expenses		
Auditors' remuneration	**4,000**	3,000
Bank charges	**315**	1,314
Book keeping fee	**1,500**	1,200
Consultancy fees	**540,000**	–
CPF contribution	**8,160**	–
Foreign currency exchange loss	39,229	–
Office expense	2,896	–
Office rental	15,056	–
Printing and stationery	191	345
Professional fee	13,320	1,900
Salary and bonus	539,000	–
Secretarial fees and charges	18,470	7,467
Skill development levy	33	–
Travelling expense	4,520	–
Finance cost		
Interest expense	–	383,597
Withholding tax	–	44,684
	(1,186,690)	(443,507)
Net loss for the year	(1,186,690)	(189,355)

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 2018

	Notes	SGD in Mn.	Rupees in crores
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	1.31	6.54
		1.31	6.54
Total Assets		76.01	252.47
EQUITY AND LIABILITIES			
Equity			
Equity share capital	3	77.59	266.48
Other equity	4	(2.14)	(16.79)
		75.45	249.69
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	5	0.56	2.78
		0.56	2.78
Total equity and liabilities		76.01	252.47

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

		Notes	SGD in Mn.	Rupees in crores
I	Revenue from operations		-	-
II	Other income		-	-
III	Total Income (I +II)		-	-
IV	Expenses:			
	Employee benefits expense	6	0.55	2.60
	Other expenses	7	0.64	3.03
			1.19	5.63
V	Profit before exceptional items (III - IV)		(1.19)	(5.63)
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		(1.19)	(5.63)
VIII	Tax expense			
	i) Current tax		-	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		(1.19)	(5.63)
X	Other Comprehensive Income			
	A. Items that will not be reclassified to profit or loss		-	-
	B. Items that will be reclassified to profit or loss			
	Foreign currency translation adjustments		-	0.10
			-	0.10
XI	Total Comprehensive Income (IX + X)		(1.19)	(5.53)
XII	Earnings per equity share (Face value of SGD 1/- each)			
	Basic & Diluted earnings per share (in SGD / in rupees)		(0.02)	(0.73)

Notes on Accounts

		Singapore $ Mn. As at 31-3-2018	Rupees in crores As at 31-3-2018
1	NON-CURRENT INVESTMENTS		
	Investment in Equity instruments		
	52,24,187 fully paid up 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	1.31	6.54
		1.31	6.54
3	EQUITY SHARE CAPITAL		
	Issued, subscribed and fully paid up:		
	77,590,002 Ordinary shares of SGD 1 each	77.59	266.48
		77.59	266.48
4	OTHER EQUITY		
	Retained earnings	(2.14)	(10.11)
	Foreign currency translation reserve	-	(6.68)
		(2.14)	(16.79)
5	TRADE PAYABLES		
	Current		
	Dues to Micro and Small Enterprises**	-	-
	Dues to enterprises other than Micro and Small Enterprises	0.56	2.78
		0.56	2.78

** 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.

Notes on accounts - (continued)

		SGD in Mn. Year ended 31-3-2018	Rupees in crores Year ended 31-3-2018
6	EMPLOYEE BENEFITS EXPENSE		
	Salaries, wages and bonus	0.54	2.56
	Contribution to provident and other funds	0.01	0.04
		0.55	2.60
7	OTHER EXPENSES		
	(a) Rent	0.02	0.07
	(b) Audit fees	-	0.02
	(c) Foreign exchange loss	0.04	0.19
	(d) Miscellaneous expenses	0.58	2.75
		0.64	3.03

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 2017 up to and including 31 March 2018 ("the year 2017-2018").

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 2017-2018, PT TVS Motor Company Indonesia (the 'Subsidiary') issued 800,000 shares, which were fully subscribed by TVS Motor Company (India). As a consequence, the shareholding of the Company decreased from 20.22% to 19.14%.

1.3. Results

As presented in the profit and loss account, the net result for 2017/2018 amounts to a loss of USD 32,847 (2016/2017 : a profit of USD 3,513,757).

1.4. Future outlook

It is the intention to liquidate the Company.

Amsterdam, 31 May 2018.

R.C. Elshout
Director

H. Lakshmanan
Director

PJ. Stegeman
Director

V.N. Venkatanathan
Director

SGG Management (Netherlands) B.V.
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 financial statements 2017-2018 of TVS Motor Company (Europe) B.V. based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of TVS Motor Company (Europe) B.V. as at 31 March 2018, 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 2018;
2. the profit and loss account for the year 2017-2018; 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, 31 May 2018

with kind regards,
Londen & Van Holland
Registeraccountants en Belastingadviseurs

C.J.H. Bijvoet RA

BALANCE SHEET AS AT 31 MARCH 2018

(Before appropriation of result)

	31 March 2018		31 March 2017	
	USD	USD	USD	USD
ASSETS				
Fixed Assets				
Financial fixed assets	**3,754,748**		4,345,752	
		3,754,748		4,345,752
Current assets				
Receivables and prepayments	**16,871**		9,954	
Cash and cash equivalents	**352,929**		437,764	
		369,800		447,718
Total assets		**4,124,548**		4,793,470
SHAREHOLDER'S EQUITY AND LIABILITIES				
Shareholder's equity				
Share capital	**27,759,336**		24,086,930	
Currency translation reserve	**(8,010,973)**		(7,292,363)	
Revaluation reserve subsidiary	**4,573,791**		4,488,269	
Other reserves	**(20,186,254)**		(20,027,605)	
Result for the year	**(32,847)**		3,513,757	
		4,103,053		4,768,988
Current liabilities	**21,495**		24,482	
		21,495		24,482
		4,124,548		4,793,470

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2017/2018

	2017 / 2018		2016 / 2017	
	USD	USD	USD	USD
Interest income/(expense) and similar	127		1,364	
Other operating expenses	74,804		86,257	
Total operating expence		74,931		87,621
Operating result		(74,931)		(87,621)
Result before taxation		(74,931)		(87,621)
Share in result of participations		42,084		3,587,113
Taxation result		-		14,265
Result after taxation		(32,847)		3,513,757

General

TVS Motor Company (Europe) B.V. (the Company) is a private company with limited liability (a wholly-owned subsidiary of TVS Motor Company Ltd.), incorporated under the laws of The Netherlands on 21 July 2005, having its corporate seat in Amsterdam, with offices at Hoogoorddreef 15, 1101 BA Amsterdam.

Summary of activities

The principal business activities of the Company are holding activities.

During 2017-2018, PT TVS Motor Company Indonesia (the 'Subsidiary') issued 800,000 shares, which were fully subscribed by TVS Motor Company Limited (India). As a consequence, the shareholding of the Company decreased from 20.22% to 19.14%.

Results

As presented in the profit and loss account, the net result for 2017/2018 amounts to a loss of USD 32,847 (2016/2017: a profit of USD 3,513,757).

General notes

1. General

TVS Motor Company (Europe) B.V. (the Company) is a private company with limited liability (a wholly-owned subsidiary of TVS Motor Company Ltd.), incorporated under the laws of The Netherlands on 21 July 2005, having its corporate seat in Amsterdam, with offices at Hoogoorddreef 15, 1101 BA Amsterdam.

The Company is registered at the Chamber of Commerce under number 34229984.

Activities

The principal business activities of TVS Motor Company (Europe) B.V. are holding activities.

Consolidation exemption

The Company can be qualified as a so-called "small-sized company" after consolidation, consolidation has been dispensed pursuant to Article 407.2 Title 9 Book 2 of the Dutch Civil Code.

Directors report

The Company has taken advantage of Article 396 section 7, Title 9, Book 2 of the Dutch Civil Code and not presented a directors report.

Changes in accounting estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period, in which the estimate is revised and in future periods, for which the revision has consequences.

Comparison with previous year

The principles of valuation and determination of the result remained unchanged in comparison to previous year.

Related parties

All legal entities that can be controlled, jointly controlled or Significantly influenced are considered to be a related party. Also entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of the Company or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed, if this is necessary in order to provide the required insight.

2. General accounting principles

Accounting policies

The financial statements have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards applicable for small legal entities, as published by the Dutch Accounting Standards Board CRaad voor de Jaarverslaggeving').

Based on Title 9, Book 2 of the Dutch Civil Code, the Company can be qualified as a so-called "small-sized company", but voluntarily discloses more information to meet the legal requirement to provide a true and fair view. Valuation of assets and liabilities and determination of the result take place under the historical cost convention, unless presented otherwise.

Income and expenses are accounted for on accrual basis. Profit is only included when realized by the balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account, if they have become known before preparation of the financial statements.

Foreign currency

Items included in the financial statements of the Company are valued with due regard for the currency in the economic environment, in which the Company carries out most of its activities (the functional currency).

The financial statements are denominated in USD, this is both the functional currency and presentation currency of the Company.

Transactions, receivables and liabilities

Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange . rates prevailing at transaction date. The exchange differences resulting from the translation as at balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

Group companies

Foreign group companies and associated companies outside the Netherlands qualify as carrying on business operations in a foreign country, with a functional currency different from that of the Company. For the translation of the financial statements of these business operations in a foreign country the balance sheet items are translated at the exchange rate as at balance sheet date and the profit and loss account items at the average rate. The translation differences that arise are directly deducted from or added to shareholders' equity.

3. Principles of valuation of assets and liabilities

FIXED ASSETS

Financial fixed assets

Participations

Participations (associates), over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar the Company can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognized for this.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognized in the profit and loss account.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the realizable value (see also section "Impairment of noncurrent assets"); an impairment is recognized and charged to the profit and loss account.

Impairment of non-current assets

On each balance sheet date, the Company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realizable value of the asset is determined. If it is not possible to determine the realizable value of the individual asset, the realizable value of the cash-generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the realizable value; the realizable value is the higher of the fair value less cost to sell and the value in use. An impairment loss is directly recognized in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

If it is established that an impairment that was recognized in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

Cash at banks and in hand

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognized as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

LIABILITIES

Revaluation reserve

If revaluations have been recognized in the revaluation reserve after the deduction of relevant (deferred) tax liabilities, the gross result of the realized revaluations is recognized in the profit and loss account. The corresponding release of the (deferred) tax liabilities is charged to the operating result as tax on the result from ordinary business activities.

Current liabilities

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

4. Principles for the determination of the result

General

The result is the difference between the operating margin and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised .

Costs

Costs are determined on a historical basis and allocated to the financial year to which they relate.

Financial income and expenses

Interest income and expenses are recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. When accounting for interest expenses, the recognized transaction expenses for loans received are taken into consideration.

Result from participations (valued at net asset value)

The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to the Company.

Income tax

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Also changes are taken into account which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

CURRENT ASSETS

Receivables

Upon initial recognition the receivables are valued at fair value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

ASSETS

Financial fixed assets

During the year, the Company continued to hold its investment in PT. TVS Motor Company Indonesia ('the Subsidiary'), 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 8 August 2005. The deed of establishment was approved by the Minister of Justice and Human Rights of the Republic of Indonesia on 5 September 2005.

During the financial year 2017-2018, the Subsidiary received additional capital stock subscription amounting to USD 8,000,000 (800,000 new shares). The Company's holding in the Subsidiary remains at 2,870,000 number of shares. As a consequence of the increase in the total number of shares, the shareholding of the Company in the Subsidiary has reduced from 20.22% as per 31 March 2017 to 19.14% as per 31 March 2018.

The financial statements of the Subsidiary show a net asset value (as per 31 March 2018) of USD 3,754,748 positive.

A summary of the financial fixed assets is included below:

PT. TVS Motor Company Indonesia

Movement(s) during the year are specified below:

	31 Mar 2018	31 Mar 2017
	USD	USD
Balance as at 1 April	4,345,752	-
Result for the period	(1,529,692)	(1,614,820)
Adjustment result previous years due to decrease of interest	933,248	2,114,663
Foreign exchange result on net equity	(718,610)	489,609
Revaluation of subsidiary	85,522	269,030
Adjustment valuation	638,528	3,087,270
Balance as at 31 March	3,754,748	4,345,752

Receivables and prepayments	31 Mar 2018	31 Mar 2017
	USD	USD
Prepaid management fees	9,478	9,954
VAT receivable	7,393	-
	16,871	9,954

Accounts receivable to an amount of USD 0 have an expected remaining term to maturity of more than one year.

EQUITY AND LIABILITIES

Equity

Share capital

The issued and paid-up share capital of the Company amounts to USD 27,759,336 (EUR 22,530,100) as per 31 March 2018, divided into 225,301 shares at EUR 100 per share.

Equity

Movements during the year can be summarised as follows:

	31 Mar 2018	31 Mar 2017
	USD	USD
Share capital		
Balance as at 1 April	24,086,930	25,650,518
Revaluation of share capital	3,672,406	(1,563,588)
Balance as at 31 March	27,759,336	24,086,930
Currency translation reserve		
Balance as at 1 April	(7,292,363)	(7,781,972)
Foreign exchange result on net equity	(718,610)	489,609
Balance as at 31 March	(8,010,973)	(7,292,363)
Revaluation reserve subsidiary		
Balance as at 1 April	4,488,269	4,219,239
Revaluation of subsidiary	85,522	269,030
Balance as at 31 March	4,573,791	4,488,269
Other reserves		
Balance as at 1 April	(20,027,605)	(19,851,815)
Revaluation of share capital	(3,672,406)	1,563,588
Appropriation of result	3,513,757	(1,739,378)
Balance as at 31 March	(20,186,254)	(20,027,605)
Undistributed result		
Balance as at 1 April	3,513,757	(1,739,378)
Appropriation of result	(3,513,757)	1,739,378
Result for the period	(32,847)	3,513,757
Balance as at 31 March	(32,847)	3,513,757
Total shareholders' equity	4,103,053	4,768,988

Proposed appropriation of result for the financial year 2017/2018

The board of directors proposes, that the result for the financial year 2018 amounting to a loss of USD 32,847 should be transferred to the reserves.

