

3rd June, 2022

BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001.
Scrip code: 532343

National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Bandra-Kurla Complex,
Bandra (E), Mumbai 400 051.
Scrip code: TVSMOTOR

Dear Sir/Madam,

**Reg : Submission of Annual Report for the FY 2020-22 under
Regulation 34 of SEBI (Listing Obligations and Disclosure
Requirements) Regulations, 2015**

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report of the Company for the FY 2021-22.

The copy of the Annual Report is also available on the website of the Company viz., www.tvsmotor.com.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully
For TVS MOTOR COMPANY LIMITED



K S Srinivasan
Company Secretary

Encl: As above

TVS MOTOR COMPANY LIMITED

ANNUAL REPORT 2021-22



TVS
iQUBE
ELECTRIC



TVS

TVS **RAIDER** — THE WICKED RIDE

TVS MOTOR COMPANY LIMITED

Board of Directors

PROF. SIR RALF DIETER SPETH
Chairman

VENU SRINIVASAN
Chairman Emeritus & Managing Director

SUDARSHAN VENU
Managing Director

K.N. RADHAKRISHNAN
Director & CEO

C. R. DUA

R. GOPALAN

LALITA D. GUPTA

T. KANNAN

KUOK MENG XIONG

H. LAKSHMANAN

HEMANT KRISHAN SINGH

DR. LAKSHMI VENU

Audit Committee

R. GOPALAN, *Chairman*
C. R. DUA
T. KANNAN

Nomination and Remuneration Committee

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

Risk Management Committee

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

Stakeholders' Relationship Committee

HEMANT KRISHAN SINGH, *Chairman*
VENU SRINIVASAN
SUDARSHAN VENU
C.R. DUA
LALITA D. GUPTA

Corporate Social Responsibility Committee

VENU SRINIVASAN, *Chairman*
H. LAKSHMANAN
R. GOPALAN

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
"Chaitanya" No. 12, Khader Nawaz Khan Road,
Nungambakkam, Chennai 600 006, Tamil Nadu, India
Tel : 044-28332115 Fax : 044- 28332113
CIN No. L35921TN1992PLC022845
E-mail: contactus@tvs-motor.com
Website: www.tvs-motor.com

Share Transfer Agent
Integrated Registry Management Services Private Limited
2nd Floor, Kences Towers, No. 1, Ramakrishna Street,
North Usman Road, T Nagar, Chennai-600 017
Tel: 044-2814 0801-03; Fax: 044-2814 2479
Email:corpserv@integratedindia.in, srirams@integratedindia.in

Plant Locations

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

Subsidiary Companies

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

| CONTENTS | Page Nos. |
|---------------------------------------|-----------|
| Financial Highlights | 2 |
| Notice of Annual General Meeting | 3 |
| Directors' Report to the shareholders | 13 |
| Standalone Financial Statements | 105 |
| Consolidated Financial Statements | 170 |

Financial Highlights

Rupees in crores

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

Notes:

@ Sales includes Excise duty upto June 2017.

* Figures stated are before exceptional and extraordinary items.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 30th Annual General Meeting of the Company (AGM) will be held on Monday, the 27th June 2022 at 2.00 P.M. [Indian Standard Time (IST)] through Video Conferencing / Other Audio Visual Means to transact the following businesses:

ORDINARY BUSINESS

1. To consider passing the following resolution as an ordinary resolution:

RESOLVED THAT the standalone and consolidated audited financial statements for the year ended 31st March 2022, together with the Directors' Report and the Auditors' Report thereon as circulated to the Members and presented to the meeting be and are hereby approved and adopted.

2. To consider passing the following resolution as an ordinary resolution:

RESOLVED THAT Dr. Lakshmi Venu (holding DIN 02702020), Director, who retires by rotation and being eligible, offers herself for re-appointment, be and is hereby re-appointed as a Director of the Company.

SPECIAL BUSINESS

3. To consider passing the following resolution as an ordinary resolution:

RESOLVED THAT the vacancy caused by retirement of Mr H Lakshmanan (DIN 00057973) Director, who does not offer himself for re-appointment, be not filled up.

4. To consider passing the following resolution as an ordinary resolution:

RESOLVED THAT Mr Venu Srinivasan (holding DIN 00051523), Director, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.

5. To consider passing the following resolution as an ordinary resolution:

RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) remuneration of ₹ 8 Lakhs (Rupees eight lakhs only) in addition to reimbursement of all applicable taxes, travelling and out-of-pocket expenses, payable to Mr A N Raman, Practising Cost Accountant, holding Membership No. 5359, allotted by The Institute of Cost Accountants of India, who was re-appointed as Cost Auditor of the Company for the year 2022-23 by the Board of Directors of the Company, as recommended by the Audit Committee be and is hereby ratified.

By order of the Board of Directors

Chennai
5th May 2022

K S SRINIVASAN
Company Secretary

Notes:

The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the Act, 2013), in respect of the special businesses to be transacted at the Annual General Meeting (AGM), as set out in the Notice is annexed hereto.

1. Pursuant to the Circular No. 2/2022 dated 5th May 2022 read with Circular No. 20/2020 dated 5th May 2020, issued by the Ministry of Corporate Affairs and all other relevant circulars issued from time to time, and SEBI/HO/CFD/CMD2/CIR/P/2021/697 dated 22nd December 2021 issued by the Securities and Exchange Board of India (SEBI, 2013) and in compliance with the provisions of the Act, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), physical attendance of the Members is not required at a common venue and AGM can be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated 8th April, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised

representatives as Members to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-Voting.

3. The Members can join the AGM through VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1000 members on "first come first served" basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of "first come first served" basis.
4. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act, 2013.
5. Pursuant to the provisions of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management

and Administration) Rules, 2014 (as amended) and Regulation 44 of the Listing Regulations, and the Circulars issued by the Ministry of Corporate Affairs dated 5th May, 2020, the Company is providing facility of remote e-Voting to its Members in respect of the business as to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as voting at the meeting will be provided by NSDL.

6. In line with MCA Circular No. 17/2020 dated 13th April, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.tvsmotor.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the remote e-Voting facility) i.e. www.evoting.nsdl.com.
7. AGM has been convened through VC / OAVM in compliance with applicable provisions of the Act, 2013, read with Circulars issued by MCA and SEBI from time to time.

Unclaimed Dividend

8. In terms of Section 124 of the Act, 2013, the dividend declared by the Company, for earlier years, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the Report on Corporate Governance, forming part of the Annual Report.
9. Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the un-encashed warrants immediately to the Company.

Pursuant to The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is providing / hosting the required details of unclaimed amount referred to under Section 124 of the Act, 2013 on its website and also on the website of MCA viz., www.iepf.gov.in.

General

10. With a view to serving the Members better and for administrative convenience, Members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings into one folio.

11. Members may also note that the Annual Report will also be available on the Company's website viz., www.tvsmotor.com for their download.

Members holding shares in electronic form

12. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are requested to submit their PAN to the Depository Participant(s) (DP) with whom they are maintaining their demat accounts.
13. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC Code, Mandates, Nominations, Power of Attorney, Change of Address / Name / e-mail Address / Contact Numbers, etc., to their DP.
14. Electronic copy of the Annual Report and the Notice of the AGM *inter-alia* indicating the process and manner of e-Voting are being sent to all the Members whose e-mail IDs are registered with the Company / DPs for communication purposes.

Members holding shares in physical form

15. Members can submit their PAN details to the Company/ Share Transfer Agent (STA).
16. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, Mandates, Nomination as per Section 72 of the Act, 2013 by filling Form SH-13, Power of Attorney, Change of Address / Name / e-mail Address / Contact Numbers, etc., with the Company / STA. Blank forms (SH-13) will be sent by e-mail.
17. Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.

Voting

18. The businesses set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The Members may cast their votes using electronic voting system from a place other than the venue of the meeting ('remote e-Voting').
19. In case of joint holders attending AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
20. In terms of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, ('the Rules') and Regulation 44 of the Listing Regulations, the Company has provided facility

to exercise votes through electronic voting system to the Members holding shares as on 20th June 2022 being the "Cut-off Date" ("Cut- Off" for the purpose of Rule 20(4)(vii) of the Rules) fixed for determining voting rights of the Members entitled to participate in the remote e-Voting process through the platform provided by NSDL viz., www.evoting.nsdl.com.

The voting rights of the Members / Beneficial Owners will be reckoned on the Equity Shares held by them as on Cut-off date. Members as on the Cut-off date only shall be entitled to avail the facility of remote e-Voting or voting at the meeting.

THE INSTRUCTIONS FOR REMOTE E-VOTING AND VOTING AT THE MEETING ARE AS UNDER

The remote e-Voting period begins on 24th June 2022 at 9:00 A.M. (IST) and ends on 26th June 2022 at 5:00 P.M. (IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Members who have not cast their vote on any of the resolutions using the remote e-Voting facility can vote on those resolutions during the AGM. Once the vote on a resolution is cast by the Member, the member shall not be allowed to change it subsequently.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:





Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL. | 1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and |

| Type of shareholders | Login Method |
|--|---|
| Individual Shareholders holding securities in demat mode with NSDL. (Contd...) | <p>Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p>NSDL Mobile App is available on</p> <p> </p> <p> </p> |

| Type of shareholders | Login Method |
|--|--|
| Individual Shareholders holding securities in demat mode with CDSL | <ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user ID and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/ login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/ Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/ Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective e-Voting Service Provider (ESP) i.e. NSDL where the e-Voting is in progress. |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forgot User ID and Forgot Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|--|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43 |

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|--|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12***** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email IDs are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

1. After successful login as provided in Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
2. Select "EVEN" of TVS Motor Company Limited for which you wish to cast your vote during the remote e-Voting period and casting your vote during the AGM. For joining virtual meeting, you need to click on "VC / OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to sriram.krishnamurthy@rediffmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details / Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to NSDL official at evoting@nsdl.co.in

Process for those shareholders whose email IDs are not registered with the depositories for procuring user ID and password and registration of e mail IDs for e-Voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to corpserv@integratedindia.in
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to corpserv@integratedindia.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e., Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively members may send a request to evoting@nsdl.co.in for procuring user ID and password for e-Voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
- ii. Only those members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-Voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

- i. Members will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, Members can see link of "VC / OAVM link" placed

under "Join General meeting" menu against the Company name. You are requested to click on VC / OAVM link placed under Join General Meeting menu. The link for VC / OAVM will be available in members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

- ii. Members are encouraged to join the Meeting through Laptops for better experience.
- iii. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- iv. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to Fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

Members who would like to express their views/ask questions during the meeting may register themselves as a speaker and send their request mentioning their name, demat account number / folio number, email ID, mobile number at kss@tvs motor.com from 23rd June 2022 (9.00 A.M. (IST)) to 25th June 2022 (5.00 P.M. (IST))

- v. Members who would like to express their views/have questions may send their questions in advance mentioning their name, demat account number / folio number, email id, mobile number at kss@tvs motor.com The same will be replied by the Company suitably.
- vi. Those Members who have registered themselves as a speaker will only be allowed to speak at the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- vii. Members can submit questions with regard to the financial statements or any other matter to be placed at the AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number / folio number and mobile number, to reach the Company's e-mail address kss@tvs motor.com atleast 48 hours in advance before the start of the meeting. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.

General Guidelines for shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail sriram.krishnamurthy@rediffmail.com with a copy marked to evoting@nsdl.co.in

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details / Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
 3. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting.
 4. Mr K Sriram, Practicing Company Secretary (Membership No. 2215), has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and casting vote through the e-Voting system during the meeting in a fair and transparent manner.
 5. In case of any queries, Members may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 2244 30 and send a request to NSDL official, Ms. Pallavi Mhatre Manager at evoting@nsdl.co.in.
 6. The Scrutinizer shall after the conclusion of e-Voting at the AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such report shall then be sent to the Chairman or a person authorized in this regard, within 48 (forty eight) hours from the conclusion of the AGM, who shall then countersign and declare the result of the voting forthwith.
 7. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.tvsmotor.com and on the website of NSDL at www.evoting.nsdl.com immediately after the declaration of results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to BSE Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai.
 8. Pursuant to the Circulars issued by MCA and SEBI, owing to the difficulties involved in dispatching of physical copies of the Notice of the AGM and the Annual Report for the year 2021-22, the said documents are being sent only by email to the Members. Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the AGM and the Annual Report for the year 2021-22 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:
 - a) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving Licence, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the Company's STA email address corpseerv@integratedindia.in.
 - b) For Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
- Further, as per Regulation 36 (1) (c) of the Listing Regulations, hard copy of the full annual report will be given to those shareholders who request for the same.
9. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. 1st April 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at rates prescribed in the Income Tax Act, 1961 ("the IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's STA email address corpseerv@integratedindia.in alongwith the documents as stated in Para No. 8.
 10. In order to receive dividend/s in a timely manner, Members holding shares in physical form who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividends directly into their bank account electronically or any other means, by sending scanned copy of the following details / documents by email to reach the company's email ID contactus@tvsmotor.com or the email ID of STA corpseerv@integratedindia.in.
 - a. a signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received:
 - i. Name and Branch of Bank and Bank Account type;
 - ii. Bank Account Number allotted by your bank after implementation of Core Banking Solutions;
 - iii. 11 digit IFSC Code;
 - iv. Self-attested scanned copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;
 - v. Self-attested scanned copy of the PAN Card; and
 - vi. Self-attested scanned copy of any document (such as AADHAR Card, Driving Licence, Election Identity Card, Passport) in support of the address of the Member as registered with the Company.
 - b. For the Members holding shares in demat form, please update your Electronic Bank Mandate through your Depository Participant/s.
 11. In accordance with the provisions of Article 66 of the Articles of Association of the Company, Mr Venu Srinivasan and Dr. Lakshmi Venu, Directors are liable for re-appointment; and

12. In terms of the Regulation 36(3) of the Listing Regulations, read with Secretarial Standards on General Meeting, brief profile of the Directors, who are proposed to be re-appointed in this AGM, nature of their expertise in specific functional areas, other Directorships and Committee Memberships, their shareholding and relationship with other Directors of the Company alongwith listed entities from which the Director has resigned in the past three years are provided below:

Profile of Dr. Lakshmi Venu

Dr. Lakshmi Venu, aged 39 years, a graduate of Yale University, holds a Doctorate in Engineering Management from the University of Warwick.

She is also the Joint Managing Director of Sundaram-Clayton Limited (SCL), the holding company.

She underwent her initial training for three years as a Management Trainee in Sundaram Auto Components Limited, a subsidiary of the Company, beginning from 2003 and when she was deputed to work in SCL, she underwent an extensive in-depth induction and worked in the areas of business strategy, corporate affairs, product design and sales & marketing of the Company. She has been the lead architect of establishing Company's global footprint. Her decision to set up a foundry in US three years ago in 2019 in Dorchester, South Carolina was almost prescient, as most US based customers were looking for on-shore foundry units to reduce supply chain risks and curtail carbon footprint.

Dr. Lakshmi Venu is also the Deputy Managing Director of TAFE Motors and Tractors Limited. She also holds directorships in various other companies.

She is the daughter of Mr Venu Srinivasan, Chairman Emeritus & Managing Director and sister of Mr Sudarshan Venu, Managing Director of the Company. She has been the Director of the Company since 10th September 2014.

She does not hold any share in the Company. She has attended five out of six Board Meetings held during the year 2021-22. She has not resigned in any of the listed companies during the last three years. During the year 2021-22, she had not received any remuneration from the Company except sitting fees.

Details of her other Directorships and Memberships / Chairmanships of committees are given below:

| S. No. | Name of the Company | Position held | Committee Membership |
|--------|---|--------------------------|--|
| 1. | Sundaram-Clayton Limited | Joint Managing Director | <ul style="list-style-type: none"> Corporate Social Responsibility Committee Risk Management Committee Stakeholders' Relationship Committee |
| 2. | TAFE Motors and Tractors Limited | Deputy Managing Director | <ul style="list-style-type: none"> Corporate Social Responsibility Committee Nomination and Remuneration Committee |
| 3. | ZF Commercial Vehicle Control Systems India Limited (Formerly known as WABCO India Limited) | Independent Director | <ul style="list-style-type: none"> Audit Committee Nomination & Remuneration Committee* Corporate Social Responsibility Committee |

| S. No. | Name of the Company | Position held | Committee Membership |
|--------|---|---------------|----------------------|
| 4. | Sundaram Auto Components Limited | Director | - |
| 5. | Sundram Non-Conventional Energy Systems Limited | Director | - |
| 6. | LV Trustee Private Limited | Director | - |
| 7. | Sundaram-Clayton (USA) Limited | Director | - |
| 8. | Sundaram Holding (USA) Inc. | Director | - |

(*) Indicates committee in which she holds the position as Chairperson

Profile of Mr Venu Srinivasan

Mr Venu Srinivasan, aged 69 years, is the Chairman Emeritus & Managing Director of the Company.

He has an engineering degree from the College of Engineering, Chennai and a Master's Degree in Management from the Purdue University, USA. In recognition of his contribution to management, he was conferred with "Doctor of Management" by his alma-mater, Purdue University in 2014. He is also the Chairman Emeritus & Managing Director of Sundaram-Clayton Limited, the Holding Company.

He has extensive experience in Automotive Sector for over four decades and has established a robust governance model under his leadership and management.

He has held various important positions in the Indian Industry, such as:

- Chairman of National Safety Council, Government of India.
- President, Confederation of Indian Industries (CII) for the year 2009-10.
- President, Society of Indian Automobile Manufacturers for the period 1999-2001.

Some of the awards conferred on Mr. Srinivasan include:

- Awarded as "Man of The Year 2021" by Autocar Professional.
- Awarded with Padma Bhushan Award for the year 2020.
- The Deming Distinguished Service Award for Dissemination and Promotion (Overseas) by JUSE in November 2019
- "Lifetime Achievement Award" by FADA in February 2018.
- "Champion of Champions and Best CEO" award by Business Today in December 2016.
- "Goodwill Envoy for Public Diplomacy" by the Republic of Korea in January 2015.
- The "Padma Shri" award in 2010 by the President of India, for his valuable and outstanding contributions in the field of trade and industry.
- The distinguished civilian honour "Order of Diplomatic Service Merit" (Heung-In Medal) in 2010, conferred by the President of the Republic of Korea, in recognition of his valuable contribution in promoting Korea-India bilateral relations.

Under Mr Srinivasan's leadership, Sundaram-Clayton Ltd., the holding Company, was awarded the Deming Prize in 1998

by the Union of Japanese Scientists and Engineers (JUSE), Japan and also with the Japanese Quality Medal in the year 2002. In the year 2002, TVS Motor Company was also conferred with the Deming Prize.

In recognition of his contribution to manufacturing, R&D, technology and quality excellence, he was conferred with "Doctor of Science" by the University of Warwick, UK in the year 2004.

The Indian Institute of Technology, Kharagpur, the oldest IIT in India, conferred upon him, "Doctor of Science" in the year 2009.

He was bestowed with the Ishikawa-Kano award in the year 2012 by the Asian Network of Quality, the apex body for quality in Asia which covers 18 countries including Japan, China, India, Korea and Thailand.

For his contribution to Leadership and Management, Mr Srinivasan was conferred with JRD Tata Corporate Leadership Award by the All India Management Association in the year 2005, and the Jamsetji Tata Lifetime Achievement award by the Indian Society for Quality in the year 2004.