Current liabilities

	31 Mar 2018	31 Mar 2017
	USD	USD
Trade payables and trade credit	2,581	-
Tax advisory fees	5,218	2,138
Administrative and secretarial services	-	9,087
Audit fees	10,739	10,691
Other payables	2,957	2,566
	21,495	24,482

Accounts payable to an amount of USD 0 have an expected remaining term to maturity of more than one year.

Contingent assets and liabilities

The Company has no contingent assets and liabilities that are not already included in the annual report.

	2017/2018	2016/2017
	USD	USD
Interest income/(expense) and similar		
Currency exchange profit / (loss)	(127)	(1,364)
	(127)	(1,364)
Share in result of participations		
Share in result of participations	(1,529,692)	(1,614,820)
Adjustment result previous years due to decrease of interest	933,248	2,114,663
Adjustment valuation	638,528	3,087,270
	42,084	3,587,113
General expenses		
Management fee	24,459	21,888
Audit fees	10,739	10,790
Tax advisory fees	5,627	984
Administrative fees	26,825	45,625
Bank charges	6,874	6,866
Salary administration fees	280	104
	74,804	86,257

Average number of employees

The Company has no employees during the year under review (2017/2018: nil).

Events after balance sheet date

No major activities have occurred after balance sheet date that could have a material effect on the annual accounts .

Amsterdam, 31 May 2018

R.C. Elshout
Director

H Lakshmanan
Director

PJ. Stegeman
Director

V N Venkatanathan
Director

SCG Management (Netherlands) B.V.
Director

RE-STATED ACCOUNTS OF
TVS MOTOR COMPANY (EUROPE) B.V.

BALANCE SHEET AS AT 31ST MARCH 2018

	Notes	USD in Mn.	Rupees in crores
ASSETS			
Non-current assets			
Non-current investments	1	-	-
		-	-
Current assets			
Financial assets			
Cash and cash equivalents	2	0.35	2.30
Other current assets	3	0.02	0.11
		0.37	2.41
Total Assets		0.37	2.41
EQUITY AND LIABILITIES			
Equity			
Equity share capital	4	31.06	126.52
Other equity	5	(30.71)	(124.25)
		0.35	2.27
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	6	0.02	0.14
		0.02	0.14
Total equity and liabilities		0.37	2.41

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

		Notes	USD in Mn.	Rupees in crores
I	Revenue from operations		-	-
II	Other income		-	-
III	Total Income (I +II)		-	-
IV	Expenses:			
	Employee benefits expense	7	0.01	0.07
	Other expenses	8	0.05	0.40
			0.06	0.47
V	Profit before exceptional items (III - IV)		(0.06)	(0.47)
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		(0.06)	(0.47)
VIII	Tax expense			
	i) Current tax		-	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		(0.06)	(0.47)
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)		(0.06)	(0.47)
XII	Earnings per equity share (Face value of EUR 1/- each)			
	Basic & Diluted earnings per share (in USD / in rupees)		(0.27)	(20.86)

Notes on Accounts

		USD in Mn. As at 31-3-2018	Rupees in crores As at 31-3-2018
1	NON-CURRENT INVESTMENTS		
	Investment in Equity instruments		
	28,87,000 fully paid up 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	0.35	2.30
		0.35	2.30
3	OTHER CURRENT ASSETS		
	VAT receivable	0.01	0.05
	Prepaid expenses	0.01	0.06
		0.02	0.11
4	EQUITY SHARE CAPITAL		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	500,000 Ordinary shares of EURO 100/- each	66.78	311.64
	Issued, subscribed and fully paid up:		
	225,301 Ordinary shares of Euro 100/- each	31.06	126.52
		31.06	126.52

		USD in Mn. Year ended/ As at 31-3-2018	Rupees in crores Year ended/ As at 31-3-2018
5	OTHER EQUITY		
	Retained earnings	(30.71)	(136.98)
	Foreign currency translation reserve	-	12.73
		(30.71)	(124.25)
6	TRADE PAYABLES		
	Current		
	Dues to Micro and Small Enterprises**	-	-
	Dues to enterprises other than Micro and Small Enterprises	0.02	0.14
		0.02	0.14

** 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	EMPLOYEE BENEFITS EXPENSE		
	Salaries, wages and bonus	0.01	0.07
		0.01	0.07
8	OTHER EXPENSES		
	(a) Audit fees	0.01	0.07
	(b) Miscellaneous expenses	0.04	0.33
		0.05	0.40

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, 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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, 2018, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

SATRIO BING ENY & REKA
Alvin Ismanto
License of Public Accountant No. AP. 0556

April 19, 2018

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2018

	Notes	March 31, 2018	March 31, 2017
		Rp	Rp
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**33,862,137,727**	59,690,186,793
Trade accounts receivable	6		
Third parties - net of allowance for impairment losses of Rp 490,017,129 and Rp 215,211,854 at March 31, 2018			
and 2017, respectively		**137,533,563,500**	83,408,858,459
Inventories - net of allowance for obsolescence of Rp 1,181,519,438 and Rp 1,223,471,848 at March 31, 2018			
and 2017, respectively	7	**118,393,126,312**	89,099,780,603
Prepaid taxes - current	8	**23,700,747,790**	20,566,409,728
Advances to suppliers	9	**11,989,893,953**	2,319,968,700
Other current assets		**3,587,322,703**	4,119,463,826
Total Current Assets		**329,066,791,985**	259,204,668,109
NON CURRENT ASSETS			
Prepaid taxes - noncurrent	8	**35,516,157,503**	20,388,281,768
Deferred tax assets - net	24	**28,865,702,162**	41,789,491,498
Property, plant, and equipment - net of accumulated depreciation of Rp 167,104,471,042 and Rp 156,138,473,891			
at March 31, 2018 and 2017, respectively	10	**431,742,465,187**	420,707,978,399
Security deposits		**854,060,957**	1,113,503,257
Other noncurrent assets		**1,780,569,498**	-
Total Noncurrent Assets		**498,758,955,307**	483,999,254,922
TOTAL ASSETS		**827,825,747,292**	743,203,923,031

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2018 *(Continued)*

	Notes	March 31, 2018 Rp	March 31, 2017 Rp
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Bank loans	11	351,203,641,826	2 62,272,221,743
Trade accounts payable	12		
Related party	25	54,989,477,805	22,294,951,675
Third parties		41,329,842,320	17,555,559,816
Other accounts payable	13		
Related party	25	439,411,504	2,256,798,416
Third parties		7,872,374,947	7,123,896,629
Taxes payable	14	637,937,422	514,408,910
Accrued expenses	15	23,708,236,911	17,884,427,398
Loan from a financial institution	16	-	2 9,117,428,150
Advances from customers		1,410,960,813	1,823,707,223
Total Current Liabilities		481,591,883,548	360,843,399,960
NONCURRENT LIABILITIES			
Bank loans - net of current maturities	11	22,931,252,000	66,611,660,500
Post-employment benefits obligation	17	16,765,168,000	17,296,600,000
Total Noncurrent Liabilities		39,696,420,000	83,908,260,500
EQUITY			
Capital stock - Rp 97,400 (US$ 10) par value per share			
Authorized - 17,500,000 shares Subscribed and paid-up - 14,991,187			
ordinary shares at March 31, 2018 and 14,191,187 ordinary shares at March 31, 2017	18	1,460,141,613,800	1,382,221,613,800
Foreign exchange rate difference on paid-in capital	19	134,628,517,840	104,713,517,840
Revaluation surplus	20	268,251,873,564	262,112,214,244
Other comprehensive income	17	6,095,364,750	5,405,025,000
Deficit		(1,562,579,926,210)	(1,456,000,108,313)
Total Equity		306,537,443,744	298,452,262,571
TOTAL LIABILITIES AND EQUITY		827,825,747,292	743,203,923,031

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, 2018

	Notes	2018 Rp	2017 Rp
NET SALES	21,25	**380,931,116,271**	293,661,224,185
COST OF GOODS SOLD	22,25	**(370,202,504,599)**	(284,959,506,392)
GROSS PROFIT		**10,728,611,672**	8,701,717,793
Marketing	23	**(12,733,596,892)**	(13,429,034,793)
General and administrative	23,25	**(56,338,912,293)**	(49,810,461,086)
Finance cost		**(26,292,554,746)**	(27,365,215,278)
Gain (loss) on foreign exchange - net		**(10,212,807,671)**	774,379,413
Interest income		**575,672,830**	546,305,474
Gain (loss) on sale and disposal of property, plant and equipment	10	**59,456,034**	(3,196,173)
Others - net		**736,500,629**	86,081,099
LOSS BEFORE TAX		**(93,477,630,437)**	(80,499,423,551)
INCOME TAX EXPENSE	24	**(13,102,187,460)**	(25,881,122,486)
LOSS FOR THE YEAR		**(106,579,817,897)**	(106,380,546,037)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation surplus	20	**6,139,659,320**	17,716,000,000
Remeasurement of defined benefits obligation	17	**920,453,000**	722,071,000
Related tax expense	24	**(230,113,250)**	(180,517,750)
Total Other Comprehensive Income, net of tax		**6,829,999,070**	18,257,553,250
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(99,749,818,827)**	(88,122,992,787)

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2018

				Other comprehensive income			
	Notes	Capital stock	Foreign exchange rate difference on paid-in capital	Revaluation surplus	Remeasurement of defined benefits obligation	Deficit	Total equity
		Rp	Rp	Rp	Rp	Rp	Rp
Balance as of April 1, 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	18,19	155,273,813,800	54,426,497,840	-	-	-	209,700,311,640
Other comprehensive income Revaluation surplus	20	-	-	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
Issuance of shares	18,19	77,920,000,000	29,915,000,000	-	-	-	107,835,000,000
Other comprehensive income Revaluation surplus	20	-	-	6,139,659,320	-	-	6,139,659,320
Actuarial gain on defined benefits obligation, net of tax		-	-	-	690,339,750	-	690,339,750
Loss for the year		-	-	-	-	(106,579,817,897)	(106,579,817,897)
Balance as of March 31, 2018		1,460,141,613,800	134,628,517,840	268,251,873,564	6,095,364,750	(1,562,579,926,210)	306,537,443,744

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, 2018

	2018	2017
	Rp	Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax per statement of profit or loss and other comprehensive income	(93,477,630,437)	(80,499,423,551)
Adjustments for:		
Amortization of deferred charges	-	1,654,716,708
Interest and finance charges	26,292,554,746	27,365,215,278
Depreciation of property, plant and equipment	12,083,193,918	16,245,792,964
Gain (loss) on disposal of property, plant and equipment	(59,456,034)	3,196,173
Provision for employee benefits expense	971,390,000	3,625,524,000
Provision of allowance for inventory obsolescence	1,116,291,951	1,094,090,848
Provision for allowance for impairment losses	490,017,129	215,211,854
Interest income	(575,672,830)	(546,305,474)
Net unrealized loss on foreign exchange	9,698,833,466	88,364,481
Operating cash flows before changes in working capital	(43,460,478,091)	(30,753,616,719)
Changes in working capital:		
Trade accounts receivable	(53,093,451,642)	(49,089,307,923)
Inventories	(30,409,637,660)	(6,537,946,413)
Prepaid taxes	(34,723,290,195)	(20,162,819,166)
Other noncurrent assets	(1,780,569,498)	-
Advances to suppliers	(9,644,536,873)	884,423,967
Other current assets	532,141,123	1,014,353
Trade accounts payable	55,885,041,566	(30,659,478,409)
Other accounts payable	(1,098,952,967)	3,252,334,537
Taxes payable	123,528,512	(108,143,495)
Accrued expenses	5,823,809,513	(466,720,698)
Advances from customers	(455,468,887)	1,050,354,608
Cash used in operations	(112,301,865,099)	(132,589,905,358)
Income tax paid	(572,184,000)	(467,640,000)
Employee benefits paid	(582,369,000)	(8,745,000)
Proceeds from tax refund	16,624,749,024	19,851,932,762
Net Cash Used in Operating Activities	(96,831,669,075)	(113,214,357,596)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in security deposits	107,137,274	(24,877,945)
Interest received	575,672,830	532,244,564
Acquisitions of property, plant and equipment	(16,986,747,170)	(3,883,093,991)
Proceeds from sale disposal of property, plant and equipment	68,181,818	-
Net Cash Used in Investing Activities	(16,235,755,248)	(3,375,727,372)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock issuance	107,835,000,000	105,090,000,000
Proceeds from bank loans	237,940,243,082	171,457,871,986
Payments of bank loans	(203,305,634,520)	(70,807,877,395)
Payments of loan from a financial institution	(29,451,860,550)	(28,915,018,600)
Interest and finance charges paid	(26,292,554,746)	(31,372,955,508)
Net Cash Provided by Financing Activities	86,725,193,266	145,452,020,483
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(26,342,231,057)	28,861,935,515
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	59,690,186,793	30,984,603,733
Effect of foreign exchange rate changes	514,181,991	(156,352,455)
CASH AND CASH EQUIVALENTS AT END OF YEAR	33,862,137,727	59,690,186,793

See accompanying notes to financial statements which are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
March 31, 2018 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. 36 dated February 22, 2018 of Susana Tanu, S.H., notary in Jakarta, regarding the issuance of shares and increase in the Company's subscribed and paid-up capital which was acknowledged by the Minister of Law and Human Rights of the Republic of Indonesia in his Notification Letter No. AHU-AH.01.03-0082988 dated February 26, 2018.

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, 2018 and 2017, the Company has 434 and 354 employees, respectively.

The Company's management as of March 31, 2018 consists of the following:

President Commissioner	: Kunnath Narayanan Radhakrishnan
Commissioners	: Rangaswami Ramakrishnan
	: Ramaswami Anandakrishnan
President Director	: Venkataraman Thiyagarajan

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATIONS OF PSAK ("ISAK")

a. 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, 2017.

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:

- Amendment to PSAK 1, Presentation of Financial Statements about Disclosure Initiative
- PSAK 24 (improvement), Employee Benefits
- PSAK 60 (improvement), Financial Instruments: Disclosures
- ISAK 32, Definition and Hierarchy of Financial Accounting Standards

b. Standard, amendments to standards and interpretation issued not yet adopted New standards, amendments/improvements to standards effective for periods beginning on or after January 1, 2018, with early application permitted are:

- PSAK 2 (amendment), Statement of Cash Flows about Disclosure Initiative
- PSAK 13 (amendment), Transfers of Investment Property
- PSAK 15 (improvement), Investments in Associates and Joint Ventures
- PSAK 16 (amendment), Property, Plant, and Equipment – Agriculture : Bearer Plants
- PSAK 46 (amendment), Income Tax: Recognition on Deferred Tax Assets for Unrealized Losses
- PSAK 53 (amendment), Classification and Measurement of Share-based Payment Transactions
- PSAK 67 (improvement), Disclosures of Interest in Other Entities
- PSAK 69, Agriculture
- PSAK 111, Wa'd Accounting

Interpretation to standard effective for periods beginning on or after January 1, 2019, with early application permitted are:

- ISAK 33, Foreign Currency Transactions and Advance Consideration

Standards and amendments to standards effective for periods beginning on or after January 1, 2020, with early application permitted are:

- PSAK 15 (amendment), Investments in Associates and Joint Ventures: Long Term Interest in Associate and Joint Ventures
- PSAK 62 (amendment), Insurance Contract: Applying PSAK 71: Financial Instruments with PSAK 62: Insurance Contracts
- PSAK 71, Financial Instruments
- PSAK 71 (amendment), Financial Instruments: Prepayment Features with Negative Compensation
- PSAK 72, Revenue from Contracts with Customers
- PSAK 73, Leases

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

The financial statements of the Company are presented in Indonesia Rupiah, which is the functional currency and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

d. Transactions with Related Parties

A related party is a person or entity that is related to the Company (the reporting entity):

a. A person or a close member of that person's family is related to the reporting entity if that person:

i. has control or joint control over the reporting entity;

ii. has significant influence over the reporting entity; or

iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to the reporting entity if any of the following condition applies:

i. The entity, and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii. Both entities are joint ventures of the same third party.

iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

vi. The entity is controlled or jointly controlled by a person identified in (a).

vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

e. Financial Assets

All financial assets are recognized and derecognized on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs.

The Company's financial assets are classified as loans and receivables.

Loans and receivables

NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and for the year then ended *(Continued)*

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.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, 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; or
- the disappearanace of an active market for that financial assets because of financial difficulties.

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

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issues of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Classification as debt or equity

Debt and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities, which include trade and other payables, bank loans, accrued expenses and loan from a financial institution are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method.

Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through he expected life of the financial liability, or (where appropriate) a shorter period to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

g. Netting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

h. Cash and Cash Equivalents

For cash flow presentation purposes, cash and cash equivalents consist of cash on hand, in banks and all unrestricted investments with maturities of three months or less from the date of placement.

i. Inventories

Inventories are stated at cost or net realizable value, whichever is lower. Cost is determined using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

j. Prepaid Expenses

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

k. Property, Plant and Equipment

Property, plant and equipment held for use in the production or supply of goods or services or for administrative purposes, are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Buildings	20
Machinery and tools	4 - 10
Office equipment and furnitures	4
Vehicles	5

Moulds and dies are depreciated based on units of production of 150,000 units in 2018 and 2017.

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.

An items of property, plant, and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant, and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

l. Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately in profit or loss.

m. Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

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. 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.

o. Revenue and Expense Recognition

<u>Sale of Goods</u>

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.

<u>Interest Revenue</u>

Interest revenue is accrued on time basis, by reference to the principal outstanding and at the applicable interest rate.

<u>Expenses</u>

Expenses are recognized when incurred.

p. 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.

q. Income Tax

Income tax expense represents the sum of the tax currently payable and defered tax.

The tax currently payable is based on taxable profit to the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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.

NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and for the year then ended *(Continued)*

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 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

The useful life of each item of the Company's property, plant and equipment is estimated based on the period over which the asset is expected to be available for use, or the period over which benefits are expected to be realized. Such estimation is based on internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

The carrying amounts of property, plant and equipment is disclosed in Note 10.

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 24.

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, 14 and 24.

Fair Value of Land

Effective April 1, 2013, the Company's land is measured at fair value. In estimating the fair value of land, management engages third party qualified appraisal to perform the valuation. Management works closely with the qualified external appraisal to establish the appropriate valuation techniques and inputs. Any changes in the inputs and valuation techniques may have a material effect in the financial statements.

As of March 31, 2018 and 2017, the carrying value of land amounted to Rp 295,918,659,320 and Rp 289,779,000,000 and, respectively (Note 10).

5. CASH AND CASH EQUIVALENTS

	March 31, 2018	March 31, 2017
	Rp	Rp
Cash on hand	**120,091,266**	115,338,135
Cash in banks		
Rupiah		
Bank Mandiri	**9,075,725,865**	219,229,577
Bank Danamon Indonesia	**2,496,876,587**	1,366,289,306
Bank DBS Indonesia		
Corporation Limited, Jakarta	**633,726,437**	59,650,357
Bank Ina Perdana	**296,718,896**	163,972,435
Bank SBI Indonesia	**32,193,602**	60,215,353
Subtotal	**12,535,241,387**	1,869,357,028
U.S. Dollar		
Bank SBI Indonesia	**9,036,441,442**	6,951,022,351
Bank Danamon Indonesia	**3,378,448,974**	7,991,262,305
Bank DBS Indonesia	**3,142,268,911**	10,929,507,246
Deutsche Bank Singapore		
Corporation Limited, Jakarta	**472,982,590**	159,506,586
Bank Mandiri	**143,139,158**	6,931,501,358
Subtotal	**16,173,281,075**	32,962,799,846
Singapore Dollar		
Bank DBS Indonesia	**111,832,215**	-
Subtotal	**28,820,354,677**	34,832,156,874
Time deposits		
Rupiah		
Bank Ina Perdana	**4,921,691,784**	6,421,691,784
Bank SBI Indonesia	**-**	5,000,000,000
U.S. Dollar		
Bank SBI Indonesia	**-**	13,321,000,000
Subtotal	**4,921,691,784**	24,742,691,784
Total	**33,862,137,727**	59,690,186,793
Interest rate per annum:		
Rupiah	**7% - 7.25%**	7.5% - 8%
U.S. Dollar	**1.5%**	1.5%

NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and for the year then ended *(Continued)*

6. TRADE ACCOUNTS RECEIVABLE

	March 31, 2018	March 31, 2017
	Rp	Rp
a. By debtor		
Stargold Motorcycle Co	48,971,126,423	23,756,917,573
Agrocorp International Pte Ltd	26,856,639,674	20,975,247,685
Sunshine (Far East) Ltd - Guinea	22,080,851,953	-
PT Gamma Sakti Indonesia	9,909,724,034	21,007,486,982
TVS Global Automobile Traders FZCO	7,409,751,936	825,102,740
PT Utama Sulawesi makmur	6,885,280,814	362,268,379
Sunshine (Far East) Ltd - Benin	2,823,040,022	-
Sunshine (Far East) Ltd - Mali	1,457,420,963	-
Kosambh Multitred Private Ltd	1,435,798,457	8,748,102,646
PT Motormart Multi Artha	1,335,455,225	2,689,906,947
Others (Below Rp 1,000,000,000 each)	8,858,491,127	5,259,037,361
Subtotal	138,023,580,629	83,624,070,313
Allowance for impairment losses	(490,017,129)	(215,211,854)
Subtotal	137,533,563,500	83,408,858,459
Net	137,533,563,500	83,408,858,459
b. By age category		
Not yet due	58,243,396,275	38,359,350,243
Past due		
1 - 30 days	22,160,669,348	11,157,808,652
31 - 60 days	29,055,270,550	15,737,141,948
61 - 90 days	8,070,670,162	2,286,174,529
91 - 120 days	4,594,988,167	2,093,417,275
121 - 180 days	11,411,503,058	6,736,722,396
Over 181 days	4,487,083,069	7,253,455,270
Subtotal	138,023,580,629	83,624,070,313
Allowance for impairment losses	(490,017,129)	(215,211,854)
Total	137,533,563,500	83,408,858,459
c. By currency		
Singapore Dollar	-	19,956,059,707
US Dollar	113,049,854,541	34,720,969,234
Rupiah	24,973,726,088	28,947,041,372
Subtotal	138,023,580,629	83,624,070,313
Allowance for impairment losses	(490,017,129)	(215,211,854)
Total	137,533,563,500	83,408,858,459

The changes in allowance for impairment losses are as follows:

	March 31, 2018	March 31, 2017
	Rp	Rp
Beginning balance	215,211,854	-
Provision during the year	490,017,129	215,211,854
Write off during the year	(215,211,854)	-
Ending Balance	490,017,129	215,211,854

As the Company has changed its strategy by focusing on exports, the credit period on export sales varies from country to country. In respect of certain Middle East and African countries, the Company operates on cash and carry basis. In other countries like Myanmar, the Company operates on a credit period of 90 days against usance LC's and in respect of West African countries, the Company operates in 30 days credit period with sight LC.

In respect of Philippines, where the Company is planning to increase its sales significantly in view of good product acceptance, the Company has given an extended credit period as there are more than 200 multi brand outlets displaying our vehicles with different variants and in different colour combinations. This extended credit period is also taking into account the need to have ready availability of all the variants of our vehicles as and when demanded by the dealer outlets without losing sales.

In respect of three wheelers, since the Company has launched this new category of product only in the previous year with a view to create visibility in the market, the Company is providing a credit period of 90 days as the time taken for conversion of prospects into customers is longer to begin with.

In respect of domestic two wheeler sales, the Company gives a top of 60 days and they are generally backed up by either asset collateral. No interest is charged on past due accounts.

Included in the Company's trade accounts receivable are past due but not impaired receivables with carrying amounts of Rp 79,290,167,225 and Rp 45,049,508,216 as of March 31, 2018 and 2017, 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, 2018 and 2017, an allowance for impairment losses of Rp 490,017,129 and Rp 215,211,854 was provided, respectively. Management believes that the allowance for impairment losses on trade accounts receivable from third parties is adequate to cover possible losses on uncollectable accounts.

Trade accounts receivable are used as collateral for a bank loan (Note 11).

7. INVENTORIES

	March 31, 2018	March 31, 2017
	Rp	Rp
Finished goods	11,947,995,441	4,893,211,361
Materials, components and spare parts	107,028,791,855	85,051,138,663
Others	597,858,454	378,902,427
Total	119,574,645,750	90,323,252,451
Allowance for inventory obsolescence	(1,181,519,438)	(1,223,471,848)
Net	118,393,126,312	89,099,780,603

The change in allowance for inventory obsolescence is as follows:

	March 31, 2018	March 31, 2017
	Rp	Rp
Beginning balance	1,223,471,848	1,435,699,732
Provision during the year	1,116,291,951	1,094,090,848
Write-off during the year	(1,158,244,361)	(1,306,318,732)
Ending Balance	1,181,519,438	1,223,471,848

Management believes that allowance for inventory obsolescence is adequate.

All inventories are insured with total coverage of US$ 8,500,000 and Rp 7,500,000,000 as of March 31, 2018 and US$ 7,000,000 and Rp 7,500,000,000 as of March 31, 2017 to PT Asuransi Multi Artha Guna Tbk for both years.

Inventories are used as collateral for a bank loan (Note 11).

8. PREPAID TAXES

	March 31, 2018	March 31, 2017
	Rp	Rp
Income tax (Note 24)	1,039,823,998	1,789,788,372
Value added tax (VAT)		
2018	35,386,935,603	-
2017	20,179,660,205	20,388,281,768
2016	129,221,900	12,845,867,693
2008	2,481,263,587	5,930,753,663
Total	59,216,905,293	40,954,691,496
Claims for VAT refund - noncurrent portion	(35,516,157,503)	(20,388,281,768)
Current portion	23,700,747,790	20,566,409,728

On December 8, 2016, based on Supreme Court's order No. 1546/B/PK/PJK/2016, the Company shall receive VAT refund along with penalty amounting to Rp 5,930,753,663.

On June 7, 2017, based on Tax Decision letter No. 055-0468-2017, the tax office shall pay the Company Rp 3,449,490,076 in 2017 and the remaining amount of Rp 2,481,263,587 will be paid in 2018.

On September 19, 2017, based on the Tax Decision letter No. 055-0786-2017, 055-0772-2017, 055-0776-2017, and 055-0764-2017, the Company received Rp 12,261,621,950 out of its total claim of Rp 12,845,857,693. The difference of Rp 455,023,843 was recorded as tax expense under others-net in the statement of profit or loss and other comprehensive income. The remaining amount of Rp 129,221,900 will be appealed by the Company.