Mr. Srinivasan is also the Managing Trustee of Srinivasan Services Trust (SST) - engaged in transformation & empowerment of thousands of villages in rural India touching the lives of millions of people.

- The model is about partnership with the stakeholders (society, police, forest department among others), and not philanthropy.
- The activities of the trust are in five main program areas: Economic Development, Health, Education, Infrastructure and Environment.
- Over hundred thousand hectares of degraded forests have been reforested. Successful implementation of watershed development programs has raised the water table and prevented soil erosion in more than 5000 hectares.

SST has received multiple awards like:

"CK Prahalad Awards" (2021)

CII-ITC "Corporate Social Responsibility Award" (2018).

The Economic Times "Corporate Citizen of the year" (2016).

Times of India Social Impact Award on Advocacy & Empowerment in Corporate category (2011).

Golden award on Readers Digest Pegasus Corporate Social Responsibility Award (2008).

Silver award on Pegasus Corporate Social Responsibility Award (2007).

He does not hold any share in the Company. He is the Chairman of Corporate Social Responsibility Committee and member of Stakeholders Relationship Committee. He has attended all the six Board meetings held during the year 2021-22. During the year 2021-22, his remuneration was ₹ 26.93 Cr.

He is the father of Mr Sudarshan Venu, Managing Director and Dr. Lakshmi Venu, Director of the Company. He resigned from the Board of Cummins India Limited effective 1st September 2020.

Details of his other Directorships / Memberships / Chairmanships of Committees are given below:

| S. No. | Name of the Company | Position held | Committee Membership |
|--------|---|---------------------------------------|--|
| 1. | Sundaram-Clayton Limited | Chairman Emeritus & Managing Director | Corporate Social Responsibility Committee * |
| 2. | TVS Credit Services Limited | Chairman | Corporate Social Responsibility Committee * |
| 3. | The Indian Hotels Company Limited | Director | - |
| 4. | TVS Electric Mobility Limited | Director | - |
| 5. | Sundaram Auto Components Limited | Chairman | - |
| 6. | T. V Sundram Iyengar & Sons Private Limited | Director | Audit Committee |
| 7. | TATA Sons Private Limited | Director | <ul style="list-style-type: none"> • Nomination & Remuneration Committee • Audit Committee |
| 8. | TVS Housing Finance Private Limited | Director | - |
| 9. | LV Trustee Private Limited | Director | - |
| 10. | S. Venu Trustee Private Limited | Director | - |
| 11. | VS Trustee Private Limited | Director | - |
| 12. | Venu Srinivasan Trustee Private Limited | Director | - |
| 13. | Cheema Educational Foundation | Director | - |
| 14. | The Norton Motorcycle Co. Limited, UK | Chairman | - |
| 15. | TVS Motor (Singapore) Pte Limited | Director | - |
| 16. | Sundaram Holding USA Inc. | Director | - |
| 17. | TVS Digital Pte Limited, Singapore | Chairman | - |
| 18. | Swiss E-Mobility Group (Holding)AG | Director | - |
| 19. | Swiss E-Mobility Group (Schweiz) AG | Director | - |

(*) Indicates committee in which he holds the position as Chairman

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

The following Explanatory statement sets out all material facts relating to the special businesses mentioned in the accompanying Notice dated 5th May 2022 and shall be taken as forming part of the Notice.

Item No.3

Born on 14th August 1933, Mr H Lakshmanan has been serving the board since April 2000. During his tenure of office, he has made distinct and immense contribution to the deliberations of the meetings of the board in general and for the growth of the Company in particular.

He is liable to retire by rotation and due for re-appointment at the ensuing AGM, in terms of the applicable provisions of the Companies Act, 2013.

He has expressed his desire not to offer himself for re-appointment in the AGM, due to old age. The Directors place on record the valuable guidance, support and advice extended by him during his tenure. The Board does not propose to fill the vacancy arising from the retirement of Mr H Lakshmanan.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, in the resolution as set out in Item No.3 of this Notice.

Accordingly, the Board recommends the ordinary resolution as set out in item no.3 for approval of the members.

Item No.4

As per Section 152(6) of the Companies Act, 2013, the composition of the Board having Non-Independent Directors of the Company equal to 2/3rd in number must compulsorily be liable to retire by rotation.

At this AGM, Dr. Lakshmi Venu and Mr H Lakshmanan, Directors who have been the longest in office, are liable to retire by rotation and proposed to be appointed at the ensuing AGM.

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

Hence, it has been proposed to re-appoint Mr Venu Srinivasan, Chairman Emeritus and Managing Director (CE & MD) as a Director liable to retire by rotation, who was appointed earlier as a non-retiring Director at the eighth Annual General Meeting (AGM) held on 11th September

2000, on the recommendation of the Nomination and Remuneration Committee at its meeting held on 29th April 2022.

Except Mr Venu Srinivasan, CE & MD, Mr Sudarshan Venu, Managing Director and Dr. Lakshmi Venu, Director, no other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution as set out in Item No. 4 of this Notice.

The Directors, therefore, recommend the ordinary resolution, as set out in Item No. 4 of this Notice for approval of the members.

Item No.5

As recommended by the Audit Committee, the Board at its meeting held on 5th May 2022, re-appointed Mr A N Raman, Practising Cost Accountant, having Membership No. 5359, as Cost Auditor of the Company, in terms of Section 148 of the Companies Act, 2013, and fixed a sum of ₹ 8 lakhs (Rupees Eight lakhs only) as remuneration payable to him for the financial year 2022-23, subject to ratification by the Shareholders of the Company.

In terms of Section 148 (3) of the Companies Act, 2013, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditor, as recommended by the Audit Committee and approved by the Board of Directors, is required to be ratified by the shareholders of the Company, at the ensuing AGM of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, in the resolution as set out in Item No.5 of this Notice.

The Directors, therefore, recommend the ordinary resolution, as set out in Item No.5 of this Notice for ratification of remuneration payable to the Cost Auditor of the Company.

By order of the Board of Directors

Chennai
5th May 2022

K S SRINIVASAN
Company Secretary

Registered Office:
"Chaitanya"
No. 12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006.

DIRECTORS' REPORT TO THE SHAREHOLDERS

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

1. COMPANY PERFORMANCE

Key Performance Snapshot

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

Macro Overview

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

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

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

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

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

Mobility Industry Performance - India overview

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

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

Mobility Industry Performance - International Business overview

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

Mobility Industry Performance - Electric Vehicles (EV) Overview

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

New Product Launches

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

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

BMW Association

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

Corporate Social Responsibility

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

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

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

Cost & Price Management

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

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

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

2. FINANCIAL HIGHLIGHTS

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

| Details | Year ended 31-03-2022 | Year ended 31-03-2021 |
|---|--------------------------|--------------------------|
| SALES | | |
| Quantitative | (Numbers in lakhs) | |
| Motorcycles | 17.32 | 13.42 |
| Mopeds | 4.83 | 6.26 |
| Scooters | 9.23 | 9.61 |
| Three Wheelers | 1.72 | 1.24 |
| Total vehicles sold | 33.10 | 30.53 |
| Financials | | |
| | (Rupees in Crores) | |
| Revenue from operations | 20790.51 | 16750.54 |
| Other Income | 18.99 | 32.97 |
| Profit / loss before Depreciation, Finance Costs, Exceptional items and Tax Expense | 1980.73 | 1461.52 |
| Less: | | |
| Depreciation / Amortization / Impairment | 611.44 | 493.68 |
| Profit / loss before Finance Costs, Exceptional items and Tax Expense | 1369.29 | 967.84 |
| Less: Finance Costs | 125.92 | 141.60 |
| Profit / loss before Exceptional items and Tax Expense | 1243.37 | 826.24 |
| Add / less: Exceptional items | (30.16) | – |
| Profit / loss before Tax Expense | 1213.21 | 826.24 |
| Less: | | |
| Tax Expense (Current & Deferred) | 319.65 | 214.20 |
| Profit / loss for the year | 893.56 | 612.04 |
| Other Comprehensive Income / loss | (64.31) | 107.09 |
| Total Comprehensive Income | 829.25 | 719.13 |
| Less: Dividend on Equity Shares | 178.16 | 166.28 |
| Balance carried forward | 651.09 | 552.85 |

3. DIVIDEND

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

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

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

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Two-wheeler

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

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

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

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

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

Three-wheeler

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

Electric two-wheelers

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

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

BUSINESS OUTLOOK & OVERVIEW

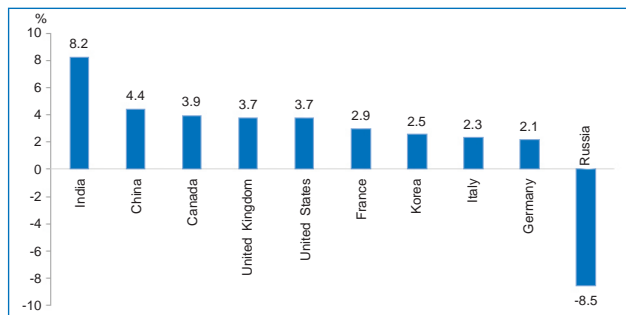
As we step into fiscal 2023, the Company remains sanguine about the prospects for its business. The RBI, in its April 2022 monetary policy announcement, has projected GDP growth for fiscal 2023 at 7.2%. Further, 19 of the 22 high frequency indicators including railway freight, e-way bill volumes and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

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

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

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

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



Source: IMF, CRISIL Research

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

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

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

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

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

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

Electric two-wheeler

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

New Product Launches and Initiatives

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

TVS Raider:



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

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

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

TVS Apache:



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

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

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

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

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

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

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

TVS Jupiter 125:



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

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

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

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

TVS Jupiter:



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

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

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

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

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

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

TVS XL100:



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

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

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

TVS NTORQ 125:



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

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

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

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

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

ELECTRIC - TVS iQUBE



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

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

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

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

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

Domestic Sales

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

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

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

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

International Business sales - two-wheeler and three-wheeler

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

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

RISKS AND CONCERNS

Environmental & Geopolitical Factors:

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

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

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

Supply Side Factors

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

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

Demand Side Factors

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

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

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

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

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

RISK MANAGEMENT POLICY

Company's risk management framework is well embedded and continually reviewed by the Risk Management Committee. It enables the Board, to identify, evaluate and monitor principal risks and where possible, actively mitigate the risks that could affect the achievement of the Company's target.

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

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

OPERATIONS REVIEW

Total Quality Management (TQM)

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

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

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

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

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

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

Cost Management

The Company continues to focus on all the elements and drivers of cost. Raw materials, components and conversion cost constitute major element of material cost. The Company pursued process innovation, value engineering, alternate sourcing and import substitution / localization to reduce material costs. During the year, focused working capital management and improved operating performance helped the Company to generate operating free cash flow. Rigorous focus on lean trade stock with the dealers also enhanced the financial health of the channel partners by reducing nonvalue adding costs and improving speed and freshness across the entire supply chain. Waste elimination, productivity improvements and process improvements through multiple means including small scale automation will continue across the supply chain during 2021-22.

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

Research and Development

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

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

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

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

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

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

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

Digital and AI Technologies

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

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

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

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

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

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

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

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

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

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

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

INTERNAL CONTROL AND THEIR ADEQUACY

The Board is accountable for evaluating and approving the effectiveness of the internal controls, including financial, operational and compliance controls. Company has a proper and adequate internal control system to ensure that all its assets are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded.

The internal control system is subject to continuous improvement, with system effectiveness, assessed regularly. Information provided to management is reliable and timely. Company ensures the reliability of financial reporting and compliance with laws and regulations.

Company is strengthening the controls by leveraging technology and centralizing processes, enhancing monitoring and maintaining effective tax and treasury strategies.

The Audit Committee continues to monitor the effectiveness of internal control over the use of new technologies that impact the Financial controls and reporting enterprise risk.

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

KEY FINANCIAL RATIOS

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

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

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

NON-CONVERTIBLE DEBENTURES

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

Environment, Occupational Health & Safety:

Company's manufacturing facilities have been certified under Integrated Management System (IMS). ISO 14001 (Environment Management System) and ISO 45001 (Occupational Health & Safety Management System) standards are integrated into a common system making it leaner and more efficient. In addition, our canteen facility at Hosur plant is certified under ISO 22000:2018 (Food safety Management system) & also we are certified as "EAT RIGHT CAMPUS" -5 Star rating, as per guidelines established by Food Safety & Standards Authority of India (FSSAI).

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

Renewable power contributes to about 80% in overall share of power consumed. Initiatives taken towards using renewable energy resulted in CO₂ emissions reduction of more than 60,000 tons during 2021-22. Efforts in enhancing Renewable Energy share has been recognised and was awarded "Outstanding Renewable Energy User" by Indian Federation of Green energy. Under Extended Producer Responsibility, the Company collected & recycled 318 tons of post-consumer plastic waste. To improve environment performance in the supply chain, 33 suppliers & recycling agencies were supported during 2021-22.

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

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

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

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

HUMAN RESOURCE DEVELOPMENT (HRD)

Constituents of Human Resources Development framework followed at the Company include Talent Management, Employee engagement, Performance management, Talent Acquisition, Diversity & Inclusion, Total rewards, Learning and Development, Career & Succession planning and Organization Development. Towards sustenance and delivering improved results, these constituents have a structured approach, policies and standard operating procedures which are reviewed and updated periodically. Current and future Skill-based competency development are planned and executed through both in-house programs and globally acclaimed programs, continuing education, challenging project assignments and job rotations. We have successfully expanded as a Company in future technology areas. The newly formed Future Mobility vertical is building talent depth in the areas of connected services, autonomous driving, charging technology etc. The Company is committed on building an Inclusive Workforce. In 2021-22 alone the Company has trained up to 300 managers across levels and across departments about Inclusion. In the journey of HR digitilization, an integrated HRMIS platform "Sampark" was launched to improve employee experience. As a part of SPARK project, the Company has completed re-design and launch of holistic talent process across organisation.

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

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

As on 31st March 2022, the Company had 5161 employees on its roll.

CAUTIONARY STATEMENT

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

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. that in the preparation of annual accounts for the financial year ended 31st March 2022, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- ii. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors had prepared the annual accounts for the financial year ended 31st March 2022 on a "going concern basis";
- v. that the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Over 26 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

The Committee formulated and recommended a CSR Policy in terms of Section 135 of the Act, 2013 along with a list of projects / programmes to be undertaken for CSR spending in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The projects / programmes undertaken by SST and other eligible Trusts are falling within the CSR activities as specified under Schedule VII to the Act, 2013.

Based on the recommendation of the CSR Committee, the Board has approved the projects/programmes carried out as CSR for an amount of ₹ 17.01 Cr for undertaking similar programmes / projects constituting more than 2% of the average net profits of the Company, made during the three immediately preceding financial years, towards CSR spending for the financial year 2021-22 and the Company has met the CSR spending through the following trusts registered with the Ministry of Corporate Affairs.

(₹ in Cr)

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

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

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

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

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

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

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

As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual Report on CSR, containing the particulars of the projects / programmes approved and recommended by the CSR Committee and approved by the Board for the financial year 2021-22 are given by way of Annexure IV attached to this Report.

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

7. FINANCIAL PERFORMANCE OF SUBSIDIARIES & ASSOCIATES

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

Subsidiaries

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

Subsidiaries of TVSCS

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

Subsidiaries of TVSM Singapore

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

Subsidiaries of GO AG (From 16.09.2021)

17. EGO Movement Stuttgart, GmbH, Germany

Subsidiaries of SEMG (From 27.01.2022)

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

Subsidiaries of SACL

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

Subsidiary of Intellicar (From 10.11.2021):

25. Intellicar Singapore Pte Ltd, Singapore

Associates

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

Associates of TVS Digital Pte Ltd:

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

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

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

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

PERFORMANCE OF SUBSIDIARIES

Sundaram Auto Components Limited (SACL)

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

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

TVS Housing Limited (TVSH)

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

TVS Motor Services Limited (TVS MS)

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

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

TVS Credit Services Limited (TVS CS)

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

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

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

The following companies are the subsidiaries of TVSCS.

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

All the above subsidiaries are yet to commence their operations.

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

Intellicar Telematics Private Limited (Intellicar)

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

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

TVS Electric Mobility Ltd, Chennai (TVSEM)

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

TVS Motor Company (Europe) B.V.

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

TVS Motor (Singapore) Pte. Ltd

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

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

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

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

TVS Digital Pte Ltd, Singapore

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

PT. TVS Motor Company Indonesia (PT TVS)

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

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

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

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

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

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

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

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

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

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

The GO Corporation, Switzerland (GO AG)

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

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

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

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

The Norton Motorcycle Co Limited, UK

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

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

Sundaram Holding USA Inc. (SHUI) & its subsidiaries

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

SHUI's wholly owned subsidiaries are:

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

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

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

Associates:

Emerald Haven Realty Limited (EHRL)

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

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

Subsidiaries of EHRL

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

Ultraviolette Automotive Private Limited (UV)

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

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

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

Predictronics Corp, (Predictronics) USA

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

Scienaptic System Inc (Scienaptic), USA

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

Altizon Inc, (Altizon) USA

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

8. CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Special Recognition for Mr Venu Srinivasan

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

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

Appointment of Chairman Emeritus and Chairman

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

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

Elevation of Mr. Sudarshan Venu as Managing Director

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

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

Directors' appointment / re-appointment / cessation

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

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Act, 2013, two-thirds of the total number of Directors i.e., excluding IDs, are liable to retire by rotation and out of them, one-third is liable to retire by rotation at every AGM. Mr H Lakshmanan and Dr. Lakshmi Venu, Directors are liable to retire by rotation, at the ensuing AGM. However, Mr H Lakshmanan, director, has expressed his desire not to offer himself for re-appointment at the ensuing AGM, due to old age.

In terms of Section 152 of the Act, 2013, that, if the vacancy of the retiring director was not filled up, it would be required to be resolved expressly by the shareholders not to fill the vacancy of the retiring director.

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

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

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

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

Independent Directors (IDs)

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

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

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

The terms of IDs cover, *inter-alia*, duties, rights of access to information, disclosure of their interest / concern, dealing in Company's shares, remuneration and expenses, insurance and indemnity. The IDs are provided with copies of the Company's policies and charters of various committees of the Board.

In accordance with Section 149(7) of the Act, 2013, all IDs have declared that they meet the criteria of independence as provided under Section 149(6) of the Act, 2013 and Regulation 25 of the Listing Regulations and the Board confirms that they are independent of the management.

The detailed terms of appointment of IDs is disclosed on the Company's website in the link as provided in page no. 88 of this Annual Report.

All the IDs are registered with the databank of Independent Directors developed by the Indian Institute of Corporate Affairs in accordance with the provisions of Section 150 of the Companies Act, 2013 and obtained ID registration certificate and renewed the same for five years / life time, as the case may be.

Separate meeting of Independent Directors

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

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

a) Non-Independent Directors (Non-IDs)

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

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

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

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

b) Chairman

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

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

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

c) Board

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

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

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

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

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

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

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

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

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

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

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

The information provided for the meetings were clear, concise and comprehensive to facilitate detailed discussions and periodic external presentations on specific areas well supplemented the management inputs. The emerging e-technology was duly incorporated in the overall review of the board.

Key Managerial Personnel (KMP)

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

Nomination and Remuneration Policy

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

Nomination and Remuneration Policy was approved by the Board at its meeting held on 23rd September 2014 and amended from time to time to maintain consistency with

statutory amendments to be reflected in the policies to make it upto date and more comprehensive.

The objective of such policy shall be to attract, retain and motivate executive management and devise remuneration structure to link to Company's strategic long-term goals, appropriateness, relevance, and risk appetite.

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

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

Remuneration payable to Independent Directors

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

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

Evaluation of the Independent Directors and Committees of Directors

In terms of Section 134 of the Act, 2013 and the Corporate Governance requirements as prescribed under the Listing Regulations, the Board reviewed and evaluated Independent Directors and various Committees viz., Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee, based on the evaluation criteria laid down by the NRC.

Board has carried out the evaluation of all Directors (excluding the Director being evaluated) and its Committees through a set a questionnaires.

Independent Directors

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

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

On the basis of the report of performance evaluation of directors, the Board noted and recorded that all the directors should extend and continue their term of appointment as Directors / Independent Directors, as the case may be.

Committees

Board delegates specific mandates to its Committees, to optimize Directors' skills and talents besides complying with key regulatory aspects.

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

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

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

Recommendations from each Committee were considered and accepted by the Board prior to its implementation during the financial year under review.

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

Number of Board meetings held:

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

Scheme of Amalgamation and Arrangement - TVS Group

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

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

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

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

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

10.AUDITORS

Statutory Auditors

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

The Statutory Auditors will continue to hold office for the final year in the second term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being the Statutory Auditors of the Company for the year 2022-23.

The Auditors' Report for the financial year 2021-22 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Secretarial Auditors

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

The Secretarial Audit Report for the financial year 2021-22, given by M/s S Krishnamurthy & Co., Company Secretaries, Chennai is attached to this Report. The Secretarial Audit Report does not contain any qualification, reservation or other remarks.

The Board at its meeting held on 5th May 2022 has re-appointed M/s S Krishnamurthy & Co., Company Secretaries, Chennai having Unique Identification Number P1994TN045300 allotted by the Institute of Company Secretaries of India as Secretarial Auditors for the financial year 2022-23.

Cost Auditor

As per Section 148 of the Act, 2013 read with the Companies (Cost Records and Audit) Rules 2014, as amended, the cost audit records maintained by the Company in respect of its engine components manufactured by the Company specified under Customs Tariff Act heading in Table B to

Rule 3 of the above rules, are required to be audited by a Cost Auditor.

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board has re-appointed Mr A N Raman, Cost Accountant holding Certificate of practice No. 5359 allotted by The Institute of Cost Accountants of India, as the Cost Auditor for conducting Cost Audit for the financial year 2022-23.

The Company has also received necessary certificate under Section 141 of the Act, 2013 from him conveying his eligibility to act as a Cost Auditor. A sum of ₹ 8 lakhs has been fixed by the Board as remuneration in addition to reimbursement of applicable taxes, travelling and out-of-pocket expenses payable to him, for the financial year 2022-23, which is required to be approved and ratified by the Members, at the ensuing AGM as per Section 148(3) of the Act, 2013.

The Company has filed the Cost Audit Report of 2020-21 on 26th August 2021 in XBRL format.

11.CORPORATE GOVERNANCE

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

A separate section on Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under the Listing Regulations is given as Annexure VIII to this Report.

The Director & CEO and the Chief Financial Officer (CFO) of the Company have certified to the Board on financial statements and other matters in accordance with the Regulation 17 (8) of the Listing Regulations pertaining to CEO / CFO certification for the financial year ended 31st March 2022.

12. BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of the Listing Regulations, the Business Responsibility Report for the year 2021-22 describing the initiatives taken from an environment, social and governance perspective, in the prescribed format is given as Annexure VII to this Report and is available on the Company's website in the link as provided in page no. 88 of this Annual Report.

13.POLICY ON VIGIL MECHANISM

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

The Code also provides a direct access to the Chairman of the Audit Committee to make protective disclosures to

the management about grievances or violation of the Company's Code.

The Policy is disclosed on the Company's website in the link as provided in page no. 88 of this Annual Report.

14.PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act, 2013, for the year ended 31st March 2022.

15.STATUTORY STATEMENTS

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

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

Material changes and commitments, if any, affecting the financial position of the Company, having occurred since the end of the year and till the date of the Report:

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

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

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

Annual Return:

Copy of the Annual Return (Annexure II) in prescribed form is available on the Company's website in the link as provided in page no. 88 of this Annual Report, in terms of the requirements of Section 134(3)(a) of the Act, 2013 read with the Companies (Accounts) Rules, 2014.

Employee's remuneration:

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

Comparative analysis of remuneration paid:

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

Details of related party transactions:

There is no material related party transactions under Section 188 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.

Details of loans / guarantees / investments made:

The details of loans and guarantees under Section 186 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2021-22 are given as Annexure VI to this Annual Report. On loans granted to the Employees, the Company has charged interest as per its policy, in compliance with Section 186 of the Act, 2013.

Please refer note no. 3 to Notes on accounts for details of investments made by the Company.

Reporting of fraud

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

Secretarial Standards

The Company has complied with the applicable Secretarial Standards as amended from time to time.

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

The Company has an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

16.ACKNOWLEDGEMENT

The Directors gratefully acknowledge the continued support and co-operation received from the holding Company viz., Sundaram-Clayton Limited, Chennai. The Directors also thank the bankers, investing institutions, customers, dealers, vendors and sub-contractors for their valuable support and assistance.

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

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

For and on behalf of the Board of Directors

Chennai
5th May 2022

PROF. SIR RALF DIETER SPETH
Chairman

Annexure - I to Directors' Report to the Shareholders
Information pursuant to Section 134(3)(m) of the Companies Act, 2013

A. CONSERVATION OF ENERGY

1. Measures taken in the year 2021-22:

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

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

2. Proposed measures during the year 2022-23:

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

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

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

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

4. Capital investment in energy conservation equipment:

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

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

B. TECHNOLOGY ABSORPTION FOR 2021-22

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

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

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

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

Future plan of action:

- i. Development of new technologies for reduction of CO₂ and other omissions.
- ii. Development and adoption of new technologies for enhanced safety and rider assist.
- iii. Development of new technologies, materials and processes for environmental sustainability.
- iv. Development of new technologies and new features to deliver best-in-class products and achieve enhanced customer satisfaction.
- v. Development of new technologies in the areas of Electric power trains and connected vehicles.
- vi. Development of new products for global markets.

C. DATA RELATING TO IMPORTED TECHNOLOGY

Technology imported during the last 3 years reckoned from the beginning of the financial year - NIL

Expenditure on Research & Development - ₹ 513.82 Cr.

D. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

1. Export activities:

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

2. Total foreign exchange earned and used:

| | |
|-------------------------|-----------|
| | (₹ in Cr) |
| Foreign exchange used | 2,705.36 |
| Foreign exchange earned | 7,320.60 |

For and on behalf of the Board of Directors

Chennai
5th May 2022

PROF. SIR RALF DIETER SPETH
Chairman

Annexure - IV to Directors' Report to the shareholders

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

1. Brief outline on CSR Policy of the Company:

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

2. Composition of the CSR Committee:

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

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

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

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

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

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

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

For and on behalf of the Board of Directors

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

Chennai
 5th May 2022

Annexure - V to Directors' Report to the Shareholders

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

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

For and on behalf of the Board of Directors

Chennai
5th May 2022

PROF. SIR RALF DIETER SPETH
Chairman

Annexure - VI to Directors' Report to the shareholders

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

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

For and on behalf of the Board of Directors

Chennai
5th May 2022

PROF. SIR RALF DIETER SPETH
Chairman

Annexure - VII to Directors' Report to the shareholders

BUSINESS RESPONSIBILITY REPORT

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

Introduction

The National Guidelines on Responsible Business Conduct (NGRBC) introduced by the Ministry of Corporate Affairs in the year 2019 replaced and revised the National Voluntary guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business earlier issued by the Ministry in the year 2011.

This report conforms to the Business Responsibility Reporting (BRR) requirement of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the NGRBC.

The NGRBC are designed to be used by all businesses, irrespective of their ownership, size, sector, structure or location. The NGRBC also provide a useful framework for guiding companies in their operations, in addition to aligning with applicable national standards and norms governing responsible business conduct.

ANNEXURE - 1

SECTION A: GENERAL DISCLOSURES

| 1. | Name of the Company | : | TVS Motor Company Limited | | | | | | | | |
|----------|---|---|---|----------|-------------|-------|-------------------------------|-------|----------------|-------|---------------------|
| 2. | Year of registration | : | 1992 | | | | | | | | |
| 3. | Corporate Identity Number (CIN) of the Company (if applicable) | : | L35921TN1992PLC022845 | | | | | | | | |
| 4. | Corporate address, telephone, email and website | : | "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006 Tel: 044-28332115 e-mail: contactus@tvs-motor.com Website: www.tvs-motor.com | | | | | | | | |
| 5. | Financial Year Reported | : | 2021-22 | | | | | | | | |
| 6. | Sector(s) that the Company is engaged in (industrial activity code) | : | <table border="1"> <thead> <tr> <th>NIC Code</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>30911</td> <td>Motorcycles, Scooters, Mopeds</td> </tr> <tr> <td>30912</td> <td>Three-wheelers</td> </tr> <tr> <td>30913</td> <td>Parts & Accessories</td> </tr> </tbody> </table> | NIC Code | Description | 30911 | Motorcycles, Scooters, Mopeds | 30912 | Three-wheelers | 30913 | Parts & Accessories |
| NIC Code | Description | | | | | | | | | | |
| 30911 | Motorcycles, Scooters, Mopeds | | | | | | | | | | |
| 30912 | Three-wheelers | | | | | | | | | | |
| 30913 | Parts & Accessories | | | | | | | | | | |

7. List of three key products that the Company manufactures : Manufacture of
 1. Two-Wheelers
 2. Three-Wheelers
 3. Parts & Accessories
 (Please refer to Company's website for complete list of its products)
8. Brands (top five by respective share of market) owned and percentage of revenue contributed: : All the products of the Company are being sold under TVS brand.

Operations:

9. Location of plants (in case of manufacturing businesses) : i) Number of National Locations:
 a. National (Districts and states - top five by employee strength):
 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
- b. International (Country - top three by employee strength):
 ii) Number of International Locations:
 The Company does not have any manufacturing unit outside India. However, its overseas subsidiary viz.,
 (i) PT TVS Motor Company Indonesia has a manufacturing facility in Karawang, Indonesia;
 (ii) The Norton Motorcycle Co Limited, has a manufacturing facility in Solar Park, Solihull, UK
10. Location of major offices (in case of service businesses) :
 a. National (Districts and states - top five by employee strength):
 Krishnagiri - Tamil Nadu
 Mysuru - Karnataka
 Solan - Himachal Pradesh
 b. International (Country - top three by employee strength): Not applicable

Employees:

11. Number of permanent employees : 5,161
12. Contractual employees (seasonal, non-seasonal) : 1,310
13. Temporary employees : 6,518
14. Percentage of women employees : 7%
- a. On the Governance Structure : -
- b. In top management i.e., business and functional heads : 3.7%

Associate entities:

| | | |
|-----|---|--|
| 15. | Name of subsidiaries / associates | <p>Subsidiaries</p> <ol style="list-style-type: none"> 1. Sundaram Auto Components Limited (SACL), Chennai 2. TVS Housing Limited, Chennai 3. TVS Motor Services Limited, Chennai 4. TVS Credit Services Limited, (TVSCS), Chennai 5. Intellicar Telematics Private Limited, Bengaluru (Intellicar) 6. TVS Electric Mobility Ltd, Chennai (From 13.12.2021) 7. TVS Motor Company (Europe) B.V., Amsterdam 8. TVS Motor (Singapore) Pte. Limited, Singapore (TVSM Singapore) 9. PT TVS Motor Company Indonesia, Jakarta <p>Subsidiaries of TVSCS</p> <ol style="list-style-type: none"> 10. Harita ARC Private Limited, Chennai 11. TVS Housing Finance Private Limited, Chennai 12. TVS Two-wheeler Mall Private Limited, Chennai <p>Subsidiaries of TVSM Singapore</p> <ol style="list-style-type: none"> 13. The GO Corporation, Switzerland (GO AG) (From 16.09.2021) 14. Swiss E-Mobility Group (Holding) AG, Switzerland (SEMG) (From 27.01.2022) 15. The Norton Motorcycle Co Limited, UK 16. TVS Digital Pte Ltd, Singapore (From 20.05.2021) <p>Subsidiaries of GO AG (From 16.09.2021)</p> <ol style="list-style-type: none"> 17. EGO Movement, Stuttgart, GmbH, Germany <p>Subsidiaries of SEMG (From 27.01.2022)</p> <ol style="list-style-type: none"> 18. Swiss E-Mobility Group (Schweiz), Switzerland 19. Colag E-Mobility GmbH, Germany <p>Subsidiaries of SACL</p> <ol style="list-style-type: none"> 20. Sundaram Holding USA Inc, Delaware, USA 21. Green Hills Land Holding LLC, South Carolina, USA 22. Components Equipment Leasing LLC, South Carolina, USA 23. Sundaram-Clayton (USA) LLC, South Carolina, USA 24. Premier Land Holding LLC, South Carolina, USA <p>Subsidiary of Intellicar (From 10.11.2021):</p> <ol style="list-style-type: none"> 25. Intellicar Singapore Pte Ltd, Singapore <p>Associates</p> <ol style="list-style-type: none"> 1. Emerald Haven Realty Limited, Chennai and its 8 subsidiaries 2. Ultraviolette Automotive Private Limited, Bengaluru 3. Tagbox Solutions Private Limited, Bengaluru <p>Associates of TVS Digital Pte Ltd:</p> <ol style="list-style-type: none"> 4. Tagbox Pte Limited, Singapore 5. Predictronics Corp., USA 6. Scienaptic Systems Inc., USA 7. Altizon Inc, USA |
| 16. | <p>Details of Trust/Society/Section 8 company to further its CSR agenda:</p> <ol style="list-style-type: none"> a. Name; b. Organization form (Trust, Society, Company) and year of establishment; c. Main objects/purpose; d. Amounts and sources of funds received in the reporting year; | <ol style="list-style-type: none"> a. Srinivasan Services Trust b. Established in 1996 c. Main objects: <ol style="list-style-type: none"> 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;
 - v. Rural development projects.
17. Contact details of Nodal officer of this report (Name, Designation, Email ID, Phone number) : Mr. K.S. Srinivasan, Company Secretary & Nodal Officer
kss@tvsmotor.com
 044-2833 2115

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the Principles and Core Elements.

- P1 Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent and accountable.
- P2 Businesses should provide goods and services in a manner that is sustainable and safe.
- P3 Businesses should respect and promote the well-being of all employees, including those in their value chains.
- P4 Businesses should respect the interests of, and be responsive to all its stakeholders.
- P5 Businesses should respect and promote human rights.
- P6 Businesses should respect and make efforts to protect and restore the environment.
- P7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
- P8 Businesses should promote inclusive growth and equitable development.
- P9 Businesses should engage with and provide value to their customers in a responsible manner.

| S. No. | Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--|---|--|----|----|----|----|------------------------|----|----|----|
| Policy and management processes | | | | | | | | | | |
| 1. | Names of the policy / policies that covers each Principle | The Company has in place the following policies in line with the National Guidelines on Responsible Business Conduct: 1. Code of Business Conduct and Ethics 2. Whistle Blower Policy 3. Related Party Transaction Policy 4. Corporate Social Responsibility Policy 5. Code of fair disclosure 6. Code of conduct to regulate, monitor and report trading by insiders 7. Quality and environment policies relating to safe and sustainable products 8. Environment, Occupational Health and Safety policy. | | | | | | | | |
| 2. | Core Elements related to the Principle that the policy/ policies cover | All the core elements are stated in the policies | | | | | | | | |
| 3. | Policy / policies relating to each principle that has been translated into guidelines and procedures | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 4. | Extent to which manpower, planning and financial resources have been allocated for the implementation of the policy / policies relating to each Principle | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 5. | National and International codes and standards adopted mapped to various Principles | Y | Y | Y | Y | Y | Y (ISO 14001: 2015) | - | Y | Y |
| | | All the policies of the Company are in compliance with the national / international standards wherever applicable | | | | | | | | |

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

Governance, leadership and oversight

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

Stakeholder Engagement

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

| S. No. | Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--------|---|--|----|----|----|----|----|----|----|----|
| 12. | Description of the process to engage with your stakeholders on the Principles | The Company continuously expands its proactive engagement with all the stakeholder groups. The Company also recognizes that stakeholder engagement is an integral part of partnership building and aims to institutionalize a structured approach through a formal process in the future. | | | | | | | | |
| 13. | Description of the processes to identify groups that are vulnerable and marginalized stakeholders. | The Company identifies marginalized and disadvantaged groups through need assessment in all the villages where it works by engaging the local communities. | | | | | | | | |
| 14. | Description of the processes to identify issues related to inclusion and impact of adopting the Principles on vulnerable and marginalized stakeholders. | The Company continuously strives to achieve total inclusiveness by encouraging people in all sections of the community irrespective of caste, creed or religion to benefit through its CSR initiatives which would also be focused around communities reside in the proximity of the Company's various manufacturing locations in the country. | | | | | | | | |

Communication

| | | | | | | | | | | |
|-----|---|---|--|--|--|--|--|--|--|--|
| 15. | Description of process to communicate to stakeholders, the impact of your policies, procedures, decisions and performance that impact them. | The Company proactively engages with stakeholders formally and informally to: Share information, discuss the Company's sustainability priorities, programs and performance and determine opportunities to collaborate towards common goals. | | | | | | | | |
| 16. | Description of how the business communicates the results of stakeholder engagement in the public domain | The Company communicates the performance against the Guidelines to the stakeholder through its website, stakeholder interactions, Business Responsibility Report and Annual report. | | | | | | | | |
| 17. | Description of the process of communicating performance against these Guidelines to relevant stakeholders | The Company believes in listening to the viewpoints of its stakeholders and addressing them on priority. The Company values the inputs received from the engagement process and these engagements help to identify material aspects. The progress on the material aspects are communicated in Annual report, Business Responsibility Report and on websites at periodic intervals. | | | | | | | | |
| 18. | Note on how disclosures and reporting helped in improving business performance / strategy | Such measures help the Company to identify stakeholder expectations and to design its sustainability strategy to balance the different stakeholder needs and expectations. | | | | | | | | |

If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

| Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|--|----|----|----|----|----|----|----|----|
| The Company has not understood the Principles | - | - | - | - | - | - | - | - | - |
| The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles | - | - | - | - | - | - | - | - | - |
| The Company does not have financial or manpower resources available for the task | - | - | - | - | - | - | - | - | - |
| It is planned to be done within next 6 months | - | - | - | - | - | - | - | - | - |
| It is planned to be done within next 12 months | - | - | - | - | - | - | - | - | - |
| Any other reason (please specify) | P7 - the Company through the various industrial forums endeavors to promote growth and technological process, economic reforms, inclusive development policies and sustainable business principles. Therefore, there is no need for such policy. | | | | | | | | |

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER ETHICAL, TRANSPARENT AND ACCOUNTABLE.