In 2017, the Company filed the revision for its VAT claim from Rp 20,388,281,768 to become Rp 20,179,660,205. The difference of the Rp 208,621,563 is recorded under others-net in the statement of profit or loss and other comprehensive income.

As of March 31, 2018, the Company has applied for VAT refund for year 2017 amounting to Rp 20,179,660,205, as for year 2018, the Company can either apply for VAT refund or compensated for future period amounting to Rp 35,386,935,603. Management believes that the above 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, 2017	Additions	Deductions	Revaluation	March 31, 2018
	Rp	Rp	Rp	Rp	Rp
Revalued amount:					
Land	289,779,000,000	-	-	6 ,139,659,320	295,918,659,320
Cost:					
Buildings	8 0,149,536,922	6,660,923,076	-	-	86,810,459,998
Machinery and tools	1 04,741,832,720	3,368,695,345	-	-	108,110,528,065
Moulds and dies	9 1,068,428,805	5,907,770,494	-	-	96,976,199,299
Office equipment and furnitures	10,327,650,509	384,650,255	900,574,801	-	9,811,725,963
Vehicle	780,003,334	664,708,000	225,347,750	-	1,219,363,584
Total	576,846,452,290	16,986,747,170	1,125,922,551	6,139,659,320	598,846,936,229
Accumulated depreciation:					
Buildings	38,929,091,558	4,097,381,146	-	-	43,026,472,704
Machinery and tools	87,879,382,448	3,074,222,888	-	-	90,953,605,336
Moulds and dies	19,210,984,490	4,399,066,233	-	-	23,610,050,723
Office equipment and furnitures	9,370,560,770	428,965,220	891,849,017	-	8,907,676,973
Vehicle	748,454,625	83,558,431	225,347,750	-	606,665,306
Total	156,138,473,891	12,083,193,918	1,117,196,767	-	167,104,471,042
Net Book Value	420,707,978,399				431,742,465,187

	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	6 67,329,435	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

NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and for the year then ended *(Continued)*

Depreciation expense was allocated to the following:

	2018	2017
	Rp	Rp
Manufacturing cost	**11,570,670,267**	15,791,388,790
General and administrative expenses (Note 23)	**512,523,651**	454,404,174
Total	**12,083,193,918**	16,245,792,964

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, 2018 and 2017, with Building Use Rights (HGB) expiring on November 11, 2028. Management believes that there will be no difficulty in the extension of the land rights since the land were acquired legally and supported by sufficient evidence of ownership.

The fair value of land was obtained from independent sources.

Property, plant and equipment except land were insured with PT Asuransi Multi Artha Guna Tbk., and PT Asuransi FPG Indonesia, against earthquake, fire, lightning, explosion and other possible risks for US$ 38,000,000 and Rp 7,809,500,000 as of March 31, 2018 and US$ 35,000,000 and Rp 7,500,000,000 as of March 31, 2017. Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

Gain (loss) on sale and disposal in 2018 and 2017 are as follows:

	2018	2017
	Rp	Rp
Proceeds	**68,181,818**	-
Net book value	**(8,725,784)**	(3,196,173)
Gain (loss) on sale and disposal	**59,456,034**	(3,196,173)

11. BANK LOANS

	March 31, 2018	March 31, 2017
	Rp	Rp
Rupiah		
Bank DBS Indonesia	**27,617,776,858**	18,678,502,685
U.S. Dollar		
Bank SBI Indonesia (US$ 13,055,921 in 2018 and US$ 12,518,739 in 2017)	**179,597,248,176**	166,762,124,883
Deutsche Bank Singapore (US$ 10,000,500 in 2018 and US$ 10,000,000 in 2017)	**137,566,878,000**	133,210,000,000
Bank DBS Indonesia (US$ 2,133,832 in 2018 and US$ 768,206 in 2017)	**29,352,990,792**	10,233,254,675
Total	**374,134,893,826**	328,883,882,243
Less : Noncurrent portion	**(22,931,252,000)**	(66,611,660,500)
Current portion of bank loan	**351,203,641,826**	262,272,221,743

The bank loans are repayable as follows:

	March 31, 2018	March 31, 2017
	Rp	Rp
Due in the year		
2017	-	262,272,221,743
2018	351,203,641,826	66,611,660,500
2019	22,931,252,000	-
Total	374,134,893,826	328,883,882,243
Accrued interest	2,243,527,729	1,691,755,842
Total	376,378,421,555	330,575,638,085

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$ 5,000,000 which will mature within 12 months from agreement date.
- Overdraft 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 several times, most recently in October 2017 and will mature 10 months from this date. Further, in March 2018, the Trade Finance Facility limit was US$ 5,000,000. Draw down can also be made in Indonesian Rupiah.

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 4,078,086,890 and Rp 3,091,592,445 in 2018 and 2017, respectively.

The loan facilities require the Company to maintain certain positive covenants. As of March 31, 2018 and 2017, 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 facilities are secured by a Standby Letter of Credit (SBLC) issued by the State Bank of India, CAG, Chennai – India amounting to US$ 16,000,000. In March 2018, the Company renewed the loan which will be due in March 2019. The loan bears an interest rate of 7.50% per annum.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounted Rp 11,249,726,857 and to Rp 13,142,248,451 in 2018 and 2017, 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.

On July 21, 2017 the Company signed an amendment and restatement deed relating to the Pre-shipment facility agreement dated September 23, 2016 with Deutsche Bank AG. Singapore branch where in the Company was provided with a usance letter of credit facility to the extent of US$ 5,000,000 in favour of TVS Company Motor Limited, India towards supply of materials. This facility has been utilised by the Company and the letter of credit was issued in July 2017. This additional facility of US$ 5,000,000 has to be liquidated in three equal instalments at end of the 12th month, 18th month, and 24th month.

The loan is based on “Advance Payment and Supply Agreement” between the Company and TVS Motor Company Limited India and is secured over a lien on the collection account with Deutsche Bank, Jakarta.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounted to Rp 5,032,812,388 and to Rp 1,291,672,712 in 2018 and 2017, respectively.

12. TRADE ACCOUNTS PAYABLE

	March 31, 2018	March 31, 2017
	Rp	Rp
a. By Creditors		
Related party - TVS Motor Company Limited, India (Note 25)	**54,989,477,805**	22,294,951,675
Third parties		
PT Setia Guna Sejati	**5,073,810,054**	2,040,268,843
PT GS Battery	**3,484,817,060**	-
Hubei Hangte Ltd	**2,551,806,780**	-
PT Gangbaro Putra	**2,211,774,550**	1,660,686,760
PT Excel Metal Industry	**2,022,863,278**	-
Other (below Rp 2,000,000,000 each)	**25,984,770,598**	13,854,604,213
Subtotal	**41,329,842,320**	17,555,559,816
Total	**96,319,320,125**	39,850,511,491
b. By Currency		
Rupiah	**30,557,006,447**	13,666,764,549
U.S. Dollar	**65,762,313,678**	26,183,746,942
Total	**96,319,320,125**	39,850,511,491

13. OTHER ACCOUNTS PAYABLE

	March 31, 2018	March 31, 2017
	Rp	Rp
Related party - TVS Motor Company Limited, India (Note 25)	439,411,504	2,256,798,416
Third parties		
PT Muri Agung Abadi	1,460,583,408	-
Talisman Insurance Broker	880,005,008	824,613,580
PT Tabitha Express	854,564,244	-
PT Kemilau Sinar Mentari	546,398,420	-
Others (below Rp 500,000,000 each)	4,130,823,867	6,299,283,049
Subtotal	7,872,374,947	7,123,896,629
Total	8,311,786,451	9,380,695,045

Other accounts payable to a related party represents bank guarantee charges and information technology service fees in 2018 and 2017.

NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and for the year then ended *(Continued)*

14. TAXES PAYABLE

	March 31, 2018	March 31, 2017
	Rp	Rp
Income taxes		
Article 21	363,958,713	309,658,376
Article 26	92,989,301	91,067,909
Article 4(2) Final	97,338,828	63,040,064
Article 23	50,727,795	43,902,571
Article 22	32,922,785	6,739,990
Total	637,937,422	514,408,910

15. ACCRUED EXPENSES

	March 31, 2018	March 31, 2017
	Rp	Rp
Provision for sales, marketing and warranty expenses	12,900,490,074	9,178,789,854
Interest	2,243,527,729	1,781,878,364
Professional fees	1,497,540,000	2,243,060,000
Employees' social security	92,302,176	276,165,353
Others	6,974,376,932	4,404,533,827
Total	23,708,236,911	17,884,427,398

16. LOAN FROM A FINANCIAL INSTITUTION

	March 31, 2017
	Rp
US$ 12 Million IFC loan (US$ 2,190,000)	29,172,990,533
Unamortized transaction costs	(55,562,383)
Net loan	29,117,428,150

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, 2018, this loan has been fully repaid.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounted to Rp 1,163,832,776 and Rp 2,779,224,339 in 2018 and 2017, 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.

17. POST-EMPLOYMENT BENEFITS OBLIGATION

The Company provides post-employment benefits for its qualifying employees in accordance with Labor Law No. 13/2003. The number of employees entitled to the benefits are 313 employees and 254 employees in 2018 and 2017, 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:

	2018	2017
	Rp	Rp
Service cost:		
Current service cost	**2,720,125,000**	2,401,735,000
Interest cost	**1,360,433,000**	1,223,789,000
Gain on curtailment	**(3,109,168,000)**	-
Components of defined benefits cost recognised in profit or loss	**971,390,000**	3,625,524,000
Remeasurement on the net defined benefit obligation Actuarial gains arising from changes in financial assumptions	**(81,556,000)**	(85,033,000)
Actuarial gains arising from experience adjustments	**(838,897,000)**	(637,038,000)
Components of defined benefit costs recognised in other comprehensive income	**(920,453,000)**	(722,071,000)
Total	**50,937,000**	2,903,453,000

The amounts recognized in the statements of financial position arising from the Company's obligation with respect to its post-employment benefits are as follows:

	March 31, 2018	March 31, 2017
	Rp	Rp
Present value of post-employment benefits obligation	16,765,168,000	17,296,600,000

Changes in the present value of unfunded defined benefits obligations are as follows:

	2018	2017
	Rp	Rp
Beginning of the year	**17,296,600,000**	14,401,892,000
Current service cost	**2,720,125,000**	2,401,735,000
Interest cost	**1,360,433,000**	1,223,789,000
Remeasurement:		
Actuarial gains arising from changes in financial assumptions	**(81,556,000)**	(85,033,000)
Actuarial gains arising from experience adjustments	**(838,897,000)**	(637,038,000)
Gain on curtailment	**(3,109,168,000)**	-
Benefits payment	**(582,369,000)**	(8,745,000)
End of the year	**16,765,168,000**	17,296,600,000

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 14,902,901,000 (increase to Rp 18,990,121,000).
- If the expected salary growth is 1% higher (lower), the defined benefits obligation would increase to Rp 19,156,229,000 (decrease to Rp 14,739,747,000).

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 13 years and 16.9 years at March 31, 2018 and 2017, 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:

	2018	2017
Discount rate per annum	7.5%	8%
Salary increment rate per annum	7.0%	7.5%
Normal retirement age	55 years old and can be extended up to 60 years old	55 years old and can be extended up to 60 years old
Mortality rate	TMI III	TMI III
Resignation rate	5% p.a. at age of 25 and decreasing linearly to 0% p.a. at age 45 and thereafter	5% p.a. at age of 25 and decreasing linearly to 0% p.a. at age 45 and thereafter
Disability	10% of TMI III	10% of TMI III

18. CAPITAL STOCK

Name of Stockholders	March 31, 2018 Ordinary Shares	Percentage of Ownership	Total Capital Stock
		%	Rp
TVS Motor (Singapore) Pte., Limited	5,224,187	35%	508,835,813,800
TVS Motor Company (Europe) B.V.	2,870,000	19%	279,538,000,000
TVS Motor Company Limited, India	6,897,000	46%	671,767,800,000
Total	14,991,187	100%	1,460,141,613,800

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

NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and for the year then ended *(Continued)*

Movements in paid-in capital are as follows:

	2018	2017
	Rp	Rp
Beginning of the year	**1,382,221,613,800**	1,226,947,800,000
Issuance of capital stock	**77,920,000,000**	155,273,813,800
End of the year	**1,460,141,613,800**	1,382,221,613,800

Changes in the Company's outstanding shares are as follows:

	2018	2017
	Number of Shares	Number of Shares
Beginning of the year	14,191,187	12,597,000
Issuance of capital stock for cash	800,000	800,000
Conversion of debt to capital stock	-	794,187
End of the year	14,991,187	14,191,187

In 2018, the Company received additional capital stock subscription amounting to US$ 8,000,000 (equivalent to Rp 107,835,000,000) from TVS Motor Company Limited, India.

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.

In 2017, 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.

19. FOREIGN EXCHANGE RATE DIFFERENCE ON PAID-IN CAPITAL

This account represents the difference between the exchange rate stated in the articles of association and the actual exchange rate at the date the payments for capital subscription were received, with details as follows:

	2018	2017
	Rp	Rp
Beginning balance	104,713,517,840	50,287,020,000
Foreign exchange rate difference on issuance of shares	29,915,000,000	54,426,497,840
Ending balance	134,628,517,840	104,713,517,840

20. REVALUATION SURPLUS

This amount represents the increase in value of land due to revaluation.

	2018	2017
	Rp	Rp
Beginning balance	262,112,214,244	244,396,214,244
Revaluation surplus (Note 10)	6,139,659,320	17,716,000,000
Ending balance	268,251,873,564	262,112,214,244

21. NET SALES

	2018	2017
	Rp	Rp
Sales	383,263,025,067	295,594,302,930
Less sales discounts	(2,331,908,796)	(1,933,078,745)
Net	380,931,116,271	293,661,224,185

0.3% in 2018 and 0.14% in 2017, of the total net sales were made to TVS Motor Company Limited, India, the ultimate holding company (Note 25).

Details of net sales to dealers representing more than 10% of the sales are as follows:

Name of Customers	2018	2017
	Rp	Rp
Sunshine (Far East) Ltd	116,151,295,108	65,496,495,063
Agrocorp International Pte Ltd	84,122,836,515	55,306,471,696
Stargold Motorcycle Corporation	61,939,436,228	31,763,891,553
Golden Wings General Trading Co.	44,304,031,500	51,493,440,986
TVS Motor Company Ltd	1,148,956,397	412,549,301
Total	307,666,555,748	204,472,848,599

22. COST OF GOODS SOLD

	2018	2017
	Rp	Rp
Raw materials and components used	**307,761,059,368**	218,280,319,876
Direct labor	**10,923,041,479**	8,700,667,892
Overhead	**58,573,187,832**	57,576,090,952
Total Manufacturing Cost	**377,257,288,679**	284,557,078,720
Finished goods At beginning of year	**4,893,211,361**	5,295,639,033
At end of year	**(11,947,995,441)**	(4,893,211,361)
Cost of Goods Sold	**370,202,504,599**	284,959,506,392

49% in 2018 and 43% in 2017 of the total purchases of raw materials and components were made from TVS Motor Company Limited, India, the ultimate holding company (Note 25).

23. OPERATING EXPENSES

	2018	2017
	Rp	Rp
Marketing		
Advertising and market research	11,989,054,754	12,172,361,378
Free service charges	280,130,382	180,323,600
Dealer development and public relations	246,654,514	196,745,931
Others	217,757,242	879,603,884
Total	12,733,596,892	13,429,034,793
General and administrative		
Salaries and allowances (Note 25)	21,665,964,334	16,826,794,290
Rental	6,225,142,829	6,166,659,195
Consultancy fees	5,271,289,481	5,949,799,737
Travel and transportation	4,924,367,697	5,298,714,742
Post-employment benefits	4,080,558,000	3,625,524,000
Training and development	4,016,818,610	2,591,356,341
Research and development	2,033,488,851	1,600,737,207
Data processing	1,692,962,105	1,722,246,798
Taxes, permit and license	1,258,135,984	1,201,336,076
Insurance	1,190,370,420	1,369,059,881
Honorarium	725,359,500	716,769,000
Telecommunication	534,381,628	508,456,902
Depreciation (Note 10)	512,523,651	454,404,174
Professional fees	486,199,611	607,404,265
Office supplies	479,387,494	420,800,562
Recruitment	172,315,700	39,377,975
Others	1,069,646,398	711,019,941
Total	56,338,912,293	49,810,461,086

24. INCOME TAX

The tax expense of the Company consist of the following :

	2017	2016
	Rp	Rp
Current tax		
Adjustment of Tax Assessment Letter and others		
2016	89,286,374	-
2015	319,225,000	-
Deferred tax	12,693,676,086	25,881,122,486
Total	13,102,187,460	25,881,122,486

NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and for the year then ended *(Continued)*

Current tax

The reconciliation between loss before tax per statements of profit or loss and other comprehensive income and fiscal loss is as follows:

	2018	2017
	Rp	Rp
Loss before tax per statements of profit or loss and other comprehensive income	**(93,477,630,437)**	(80,499,423,551)
Temporary differences:		
Provision for employee benefits - net	**389,021,000**	3,616,779,000
Depreciation of property, plant and equipment	**1,911,483,740**	2,043,375,138
Provision for accrued expenses	**3,721,700,220**	(610,442,647)
Total	**6,022,204,960**	5,049,711,491
Permanent differences:		
Amortization of deferred charges	**-**	1,654,716,708
Employee welfare	**3,791,865,020**	2,556,669,456
Tax expenses	**2,060,284,989**	676,065
Provision for inventory obsolescence	**1,116,291,951**	1,094,090,848
Interest income already subjected to final tax	**(575,672,830)**	(523,279,780)
Provision for impairment losses	**490,017,129**	215,211,854
Others	**150,366,612**	217,298,649
Total	**7,033,152,871**	5,215,383,800
Fiscal loss before fiscal loss carry forward	**(80,422,272,606)**	(70,234,328,260)
Fiscal loss carry forward - net of expired portion	**(597,793,184,332)**	(672,642,986,070)
Tax correction (unappealed tax case)	**39,042,109,691**	5,343,463,745
Total accumulated fiscal loss	**(639,173,347,247)**	(737,533,850,585)
Current tax Nil	**Nil**	Nil

	2018	2017
	Rp	Rp
Prepaid taxes		
2018	**572,183,998**	-
2017	**467,640,000**	467,640,000
2016	**-**	1,002,923,372
2015	**-**	319,225,000
Prepaid taxes (Note 8)	**1,039,823,998**	1,789,788,372

Deferred Tax

The details of the Company's deferred tax assets (liabilities) are as follows:

	April 1, 2016	Credited (charged) to profit or loss for the year	Credited to Other Comprehensive Income	March 31, 2017	Credited Charged (charged) to profit or loss for the year	to Other Comprehensive Income	March 31, 2018
	Rp	Rp	Rp	Rp	Rp	Rp	Rp
Deferred tax asset (liabilities):							
Fiscal loss	78,965,812,199	(27,102,434,656)	-	51,863,377,543	(14,199,227,326)	-	37,664,150,217
Accrued expenses	2,447,308,125	(152,610,662)	-	2,294,697,463	930,425,055	-	3,225,122,518
Employee vehicle ownership program	41,115,703	(41,115,703)	-	-	-	-	-
Property, plant and equipment	(17,203,577,293)	510,843,785	-	(16,692,733,508)	477,870,935	-	(16,214,862,573)
Post-employment benefits obligation	3,600,473,000	904,194,750	(180,517,750)	4,324,150,000	97,255,250	(230,113,250)	4,191,292,000
Deferred Tax Asset - Net	67,851,131,734	(25,881,122,486)	(180,517,750)	41,789,491,498	(12,693,676,086)	(230,113,250)	28,865,702,162

The fiscal loss can be utilized against the taxable income for a period of five years subsequent to the year the fiscal loss was incurred.

A reconciliation between the tax expense and the amounts computed by applying the effective tax rates to profit before tax is as follows:

	2018	2017
	Rp	Rp
Loss before tax per statements of profit or loss and other comprehensive income	(93,477,630,437)	(80,499,423,551)
Tax benefit at effective tax rates	(23,369,407,609)	(20,124,855,888)
Unrecognized deferred tax on fiscal loss	34,304,795,477	44,661,016,721
Tax effect of permanent differences	1,758,288,218	1,303,845,950
Derecognition of employee vehicle ownership program	-	41,115,703
Adjustment of Tax Assessment	408,511,374	-
Tax expense	13,102,187,460	25,881,122,486

The Company received Tax Overpayment Assessment Letter (SKPLB) No. 00172/406/15/055/17 dated September 4, 2017 which stated that for fiscal year 2016, the Company has an overpayment related to income taxes amounting Rp 913,637,000 instead of Rp 1,002,923,372 and the difference amounting to Rp 89,286,374 was wrote off and recorded under tax expense.

In 2018, the Company wrote off prepaid income tax Article 28A for 2015 amounting to Rp 319,225,000 and recorded under tax expense.

25. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

a. TVS Motor Company (Europe) B.V. and TVS Motor (Singapore) Pte. Limited, are stockholders of the Company.

b. TVS Motor Company Limited, India (TVS India) is the ultimate holding company of the Company and a stockholder.

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 4,556,414,625 and Rp 4,101,840,092 in 2018 and 2017, respectively.

b. Net sales to a related party accounted for 0.3% in 2018 and 0.14% in 2017, of the total net sales.

c. Purchases from a related party constituted 49% in 2018 and 43% in 2017 of the total purchases of raw materials and components. At reporting date, the liabilities for these purchases were presented as trade accounts payable which constituted 11% and 5% of the total liabilities as of March 31, 2018 and 2017, respectively.

d. The Company also entered into non-trade transactions such as bank guarantee charges and information technology services fees with a related party (Note 13).

26. SIGNIFICANT CONTRACTS AND AGREEMENTS

The Company entered into a License and Technical Assistance Agreement (the "Agreement") dated February 26, 2007 with TVS Motor Company Limited (the "Licensor"), India, a stockholder, for 5 years and can be renewed upon mutual agreement by both parties. In accordance with the Agreement, the Company is required to pay technical assistance fee amounting to INR 20,000,000 per annum. In addition to such agreement, the Company is also required to pay royalty starting April 1, 2009. On April 1, 2010, both parties amended the Agreement relating to royalty. The Licensor, agreed to waive the Company's royalty obligation starting April 1, 2010 until the Company achieves a monthly sales of 10,000 units of two wheelers. In addition, both parties agreed to extend the validity of this Agreement until March 31, 2017. 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 effective date.

NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and for the year then ended *(Continued)*

27. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

		March 31, 2018		March 31, 2017	
		Foreign Currency	**Equivalent in Rp**	Foreign Currency	Equivalent in Rp
Monetary Assets					
Cash and cash equivalents	USD	**1,175,726**	**16,173,281,075**	3,474,499	46,283,799,846
	SGD	**10,664**	**111,833,215**	-	-
Trade accounts receivable Third parties	USD	**8,218,221**	**113,049,854,541**	2,606,484	34,720,969,234
	SGD	**-**	**-**	2,093,586	19,956,059,707
Security deposits	USD	**10,437**	**143,571,372**	17,815	237,311,883
Total Monetary Assets			**129,478,540,203**		101,198,140,670
Monetary Liabilities					
Bank loans	USD	**25,190,253**	**346,517,116,968**	23,286,945	310,205,379,558
Trade accounts payable					
Related party	USD	**3,997,490**	**54,989,477,805**	1,673,670	22,294,951,675
Third parties	USD	**783,137**	**10,772,835,873**	291,930	3,888,795,267
Other accounts payable					
Related party	USD	**96,727**	**1,330,577,025**	169,417	2,256,798,416
Third parties	USD	**63,059**	**867,439,604**	124,986	1,664,937,707
Accrued expenses	USD	**241,080**	**3,316,296,480**	160,704	2,140,736,511
Loan from a financial institution	USD	**-**	**-**	2,185,829	29,117,428,150
Total Monetary Liabilities			**417,793,743,755**		371,569,027,284
Net Monetary Liabilities			**(288,315,203,552)**		(270,370,886,614)

The conversion rates used by the Company are as follows:

	2018	2017
	Rp	Rp
USD	**13,756**	13,321
SGD	**10,487**	9,532

28. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Categories and Classes of Financial Instruments

	March 31, 2018		
	Loans and receivables	Liabilities at amortized cost	Total
	Rp	Rp	Rp
Financial Assets			
Cash and cash equivalents	33,742,046,461	-	33,742,046,461
Trade accounts receivable			
Third parties	137,533,563,500	-	137,533,563,500
Other current assets	1,399,261,345	-	1,399,261,345
Security deposits	854,060,957	-	854,060,957
Financial Liabilities			
Trade accounts payable			
Related party	-	54,989,477,805	54,989,477,805
Third parties	-	41,329,842,320	41,329,842,320
Other accounts payable			
Related party	-	439,411,504	439,411,504
Third parties	-	7,872,374,947	7,872,374,947
Accrued expenses	-	23,708,236,911	23,708,236,911
Bank loans	-	374,134,893,826	374,134,893,826
Total	173,528,932,263	502,474,237,313	676,003,169,576

	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
Related party	-	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, 2018 and for the year then ended *(Continued)*

b. Capital Risk Management

The Company manages capital risk to ensure that it will be able to continue as a going concern, in addition to maximizing the profits of the shareholders through the optimization of the balance of debt and equity. The Company's capital structure consists of cash and cash equivalents (Note 5), bank loans (Note 11), and equity, consisting of subscribed and paid-up capital (Note 18), foreign exchange rate difference on paid-in capital (Note 19) and revaluation surplus (Note 20).

The gearing ratio as of March 31, 2018 and 2017 is as follows:

	March 31, 2018	March 31, 2017
	Rp	Rp
Debt	3 74,134,893,826	358,001,310,393
Cash and cash equivalents	33,862,137,727	59,690,186,793
Debt - net	340,272,756,099	298,311,123,600
Equity	306,537,443,744	298,452,262,571
Net debt to equity ratio	111%	100%

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, 2018 and 2017. 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 2018 and 2017, if interest rate had been 64 and 93 basis points, respectively, higher (lower) and the other variables held constant, the Company's profit after tax would decrease (increase) by Rp 660,321,014 and Rp 1,350,711,781, respectively.

ii. Foreign currency risk management

The Company is exposed to the effects of foreign currency exchange rate fluctuations mainly because of foreign currency denominated transactions such as sales and purchases of goods, and borrowings denominated in foreign currency.

The Company manages the foreign currency exposure by matching, as far as possible, receipts and payments in each individual currency. The Company's net open foreign currency exposure as of reporting date is disclosed in Note 27.

The Company is mainly exposed to the US Dollar. The following table details the Company's sensitivity to changes in Indonesian Rupiah against US Dollar. The sensitivity analysis represents management's assessment of the effect to the financial statements caused by the reasonably possible change in foreign exchange rates, on outstanding foreign currency denominated monetary financial assets and liabilities.