Essential Indicators:

1. Month / Year of last review by Governance Structure / top management of performance of the business across the Principles and Core Elements of the Guidelines:

January 2021.

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

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

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

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

b. Total to date : 100 %

3. Percentage of suppliers and distributors (by value), in the year:

a. Covered by awareness programmes for the Guidelines - 100 % of the suppliers

b. Had responsible / sustainable business policies in place? - 100 %

4. Number of meetings / dialogues with minority shareholders that were organized in the year:

Nil

5. Number of complaints received on any aspect of the NGRBC in the year from:

a. Shareholders / investors – Nil

b. Lenders – Nil

6. Number of the above complaints pending resolution at close of year:

Not Applicable

7. Value of non-disputed fines / penalties imposed on your business by regulatory and judicial institutions in the year?

Nil

8. Number of complaints / cases of corruption and conflicts of interest that were registered in the year?

Nil

9. Details of unmet obligations (fiscal, social, etc.) arising out of any benefits or concessions provided by the Central, State or Local Governments:

Nil

Leadership Indicators:

1. Percentage coverage of all employees by awareness programmes for the Guidelines:

a. In reporting year - 100 % of the functional heads

b. Total to date - 100%

The reporting under the guidelines is ensured by the functional heads and the awareness programme for the guidelines was conducted to the said functional heads.

2. Percentage of suppliers and distributors (by value) covered by social and environmental audits:

a. In reporting year - 41 numbers of suppliers/recyclers in orange and red categories of industries were audited.

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

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

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

4. Details of non-disputed fines / penalties imposed on your business by regulatory and judicial institutions in the year available in public domain:

Nil

5. Provide examples (up to three) of corrective action taken on the above fines / penalties imposed.

Not Applicable.

6. Provide examples (up to three) of corrective action taken on the complaints / cases of corruption and conflicts of interest to prevent recurrence.

No cases - Hence, not Applicable

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

Essential Indicators:

1. List top three goods /services (revenue in the year) which incorporate environmental and social concerns, risks, and/or opportunities in their design.

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

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

TVS NTorq - The Company's strong engineering team actively works on resource conservation in the products through advanced materials, design optimization, and weight reduction. These efforts resulted in the significant weight reduction of about 4.6 kg in NTorq during FY 2021-22. This has led to an estimated savings of about 8,020 tons of CO₂ per annum during raw material 'production-phase' of product lifecycle.

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

Similarly, there is an increase of fuel economy in the range of 1-2% across the Company's products achieved during the year. Reduction in fuel consumption also reduces the country's dependence on import of gasoline. With increase in fuel economy, there is reduction in the CO₂ emission up to 1.5 % during use-phase of product lifecycle.

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

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

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

3. Percentage of input material and services (by value), in the year, sourced from suppliers adhering to internal or external sustainability standards / codes / policies / labels

100 %

4. Percentage of total raw material consumed in the year (by value) that consisted of material that was recycled or reused (a.<5% ; b. between 5%& 25%, c. > 25%):

Between 5 and 25%.

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

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

- Reusability & recyclability rate between 85-90% and reusability & recoverability rate between 90-95%
- Recyclability symbol marking on the plastic parts (more than 100g component) for easy identification during recycling.
- The Company restricts the use of "hazardous chemicals" in the components used in its products. An internal standard is created considering various national and international laws on hazardous substance.
- Batteries used in products have recycling symbol marked. At the end-of-life, these batteries will reach recyclers through the dealers and channel partners.

Leadership Indicators:

1. For goods and services that incorporated environmental and social concerns, give details of:

a. Resource use (energy, water, raw material) per unit produced in the year:

Resource use per unit produced in the year:

- Energy : 0.18 GJ / vehicle
- Water : 164 litres / vehicle
- Material -
 - Ferrous Metals : 74 kg / vehicle
 - Non-Ferrous Metals : 26 kg / vehicle
 - Non-Metals : 14 kg / vehicle
 - Paint : 1.70 kg / vehicle

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

Reduction in resource use:

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

ii. Production:

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

Water Conservation:

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

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

Renewable Energy:

The renewable power contributes to 80.4 % in overall share of power consumed. Initiatives taken towards using renewable energy resulted in CO₂ emissions reduction of 61,386 tons during 2021-22. The Company's efforts in enhancing Renewable Energy share have been recognised and was awarded "Outstanding Renewable Energy User" by Indian Federation of Green energy.

iii. Distribution:

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

c. Sustainability standards / codes / labels adhered to:

Following Sustainability Standards / codes / labels adhered:

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

d. Product life cycle assessment

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

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

a. To which stakeholder groups?

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

b. By which channels for each group?

1. Customers -
User manual, service manual, social media, mobile applications, Company website, labels on the product.

2. Dealers -
Information passed through training, Service Manual, Newsletters, General body meeting.
3. Suppliers -
Design documents, Internal Standards, E-business portal, personal interaction, site visit and e-communication
4. Employees -
Internal Standards, Homologation requirements, training, Employee survey, Company general meetings, Quarterly magazines, Acts / Laws / Rules laid by Government of India.
5. Recyclers -
Recycling symbol marked on the parts.
6. Certifying Agencies & Government bodies -
Test reports, Compliance reports.
7. Investors -
Annual Reports, Investor meets, Media releases, Company website
8. Local Communities -
Through CSR activities

c. At what frequency?

Annually, quarterly, monthly and need based.

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

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

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

Essential Indicators:

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

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

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

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

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

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

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

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

100% of permanent workmen are members of TVS Motor Company Employees Union affiliated to INTUC.

4. Percentage of your establishments / value chain that has been audited in the year for - a. Child labour; b. Forced / involuntary labour:

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

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

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

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

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

6. Number of cases of forced / involuntary labour identified to date - a. Resolved; b. Pending resolution:
No cases reported.

7. Percentage of your employees that were paid above the legal minimum wage in the last year:
100%. All employees are above the legal minimum wage limit as agreed through long-term wage settlements for Company's Workforce and market/industry benchmark for Executives and Managers. Stipends for trainees are fixed above legal minimum wage limit for attracting talent from campus / market.

8. Ratio of the highest salary paid to the median salary paid amongst your permanent employees:
Refer Annexure V to the Directors Report for the year 2021-22.

9. Number of cases of delay in payment of wages during the year - a. Resolved; b. Pending resolution:
Nil. Wages for employees are paid on or before last working day of the month. Stipend for trainees is paid on or before 7th day of every month. Wages for contract workforce is ensured to be paid through Service providers on or before 7th day of every month.

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

11. Percentage of employees (all categories) trained on health and safety issues and measures - a. In the year; b. Total to date:

100% of new recruits in all categories including Workforce, Executives and Managers undergo health and safety orientation before being deployed.

100% of contract workforce is also provided health and safety orientation periodically. In addition, regular and scheduled role-based, process-based health and safety programme are conducted for employees.

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

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

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

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

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

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

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

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

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

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

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

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

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

Constantly adopting changes in training process:

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

Being agile:

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

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

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

Leadership Indicators:

1. Categories of employees (list up to three) supported by affirmative action, and has there been any change from the previous year:

Workforce, Executives and Managers are the three categories of employees. Continuous efforts are made towards affirmative actions as and when opportunities arise for recruitment / engagement of Workforce, Executive and Managers.

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

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

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

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

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

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

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

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

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

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

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

Nil. As a system lock, hiring process allows only adults aged 18 years and above. As a part of daily management, entry into the premises is allowed for personnel aged 18 years and above. For supplier and service providers, this requirement is mentioned as one of the clauses in business agreements.

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

NIL. All agreements executed by employees, suppliers, dealers and service providers with the company contains the clause for separation by giving notice on either side.

5. Examples of steps taken (up to three) to prevent adverse consequences to the complainant in the case of harassment cases:

Code of Conduct enumerates that all complaints, enquiries and investigations are to be treated with confidentiality and the protection to whistle blower is also assured.

Needless to mention, any attempts to intimidate the whistle blower is also treated as violation of Code of Conduct and communicated to all employees. Information revealed by the committee is strictly on a need-to-know basis.

The process followed is with Principles of Natural Justice, maintaining anonymity of the employee.

6. Percentage of supply chain partners (by value) that were assessed for adherence to health and safety practices:

100% of the suppliers and service providers. In addition, key fabrication suppliers were assessed on occupational health and safety requirements. Towards sharing the best practices and in identifying hazards and to implement control measures, 8 suppliers (Tier-1) have been covered under scheduled audit by OHS professionals.

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

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

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

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

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

Essential Indicators:

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

Customers, Dealers, Employees, Policy Makers, Government, Regulatory bodies, Share Holders, Investors, Suppliers, Trade Union, Media, and Local Community.

2. Positions / departments / functions responsible for engagement with each stakeholder category identified above?

- Customers & Dealers: Marketing, Sales & Service
- Community: CSR wing
- Policy Makers, Government, Trade union and Employees: Human Resource Development
- Suppliers: Central Purchase (CP), Central Procurement Group (OPN), Supplier Quality team (QAD)
- Media: Corporate Communication Department
- Investors: Finance and Secretarial Department

3. Number of stakeholder groups that were formally engaged on environment and social issues in the last year:

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

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

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

94% of the input is sourced from local vendors (within India).

8% of the input is sourced from MSME suppliers.

Leadership Indicators:

1. Frequency of engagement with each stakeholder group:

Daily, Weekly, Monthly, Quarterly, Yearly- Based on the needs and Key Performance Indicators (KPI) review schedules.

2. Examples (up to three) of how the business has incorporated inputs from stakeholders:

Customers: The Company has strong team which gathers information through market survey, customer research, etc. It has developed its own methodology for this purpose. The Company incorporates these inputs to design & development of new products and to upgrade the existing products.

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

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

a) Constant communication and information sharing:

Web portal called "tradewithtvs.com" is run by the Company and actively used for sharing Quality & Delivery performance and Payment status to supplier. This is a live information sharing portal enabling communication with suppliers.

b) Enhanced collaboration through regular supplier meets:

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

c) Supplier excellence:

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

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

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

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

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

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

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

Community - Villagers and economically deprived persons and women.

Employees - Persons with Disability (PwD) and women

Suppliers - Migrant labour and child labour

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

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

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

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators:

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

100%.

The Company has put in place a Code of Conduct that covers Human rights issues and is applicable to all employees to adhere and uphold the standards contained therein.

E-module has been developed and deployed.

2. **Employee categories that are covered by the human rights policies of the business - Permanent / Contract / Casual:**

All categories of employees viz., Permanent / Contract & Casual are covered by the Human Rights Policies.

3. **Number of business agreements and contracts with third party partners that were reviewed in the year, to avoid complicity with adverse human rights impacts in the previous year:**

100% of business agreements are reviewed so as to ensure protection of Human Rights.

4. **Stakeholders groups governed by the grievance committee for human rights issues:**

The grievance committee meets periodically to review complaints raised if any through e-mail ID provided or otherwise from any of its stakeholder groups viz., employees, visitors, suppliers, and service providers etc.,

5. **Number of stakeholders that reported human rights related grievances and/or complaints - a. Received in the year; b. Pending resolution:**

Nil

Leadership Indicators:

1. **Percentage of contractual employees and value chain partners that have been made aware / provided training on human rights issues - a. In the year; b. Total to date:**

- Contract workforces are engaged through professional service providers.
- Contract agreements contain compliance to all statutory labour laws including PoSH.
- Service providers and contract workforce are periodically provided with orientation on human rights aspects.

2. **External stakeholder groups and representatives that are covered by the human rights policies of the business:**

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

3. **Stakeholder groups that have been made aware of the grievance mechanisms for human rights issues - a. During the year; b. Total to date:**

100% of stakeholders have been made aware of the grievance mechanism for any issues including human rights with clear redressal process.

ethics@tvsmotor.com is an exclusive email ID created for this purpose.

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

- Employee Contact Programme - Monthly
- Open Door Policy

- Plant Committee Meeting - Monthly
 - Worker's participation through various committees which meet periodically / monthly
 - Need based meetings with Union
 - Focus group discussion with middle level managers- Quarterly
 - Focused Group Discussions with Women Employees
 - Focused Group Discussions with PwD and Separate Interactions with their Managers.
 - Women resource group meet- Quarterly
 - CEO connect- Quarterly
 - MD connect with new joiners - Annually
4. **List (up to three) corrective actions taken to eliminate complicity with adverse human rights impacts in the last year.**
Nil
5. **Provide (up to two) examples of a business process being modified / introduced as a result of addressing human rights grievances / complaints.**
Not Applicable.
6. **Provide details of the scope and coverage of any human rights due-diligence conducted during the year.**
Nil

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

Essential Indicators:

1. **Material risks of potential or actual adverse impacts upon the environment and communities by the business:**
- a. **Identified in the year:**
- i. Hazardous chemicals in products and processes
 - ii. CO₂ emissions
 - iii. End-of-Life Lithium-ion batteries
- b. **Mitigation and adaptation measures put in place for the above environmental risks:**
- i. **Hazardous chemical restrictions**
The Company has identified and prohibited using hazardous chemicals that pose risk to the environment as well as to the society.
- Heavy Metal Restriction (HMR) - As per AIS 129
 - Persistent Organic Pollutants (POPs) as per Stockholm convention.
- Company strictly adheres to internal material standard that lists all the prohibited and declarable substances. Further, continuous training is imparted to its suppliers and internal teams for compliance.
- ii. **Reduction of CO₂ emissions**
Development of Electric Vehicles - The EVs have zero tailpipe emissions. Through series launches of EV products, efforts are made to cut down the CO₂ emissions.
Development of Flex Fuel Vehicle (FFV) - The Company is developing flex fuel vehicle which can run on higher blends of ethanol. The Flex Fuel Vehicles can run using up to 85% bioethanol, which leads to reduction of CO, HC emissions as well as CO₂ emissions from fossil fuel.
- iii. **Recycling of Lithium-ion batteries**
The Company has tied with battery recyclers for environmentally friendly disposal of End-of-Life Batteries. The recycling of batteries not only avoid the risk of fire hazards but also helps to recover the precious metals like Li, Ni, Mn, Co and other materials.

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

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

3. Examples of any collective action by your business with other businesses / NGOs / government agencies / international partners / development institutions undertaken to address any of the environmental risks opportunities identified above:

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

4. Details of any adverse orders in respect of any show cause / legal notices from CPCB/ NGT/ SPCB received during the year:

Nil

Leadership Indicators:

1. Information on environmental impact assessments undertaken in the year:

- a. Have the results been communicated in the public domain - NIL**
- b. Provide details of any actions taken to mitigate any negative social impacts.**
Necessity for Environment impact assessment did not arise.

2. Risk management strategies and measures for each material environmental risk identified for the business:

a. Details of measures:

Company's policy and actions are principally aimed to reduce CO₂ emission intensity.

Following measures are taken-

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

b. Targets and achievement values:

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

3. Details of your specific contribution to India's Nationally determined Contributions (submitted at UNFCCC COP21 in 2015):

The Company has a policy that addresses combating "Climate Change" by improving energy efficiency and use of renewable energy. The Company's Energy Management System has already made significant progress towards improving energy efficiency.

In-line with NDC-2, Company covers most of its electricity consumption with renewable energies and was 80.4% during the reporting year. This initiative of renewable energy resulted in CO₂ emissions reduction of 61,386 tons during 2021-22.

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

- Electric vehicles - The market for iQUBE EV product was expanded during FY 2021-22, thus providing access to many potential customers.
- Alternate fuels - TVS has developed products compatible with ethanol blended gasoline. All TVS products are E10 compliant. Developing alternate fuel compatible vehicle will reduce the consumption of petroleum product and therefore reduce CO₂ combustion. The Company has E100 compatible Apache 200 4V and a 3W CNG vehicle in its product portfolio.
- Light weighting - Company is dedicated to reducing the weight of the vehicles. Through company's continuous efforts, weight reduction is achieved across all key products. The weight reduction has helped to reduce the CO₂ during manufacturing stage.
- Energy (fuel) efficiency - The fuel economy of key products is increased by 2-4% through advanced technologies, friction reduction and light weighting. This increase in fuel economy will reduce the consumption of gasoline as well as CO₂ emissions.

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

a. Information on businesses created:

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

b. Percentage of revenue contributed by these:

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

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

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

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

Essential Indicators:

1. Review public policy advocacy positions by the governance structure for consistency with Principles of these Guidelines a. Frequency; b. Month / year of last review:

The Company works closely with leading Industry Associations and Chambers of Commerce at International, National, State and Local levels to advocate and pursue various causes that are in the larger interests of industry, economy, society and the public.

From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development, women empowerment.

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

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

Women empowerment through supporting self-help groups (SHGs) involved in income generation activities to market their products.

2. Names of trade and industry chambers and associations that you are a member / affiliate of:

The Company is member of following:

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

3. Details of any adverse orders received from regulatory authorities for anti-competitive conduct by your business:

Nil

4. Monetary contributions (if any) that have been made to political parties:

₹ 5 Cr

Leadership Indicators:

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

Environment Concern:

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

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

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

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

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

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

PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators:

1. Social impact assessments of your business operations conducted:

a. Number completed in the year

The Company carries out its welfare and CSR activities through Srinivasan Services Trust (SST), the CSR arm of the Company and through other implementing agencies.

SST's intervention under CSR is mainly confined to individual and household level, the measure on the impact are regularly made at village level internally through few indicators such as:

- Increase in community involvement on SST initiatives in villages as equal partner in the process of change.
- Increase in the delivery of existing government schemes and programme in villages which enable a win -win situation for people and government officials.
- Increase in the level of ownership by community towards sustainability of development created in villages through community-based organizations.

b. Number conducted by an independent external agency.

No social impact assessment was done by external agencies in this year.

2. Examples of products, technologies, processes or programmes (up to three) that contribute to the benefit of the vulnerable and marginalized sections of society:

- Facilitating formation of Self Help Groups (SHG) among rural women.
- Facilitating SHGs to avail credit facilities from banks
- Enabling farmers to utilize the benefit of Agriculture schemes announced by the Government.
- Enabling livestock owning families to utilize the benefit of veterinary schemes announced by the Government.

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

3. With respect to projects during the year for which Re-settlement and Re-habilitation (R&R) is applicable - a. Number of persons that were affected / displaced by these projects; b Gross amount paid out to project-affected and displaced persons:

Not applicable.

4. Details of investments (top three by value) in regions which are underdeveloped:

To implement the CSR activities the working areas are categorized into clusters based on geographical division. The top three invested clusters during this year includes:

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

5. Examples of goods and services (up to three) that incorporate local traditional knowledge:

The resource and skills available with the Company and employees are transformed to community for making better quality produce such as:

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

6. Summary of the key themes covered by CSR initiatives (as per Section 135 of Companies Act, 2013) or linked to the CSR Policy of the business:

- The Company CSR initiatives towards developing a conduit between the government and local communities, enabling people to access various government schemes and benefits.
- The attempt is to make people independent and drivers of change themselves. The idea is to eventually convert individual beneficiaries into community leaders, who in turn motivate and guide others to bring about social and economic transformation of communities.
- Development of rural communities requires a holistic approach where different aspects in an individual's life need to be addressed.
- The economic well-being, education, social empowerment, health of the community and clean environment are all interrelated. Improvement of any one parameter often results in a commensurate improvement in others.