	2018		2017	
	Percentage of |change in |exchange rate	Effect on profit or loss after tax	Percentage of change in exchange rate	Effect on profit or loss after tax
		Rp		Rp
US Dollar	1%	2,574,785,110	2%	4,214,789,033

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

iii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in a loss to the Company.

As the Company has charged its strategy of focussing more on exports and with more than 90% of its sales are through export of vehicles, the Company supplies its products to well established distributors who are mostly the distributors of the parent company also. Exports to countries like Myanmar, West Africa are done based on letters of credit issued by reputable banks. For exports to certain countries like middle east and other African and ASEAN countries are based on advance remittance of money by telegraphic transfer. In respect of Philippines, the Company has agrees to provide extended credit facility to the importer assembler in view of the need to supply different variants in different colours in an uninterrupted manner to the several multi brand outlets. The management periodically examines the credit limit exposure and takes decisions accordingly.

In respect of domestic sales, the Company obtains bank guarantee or asset collateral or cash deposit which is the basis of setting up the distributors credit limit. The Company's exposure and its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is continuously monitored and limits are reviewed and approved based on the track record of these distributors. In respect of three wheelers, in order to create more visibility by putting more vehicles on the road, the Company has agreed to provide extended credit period as the lead time for conversion of prospects to customers is quite long.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with trade accounts receivables is partially mitigated because the trade accounts receivable are partially secured by bank guarantee, land certificates and letter of credits. Trade accounts receivable amounting to Rp 52,501,822,350 and Rp 36,091,291,520 as of March 31, 2018 and 2017 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. The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

	March 31, 2018						
	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
		Rp	Rp	Rp	Rp	Rp	Rp
Non-interest bearing							
Trade accounts payable							
Related party		31,718,997	1 4,071,412,149	40,886,346,658	-	-	54,989,477,805
Third party		11,411,798,148	1 9,485,848,364	10,432,195,808	-	-	41,329,842,320
Other accounts payable							
Related party		-	4 39,411,504	-	-	-	439,411,504
Third party		2,594,352,336	3 ,799,949,076	1,478,073,535	-	-	7,872,374,947
Accrued expense		7,838,942,772	2 ,616,486,447	13,252,807,692	-	-	23,708,236,911
Variable interest rate instruments							
Bank loans	3% - 5.4%	403,618,658	4 8,284,215,947	110,404,757,874	-	-	159,092,592,479
Fixed interest rate instruments							
Bank loans	7.5% - 13%	35,231,432,396	5 0,035,690,127	147,065,432,951	-	-	232,332,555,474
Total		57,511,863,307	1 38,733,013,614	323,519,614,518	-	-	519,764,491,439

	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
Non-interest bearing							
Trade accounts payable							
Related party		-	1 0,640,592,099	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	1 3,116,866,320	83,644,043,080	6 7,180,134,175	-	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	4 3,918,786,443	307,624,439,672	6 8,751,755,337	-	443,985,686,062

d. Fair Value Measurements

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 tables provide an analysis of fair value of assets and liabilities, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	March 31, 2018			
	Level 1	Level 2	Level 3	Total
	Rp	Rp	Rp	Rp
Non-financial assets measured at fair value Land	-	295,918,659,320	-	295,918,659,320

	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

In 2018 and 2017, there is no movement of fair value measurement method from level 1 to level 2, and vice versa.

29. OTHER MATTERS

The Company incurred a total comprehensive loss of Rp 99,749,818,827 during the year ended March 31, 2018 and, as of that date, the Company's current liabilities exceeded its current assets by Rp 152,525,091,563. Further, the Company incurred a deficit of Rp 1,562,579,926,210 as of March 31, 2018, as a result of recurring losses from operations. The Company's management believes that they maintain considerable financial resources, including continuous support from the Company's ultimate shareholder.

However, it could be seen that the Company has been able to improve its performance over the last two years through increase in its sales number, sales turnover and positive gross profit.

Management also implemented and continues to implement the following measures:

- Continued focus on export markets through consolidation of existing markets and entry into new markets;
- Increasing the sales of three wheeler both passenger and Kargo version which was launched recently;
- Improvement to margins through cost reduction, product mix and country mix;
- Continued focus on waste elimination projects; and
- Focus on niche segments in premium motorcycles in domestic market.

The Company's management also believes that it is well placed to manage the Company's business risks successfully despite the current condition and is able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

30. MANAGEMENT'S RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The preparation and fair presentation of the financial statements on pages 1 to 41 were the responsibilities of the management, and were approved by the Directors and authorized for issue on April 19, 2018.

RE-STATED ACCOUNTS OF
PT. TVS MOTOR COMPANY INDONESIA

PT. TVS MOTOR COMPANY INDONESIA

Balance Sheet as at 31st March 2018

	Notes	IDR in Mn.	Rupees in crores
ASSETS			
Non-current assets			
Property, plant and equipment	1	472,641.14	187.09
Non-Current tax assets (Net)		1,039.82	0.49
Other non-current assets	2	38,150.79	18.02
		511,831.75	205.60
Current assets			
Inventories	3	118,393.13	55.94
Financial assets			
i. Trade receivables	4	137,533.56	64.98
ii. Cash and cash equivalents	5	33,862.13	16.01
Other current assets	6	38,238.13	18.08
		328,026.95	155.01
Total Assets		839,858.70	360.61
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	1,460,141.61	778.67
Other equity	8	(1,147,666.58)	(667.25)
		312,475.03	111.42
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	9	45,855.63	21.67
Provisions	10	22,860.53	10.80
		68,716.16	32.47
Current liabilities			
Financial liabilities			
i. Borrowings	11	236,568.02	111.78
ii. Trade payables	12	128,339.34	60.64
iii. Other financial liabilities	13	91,711.25	43.33
Other current liabilities	14	2,048.90	0.97
		458,667.51	216.72
Total liabilities		527,383.67	249.19
Total equity and liabilities		839,858.70	360.61

Statement of profit and loss for the year ended 31st March 2018

		Notes	IDR in Mn.	Rupees in crores
I	Revenue from operations	15	381,667.62	183.90
II	Other income	16	635.13	0.31
III	Total Income (I +II)		382,302.75	184.21
IV	Expenses:			
	Cost of material consumed	17	310,444.68	149.45
	Purchase of stock in trade	17	-	-
	Changes in inventories of finished goods, stock-in -trade and work-in-progress	17	(7,054.79)	(3.26)
	Employee benefits expense	18	59,872.48	28.86
	Finance costs	19	36,505.36	17.59
	Depreciation and amortisation expense	1	14,577.58	11.02
	Other expenses	20	63,699.34	30.69
			478,044.65	234.35
V	Profit before exceptional items,(III - IV)		(95,741.90)	(50.14)
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		(95,741.90)	(50.14)
VIII	Tax expense			
	i) Current tax		408.51	0.20
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		(96,150.41)	(50.34)
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)		(96,150.41)	(71.37)
XII	Earnings per equity share (Face value of IDR.97,400/- each)			
	Basic & Diluted earnings per share (in IDR / in rupees)		(6,413.80)	(33.58)

Notes to Accounts

1 Property, Plant & Equipment

IDR in Millions

Description	Property, Plant & Equipment					
	Land	Buildings	Plant & equipment	Vehicles	Furniture, fixtures and eqipments	Total
	1	2	3	4	5	6
Cost of assets						
Gross carrying value as at 01-04-2017	222,928.86	94,210.82	307,741.80	780.00	10,327.65	635,989.13
Additions	-	6,660.92	9,276.17	665.00	384.65	16,986.74
Sub-total	222,928.86	100,871.74	317,017.97	1,445.00	10,712.30	652,975.87
Sales / deletion	-	-	-	225.35	900.57	1,125.92
Total	222,928.86	100,871.74	317,017.97	1,219.65	9,811.73	651,849.95
Depreciation / Amortisation						
Upto 31-03-2017	-	41,638.64	113,990.78	748.47	9,370.56	165,748.45
For the year	-	4,800.45	9,264.60	83.56	428.97	14,577.58
Sub-total	-	46,439.09	123,255.38	832.03	9,799.53	180,326.03
Withdrawn on assets sold / deleted	-	-	-	225.37	891.85	1,117.22
Total	-	46,439.09	123,255.38	606.66	8,907.68	179,208.81
Carrying value						
As at 31-03-2018	222,928.86	54,432.65	193,762.59	612.99	904.05	472,641.14

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 01-04-2017	108.68	45.89	148.23	0.38	5.04	308.22
Additions	-	3.15	4.38	0.31	0.18	8.02
Foreign Currency translation reserve difference	(3.35)	(1.20)	(2.94)	(0.01)	(0.16)	(7.66)
Sub-total	105.33	47.84	149.67	0.68	5.06	308.58
Sales / deletion	-	-	-	0.11	0.43	0.54
Total	105.33	47.84	149.67	0.57	4.63	308.04
Depreciation / Amortisation						
Upto 31-03-2017	-	20.10	91.90	0.37	4.57	116.94
For the year	-	2.31	8.46	0.04	0.21	11.02
Foreign Currency translation reserve difference	-	(0.62)	(5.69)	(0.02)	(0.15)	(6.48)
Sub-total	-	21.79	94.67	0.39	4.63	121.48
Withdrawn on assets sold / deleted	-	-	-	0.11	0.42	0.53
Total	-	21.79	94.67	0.28	4.21	120.95
Carrying value						
As at 31-03-2018	105.33	26.05	55.00	0.29	0.42	187.09

Notes on accounts - *(continued)*

		IDR in Mn. As at 31-3-2018	Rupees in crores As at 31-3-2018
2	OTHER NON-CURRENT ASSETS		
	Advances other than capital advances:		
	Deposits made	854.06	0.40
	VAT Receivable	37,296.73	17.62
		38,150.79	18.02
3	INVENTORIES		
	Raw materials and components	105,847.27	50.01
	Finished goods	11,948.00	5.65
	Stores and spares	597.86	0.28
		118,393.13	55.94
4	TRADE RECEIVABLES		
	Secured, considered good	-	-
	Unsecured, considered good	137,533.56	64.98
	Doubtful	-	-
		137,533.56	64.98
	Less: Allowance for doubtful debts	-	-
		137,533.56	64.98
5	CASH AND CASH EQUIVALENTS		
	Balances with banks in current accounts	28,820.35	13.62
	Deposits with maturity of less than three months	4,921.69	2.33
	Cash on hand	120.09	0.06
		33,862.13	16.01

		IDR in Mn. As at 31-3-2018	Rupees in crores As at 31-3-2018
6	OTHER CURRENT ASSETS		
	VAT/IT/Excise receivable	22,660.92	10.71
	Vendor advance	11,989.89	5.67
	Others	3,587.32	1.70
		38,238.13	18.08
7	EQUITY SHARE CAPITAL		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	17,500,000 Ordinary shares of IDR.97,400 each	1,704,500.00	908.98
	Issued, subscribed and fully paid up:		
	14,991,187 Ordinary shares of IDR.97,400 each	1,460,141.61	778.67
		1,460,141.61	778.67
8	OTHER EQUITY		
	General reserve	(8,135.60)	(0.81)
	Retained earnings	(1,274,159.50)	(630.15)
	Foreign currency translation reserve	134,628.52	(36.29)
		(1,147,666.58)	(667.25)

9 Non Current Liabilities - Financial Liabilities

Borrowings

As at 31-03-2018

Description	Frequency	No. of instal-ments due	Maturity	IDR in Mn.	Rupees in crores
Secured:					
Term Loan from Bank	Half- yearly	3	Jul 2019	137,566.88	65.00
Total Borrowings :				137,566.88	65.00
Less : Current maturities of long-term borrowings (Refer Note No. 13)				91,711.25	43.33
Total Long-term Borrowings				45,855.63	21.67

Details of securities created:
Term loan from Bank is secured by a lien on collection account.

Amount payable in each instalments:

Description	Currency	Amount	Rate of interest
Term loan from Bank	USD	5 Million	3 Month USD LIBOR plus Margin

Notes on accounts - *(continued)*

		IDR in Mn. As at 31-3-2018	Rupees in crores As at 31-3-2018
10	AFTER BORROWINGS		
	Pension	22,860.53	10.80
		22,860.53	10.80
11	FINANCIAL LIABILITIES - BORROWINGS (CURRENT)		
	Borrowings repayable on demand from banks		
	Secured	236,568.02	111.78
		236,568.02	111.78

Short term borrowings from banks include :

a) A loan of Rs.84.86 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.13.05 crores in IDR and Rs. 13.87 crores in USD obtained from another bank secured by subsidiary inventories and trade account receivable.