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

NIL

8. Summary of the key themes covered by CSR initiatives (as per Section 135 of Companies Act 2013) or linked to the CSR Policy of the business.

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

Leadership Indicators:

1. With respect to these social impact assessments

a. Results made available in the public domain:

The results of social impact assessments of SST is made available in its Website: www.tvssst.org.

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

No such negative social impact noticed. SST has in house planning, implementation and monitoring team, which review the project activities in various locations at periodic intervals. The CSR team are flexible to take forward the learning at every stage of the project and do course corrective measures.

2. Numbers benefitting from such beneficial products, technologies or processes:

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

3. With respect to projects during the year for which R&R is applicable - a. Was the R&R package developed in consultation with project-affected people; b. Information on gross amounts, made available in the public domain:

Not applicable.

4. Channels / platforms used to communicate Information regarding resolution of grievances / complaints from communities:

CSR team members lives in villages where welfare activities are carried out, to understand the needs and receive feedback then and there.

Continuous interaction with community to understand the benefit and utility of various programme implemented through SHG meetings, Gram sabha and meeting with various community-based organisations.

Feedback from Government officials at local, block and district level on the effectiveness on implementation of the government welfare schemes and programme at grass root level villages.

5. Examples (up to three) of economic and social value addition in these underdeveloped regions:

- Community involvement for inclusive development: Treating the community as equal partners in the process of change. They also play an active role on monitoring and evaluation.
- Facilitate and strengthen delivery of existing Government schemes and programme: enabling a win-win situation for the local Government officials and institutions. Hence check and balance done by Government departments.
- Empower CSR task force for achieving sustainable outcomes.

6. Examples where benefits of this local traditional knowledge being used by the business are shared with the community:

The learnings SST has within the factories which are suitable for village environment will always be utilized in the SST's intervention villages. Few such learning in Company shared with community are:

- The needed resources which including ideas, inspiration and funds may are all be within reach but mobilization of the needed is key.
- Identify the priority needs and focus to ensure the benefits of development reach.
- Effective targeting is key to achieving maximum impact.

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

7. Number of beneficiaries covered under your CSR projects (as per Section 135 of Companies Act, 2013), disaggregated by the vulnerable and marginalized group categories:

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

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

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

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS IN A RESPONSIBLE MANNER

Essential Indicators:

1. Examples (up to three) where adverse impacts of goods and services of your business have been raised in public domain:

Nil.

2. Percentage by value of goods and services of the business that carry information about:

a. Environmental and social parameters relevant to the product:

- User's manual - information on rideability, usage and service (100%).
- Recyclability and safe disposal symbol on batteries (100%).

b. Safe and responsible usage:

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

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

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

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

4. Number of consumer complaints in respect of advertising:

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

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

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

Leadership Indicators:

1. Corrective actions taken on adverse impacts of goods and services of your business - a. Details; b. Communicated in the public domain:

No complaints. Hence, not applicable.

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

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

3. Channels, platforms where information on goods and services of the business can be accessed:

Official Website, user manual, service manual, authorised service centers, social media, and labels

4. Steps taken to inform and educate vulnerable and marginalized consumers about safe and responsible usage of products:

Service station personnel are comprehensively trained to educate vulnerable, marginalized and all types of customers.

5. On complaints received in respect of data privacy and advertising, indicate what corrective actions were taken to ensure that these do not get repeated.

No Complaints. Hence, not applicable.

6. Processes in place to inform consumers of any risk of disruption / discontinuation of essential services:

Not applicable.

For and on behalf of the Board of Directors

Annexure - VIII to Directors' Report to the shareholders Report on Corporate Governance

1. Company's philosophy on code of governance

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company's philosophy on corporate governance is founded on the fundamental ideologies viz., Trust, Value, Exactness and Passion for Customers.

The Company believes in ensuring corporate fairness, transparency, professionalism, accountability and propriety in total functioning of the Company, which are pre-requisites for attaining sustainable growth in this competitive corporate world. Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. The Company would constantly endeavour to improve on these aspects.

Good corporate governance, acting in accordance with the principles of responsible management which aimed at increasing enterprise value on a sustainable basis, is an essential requirement for the Group.

The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct and Ethics and Code of Conduct to Regulate, Monitor and Report trading by Insiders for prevention of insider trading by the Directors and Designated Persons and Code of practices for fair disclosure of unpublished price sensitive information.

2. Board of Directors

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

2.1 Composition and category of Directors:

The Board has sought to balance its composition and tenure, and that of its Committees and to refresh them gradually from time to time so that they can benefit from the experience of longer serving Directors, and the fresh external perspectives and insights from newer appointees.

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

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

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

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

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

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

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

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

Mr Venu Srinivasan, Chairman Emeritus & Managing Director, Mr Sudarshan Venu, Managing Director and Mr K N Radhakrishnan, Director & CEO are the Executive Directors. Thus, the composition of the Company's Board is in conformity with the Listing Regulations.

Non-Executive Directors are drawn from a wide range of industries and background including financial services, and have a wealth of experience of complex organisations. Many of the Company's Board members have experience of long-cycle industries, which is of great assistance in understanding the industry in which the Company operate. The Company is committed to the diversity of our Boardroom.

On 5th March 2019, the IDs viz., M/s. T Kannan, C R Dua, and Hemant Krishan Singh were reappointed for the second term of 5 consecutive years from 14th July 2019. Mrs Lalita D Gupte and Mr R Gopalan, were appointed as Additional and Independent Directors for a term of 5 years by the board at its meeting held on 23rd October 2018 and 30th April 2019 respectively and the same were approved by the shareholders at the AGM held on 22nd July 2019. Mr Kuok Meng Xiong was appointed as Additional and Independent Director for a term of 5 years by the board at its meeting held on 24th March 2021 and the same was approved by the shareholders at the AGM held on 29th July 2021. The terms of appointment of IDs include the remuneration payable to them by way of fees and profit related commission, if any.

As required under Regulation 16 of the Listing Regulations, it is also ensured that Independent Directors do not hold non-independent directorship position in another company, where any non-independent director of the Company is an independent director.

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

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

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

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

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

2.2 Board Meetings:

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

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

The Company, regularly places before the Board for its review, all the information as required under Part A of Schedule II to the Listing Regulations such as annual operating plans, CAPEX budget and its quarterly updates, quarterly results, minutes of meetings of Committees of the Board and subsidiaries, information on recruitment and remuneration of senior officers one level below the Board, any significant development in Human Resources / Industrial Relations, Show-cause, demand and prosecution notices and penalty notices which are materially important, quarterly details of

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

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

NED : Non Executive Director

ED : Executive Director

ID : Independent Director

* includes private companies and companies incorporated outside India.

** includes Committees where the Director holds the position of Chairman.

- For the Membership and Chairpersonship in Committees only Audit Committee and Stakeholders' Relationship Committee have been considered as per Regulation 26 of the Listing Regulations. Also, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 have been included.

foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any, etc.

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

Presentations are also being made by the business heads on the Company's Operations, Risk Management, Internal Financial Controls, etc., in Board / Audit Committee meetings, and also by external experts wherever required. The performance of subsidiaries are also being presented by the CEOs of respective subsidiaries, on quarterly basis at the Audit Committee / Board Meeting.

The meetings are convened through i-Pads as an eco-friendly measure. All agenda papers for convening meetings of the Board / Committees are being uploaded in digital mode well in advance.

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

None of the Directors on the Board is a member of more than ten committees or chairman of more than five committees across all the companies in which they are Directors. Chairmanships / Memberships of Committees include only Audit and Stakeholders' Relationship Committee as covered under Regulation 26 of the Listing Regulations, as per the disclosures made by the Directors. Mr Venu Srinivasan, Mr Sudarshan Venu and Dr. Lakshmi Venu are related to each other. None of the other Directors on the Board is related to any other Director on the Board. The number of Directorships, Committee Memberships / Chairmanships of all Directors are within the respective limits prescribed under the Act, 2013 and the Listing Regulations.

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

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

None of the non-executive directors holds directorships in more than seven listed entities and serves as an Independent director. As far as, Managing Director / Whole-Time Director in the Company are concerned, they do not serve as an Independent Director in more than three listed entities.

2.5 Access to information and updation to Directors:

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

Apart from this, the observations on the audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the Statutory Auditors of the Company are placed and discussed with functional heads, by the Committee / Board. The Board also reviews the declarations made by the Director & CEO and the Company Secretary regarding compliance of all applicable laws on quarterly basis. Decisions taken at the meetings of the Board / Committee are communicated to the functional heads. Action taken report on decisions of previous meetings was placed at every succeeding meeting of the Board / Committee for reporting the compliance.

2.6 Familiarization program

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

The program also includes briefings on the culture, values and business model of the Company, the roles and responsibilities of senior executives and the Company's financial, strategic, operational and risk management position.

The induction process for IDs includes plant visit for detailed understanding of manufacturing process / activities of the Company. The details of familiarization program are available on the Company's website in the link as provided in page no. 88 of this Annual Report.

2.7 Chart setting out the skills / expertise / competence of the Board of Directors:

While evaluating the Board as a whole, it was ensured that the existing board members have relevant core skills/ expertise / competencies as required in the context of its business(es) and sector(s) to function effectively.

| Skill | Description |
|-----------------------|---|
| Leadership / Strategy | Experience of playing leadership roles in large businesses, with competencies around strategy development & implementation, sales & marketing, business administration / operations and Organisations and people management. |
| Automotive Experience | Strong knowledge and experience in automotive industry and in managing business operations of a sizeable organization in the business of manufacture and sale of automobiles. |
| Financial | Practical knowledge and experience in Corporate Finance, accounting and reporting and internal financial controls, including strong ability to assess financial impact of decision making and ensure profitable and sustainable growth. |
| Governance | Board level experience in reputed organisations, with strong understanding of and experience in directing the management in the best interests of the Company and its stakeholders and in upholding high standards of governance. |
| Regulatory | Strong expertise and experience in corporate law and regulatory compliance in India and overseas (including industry specific laws). |

The Company's Board of Directors is highly structured to ensure a high degree of diversity by age, gender, education/ qualifications, professional background, sector expertise and special skills (classification). This is reflected in Company's skills and diversity grid disclosed here.

Board comprises a range and balance of skills, experience, knowledge, gender, social-economic backgrounds and independence. This needs to be backed by a diversity of personal attributes, including sound judgement, honesty and courage.

Professional Background & Skills / expertise / competency of Directors

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

| Name of the directors | Brief description about the Directors |
|-----------------------|--|
| | <ul style="list-style-type: none"> • Sir Ralf has been bestowed with many awards and has spearheaded noteworthy initiatives in the automobile industry. • His deep insights in academics, guidance, etc., made him attain a rich practical experience in automobile industry and his contribution is invaluable to the management team at large as well as the Company. |
| Mr Venu Srinivasan | <ul style="list-style-type: none"> • He has extensive experience in Automotive Sector over a period of four decades and has established a robust Governance Model under his leadership and management; • Implemented Total Quality Management (TQM), a Japanese method of process-driven manufacturing in Indian manufacturing operations; • Strengthened the TQM processes within the Company which facilitated making bikes for BMW Motorrad through a strategic partnership; • He is the recipient of Deming Distinguished Service Award, granted to individuals who have made outstanding contributions in the dissemination and promotion of Total Quality Management; • He was conferred with “Goodwill Envoy for Public Diplomacy” and distinguished civilian honour “Order of Diplomatic Service Merit” (Heung-In Medal) by the Republic of Korea; • He was conferred the Padma Bhushan Award, the third Highest civilian award in India, in January 2020; • He was conferred the Autocar Professional of the Year 2021; • He is also Chairman Emeritus and Managing Director of Sundaram-Clayton Limited. He also serves on the board of T V Sundram Iyengar & Sons Private Limited, Tata Sons Private Ltd., (Tata Sons) the holding company of the conglomerate Tata Group; • He is also the vice chairman of various Tata Trusts; • He also oversees Srinivasan Services Trust (SST), which works in 2500 villages in India towards self-development for village communities covering education, healthcare, infrastructure, economic development, environment and community development. |
| Mr Sudarshan Venu | <ul style="list-style-type: none"> • Very resourceful in his approach and implementation of strategies and turnaround of exports in a positive manner; • His extra-ordinary efforts to improve Company's presence in global market through the acquisition of "Norton", the British iconic brand; • Made efforts on multiple fronts to take up challenges towards the Company's global aspirations; • Plays a key role in profitable exports expansion, in the e-utility and Artificial Intelligence foray by the Company; • Always strives for excellence in both quality and cost along with customer satisfaction and take advantage of emerging opportunities and catch new waves of wealth creation; and • He involves himself in all spheres of management and his expertise in strategic planning, business administration and digital platform have developed the Company in its growth at a faster rate. |
| Mr K N Radhakrishnan | <ul style="list-style-type: none"> • Has wide exposure about the industry and in-depth involvement with excellent attitude towards teamwork; |

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

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

| Name of the directors | Brief description about the Directors |
|--------------------------|--|
| Mr H Lakshmanan | <ul style="list-style-type: none"> • Rich and long experience in all areas of the business, and helps in smooth running of management; • Pioneer in establishing the basic priorities, ethical values, policies, attitudes and culture for the Company; • Plays a key role as the most trusted mentor, Counsellor and advisor of the board and the most trusted mentor of the Board; • With seven decades of experience mostly devoted to human resource development, he plays an important role in inter personnel relationship with workers' union, employees representatives and has the unique distinction of performing exemplary work on industrial relations of companies; and • He is committed to fulfill Director's obligations and fiduciary responsibilities; these include participation in Board and committee meetings and providing moral oversight and people management. |
| Mr Hemant Krishan Singh, | <ul style="list-style-type: none"> • Mr Singh is a distinguished former career diplomat with extensive experience in geo-strategic and geo-economic issues as well as multilateral institutions which underpin international law and commerce. • He has been India's longest serving Ambassador to Japan (2006- 2010), Ambassador to Indonesia and Timor Leste (2003- 2006), Ambassador to Colombia, Ecuador and Costa Rica (1999-2002), and India's Deputy Permanent Representative to the UN in Geneva (1995- 1999). He has held several significant assignments during his career, dealing with the United States, West Europe and the European Union and India's immediate neighbours. • Ambassador Singh has contributed to the forging of the India-Japan strategic and global partnership, the intensification of India's relations with Indonesia and ASEAN, the evolution of India's revitalised Act East Policy and the shaping of India's policy towards key neighbours and strategic partners. • Since 2016, Mr. Singh is the Director General of the Delhi Policy Group, a leading independent and non-partisan think tank focused on issues of critical national interest. • He has wide experience in the global economy and best practices to address the challenges and risks in international business. |
| Dr. Lakshmi Venu | <ul style="list-style-type: none"> • Involved in all spheres of management of Sundaram-Clayton Limited, the holding company and handles wider responsibilities for exploring new business opportunities; • She is the Joint Managing Director of Sundaram-Clayton Limited and also the Deputy Managing Director of TAFE Motors and Tractors Limited. She holds directorship in various other companies; • Played a key role in establishment of overseas manufacturing facility for Sundaram Holding USA Inc, in the United States of America; • She was recognised as "Corporate India's fastest rising women leader" by Economic Times in 2017; and • She has a rich experience in business strategy, product design and in-depth knowledge of automotive business. |

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

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

The Company's Code of Conduct embodies its values and expectations to which its corporate standards and employee policies are aligned.

The Code has been communicated to Directors and the Senior Management Personnel. An updated version of Code of Conduct, which is available on Company's website, is always under review and amended by the Board from time to time.

The Code has also been displayed on the Company's website in the following link provided in the page no. 88 of this Annual Report.

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

2.9 Appointment / Re-appointment of Directors:

In terms of Regulation 36(3) of the Listing Regulations, a brief resume of Director proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, other directorships and committee memberships, shareholdings and relationships, if any, with other Directors alongwith listed entities from which the Director has resigned in the past three years are provided in the Notice convening AGM of the Company.

2.10 Committees of the Board:

The Board has, in order to make a focused attention on business and for better governance and accountability, constituted the following mandatory committees viz., Audit Committee, Risk Management Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and non-mandatory Committee, viz., Administrative Committee.

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

3. Audit Committee

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

3.1 Brief description of terms of reference:

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

- a. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommending the appointment, remuneration and terms of appointment of auditors of the Company;
- c. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement in terms of clause (c) of sub-section (3) of Section 134 of the Act, 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions; and
 - Modified opinions, if any, in the draft audit report.
- d. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- e. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- f. Approving or subsequently modifying any transactions of the Company with related parties;
- g. Scrutinizing the inter-corporate loans and investments;
- h. Reviewing the valuation of undertakings or assets of the Company, wherever it is necessary;

- i. Evaluating internal financial controls and risk management systems;
- j. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- k. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- l. Discussing with internal auditors of any significant findings and follow up thereon;
- m. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or any failure of internal control systems of a material nature and reporting the matter to the Board;
- n. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- o. Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- p. Reviewing the functioning of the Whistle Blower Mechanism;
- q. Approving the appointment of CFO after assessing the qualifications, experience and background of the candidate; and
- r. reviewing the utilisation of loans and / or advances from / investments / by the holding company in the subsidiary exceeding Rs. 100 Cr or 10% of the asset size of the subsidiary, whichever is lower.

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

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

3.2 Composition, name of the Chairman and Members:

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

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

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

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

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

| Date of the Meetings | Members present (M/s) | | | |
|----------------------|-----------------------|-----|----|-----------------|
| | RG | CRD | TK | PA [@] |
| 27-04-2021 | ✓ | ✓ | ✓ | ✓ |
| 29-07-2021 | ✓ | ✓ | ✓ | LOA |
| 21-10-2021 | ✓ | ✓ | ✓ | NA |
| 06-01-2022 | ✓ | ✓ | ✓ | NA |
| 07-02-2022 | ✓ | LOA | ✓ | NA |

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

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

[@]resigned from directorship effective 20th August 2021

4. Subsidiary companies

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

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

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

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

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

The other foreign subsidiaries are PT. TVS Motor Company Indonesia, TVS Motor (Singapore) Pte. Limited, The Norton Motorcycle Co Limited, UK, TVS Motor Company (Europe) B.V., and Sundaram Holding USA Inc. and its four subsidiaries viz., Green Hills Land

Holding LLC, Components Equipment Leasing LLC, Sundaram-Clayton (USA) LLC and Premier Land Holding LLC.

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

The Committee is periodically informed about all significant transactions and arrangements entered into by all these unlisted subsidiaries.

Material Subsidiaries Policy

The Board has duly formulated a policy for determining 'material subsidiaries'. As per the amended Listing Regulations 2015, material subsidiary means a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

For the year 2022-23, the Company's Indian subsidiary, viz., TVS Credit Services Limited and Foreign subsidiaries viz., TVS Motor (Singapore) Pte Limited and Sundaram Holding USA Inc., are covered within the revised definition of "unlisted material subsidiary" in terms of the Regulation 16(1)(c) of the Listing Regulations.

For the purpose of complying with the requirement of Regulation 24 of the Listing Regulations, the Company nominated one of the ID of the Company on the Board of TVS Credit Services Limited, whose income / net worth exceeds of 20% of the consolidated income or net worth.

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

Copy of the Material Subsidiary policy is available on the Company's website in the link provided in page no. 88 of this Annual Report

5. Disclosures

5.1 Materially significant related party transactions:

All transactions entered into with related parties (RPTs), as defined under the Act, 2013 and the Listing Regulations during the financial year 2021-22 were in the ordinary course of business and at arm's length and do not attract the provisions of Section 188 of the Act, 2013 and the rules made thereunder.

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

The transactions with the related parties, namely its promoters, its holding, subsidiary and associate companies etc., of routine nature have been reported

in the Annual Report, as per Indian Accounting Standard 24 (IND AS 24) notified vide the Companies (Indian Accounting Standard) Rules, 2015.

Details of material related party transactions are enclosed as part of accounts for the year ended 31st March 2022.

Related Party Transaction Policy

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

In terms of Regulation 23 of the Listing Regulations, all RPTs for the succeeding financial year, with clear threshold limit, are regularly placed before the Audit Committee meeting convened in last quarter of the financial year for its approval and recommendation to the Board for its approval, wherever required. RPTs entered upto that period are reviewed at the meeting for any upward revision in the threshold limit.

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

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

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

5.2 Disclosure of accounting treatment:

Pursuant to the notification, issued by the Ministry of Corporate Affairs dated February 16, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015, the Company has adopted "IND AS" with effect from 1st April 2016. Accordingly, the financial statements for the year 2021-22 have been prepared in compliance with the said Rules.

5.3 Risk Management:

The Company has an established Risk Management Policy which formalizes its approach to the oversight and management of material business risks. The policy is implemented through

a top down and bottom up approach for identifying, assessing, monitoring and managing key risks across the Company's business units.

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

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

Risk Management Committee:

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

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

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

| Date of the Meetings | Members present (M/s) | | | | | |
|----------------------|-----------------------|-----|-----|-----|-----|-----|
| | TK | SV | HKS | LDG | KNR | KGD |
| 27.04.2021 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 21.10.2021 | ✓ | LOA | ✓ | ✓ | ✓ | ✓ |

✓ - Attended the meeting LOA - Leave of absence

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

Scope:

- (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;
- (g) To check if Cyber security cover has been adopted by Information systems department; and
- (h) Such other items as may be prescribed by regulatory or by the Board, from time to time.

5.4 Instances of non-compliances, if any:

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

5.5 Disclosure by Senior Management Personnel:

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

5.6 CEO and CFO Certification:

The Director & CEO and Chief Financial Officer of the Company have certified to the Board on financial and other matters in accordance with Regulation 33 of the Listing Regulations for the financial year ended 31st March 2022.

5.7 Compliance with mandatory / non-mandatory requirements:

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

5.8 Code of Conduct for Prevention of Insider Trading: In compliance with SEBI (Prohibition of Insider Trading) Regulations 2015, as amended, the Company has a comprehensive Code of Conduct for Prevention of Insider Trading and the same is being strictly adhered to by the Designated persons while dealing in Company's securities in excess of the threshold limit as defined under this Code.

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

The Company follows closure of trading window from the end of every quarter till 48 hours the UPSI made public. The Company has been advising the Designated Persons covered by the Code not to trade in Company's securities during the closure of trading window period. The Audit Committee also reviewed the Institutional Mechanism for Prevention of Insider trading and the systems for internal control as per Regulation 9A of the SEBI (Prohibition of Insider Trading) Regulations 2015 and declarations from Designated Persons affirming their compliance with the Code for the year 2021-22.

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

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

5.10 Whistle Blower Policy:

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

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

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

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

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

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

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

| Date of the Meetings | Members present (M/s) | | |
|----------------------|-----------------------|-----|----|
| | CRD | TK | HL |
| 27.04.2021 | ✓ | ✓ | ✓ |
| 05.07.2021 | ✓ | LOA | ✓ |
| 07.02.2022 | LOA | ✓ | ✓ |

✓ - Attended the meeting; LOA - Leave of Absence

[CRD - Mr C R Dua, TK - Mr T Kannan, HL - Mr H Lakshmanan]

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

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

6.4 The role / scope of NRC is as follows:

- To make recommendations to the Board with respect to incentive compensation plans for the Executive Director(s) and remuneration of Non-Executive Director(s) of the Company.
- To identify persons who are qualified to become Director(s), KMP and SMP of the Company.

- To recommend to the Board for the appointment / removal of Director(s), KMP and SMP of the Company.
- To formulate criteria for determining qualification, positive attributes and independence of a Director of the Company.
- To recommend to the Board a Policy for remuneration of Director(s), KMP and SMP of the Company.

6.5 Evaluation Criteria:

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

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

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

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

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

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

6.6 Remuneration Policy:

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

Company's website as provided in page no. 88 of this Annual Report. The salient features of the policy are as follows:

NRC formulates policy to ensure that -

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

6.7 Remuneration to Directors:

Executive Directors:

The remuneration payable to the Chairman Emeritus and Managing Director (CE&MD), Managing Director (MD) and Director & CEO is fixed by the Board and are within the limits approved by the Shareholders in terms of the relevant provisions of the Act, 2013.

Particulars of remuneration to Executive Directors for the financial year 2021-22:

(₹ In Cr)

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

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

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

The Directors are paid commission within the permissible limits approved by the Members and determined by the Board every year depending upon the performance of the Company.

Non-Executive Directors:

Sitting fees

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

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

Commission

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

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

A Commission of ₹ 25 lakhs to all IDs; additionally, ₹ 5 lakhs to those IDs serving as a Member of the Audit Committee; and ₹ 3 lakhs and ₹ 2 lakhs each to those IDs serving as a Member of the Risk Management Committee and other Committees respectively for the year 2021-22. The amount of commission for every financial year will be decided by the Board, as approved by the shareholders at AGM held on 11th August 2017, subject to the limit of 1% of net profits of the Company, in aggregate, as calculated pursuant to Section 198 of the Act, 2013. The above compensation structure is commensurate with the best practices in terms of remunerating IDs and adequately compensates for the time and contribution made by IDs.

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

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

6.8 Particulars of sitting fees / commission paid to the Independent / Non-Executive Directors during the financial year 2021-22 are as follows: (₹ in lakhs)

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

[§] ceased to be a Director effective 20th August 2021. Amount paid for the period from 1st April 2021 to 20th August 2021.

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

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

7. Stakeholders' Relationship Committee (SRC):

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

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

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

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

| Date of the Meetings | Members present (M/s) | | | | |
|----------------------|-----------------------|-----|-----|-----|-----|
| | HKS | VS | SV | CRD | LDG |
| 27.04.2021 | ✓ | LOA | LOA | LOA | ✓ |
| 29.07.2021 | ✓ | ✓ | ✓ | ✓ | ✓ |
| 21.10.2021 | ✓ | LOA | ✓ | ✓ | LOA |
| 07.02.2022 | ✓ | ✓ | ✓ | LOA | ✓ |

✓ - Attended the meeting LOA - Leave of absence

[HKS - Mr Hemant Krishan Singh, VS - Mr Venu Srinivasan, SV - Mr Sudarshan Venu, CRD - Mr C R Dua, LDG - Mrs Lalita D. Gupte]

7.3 As required by the Listing Regulations, Mr K S Srinivasan, Company Secretary is the Compliance Officer of the Company, who oversees the redressal of investor grievances.

For any clarification / complaint, the Shareholders may contact the Company Secretary.

7.4 SRC oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. SRC also looks into various aspects of interests:

- The transfer / transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports / statutory notices by the shareholders of the Company.

The Company, in order to expedite the process of share transfers delegated the power of share transfers to an officer of the Share Transfer Agent (STA). The Company, as a matter of policy, disposes of investors' complaints within a span of seven days.

7.5 Complaints received and redressed during the year 2021-22:

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

7.6 All the queries and complaints received during the financial year ended 31st March 2022, were duly redressed and no queries pending at the year end.

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

7.7 Reconciliation of Share Capital Audit:

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

The RSC audit reports confirmed that the total issued and listed capital was in agreement with the total number of shares in physical form and in dematerialized form held with NSDL and CDSL.

8. Corporate Social Responsibility Committee:

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

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

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

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

9. Administrative Committee:

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

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

| Date of the Meetings | Members present (M/s) | | |
|----------------------|-----------------------|-----|----|
| | VS | TK | HL |
| 29.07.2021 | ✓ | LOA | ✓ |
| 21.10.2021 | ✓ | | ✓ |

✓ - Attended the meeting LOA - Leave of absence

[VS - Mr Venu Srinivasan, TK- Mr T Kannan, HL - Mr H Lakshmanan]

10. General body meeting:

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

| Year | Venue of the meeting | Date | Time (IST) |
|---------|--|------------|------------|
| 2018-19 | The Music Academy, New No.168, (Old No.306) T.T.K. Road, Royapettah, Chennai 600 014 | 22.07.2019 | 10.00 AM |
| 2019-20 | Through VC / OAVM | 29.07.2020 | 10.00 AM |
| 2020-21 | Through VC / OAVM | 29.07.2021 | 01.30 PM |

10.2 Special resolutions passed in the previous three AGMs:

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

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

10.3 Postal Ballot:

None of the subjects placed before the shareholders in the last / ensuing AGM required / requires approval by Postal Ballot. However, in terms of the Regulation 44 of the Listing Regulations and Section 108 of the Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company facilitated its members to exercise their right to vote through Remote e-Voting and e-Voting at the meeting for all the items at the AGM held on 29th July 2021.

11. Means of communication to shareholders

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

During the quarterly results, Director & CEO and CFO, make presentations to institutional investors, analysts and other investors. The presentations are made available on the Company's website.

11.1 Quarterly results:

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

11.2 Newspapers wherein results are normally published:

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

11.3 Website:

The Company has in place a website www.tvsmotor.com. This website contains the basic information about the Company, viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under the Regulation 46 of the Listing Regulations. The Company ensures that the contents of this website are periodically updated.

11.4 Press Release & Investor/ Analysts meet:

In addition, the Company makes use of this website for publishing official news release and presentations, if any, made to institutional investors / analysts.

12. General shareholder information

12.1 Annual General Meeting:

Day, Date and time : Monday, 27th June 2022, 2.00 P.M. (IST), through Video Conferencing

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

12.3 Particulars of dividend payment:

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

Dividend distribution policy

SEBI vide its circular No. SEBI/ LAD-NRO/ GN/ 2016-17/008 dated 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 in the link as provided in page no 88 of this Annual Report.

12.4 Listing on Stock Exchanges:

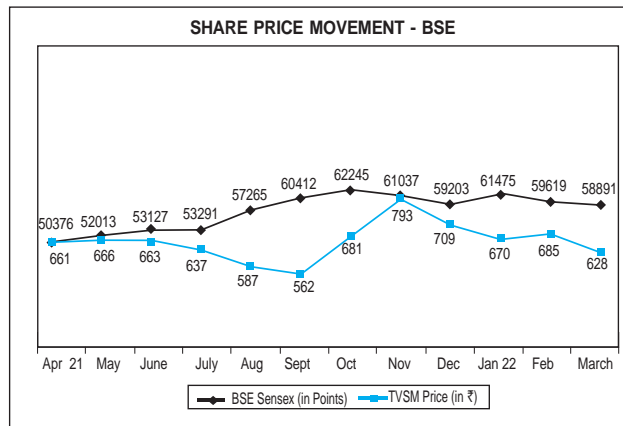
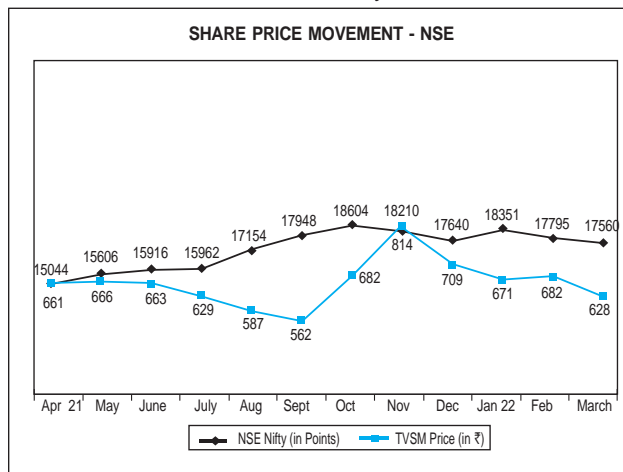
| Name & Address of the Stock Exchanges | Stock Code / Symbol |
|--|---------------------|
| BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001. India Tel. : 91 22 2272 1233 Fax : 91 22 2272 1919 | 532343 |
| National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. 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) Equity Non- Convertible Debentures (NCD) listed with NSE | INE 494B01023 |

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

12.5 Market Price Data: (in ₹)

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

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



12.7 Share Transfer Agents and Share Transfer System:

- a. The Company has appointed Integrated Registry Management Services Limited, which has been registered with SEBI as Category-I Registrar & Transfer Agent (RTA) with Regn. No. INR000000544, as the Share Transfer Agent of the Company (STA) with a view to rendering prompt and efficient service to the investors and in compliance with the Regulation 7 of the Listing Regulations. The Shareholders have also been advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company.
- b. All matters connected with the share transfer, dividends and other matters are being handled by STA located at the address mentioned in this report.
- c. Shares lodged for transfers are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects.
- d. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors and other miscellaneous correspondence relating to change of addresses, mandates etc., is processed by STA within 7 days.
- e. Certificates are being obtained and submitted to the Stock Exchanges, on half-yearly basis, from a company secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Regulation 40(9) of the Listing Regulations.
- f. Certificates have also been received from a company secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.
- g. The Company, as required under the Regulation 6(2)(d) of the Listing Regulations, has designated the following e-mail IDs, namely icsta@sundaramclayton.com / 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 Listing

Regulations have been obtained and the same have been submitted to the Stock Exchanges.

- i. Shareholders are, therefore, requested to correspond with STA for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend, etc., at their address given in this Report.

12.8 Shareholding pattern of the Company as on 31st March 2022:

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

12.9 Distribution of Shareholding as on 31st March 2022:

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

12.10 Dematerialization of shares and liquidity:

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

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

12.12 Other Disclosures

- a) Pecuniary relationships or transactions with IDs vis-a-vis the Company during the year under review, do not exceed the threshold limit as laid down under the Listing Regulations.
- b) During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large.
- c) Company is a net exporter. Company has a forex hedging policy and covers are appropriately taken to cover the currency risk. The exposure and cover taken are reviewed by the Audit Committee on regular basis.
- d) Company is not a dealer in Commodities. Prices payable to vendors for raw materials and components are negotiated based on internationally available data. Cost of manufacture of all products are reviewed at regular intervals and wherever required suitable price changes in two-wheeler and three-wheeler are done based on market conditions.

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

12.13 Plant Locations:

Hosur : Post Box No. 4, Harita
Hosur - 635 109, Tamilnadu
Tel. : 04344-276780
Fax : 04344-276878
Email: knr@tvs-motor.com

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

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

12.14 Address for investor correspondence:

- (i) For transfer / dematerialization of shares, payment of dividend on shares and any other query relating to the shares of the Company : Integrated Registry Management Services Limited, Share Transfer Agent (STA) Unit: TVS Motor Company Limited
- (ii) For non-receipt of annual report : Email: srirams@integratedindia.in corp-serv@integratedindia.in
- (iii) For investors' grievance & general correspondence : Email: kss@tvs-motor.com

12.15 List of Credit Rating:

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

12.16 Certificate from Practicing Company Secretary:

The Company has received a certificate from the Secretarial Auditor of the Company stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority.

12.17 Fees paid to Statutory Auditor on a consolidated basis:

During the year, the Company has paid ₹ 1.49 Cr to the statutory Auditors for all services received by the listed entity and its subsidiaries, on a consolidated basis.

12.18 Sexual Harassment at workplace:

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

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

The Company has been considered as a "Large Corporate" (LC) and is required to raise not less than 25% of its incremental borrowings, during the financial year, by way of issuance of debt securities. This was made mandatory effective FY 2022.

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

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

13. Non-mandatory disclosures

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

13.1 The Board:

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

13.2 Shareholder rights:

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

13.3 Audit qualifications:

The financial statements of the Company are unmodified.

14. Request to shareholders

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

14.1 Demat of Shares:

Shareholders are requested to convert their physical holding to demat/ electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.

14.2 Registration of Electronic Clearing Service (ECS) mandate:

SEBI has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through ECS to investors wherever ECS and bank details are available. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of / change in such bank details. Members who wish to change such bank account details are therefore requested to

advise their DPs about such change, with complete details of bank account.

ECS helps in quick remittance of dividend without possible loss / delay in postal transit. Shareholders, who have not earlier availed this facility, are requested to register their ECS details with the STA or their respective DPs.

14.3 Transfer of shares in physical mode:

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

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

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

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

14.4 Consolidation of multiple folios:

Shareholders, who have multiple folios in identical names, are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.

14.5 Registration of nominations:

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

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

14.6 Updation of address:

Shareholders are requested to update their addresses registered with the Company, directly through the STA, to receive all communications promptly.

Shareholders, holding shares in electronic form, are requested to deal only with their DPs in respect of change of address and furnishing bank account number, etc.

14.7 SMS Alerts:

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

14.8 Timely encashment of dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation.

As required by SEBI, shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 124(6) of the Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Accordingly a sum of ₹ 18.28 lakhs, being unclaimed dividend, was transferred to IEPF during the year 2021-22.

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

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

Particulars of unclaimed dividend of the Company.

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

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

As per Section 124(6) of the Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") as amended from time to time, all the shares in respect of which dividend has remained unpaid / unclaimed for seven consecutive years or more are required to be transferred to a Demat Account opened in the name of IEPF Authority with Punjab National Bank by the Ministry of Corporate Affairs.

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

In compliance with the aforesaid provisions, the Company transferred 68,167 shares on 2nd April 2022 to IEPF account bearing Demat Account No. 10656671 and DPID IN300708 which is opened with Punjab National Bank.

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

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

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

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

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

- (b) Name of the Company: TVS Motor Company Limited.
 (c) Address of Registered Office of the Company: "Chaitanya" No. 12 Khader Nawaz Khan Road, Chennai - 600 006.
 (d) email ID of the company:- contactus@tvs-motor.com

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

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

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

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

| Details | No. of shareholders | No. of shares |
|--|---------------------|---------------|
| No. of Shares in the Unclaimed suspense account as on 1 st April 2021. | 139 | 97,457 |
| Add: No. of shares credited pursuant to Regulation 39(4) of Listing Regulation. | 9 | 7,000 |
| Less: No. of shares Transferred to the Shareholders on request during the year. | 12 | 5,642 |
| Less: No. of Shares transferred to IEPF A/c during the year. | 1 | 3,248 |
| No. of shares in the Unclaimed suspense account as on 31 st March 2022. | 135 | 95,567 |

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

To,
 The shareholders of TVS Motor Company Limited,
 Chennai

On the basis of the written declarations received from members of the Board and Senior Management Personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, it is hereby

certified that both the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the Board for the year ended 31st March 2022.

Chennai
 5th May 2022

K N RADHAKRISHNAN
 Director & CEO

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

To,

The shareholders of TVS Motor Company Limited,
Chennai

We have examined the compliance of conditions of Corporate Governance by TVS Motor Company Limited, Chennai - 600 006 ('the Company') for the year ended 31st March 2022 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Listing Regulations].