		IDR in Mn. As at 31-3-2018	Rupees in crores As at 31-3-2018
12	TRADE PAYABLES		
	Current		
	Dues to Micro and Small Enterprises **	-	-
	Dues to enterprises other than Micro and Small Enterprises	128,339.34	60.64
		128,339.34	60.64

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

		IDR in Mn. As at 31-3-2018	Rupees in crores As at 31-3-2018
13	OTHER FINANCIAL LIABILITIES		
	Current		
	Current Maturities of long term borrowings		
	Term loan from bank	91,711.25	43.33
		91,711.25	43.33
14	OTHER CURRENT LIABILITIES		
	Statutory dues	637.94	0.30
	Advance received from customers	1,410.96	0.67
		2,048.90	0.97

			IDR in Mn. Year ended 31-3-2018	Rupees in crores Year ended 31-3-2018
15	REVENUE FROM OPERATIONS			
	Sale of products		380,931.12	183.55
	Other operating revenue		736.50	0.35
			381,667.62	183.90
16	OTHER INCOME			
	Interest income		575.67	0.28
	Profit on sale of fixed assets		59.46	0.03
			635.13	0.31
17	MATERIAL COST :			
	Cost of Materials Consumed			
	Opening stock of raw materials and components		83,827.67	39.02
	Add: Purchases		332,464.28	160.44
			416,291.95	199.46
	Less: Closing stock of raw materials and components		105,847.27	50.01
	Consumption of raw materials and components		310,444.68	149.45
	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		4,893.21	2.39
		(A)	4,893.21	2.39
	Closingstock:			
	Work-in-progress		-	-
	Stock-in-trade		-	-
	Finished goods		11,948.00	5.65
		(B)	11,948.00	5.65
		(A)-(B)	(7,054.79)	(3.26)

Notes on accounts - *(continued)*

		IDR in Mn. Year ended 31-3-2018	Rupees in crores Year ended 31-3-2018
18	EMPLOYEE BENEFITS EXPENSE		
	Salaries, wages and bonus	49,972.95	24.08
	Contribution to provident and other funds	4,582.44	2.21
	Staff welfare expenses	5,317.09	2.57
		59,872.48	28.86
19	FINANCE COSTS		
	Interest	26,292.55	12.67
	Exchange differences	10,212.81	4.92
		36,505.36	17.59

		IDR in Mn. Year ended 31-3-2018	Rupees in crores Year ended 31-3-2018
20	OTHER EXPENSES		
	(a) Consumption of stores, spares and tools	1,179.29	0.57
	(b) Power and fuel	2,984.34	1.44
	(c) Rent	9,077.09	4.37
	(d) Repairs - buildings	1,949.43	0.94
	(e) Repairs - plant and equipment	1,044.46	0.50
	(f) Insurance	1,190.37	0.57
	(g) Rates and taxes (excluding taxes on income)	1,258.14	0.61
	(h) Audit fees	486.20	0.23
	(i) Packing and freight charges	14,779.92	7.12
	(j) Advertisement and publicity	11,989.05	5.78
	(k) Other marketing expenses	744.54	0.36
	(l) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1%of revenue from operations or Rs.10 lakh, whichever is higher)	17,016.51	8.20
		63,699.34	30.69

Independent Auditor's Report

Board of Directors

Sundaram Holding USA, Inc. and subsidiaries

We have audited the accompanying consolidated financial statements of Sundaram Holding USA, Inc. and subsidiaries ('the Company'), which comprise the consolidated balance sheets as at March 31, 2018 and March 31, 2017 and the related consolidated statements of loss, changes in stockholders' equity and cash flows for the years then ended and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the consolidated financial position of the Company as at March 31, 2018 and March 31, 2017 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 06, 2018

CONSOLIDATED BALANCE SHEET
(All amounts in United States Dollars, unless otherwise stated)

	As at March 31, 2018	As at March 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	5,722,589	1,014,328
Other current assets	5,567	2,650
Total current assets	**5,728,156**	**1,016,978**
Property and equipment, net	3,129,714	3,031,390
Capital work-in-progress	18,387,233	-
Capital advances	4,815,811	48,827
Total assets	**32,060,914**	**4,097,195**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Other payable	3,384,160	-
Other current liabilities	204,604	52,318
Total current liabilities	**3,588,764**	**52,318**
Stockholders' equity		
Common stock, $1 par, Authorized - 50,000,000 shares (*Previous year 10,000,000 shares)*; Issued and outstanding - 32,000,000 *shares* (*Previous year 5,294,432 shares*) *(Refer Note K)*	32,000,000	5,294,432
Accumulated deficit	(3,527,850)	(1,249,555)
Total stockholders' equity	**28,472,150**	**4,044,877**
Total liabilities and stockholders' equity	**32,060,914**	**4,097,195**

(The accompanying notes are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF LOSS
(All amounts in United States Dollars, unless otherwise stated)

	As at March 31, 2018	As at March 31, 2017
Costs and expenses		
Depreciation expenses	51,523	9,224
Payroll expenses	1,086,193	549,309
General and administrative expenses	1,140,579	380,654
Total costs and expenses	**2,278,295**	**939,187**
Loss before tax	**(2,278,295)**	**(939,187)**
Income tax expense	-	50
Net loss	**(2,278,295)**	**(939,237)**

(The accompanying notes are an integral part of these financial statements)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the year ended March 31, 2018 and March 31, 2017
(All amounts in United States Dollars, except number of shares)

Particulars	Common stock		Issued & outstanding		Accumulated deficit	Total stock-holders' equity
	Authorized Shares	Value	Shares	Value		
Balance as at 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
Balance as at April 01, 2017	10,000,000	10,000,000	5,294,432	5,294,432	(1,249,555)	4,044,877
Additional stock authorized during the year	40,000,000	40,000,000	-	-	-	-
Common stock issued	-	-	26,705,568	26,705,568	-	26,705,568
Net loss	-	-	-	-	(2,278,295)	(2,278,295)
Balance as at March 31, 2018	50,000,000	50,000,000	32,000,000	32,000,000	(3,527,850)	28,472,150

(The accompanying notes are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(All amounts in United States Dollars, unless otherwise stated)

	Year ended	
	March 31, 2018	March 31, 2017
Cash flow from operating activities		
Net loss	**(2,278,295)**	(939,237)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	**51,523**	9,224
Changes in assets and liabilities		
Other current liabilities	**347,849**	235,433
Other current assets	**(2,917)**	(2,650)
Other payables	**3,384,160**	-
Net cash provided by (used in) operating activities	**1,502,320**	(697,230)
Cash flow from investing activities		
Purchase of property and equipment	**(149,847)**	(3,040,615)
Purchase of capital work-in-progress	**(18,387,233)**	-
Capital advance paid	**(4,766,984)**	(48,827)
Net cash used in investing activities	**(23,304,064)**	(3,089,442)
Cash flow from financing activities		
Issuance of common stock	**26,510,005**	4,800,000
Net cash provided by financing activities	**26,510,005**	4,800,000
Net increase in cash and cash equivalents	**4,708,261**	1,013,328
Cash and cash equivalents at the beginning of the year	**1,014,328**	1,000
Cash and cash equivalents at the end of the year	**5,722,589**	1,014,328
Supplemental non-cash information		
Amount payable converted into equity contribution. (Refer Note K)	**195,563**	493,432

(The accompanying notes are an integral part of these consolidated financial statements)

NOTES TO FINANCIAL STATEMENTS
(All amounts in United States Dollars unless otherwise stated)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with generally accepted accounting principles in United States. The significant accounting policies are detailed below:

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 the sole member of four single member limited liability companies - Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram Clayton USA LLC (erstwhile Workspace Projects LLC) (all incorporated on September 16, 2016) and Premier Land Holding LLC (incorporated on December 06, 2016). The Company and its subsidiaries are in a start-up phase and they are yet to start their revenue generating activities.

Basis of preparation

The consolidated financial statements are for the years ended March 31, 2018 and March 31, 2017. All amounts are stated in U.S. Dollars, unless specified otherwise.

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' equity.

Use of estimates

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 expenses during the reporting period. The management's estimates for realization of deferred tax assets, determination of useful lives for property & equipment 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 consolidated financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates.

Cash and cash equivalents

The Company considers all highly liquid investments and deposits with an original maturity of ninety days or less to be cash equivalents. Cash and cash equivalents comprise of balances in bank accounts and cash in hand. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to $ 250,000 for each insured bank for each account per depositor.

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.

Income taxes

In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

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.

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

Computers and office equipment	3-4 years

Capital work-in-progress

Assets under construction are capitalized as capital work-in-progress. The cost of capital work-in-progress comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Deposits paid towards the acquisition of property and equipment outstanding as of each balance sheet date are disclosed under capital work-in-progress. Capital work-in-progress is not depreciated. Once the asset is complete and available for use, depreciation is commenced.

Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Change in accounting principle

Effective December 01, 2017, the Company adopted new guidance related to the presentation of deferred taxes in its balance sheet. Under the new guidance, all deferred tax assets, liabilities and related valuation allowances are reported as non-current, depending on the classification of the underlying asset or liability to which the temporary difference relates, or, for loss credit carry-forwards, based on when the item was expected to reverse. The Company has applied the new guidance retrospectively for all deferred tax assets and liabilities and accordingly, the comparative balance sheet amounts of prior periods were retrospectively reclassified.

NOTE B - OTHER CURRENT ASSETS

Other current assets comprise of:

	As at	
	March 31, 2018	March 31, 2017
Prepaid expenses	**2,900**	2,650
Short-term deposits	**2,667**	-
Total	**5,567**	2,650

NOTE C - PROPERTY AND EQUIPMENT, NET

Property and equipment of the Company comprise of:

	As at	
	March 31, 2018	March 31, 2017
Land	**2,934,860**	2,934,860
Vehicles	**143,250**	89,050
Furniture and fixtures	**28,453**	9,556
Computers and office equipment	**82,835**	7,148
Less: accumulated depreciation	**(59,684)**	(9,224)
Total	**3,129,714**	3,031,390

Depreciation for the year ended March 31, 2018 was $ 51,523 (March 31, 2017: $ 9,224).

NOTE D - CAPITAL WORK-IN-PROGRESS

The Company has spent an amount of $ 18,387,233 during the year towards the construction of manufacturing facility in Ridgeville, South Carolina for its operations. The construction continues as at the balance sheet date.

NOTE E - CAPITAL ADVANCES

Capital advance of $ 4,815,811 has been given towards the purchase of machinery, IT infrastructure and furniture which shall be acquired in the latter half of the next financial year. The capital advances in the previous year include $ 8,500 for the construction of manufacturing facility and $ 40,327 for installing conferencing equipment in the office premises.

NOTE F - OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

	As at	
	March 31, 2018	March 31, 2017
Accrued salary and bonus	**167,517**	52,293
Accrued state franchise taxes	**26,706**	25
Others	**10,381**	-
Total	**204,604**	52,318

NOTE G - INCOME TAXES

The Company files 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:

	Year ended	
	March 31, 2018	March 31, 2017
Current tax		
State	**-**	50
Total provision for taxes	**-**	50

The following is the summary of items giving rise to deferred tax assets and liabilities:

	As at	
	March 31, 2018	March 31, 2017
Non–current deferred tax assets		
Organization cost	**852,288**	460,815
Net operating losses	**34,569**	1,829
Property and equipment	**-**	3,441
Total non-current deferred tax asset	**886,857**	466,085
Non-current deferred tax liability		
Property and equipment	**21,597**	-
Total non-current deferred tax liability	**21,597**	-
Total deferred tax asset, net	**865,260**	466,085
Valuation allowance	**(865,260)**	(466,085)
Deferred tax asset, net	**-**	-

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Since the Company is still to start earning revenue, the management believes there exists significant uncertainties regarding the realization of deferred tax assets and accordingly the Company has provided a valuation allowance of $ 865,260 and $ 466,085 as of March 31, 2018 and March 31, 2017, respectively.

The Company has net operating loss carry forwards of $ 153,278 and $ 67,792 at federal level and state level, respectively, as at March 31, 2018. If unutilized, the losses will expire beginning tax year 2036.

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 tax years 2015 and 2016 remain subject to examination by the taxing authorities.

NOTE H - RELATED PARTY TRANSACTIONS

The Company had accounts payables to Sundaram Clayton Limited for expenses incurred by the related party. The Company repaid the amounts by converting it to common stock amounting to $ 195,563 in the year ended March 31, 2018 (March 31, 2017 - $ 493,432) (Refer Note K).

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 the balance sheet date, there was no significant risk of loss in the event of non-performance of the counter parties to these cash equivalents.

NOTE J - COMMITMENTS AND CONTINGENCIES

Capital commitments

As at March 31, 2018, the Company has committed to spend $ 27,273,874, under agreements to purchase property and equipment and set up its operating facility.

Operating lease obligations

The Company extended its lease for office premises in North Charleston for one-year, effective July 2017. The lease can be renewed on its expiry on June 2018.

During the year, the Company entered into two new leases for a period of 12 months –

a. With American Home from May 2017; and

b. At Wescott effective from June 2017.

The total rent expense for the year ended March 31, 2018 is $ 66,498 (March 31, 2017: $ 21,465). The minimum future lease payment for the year ending March 31, 2019 is $ 14,342.

NOTE K - STOCKHOLDERS' EQUITY

Authorized common stock

The authorized common stock is 50,000,000 shares with a par value of $ 1 as at March 31, 2018.

Common stock issued

Common stock issued and outstanding as at March 31, 2018 was 32,000,000 shares at $ 1 par value each. (March 31, 2017 - 5,294,432 shares of $ 1 par value each.)

The Company issued the following additional shares, $ 1 par value each, as below –

	Year ended	
	March 31, 2018	March 31, 2017
Sundaram Auto Components Limited	**20,399,250**	3,600,000
Sundaram Clayton Limited*	**6,306,318**	1,693,432
Total number of shares issued	**26,705,568**	5,293,432

* The Company had accounts payables to Sundaram Clayton Limited for expenses incurred by the related party. The Company repaid the amounts by converting it to common stock of 195,563 shares, $ 1 par value, in the year ended March 31, 2018 (March 31, 2017 - 493,432 shares, $ 1 par value each).

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

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.

NOTE M - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 5, 2018 which is the date the financial statements were issued. There are no material effects of the same on the financial statements as on March 31, 2018.

RE-STATED ACCOUNTS OF
SUNDARAM HOLDING USA INC.