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

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

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

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

S. VENKATARAMAN
Partner

Membership Number: F34319
UDIN: 22023116AJFRXW3375

Chennai
5th May 2022

LINKS TO COMPANY'S POLICIES

- 1. TERMS OF APPOINTMENT OF IDS**
<https://www.tvsmotor.com/-/media/Feature/Investors/Communication/Files/Terms-of-Appointment-of-IDs-Apr2020.pdf>
- 2. BUSINESS RESPONSIBILITY REPORT**
<https://www.tvsmotor.com/-/media/Feature/Investors/Financial%20Reports/Files/TVSM-Business-Responsibility-Report-2021-2022.pdf>
- 3. POLICY ON VIGIL MECHANISM / WHISTLE BLOWER POLICY**
<https://www.tvsmotor.com/-/media/Feature/Investors/Communication/Files/Whistle-Blower-Policy-Apr2020.pdf>
- 4. ANNUAL RETURN**
<https://www.tvsmotor.com/-/media/Feature/Investors/Financial%20Reports/Files/TVSM-Annual-Return-2021-22.pdf>
- 5. CSR POLICY**
<https://www.tvsmotor.com/-/media/Feature/Investors/Communication/Files/Corporate-Social-Responsibility-Policy-Apr2020.pdf>
- 6. DIRECTORS FAMILIARIZATION PROGRAM**
<http://tvsmotor.com/-/media/Feature/Investors/Communication/Files/TVSMFamiliarisationProgrampdf.pdf>
- 7. CODE OF BUSINESS CONDUCT AND ETHICS**
<http://tvsmotor.com/-/media/Feature/Investors/Communication/Files/CodeofBusinessConductandEthicspdf.pdf>
- 8. MATERIAL SUBSIDIARIES POLICY**
<http://tvsmotor.com/-/media/Feature/Investors/Communication/Files/Material-Subsidiary-Policy-Apr2020.pdf>
- 9. RELATED PARTY TRANSACTION POLICY**
<http://tvsmotor.com/-/media/Feature/Investors/Communication/Files/Related-Party-Transactions-Policy-Apr2020.pdf>
- 10. NOMINATION AND REMUNERATION POLICY**
<http://tvsmotor.com/-/media/Feature/Investors/Communication/Files/Nomination-and-Remuneration-Policy-Apr2020.pdf>
- 11. DIVIDEND DISTRIBUTION POLICY**
<https://www.tvsmotor.com/-/media/Feature/Investors/Communication/Files/Dividend-Policy-Apr2020.pdf>

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

To,

The Board of Directors
TVS Motor Company Limited
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006, Tamil Nadu, India.

Dear Sirs/Madam,

We certify that we have reviewed the financial statements prepared based on the Indian Accounting Standards for the year ended 31st March 2022 and to the best of our knowledge and belief:

- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (2) these statements together present a true and fair view of the Company's affairs and are in compliance with applicable Indian Accounting Standards, Laws and Regulations.
- (3) no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
- (4) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have

disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

- (5) We have indicated to the Auditors and the Audit Committee:
 - a) significant changes, if any, in internal control over financial reporting during the year;
 - b) significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and
 - c) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

K N Radhakrishnan
Director & CEO

K Gopala Desikan
Chief Financial Officer

Chennai
5th May 2022

CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

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

To,

The Members of
TVS Motor Company Limited,
[CIN: L35921TN1992PLC022845]
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006, Tamil Nadu, India.

We hereby certify that, in our opinion, none of the directors on the Board of TVS Motor Company Limited ("the Company") as on the 31st March 2022, as listed below, have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs, Government of India (MCA):

| Sl. No. | Name of the Directors (M/s.) | Nature of Directorship | Director Identification Number (DIN) |
|---------|------------------------------|------------------------|--------------------------------------|
| 1. | Prof. Sir Ralf Dieter Speth | Non-Executive Director | 03318908 |
| 2. | Venu Srinivasan | Executive Director | 00051523 |
| 3. | Sudarshan Venu | Executive Director | 03601690 |
| 4. | K N Radhakrishnan | Executive Director | 02599393 |
| 5. | Chittranjan Dua | Independent Director | 00036080 |
| 6. | R Gopalan | | 01624555 |
| 7. | Lalita D. Gupte | | 00043559 |
| 8. | T Kannan | | 00040674 |
| 9. | Kuok Meng Xiong | | 09117910 |
| 10. | Hemant Krishan Singh | | 06467315 |
| 11. | H Lakshmanan | Non-Executive Director | 00057973 |
| 12. | Dr. Lakshmi Venu | Non-Executive Director | 02702020 |

We are issuing this certificate based on the following, which to the best of our knowledge and belief were considered necessary in this regard:

1. Our verification of the information relating to the directors available in the official web site of MCA;
2. Our verification of the disclosures / declarations / confirmations provided by the said directors to the Company and other relevant information, explanation and representations provided by the Company, its officers and agents.

We wish to state that the management of the Company is responsible to ensure the eligibility of a person for appointment / continuation as a Director on the Board of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness of the corporate governance processes followed by the management of the Company.

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

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

Chennai
5th May 2022

Form No. MR-3
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of
the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members of
TVS Motor Company Limited,
[CIN: L35921TN1992PLC022845]
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006.

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by TVS MOTOR COMPANY LIMITED ('the Company') during the financial year from 1st April 2021 to 31st March 2022 ('the year' / 'audit period' / 'period under review').

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

We are issuing this report based on:

- (i) Our verification of the scanned copies of the books, papers, minute books and other records maintained by the Company and furnished to us in electronic form, through email / file sharing as the same could not be physically furnished for verification due to the Company's covid protocols, forms / returns filed with statutory / regulatory authorities and compliance related action taken by the Company during the financial year as well as after 31st March 2022 but before the issue of this audit report;
- (ii) Compliance certificates confirming compliance with all laws applicable to the Company, given by the key managerial personnel of the Company and taken on record by the Board of Directors; and
- (iii) Representations made, documents shown and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2022, the Company:

- (i) has complied with the statutory provisions listed hereunder; and
- (ii) has Board processes and compliance mechanism in place, to the extent, in the manner and subject to the reporting made hereinafter.

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

1. Compliance with specific statutory provisions

We further report that:

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

- (i) The Companies Act, 2013, and the rules made thereunder ('the Companies Act').
- (ii) The Securities Contracts (Regulation) Act, 1956, and the rules made thereunder.
- (iii) The Depositories Act, 1996, and the regulations and bye-laws framed thereunder.
- (iv) Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder, to the extent of Overseas Direct Investment and External Commercial Borrowings ('FEMA').
- (v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR');
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; and
 - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, which was replaced by the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 with effect from 16th August 2021.
- (vi) The listing agreements ('Agreements') entered into by the Company with the:
 - (a) National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) in relation to listing of its Equity shares;

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

(c) NSE in relation to listing of Commercial Papers.

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

1.2. During the period under review, and also considering the compliance related actions taken by the Company after 31st March 2022, but before the issue of this report, we hereby report that, to the best of our knowledge and belief, and based on the records, information, explanations and representations furnished to us, the Company has generally complied with:

(i) The applicable provisions of the Act, Rules and Regulations mentioned in paragraph 1.1 (i) to (iii) above

(ii) The applicable provisions of FEMA, mentioned in paragraph 1.1 (iv) above.

(iii) The applicable provisions of SEBI Regulations and Agreements mentioned in paragraph 1.1 (v) and (vi) above.

(iv) The Secretarial Standards on 'Meetings of the Board of Directors' (SS-1) (to the extent applicable to Board meetings) and the Secretarial Standards on 'General Meetings' (SS-2) (to the extent applicable to General meetings) mentioned in paragraph 1.1 (vii) above. Secretarial Standards on 'Dividend' (SS-3) and Secretarial Standards – 4 (SS-4) on 'Report of the Board of Directors', being non-mandatory, have not been adopted by the Company.

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

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

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

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

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

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

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

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

We are informed that there was no other law that was specifically applicable to the Company, considering the nature of its business. Hence, the requirement to report on compliance with specific laws under paragraph 1.2 does not arise.

2. Board processes:

We further report that:

2.1 The constitution of the Board of Directors of the Company during the year was in compliance with the applicable provisions of the Companies Act, 2013 and SEBI LODR.

2.2 As on 31st March 2022, the Board has:

(i) 3 (three) Executive Directors;

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

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

2.3 The processes relating to the following changes in the composition of the Board of Directors during the year were carried out in compliance with the applicable provisions of the Companies Act, 2013 and SEBI LODR:

(i) Appointment of Mr. Kuok Meng Xiong (holding DIN:09117910), as an Independent Director not liable to retire by rotation, for a term of 5 (five) consecutive years with effect from 24th March 2021, which was approved by the Members at the 29th Annual General Meeting (AGM) held on 29th July 2021.

- (ii) Appointment of Prof. Sir Ralf Dieter Speth (holding DIN 03318908), as a Non-Executive Director liable to retire by rotation, at the 29th AGM.
- (iii) Re-appointment at the 29th AGM of Mr Sudarshan Venu (holding DIN:03601690) and Mr K N Radhakrishnan (holding DIN:02599393), the two Directors who retired by rotation.
- (iv) Cessation of Mr. Prince Peter Asirvatham (DIN 00193260) as an Independent Director on 20th August 2021 consequent upon resignation.
- 2.4 Adequate notice was given to all the Directors to enable them plan their schedule for the Board meetings; and Notice of Board meetings were sent atleast 7 (seven) days in advance, except for some of the meetings which were held at a shorter notice, in compliance with Section 173(3) of the Companies Act, 2013.
- 2.5 Agenda and detailed notes on agenda were sent to the Directors atleast 7 (seven) days before the Board meetings (except for some of the meetings which were held at a shorter notice) other than the following items, which were either circulated separately or at the Board meetings, and consent of the Board for so circulating them was duly obtained as required under SS-1:
- (a) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts / results, unaudited financial results and connected papers; and
- (b) Additional subjects / information / presentations and supplementary notes.
- 2.6 A system exists for Directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.
- 2.7 We are informed that, at the Board meetings held during the year:
- (i) Majority decisions were carried through; and
- (ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the Minutes.
3. Compliance mechanism
- We further report that:
- There are reasonably adequate systems and processes in the Company, commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
4. Specific events / actions
- We further report that:
- The specific events and actions during the year, having a major bearing on the Company's affairs, in pursuance of the above referred laws, rules, regulations and standards were:
- (a) The Company has made investments / further investments in subsidiaries and associate companies (Indian / Foreign), and an Overseas technology fund as disclosed in the audited financial statement for the financial year ended 31st March 2022.
- (b) During the year three companies have ceased to be subsidiaries and the following Companies / body corporate have become subsidiaries / step-down subsidiaries, of the Company:
- (i) TVS Electric Mobility Limited has become a wholly-owned subsidiary;
- (ii) TVS Digital Pte. Ltd., Singapore, has become a wholly-owned step-down subsidiary through TVS Motor (Singapore) Pte. Limited (a wholly-owned subsidiary);
- (iii) Intellicar Singapore Pte. Ltd., has become a wholly-owned step-down subsidiary through Intellicar Telematics Pvt. Ltd., (a wholly-owned subsidiary); and
- (iv) GO AG, Switzerland & its subsidiary EGO Movement Stuttgart GmbH, Swiss E-Mobility Group (Holding) AG (SEMG) Switzerland and its subsidiaries viz., Swiss EMobility Group (Schweiz), and Colag E-Mobility GmbH, have become step-down subsidiaries through TVS Motor (Singapore) Pte. Limited.
- (c) During the year, the Company has appointed M/s. Integrated Registry Management Services Private Limited as the Registrar and Share Transfer Agents (RTA) in the place of Sundaram-Clayton Limited.
- (d) T V Sundram Iyengar & Sons Private Limited ("TVSS") (the erstwhile Ultimate Holding Company) and its subsidiaries Sundaram Industries Private Limited ("SIPL") and Southern Roadways Private Limited ("SRPL"), held an aggregate of 64.72% of the paid up equity share capital in Sundaram-Clayton Limited (SCL), the Company's Promoter and immediate holding Company. The National Company Law Tribunal, Chennai Bench, vide its order dated 6th December 2021, approved a composite scheme of amalgamation and arrangement involving, besides other entities, TVSS, SIPL, SRPL and TVS Holdings Private Limited ("THPL"), under Sections 230 to 232 of the Act and the rules made thereunder ("Composite Scheme"). In terms of the said Composite Scheme, the said 64.72% of the share capital in SCL earlier held by TVSS, SIPL and SRPL has been transferred to and vested in THPL on 4th February 2022. Consequently, THPL who now hold 64.72% of the SCL's equity share capital have become the Ultimate Holding Company of the Company with effect from 4th February 2022.

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

K. SRIRAM
Partner

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

Chennai
5th May 2022

Annexure – A to Secretarial Audit Report of even date

To,

The Members of
TVS Motor Company Limited,
[CIN: L35921TN1992PLC022845]
“Chaitanya”, No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai – 600 006.

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2022, is to be read along with this letter.

1. The Company’s management is responsible for maintenance of secretarial records and compliance with the relevant provisions of corporate and other applicable laws, rules, regulations, guidelines and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
 2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
 3. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
 4. While forming an opinion on compliance and issuing this report:
 - (a) We have considered compliance related action taken by the Company after 31st March 2022, but before the issue of this report.
 - (b) We have considered compliance related actions taken by the Company based on independent legal / professional opinion / certification obtained as being in compliance with law.
- (c) We have taken an overall view, based on the compliance procedures and practices followed by the Company.
 - (d) We have considered the Notifications / Circulars / Guidelines issued by the Ministry of Corporate Affairs (MCA) / Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) / any other regulatory authority as may be applicable, in respect of relaxation of various compliance time-lines in respect of the compliance events respectively stated therein.
 5. We have verified only the documents shared by the Company in electronic mode due to the Covid protocols being followed by the Company.
 6. We have not verified the correctness and appropriateness of the financial statement (including attachments and annexures thereto), financial records and books of accounts of the Company, as they are subject to audit by the Auditors of the Company, appointed under Section 139 of the Act.
 7. We have obtained and relied on the Management’s representation about compliance of laws, rules and regulations and happening of events, wherever required.
 8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

K. SRIRAM
Partner

Chennai
5th May 2022

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

Form No. MR-3

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, read with Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members,
Sundaram Auto Components Limited
[CIN: U29249TN1992PLC051417]
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006.

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by SUNDARAM AUTO COMPONENTS LIMITED ('the Company') during the financial year from 1st April 2021 to 31st March 2022 ('the year' / 'audit period' / 'period under review').

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

We are issuing this report based on:

- (i) Our examination / verification of the books, papers, Minute books and other records maintained by the Company and furnished to us in electronic form for our verification, forms and returns filed, and compliance related action taken by the Company during the year as well as after 31st March 2022 but before the issue of this report;
- (ii) Compliance certificate confirming compliance with all laws applicable to the Company given by the Chief Executive Officer of the Company and taken on record by the Board of Directors; and
- (iii) The representations made / given and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

In our opinion, during the audit period covering the financial year ended on 31st March 2022, the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place, to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with Annexure – A.

1. Compliance with specific statutory provisions

We report that:

- 1.1 We have examined the books, papers, Minute books and other records maintained by the Company and furnished to us in electronic form for our verification,

the forms, returns, reports, disclosures and information filed / submitted during the year, according to the applicable provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), being a material unlisted Indian subsidiary of TVS Motor Company Limited;
- (iii) Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder (FEMA), to the extent of Overseas Direct Investment and External Commercial Borrowings;
- (iv) Mandatorily applicable Secretarial Standards, namely Secretarial Standards (SS-1) on "Meetings of the Board of Directors", and Secretarial Standards (SS-2) on "General Meetings", issued by The Institute of Company Secretaries of India (Secretarial Standards).

1.2. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2022 but before the issue of this report, the Company, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us, has generally complied with:

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

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

- (i) The Company, and also in view of non-arising of certain events, was not required to comply with the following laws / rules / regulations and

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

- (a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder, with respect to Foreign Direct Investment;
 - (b) Securities Contracts (Regulation) Act, 1956, and the rules made thereunder;
 - (c) Depositories Act, 1996, and the Regulations and bye-laws framed thereunder;
 - (d) Regulations prescribed under the Securities and Exchange Board of India Act, 1992, except Regulation 24A of LODR; and
 - (e) Listing agreements with stock exchanges.
- (ii) There was no other law that was specifically applicable to the Company, considering the nature of its business. Hence, the requirement to report on compliance with specific laws under paragraphs 1.1 and 1.2 above did not arise.
- (iii) Since the Company is not a material subsidiary of TVS Motor Company Limited in terms of Regulation 24(1) of LODR, it was not required to appoint an Independent Director of the holding company as a Director.
- (iv) Since the Company is a wholly-owned Indian subsidiary of TVS Motor Company Limited, it is not required, under the Act, to:
- (a) Constitute an Audit Committee of the Board of Directors;
 - (b) Constitute a Nomination and Remuneration Committee of the Board of Directors; and
 - (c) Appoint Independent Directors on the Board of Directors.

2. Board processes

We further report that:

2.1 Board constitution and balance

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

- (a) Re-appointment of Mr C N Prasad (DIN: 01950656) and Mr S G Murali (DIN: 00348902), Directors who retired by rotation at the 29th Annual General Meeting held on 23rd July 2021.
- (b) Appointment of Mr Venu Srinivasan (DIN: 00051523) as an Additional Director (Non-Executive) with effect from 28th March 2022, and his appointment as a Non-Executive Director liable to retire by rotation, at the Extra-ordinary General Meeting held on 29th March 2022.
- (c) Appointment of Mr Venu Srinivasan (DIN: 00051523) as the Chairman of the Board, with effect from 28th March 2022.
- (d) Cessation of Mr H Lakshmanan (DIN: 00057973) and Mr C N Prasad (DIN: 01950656) as Directors, effective from closure of working hours on 28th March 2022.
- (e) Appointment of Mr Rajesh Oommen (DIN: 08588098), Chief Executive Officer, as an Additional Director (Executive), with effect from 28th March 2022, and his appointment as a Director (Executive) liable to retire by rotation, at the Extra-ordinary General Meeting held on 29th March 2022.
- (f) Appointment of Mr Rajesh Oommen (DIN: 08588098), Chief Executive Officer, as a Whole-time Director, for a term of 5 (five) consecutive years from 28th March 2022, and approval of such appointment at the Extra-ordinary General Meeting held on 29th March 2022.

- (iii) Since the Company is a wholly-owned Indian subsidiary of M/s. TVS Motor Company Limited, it is not required under the Act to constitute an Audit Committee or a Nomination and Remuneration Committee. These Committees have hence been dissolved with effect from 3rd May 2022.

2.2 Board meetings

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

respect of some of the agenda items were either circulated separately or at the meeting.

2.3 We are informed that a system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

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

- (i) Majority decisions were carried through; and
- (ii) No dissenting views were expressed by any director on any of the subject matters discussed, that were required to be captured and recorded as part of the Minutes.

3. Compliance mechanism

We further report that:

The Company has reasonably adequate systems and processes, commensurate with its size and operations, to

monitor and ensure compliance with applicable laws, rules and regulations.