Balance Sheet as at 31st March 2018

	Notes	USD in Mn.	Rupees in crores
ASSETS			
Non-current assets			
Property, plant and equipment	1	3.13	20.40
Capital work in progress	1	20.16	131.41
Other non current assets	2	4.82	31.39
		28.11	183.20
Current assets			
Financial assets			
Cash and cash equivalents	2	5.72	37.30
Other current assets	4	-	0.04
		5.72	37.34
Total Assets		33.83	220.54
EQUITY AND LIABILITIES			
Equity			
Equity share capital	5	32.00	206.51
Other equity	6	(1.75)	(9.36)
		30.25	197.15
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	7	0.01	0.07
Other financial liabilities	8	3.38	22.06
Other current liabilities	9	0.19	1.26
		3.58	23.39
Total Equity and Liabilities		33.83	220.54

Statement of Profit and loss for the year ended 31st March 2018

		Notes	USD in Mn.	Rupees in crores
I	Revenue from operations		-	-
II	Other income		-	-
III	Total Income (I +II)		-	-
IV	Expenses:			
	Depreciation and amortisation expense	1	0.05	0.33
	Other expenses	10	0.45	2.91
			0.50	3.24
V	Profit before exceptional items,(III - IV)		(0.50)	(3.24)
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		(0.50)	(3.24)
VIII	Tax expense			
	i) Current tax		-	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		(0.50)	(3.24)
X	Other Comprehensive Income			
	A. Items that will not be reclassified to profit or loss		-	-
	B. Items that will be reclassified to profit or loss			
	Foreign currency translation adjustments		-	3.24
			-	3.24
XI	Total Comprehensive Income(IX + X)		(0.50)	0.00
XII	Earnings per equity share (Face value of USD 1/- each)			
	Basic & Diluted earnings per share (in USD / in rupees)		(0.02)	(1.01)

Notes on Accounts

1 Property, Plant & Equipment

USD in Millions

Description	Property, Plant & Equipment				
	Land	Vehicles	Furniture	Office Equipments	Total
	1	2	3	4	5
Cost of assets					
Gross carrying value as at 01-04-2017	2.93	0.09	0.01	0.01	3.04
Additions	-	0.05	0.02	0.08	0.15
Sub-total	2.93	0.14	0.03	0.09	3.19
Sales / deletion	-	-	-	-	-
Total	2.93	0.14	0.03	0.09	3.19
Depreciation / Amortisation					
Upto 31-03-2017	-	0.01	-	-	0.01
For the year	-	0.02	0.01	0.02	0.05
Sub-total	-	0.03	0.01	0.02	0.06
Withdrawn on assets sold / deleted	-	-	-	-	-
Total	-	0.03	0.01	0.02	0.06
Carrying value					
As at 31-03-2018	2.93	0.11	0.02	0.07	3.13

Capital work-in-progress (at cost) as at 31-03-2018	
(a) Building	18.39
(b) Plant & equipment	-
(c) Pre-operative expenses	1.77
Total	20.16

Rupees in crores

Description	Property, Plant & Equipment				
	Land	Vehicles	Furniture	Office Equipments	Total
	1	2	3	4	5
Cost of assets					
Gross carrying value as at 01-04-2017	19.03	0.58	0.06	0.05	19.72
Additions	-	0.35	0.12	0.51	0.98
Foreign exchange translation reserve adjustments	0.10		0.01		0.11
Sub-total	19.13	0.93	0.19	0.56	20.81
Sales / deletion	-	-	-	0.02	0.02
Total	19.13	0.93	0.19	0.54	20.79
Depreciation / Amortisation					
Upto 31-03-2017	-	0.05	-	0.01	0.06
For the year	-	0.13	0.06	0.14	0.33
Foreign exchange translation reserve adjustments	-	0.01		-	0.01
Sub-total	-	0.19	0.06	0.15	0.40
Withdrawn on assets sold / deleted	-			0.01	0.01
Total	-	0.19	0.06	0.14	0.39
Carrying value					
As at 31-03-2018	19.13	0.74	0.13	0.40	20.40

Capital work-in-progress (at cost) as at 31-03-2018	
(a) Building	119.84
(b) Plant & equipment	-
(c) Pre-operative expenses	11.57
Total	131.41

Notes on Accounts - *(Continued)*

		USD in Mn. As at 31-3-2018	Rupees in crores As at 31-3-2018
2	OTHER NON CURRENT ASSETS		
	Capital advances	4.82	31.39
		4.82	31.39
3	CASH AND CASH EQUIVALENTS		
	Balance with banks	5.72	37.30
		5.72	37.30
4	OTHER CURRENT ASSETS		
	Prepaid expense	-	0.02
	Trade deposits	-	0.02
		-	0.04
5	EQUITY SHARE CAPITAL		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	50,000,000 Ordinary shares of USD 1 each	50.00	320.88
	Issued, subscribed and fully paid up:		
	32,000,000 Ordinary shares of USD 1 each	32.00	206.51
		32.00	206.51
6	OTHER EQUITY		
	Retained earnings	(1.75)	(11.54)
	Foreign currency translation reserve	-	2.18
		(1.75)	(9.36)

		USD in Mn. Year ended/ As at 31-3-2018	Rupees in crores Year ended/ As at 31-3-2018
7	TRADE PAYABLES		
	Current		
	Dues to Micro and Small Enterprises **	-	-
	Dues to enterprises other than Micro and Small Enterprises	0.01	0.07
		0.01	0.07

** 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. Year ended/ As at 31-3-2018	Rupees in crores Year ended/ As at 31-3-2018
8	OTHER FINANCIAL LIABILITIES		
	Payable against capital goods	3.38	22.06
		3.38	22.06
9	OTHER CURRENT LIABILITIES		
	Statutory dues	0.03	0.17
	Employee related liability	0.16	1.09
		0.19	1.26
10	OTHER EXPENSES		
	General and administrative expenses	0.45	2.91
		0.45	2.91

Independent Auditor's Report

Board of Directors
Sundaram-Clayton (USA) Limited

WWe have audited the accompanying financial statements of Sundaram Clayton (USA) Limited ('the Company'), which comprise the balance sheets as at March 31, 2018 and March 31, 2017 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, 2018 and March 31, 2017 and the results of its operations and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

KNAV P.A.
Atlanta, Georgia

April 12, 2018

BALANCE SHEETS
(All amounts in United States Dollars, unless otherwise stated)

	As at	
	March 31, 2018	**March 31, 2017**
ASSETS		
Current assets		
Cash & cash equivalents	16,193	15,608
Total assets	16,193	15,608
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Other current liabilities and provisions	14,130	14,135
Total current liabilities	14,130	14,135
Stockholder's equity		
Common stock, $1 par, 100 shares authorized; 100 shares issued and outstanding	100	100
Accumulated surplus	1,763	1,373
Total stockholder's equity	1,863	1,473
Total liabilities and stockholder's equity	16,193	15,608

(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, 2018	**March 31, 2017**
Revenues		
Service fees	10,167	10,064
Total revenues	**10,167**	**10,064**
Costs and expenses		
General and administrative expenses	9,672	9,577
Total costs and expenses	9,672	9,577
Income before tax	**495**	**487**
Current tax expense	105	100
Net income	**390**	**387**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF STOCKHOLDER'S EQUITY
For the years April 01, 2017 to March 31, 2018 and April 01, 2016 to March 31, 2017
(All amounts in United States Dollars, except number of shares)

Particulars	Common stock Authorized, issued & outstanding		Accumulated surplus	Total stockholder's equity
	Shares	Value		
Balance as at April 1, 2016	**100**	**100**	**986**	**1086**
Net income for the year	**-**	**-**	387	**387**
Balance as at March 31, 2017	**100**	**100**	**1,373**	**1,473**
Balance as at April 1, 2017	**100**	**100**	**1,373**	**1,473**
Net income for the year	**-**	**-**	390	**390**
Balance as at March 31, 2018	**100**	**100**	**1,763**	**1,863**

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF CASH FLOWS
(All amounts in United States Dollars, unless otherwise stated)

Statements of cash flows

(All amounts in United States Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2018	**March 31, 2017**
Cash flow from operating activities		
Net income	390	387
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Changes in assets and liabilities		
Other current liabilities	195	(10,394)
Net cash provided by (used in) operating activities	**585**	**(10,007)**
Net increase (decrease) in cash and cash equivalents	**585**	**(10,007)**
Cash and cash equivalents at the beginning of the year	15,608	25,615
Cash and cash equivalents at the end of the year	**16,193**	**15,608**
Supplemental cash flow information		
Income taxes paid	105	100

(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

These financial statements are prepared in accordance with generally accepted accounting principles in United States of America. The significant accounting policies are detailed below:

1. Business

Sundaram-Clayton (USA) Limited (the “Company” or “SCUL”), was incorporated in the State of Illinois on December 14, 2011. The Company is a wholly owned subsidiary of Sundaram Clayton Limited (“SCL” or “parent company”). The Company provides Professional Employer Organization (“PEO”) services to its parent company in North America.

2. Basis of preparation

The financial statements are for the year April 01, 2017 to March 31, 2018 and April 01, 2016 to March 31, 2017. All amounts are stated in US Dollars, unless specified otherwise.

3. Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management’s estimates for realization of current and deferred tax assets and accruals at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates.

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. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to $ 250,000 for each insured bank for each account per depositor.

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

In accordance with the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 740 “Income Taxes,” income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

7. Fair values measurements and financial instruments

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

NOTE B - OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

	As at	
	March 31, 2018	**March 31, 2017**
Advance from related party (Refer note D)	14,226	14,031
Provision for tax	104	104
Total	**14,330**	**14,135**

NOTE C - INCOME TAXES

The Company files federal and state tax returns as a Chapter C corporation. The income tax expense for the year is as follows:

	For the year ended	
	March 31, 2018	**March 31, 2017**
Current tax	105	100
Total	**105**	**100**

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. However, there were no such instances were identified and therefore no deferred tax asset or liability existed as at March 31, 2018 and March 31, 2017.

The tax years of 2014 through 2016 remain subject to examination by the taxing authorities.

NOTE D - RELATED PARTY TRANSACTIONS

The Company has a vendor-customer relationship with Sundaram Clayton Limited - USA branch office ('Branch of parent company'). The PEO service charges during the year ended March 31, 2018 are $ 10,167 (March 31, 2017 is $ 10,064). The advance payable as at March 31, 2018 is $ 14,226 (March 31, 2017: $ 14,031).

NOTE E - CONCENTRATION OF RISK

The only customer of the Company is Sundaram Clayton Limited (USA branch office) (branch of parent company) located in Illinois, North America. Accordingly, trade receivables are concentrated in North America. The Company derives all its revenue from its parent. The revenue stream and credit worthiness of its receivables depends upon the financial condition of its parent company. However, the trade receivable balance is $ Nil as at March 31, 2018 (March 31, 2017: $ Nil). The advance payable to the parent company as at March 31, 2018 is $ 14,226 (March 31, 2017: $ 14,031).

NOTE F - COMMOM STOCK

Common stock

The Company's common stock authorized, issued and outstanding as at March 31, 2018 was 100 shares at $ 1 par value each. (March 31, 2017: 100 shares of $ 1 par value each.)

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders. The Company is currently owned by a single shareholder.

NOTE G - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 12, 2018 which is the date the financial statements were issued. There are no material effects of the same on the financial statements as on March 31, 2018.

RE-STATED ACCOUNTS OF
SUNDARAM-CLAYTON (USA) LIMITED

SUNDARAM-CLAYTON (USA) LIMITED

Balance Sheet as at 31st March 2018

	Notes	USD	Rupees in crores
ASSETS			
Non-current assets			
Property, plant and equipment		-	-
Non-Current tax assets (Net)		-	-
		-	-
Current assets			
Financial assets			
Cash and cash equivalents	1	16,193.00	0.11
		16,193.00	0.11
Total Assets		16,193.00	0.11
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2	100.00	-
Other equity	3	1,763.00	0.02
		1,863.00	0.02
Liabilities			
Current liabilities			
Other current liabilities	4	14,330.00	0.09
		14,330.00	0.09
Total equity and liabilities		16,193.00	0.11

Statement of Profit and loss for the year ended 31st March 2018

		Notes	USD	Rupees in crores
I	Revenue from operations	5	10,167.00	0.07
II	Other income		-	-
III	Total Income (I +II)		10,167.00	0.07
IV	Expenses:			
	Other expenses	6	9,672.00	0.06
			9,672.00	0.06
V	Profit before exceptional items,(III - IV)		495.00	0.01
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		495.00	0.01
VIII	Tax expense			
	i) Current tax		105.00	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		390.00	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)		390.00	0.01
XII	Earnings per equity share (Face value of USD 1/- each)			
	Basic & Diluted earnings per share (in USD / in rupees)		3.90	1,000.00

Notes on Accounts

		USD	Rupees in crores
1	CASH AND CASH EQUIVALENTS		
	Balance with banks	16,193.00	0.11
		16,193.00	0.11
2	EQUITY SHARE CAPITAL		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	100 Ordinary shares of USD 1 each	100.00	-
	Issued, subscribed and fully paid up:		
	100 Ordinary shares of USD 1 each	100.00	-
		100.00	-
3	OTHER EQUITY		
	General reserve	-	-
	Retained earnings	1,763.00	0.02
	Foreign currency translation reserve	-	-
		1,763.00	0.02

		USD	Rupees in crores
4	OTHER CURRENT LIABILITIES		
	Advance from related party	14,226.00	0.09
	Provision for tax	104.00	-
		14,330.00	0.09

		USD	Rupees in crores
5	REVENUE FROM OPERATIONS		
	Service fee	10,167.00	0.07
		10,167.00	0.07
6	OTHER EXPENSES		
	General and administrative expenses	9,672.00	0.06
		9,672.00	0.06