4. Specific events / actions

We further report that:

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

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

SHARANYA SRIRAM
Partner

Membership No: F10252
Certificate of Practice No: 12731
UDIN: F010252D000262779

Chennai
3rd May 2022

Annexure – A to Secretarial Audit Report of even date

To,

The Members,
Sundaram Auto Components Limited
[CIN: U29249TN1992PLC051417]
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006.

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2022 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2022 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal / professional opinion / certification obtained as being in compliance with law, wherever there was scope for multiple interpretations.

5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company, as they are subject to audit by the Auditors of the Company appointed under Section 139 of the Act.
7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

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

Chennai
3rd May 2022

Form No. MR-3

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
TVS CREDIT SERVICES LIMITED,
[U65920TN2008PLC069758]
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by TVS CREDIT SERVICES LIMITED, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- iii) The provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;
- iv) During the year under review, the Company has received External Commercial Borrowings of USD 100 Million from State Bank of India, London Branch in compliance with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment is not applicable;
- v) The Company being a subsidiary company of a listed company, viz. TVS Motor Company Ltd., whose income or net worth exceeds 20% of the consolidated income or net-worth respectively of the listed entity, in the immediately preceding accounting year, it will be treated as a material subsidiary of the listed entity and hence the Company has

to comply with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable which it is observed the company has complied during the year under review.

- vi) Further, during the year under review, the Company has listed its Non- Convertible Debentures with National Stock Exchange of India Ltd Besides this, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company viz.
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, which was replaced by the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (with effect from 13th August 2021).
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, which was replaced by the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 with effect from 10th June 2021; and
 - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- vii) The Company has complied with the provisions of the other laws as applicable to the Company which inter alia includes:-
 - 1) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;
 - 2) RBI- Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016;
 - 3) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - 4) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

- 5) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;
- 6) Contract Labour (Regulations & Abolition) Act, 1970;
- 7) Compliance with the requirements of Foreign Exchange Management Act and Non Banking Finance Companies (Reserve Bank) Directions 2016 with regard to non-acceptance of Deposits from Public;
- 8) Compliance under Prevention of Money Laundering Act, (PMLA) 2002 for the purpose of compliance with the obligations under Know your Customer Norms / Anti Money Laundering (AMC) standards & fair pricing code (FPC) and Combating of Finance of Terrorism (CFT) obligations under PMLA,2002.
- 9) Motor Vehicles Act, 1938;
- 10) Income Tax Act, 1961 and the Income Tax Rules, 1962 and Finance Act;
- 11) Profession Tax, 1992;
- 12) Labour laws like Equal Remuneration Act, 1976 and rules made thereunder; Employees Provident Fund and Miscellaneous Provisions Act, 1952 & Employees Provident Fund Scheme, 1952; Apprentices Act, 1961; Employees' State Insurance Act, 1948; Payment of Wages Act, 1936; Payment of Gratuity Act, 1972 & the Payment of Gratuity (Central) Rules, 1972.; Payment of Bonus Act, 1965 & the Payment of Bonus Rules, 1975 and other applicable employee welfare or labour legislations covering the Company and its establishments;
- 13) Goods and Services Tax & Rules made thereunder;
- 14) Indian & State Stamp Act and Rules;
- 15) Competition Act, 2002;
- 16) Trade & Merchandise Marks Act, 1958;
- 17) Patents Act, 1970
- 18) Copyright Act, 1957 or any licences issued thereunder.

I have also examined compliance with the applicable clauses of the following:

- i) The Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India in terms of sub-section 10 of Section 118 of the Companies Act, 2013, for the financial year under review;
- ii) The Company has listed its Commercial papers with National Stock Exchange of India Ltd (NSE) pursuant to SEBI circular dated 22nd October 2019. The Company has duly complied with the compliances as prescribed in the above mentioned circular.

- iii) From the verification of records and as per the information and explanation furnished to me, during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, wherever applicable.

I further report that:-

- i) The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- ii) Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and in case where meeting was held on shorter notice, consent for shorter notice was obtained from all the Directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii) Majority decision is carried through while the dissenting Members' views are captured and recorded as part of the minutes. However on perusal of the minutes of the board or Audit Committee or Nomination & Remuneration Committee, or Asset Liability Management Committee, or Corporate Social Responsibility Committee, or Risk Management Committee, it was observed that there was no dissenting note made by any of the Member.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The Company has

- i) Constituted Nomination and Remuneration Committee of Directors and has formulated "Nomination and Remuneration Policy" in terms of Section 178 of the Companies Act, 2013 and the Rules made thereunder;
- ii) Constituted the Audit Committee of directors in terms of Section 177 of the Companies Act, 2013;
- iii) Constituted Corporate Social Responsibility Committee of Directors (CSR) and has formulated CSR Policy and the projects / programmes, to be undertaken for CSR spending in terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014;

It was observed on verification of records and based on the information furnished to me that an amount of ₹ 3.50 Crores, constituting more than 2% of average net profits for the immediate past three financial years,

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

- iv) Considered and recorded the Risk Management Policy followed by the Company in terms of Section 134(3)(n) of the Companies Act, 2013 including identification therein of elements of risk, if any, which in the opinion of the board, may threaten the existence of the company;
- v) Considered and approved the “Code of Business Conduct and Ethics” of the Company framed in terms of Section 149 read with Schedule IV to the Companies Act, 2013;
- vi) Constituted Asset Liability Management Committee as required to be formed as per RBI directions for Non-Banking Finance Companies as part of their overall system for effective risk management in their various portfolios;
- vii) has appointed woman director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014;
- viii) has provided Vigil Mechanism and approved Whistle Blower Policy in terms of Section 177(9) of Companies Act, 2013.
- ix) has complied with the provisions of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

I further report that from the information and explanations furnished to me, during the audit period under review, the company has

- i) Made following Preferential allotment of 92,59,200 equity shares of ₹ 10/- each at a premium of ₹ 152/- per equity share total aggregating to ₹ 149,99,90,400/- on private placement basis, during the year, comprised in three allotments on the following dates to the allottees as given below and has complied with the provisions of the Companies Act, 2013 and the rules made thereunder.

| Date of allotment | Name of the allottee | No. of Equity shares allotted | Nominal value of equity share | Premium @ ₹ 152/- per share (₹) | Total Amount of preferential allotment (₹) |
|-------------------|---------------------------|-------------------------------|-------------------------------|---------------------------------|--|
| 28/07/2021 | TVS Motor Company Limited | 30,86,400 | 3,08,64,000 | 46,91,32,800 | 49,99,96,800 |
| 04/10/2021 | TVS Motor Company Limited | 30,86,400 | 3,08,64,000 | 46,91,32,800 | 49,99,96,800 |

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

- ii) issued and allotted 449 Nos 8.85% listed unsecured redeemable non-convertible debentures of Nominal amount per NCD of ₹ 1,00,00,000/- aggregating to 449,00,00,000/- (Rupees four hundred and forty nine crores only) on private placement basis, during the year, comprised in two allotments on the following dates to the allottees as given below and has complied with the provisions of the Companies Act, 2013 and the rules made there under.

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

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

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

Annexure – A to Secretarial Audit Report of even date

To,

The Members,

TVS CREDIT SERVICES LIMITED,

[U65920TN2008PLC069758]

“Chaitanya”, No.12, Khader Nawaz Khan Road,

Nungambakkam, Chennai - 600 006.

My Report of even date is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

TEMPALLE NAGARAJAN SRIDHARAN

Membership No. FCS 3797

Certificate of Practice No: 4191

UDIN: F003797D000225546

Chennai

28th April 2022

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

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2022

To the members of TVS Motor Company Limited

Report on the Audit of the Standalone financial statements

Opinion

We have audited the Standalone financial statements of TVS Motor Company Limited ("the Company"), which comprise the balance sheet as at 31st March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013("Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and profit, Other total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone financial statements of the current period. These matters were addressed in the context of our audit of the Standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

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

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

Information Other than the Standalone financial statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management and Discussion Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information but does not include the Standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone financial statements.

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone financial statements

that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the Standalone financial statements, including the disclosures, and whether the Standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit of the branches have been received from the branches not visited by us;
 - (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of accounts and with the returns received from the branches not visited by us;
 - (d) In our opinion, the aforesaid Standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors), 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - refer Note 40(a) to the standalone financial statements.

- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses refer Note 30 (D);
- c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- d. i. Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts (refer Note 42 (xii), no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(is), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- ii. Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts (refer Note 42 (xiii)) no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries, and
- iii. Based on the audit procedures adopted by us, nothing has come to our notice that has caused us to believe that the representations made by the management under sub clause (i) and (ii) above, contain any material misstatement.
- e. The interim dividends declared and paid by the Company during the year and until the date of this audit report are in accordance with Section 123 of the Companies Act, 2013.
3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act.
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

S. VENKATARAMAN
Partner

Place: Chennai
Date : 5th May 2022

Membership No.: 023116
UDIN: 22023116AJFRXW3375

**Annexure A to Independent Auditors' Report - 31st March 2022
(Referred to in our report of even date)**

- (i) a) A) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- B) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has maintained proper records showing full particulars of Intangible assets.
- b) The Company has a regular program of physically verifying all the Property, Plant and Equipment at its plants / offices in a phased manner over a period of 2 years, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies as compared to book records were noticed on such verification.
- c) According to the information and explanations given to us and the records of the Company examined by us, the title deeds of the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
- e) According to the information and explanation given to us and the records of the Company examined by us, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) a) As informed to us, the management has conducted physical verification of inventory [including inventory lying with third parties] at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies noticed on such physical verification, were less than 10% in aggregate for each class of inventory and have been properly dealt with in the books of account.
- b) According to the information and explanations given to us and the records of the Company examined by us, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns filed by the Company with such banks are in agreement with the books of accounts of the Company.
- (iii) a) According to the information and explanations given to us and the records of the Company examined by us, during the year, the Company:
- i. Has made investments in Companies.
 - ii. Has not made investments in firms, Limited Liability Partnerships or any other parties.
 - iii. Has not provided loans, advances in the nature of loans and security to companies, firms, Limited Liability Partnerships or any other parties. Therefore, the requirement to report under clauses (iii) (b) to (f) of para 3 of the Order are not applicable to the Company.
 - iv. Has provided the guarantee of ₹ 78.47 Crores to its subsidiaries and the balance outstanding as at balance sheet date is ₹ 151.58 Crores.
- b) According to the information and explanations given to us and the records of the Company examined by us, the investments made and guarantee provided are not prejudicial to the Company's interest.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Companies Act, 2013 in respect of Investments made and Guarantee given. The Company has not granted any loan or provided securities during the year.
- (v) According to the information and explanation given to us and the records of the Company examined by us, the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Therefore, the clause (v) of para 3 of the order is not applicable to the Company.
- (vi) According to the information and explanation given to us, the Central Government has prescribed the maintenance of cost records under Section 148(1) of the Act in respect of products manufactured by the Company. We are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) a) According to the information and explanations given to us and based on the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Customs duty and Cess and other material statutory dues as applicable to the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident

Fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Customs duty and Cess were in arrears as at 31st March 2022 for a period of more than six months from the date they became payable.

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

(₹ In Crores)

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

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

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

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

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

- According to the information and explanation given to us and on overall examination of the financial statements of the Company, the Company has not taken funds from any entities and persons on account of or to meet the obligations of its subsidiaries or associates.
 - According to the information and explanations given to us and based on the records of the Company examined by us, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) a) According to the information and explanations given to us and based on the records, the Company has not raised any money during the year by way of initial public offer or further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- b) According to the information and explanations given to us and based on the records, the Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) a) During the course of our examination of the books and records of the Company, carried out based upon the generally accepted audit procedures performed for the purpose of reporting the true and fair view of the Standalone financial statements, to the best of our knowledge and belief and as per the information and explanations given to us by the Management, and the representations obtained from the Management, no material fraud on the Company has been noticed or reported during the year.
- b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. According to the information and explanations given to us and based on the information provided to us and records verified by us, the Secretarial Auditor and the Cost Auditor have not filed report in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) According to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, based on verification of the records and approvals of the Audit Committee, the Company is in compliance with Section 177 and Section

188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone financial statements as required by the applicable accounting standards.

- (xiv) a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- b) The internal audit reports of the Company issued till the date of this audit report, for the period under audit have been considered by us.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) a) According to the information and explanations given to us and based on the information provided to us and records verified by us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, requirement to report on Clause 3(xvi) of the Order is not applicable to the Company.
- b) The Company has not conducted any Non-Banking Financial or Housing Finance activities.
- c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on Clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year respectively.
- (xviii) There has been no resignation of the statutory auditor during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios disclosed in note no. 32 to the Standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Standalone financial statements, our

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

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

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

S. VENKATARAMAN
Partner

Place: Chennai
Date : 5th May 2022

Membership No.: 023116
UDIN: 22023116AJFRXW3375

Annexure - B to the Independent Auditors' Report - 31st March 2022 (Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of TVS Motor Company Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Ind AS Standalone financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

S. VENKATARAMAN
Partner

Place : Chennai
Date : 5th May 2022

Membership No.: 023116
UDIN: 22023116AJFRXW3375

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Balance Sheet as at 31st March 2022

Rupees in crores

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

PROF. SIR RALF DIETER SPETH
Chairman

SUDARSHAN VENU
Managing Director

K.N.RADHAKRISHNAN
*Director &
Chief Executive Officer*

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

Place : Chennai
Date : 5th May 2022

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Statement of Profit and Loss for the year ended 31st March 2022

Rupees in crores

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

See the accompanying notes to the financial statements

PROF. SIR RALF DIETER SPETH
Chairman

SUDARSHAN VENU
Managing Director

K.N.RADHAKRISHNAN
Director &
Chief Executive Officer

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

Place : Chennai
Date : 5th May 2022

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Statement of changes in Equity

a Equity Share Capital

Rupees in crores

| | |
|--|-------|
| As at 01-04-2020 | 47.51 |
| Changes in Equity Share capital due to prior period errors | – |
| Restated balance as at 01-04-2020 | 47.51 |
| Changes in equity share capital during the year | – |
| As at 31-03-2021 | 47.51 |
| Changes in Equity Share capital due to prior period errors | – |
| Restated balance as at 01-04-2021 | 47.51 |
| Changes in equity share capital during the year | – |
| As at 31-03-2022 | 47.51 |

b Other Equity

| Particulars | Reserves & Surplus | | | Other Reserves | | Total |
|--|--------------------|-----------------|-------------------|---|-----------------|----------|
| | General reserve | Capital reserve | Retained earnings | Equity Instruments Fair Valued through Other Comprehensive Income | Hedging reserve | |
| Balance as at 01-04-2020 | 865.64 | 6.43 | 2,705.54 | 44.38 | (51.41) | 3,570.58 |
| Add : Profit for the year 2020-21 | – | – | 612.04 | – | – | 612.04 |
| Add : Other comprehensive income for the year 2020-21 | – | – | 5.44 | 53.93 | – | 59.37 |
| Less : Reclassification to profit or loss, net of tax | – | – | – | – | (51.41) | (51.41) |
| Less : Change in fair value of hedging instruments, net of tax | – | – | – | – | 3.68 | 3.68 |
| Less : Distribution to shareholders: | | | | | | |
| 2020-21 First Interim dividend paid | – | – | 99.77 | – | – | 99.77 |
| 2020-21 Second Interim dividend declared | – | – | 66.51 | – | – | 66.51 |
| Balance as at 31-03-2021 | 865.64 | 6.43 | 3,156.74 | 98.31 | (3.68) | 4,123.44 |
| Add : Profit for the year 2021-22 | – | – | 893.56 | – | – | 893.56 |
| Add : Other comprehensive income for the year 2021-22 | – | – | (61.62) | (4.72) | – | (66.34) |
| Add : Transfer of realised gain | – | – | 80.94 | (80.94) | – | – |
| Less : Reclassification to profit or loss, net of tax | – | – | – | – | (3.68) | (3.68) |
| Less : Change in fair value of hedging instruments, net of tax | – | – | – | – | 1.65 | 1.65 |
| Less : Distribution to shareholders: | | | | | | |
| 2021-22 Interim dividend declared | – | – | 178.16 | – | – | 178.16 |
| Balance as at 31-03-2022 | 865.64 | 6.43 | 3,891.46 | 12.65 | (1.65) | 4,774.53 |

Nature and purpose of Reserves

1. General reserve is available for distribution to shareholders.

2. Capital reserve

i. On shares forfeited (₹ 55,200)

ii. On surplus arising out of amalgamation

–
6.43
6.43

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

PROF. SIR RALF DIETER SPETH
Chairman

SUDARSHAN VENU
Managing Director

K.N.RADHAKRISHNAN
Director &
Chief Executive Officer

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

Place: Chennai
Date : 5th May 2022

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Cash Flow Statement for the year ended 31st March 2022

Rupees in crores

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

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Cash Flow Statement for the year ended 31st March 2022 – (continued)

Rupees in crores

Year ended
31-03-2022

Year ended
31-03-2021

C. Cash flow from financing activities

Borrowings:

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

113.24 (1,195.59)

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

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

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

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

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

(530.23) 444.68

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

Change in liability arising from financing activities:

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

Non-cash investing activities:

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

PROF. SIR RALF DIETER SPETH
Chairman

SUDARSHAN VENU
Managing Director

K.N.RADHAKRISHNAN
Director &
Chief Executive Officer

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

Place : Chennai
Date : 5th May 2022

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES

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

a) Brief description of the Company

TVS Motor Company Limited ('the Company') is a public limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at "Chaitanya", No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai 600 006, Tamil Nadu, India.

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

b) Basis of preparation

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

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

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

c) Use of estimates

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

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

d) Significant Estimates and judgements

The areas involving critical estimates or judgments are:

- i) Estimation of fair value of unlisted securities - refer Note 29
- ii) Defined benefit obligation - refer Note 33
- iii) Estimation of useful life of Property, Plant and Equipment - refer Note 1(f) and 1(g)
- iv) Estimation and evaluation of provisions and contingencies relating to tax litigations - refer Note 40(a).

e) Revenue recognition

Performance obligation:

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

Sale of products:

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

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

The Company's contracts with customers do not provide for any right to returns, refunds or similar obligations. The Company's obligation to repair or replace faulty products under standard warranty terms is recognised as a provision (refer Note 37).

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

Sale of services:

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

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

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

Significant judgements:

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

f) Property, Plant and Equipment

Property, plant and equipment (including land, buildings, furniture, fixtures, vehicles, etc.) held for use in the production or supply of goods or services, or for administrative purposes. Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for its intended use. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date the asset is ready for its intended use. However, cost excludes Goods and Services Tax to the extent credit of the tax is availed of.

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

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

g) Depreciation and amortization

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

ii) Keeping in mind the rigorous and periodic maintenance program followed by the Company, the estimated useful life of the property, plant and equipment as assessed by the Chartered Engineer and followed by the Company is given below:

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

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

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

v) On property, plant and equipment added / disposed of during the year, depreciation is charged on pro-rata basis from the date of addition / till the date of disposal.

vi) Depreciation in respect of property, plant and equipment costing less than ₹ 5,000/- is provided at 100%.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

h) Intangible assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately and the estimated useful life is more than one year, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development phase of internal project is recognised, if and only if, the conditions under the Ind AS 34 - Intangible Asset, are fulfilled. If the conditions are not fulfilled the same is recognised in profit and loss in the period in which it is incurred.

The intangible assets are amortised on straight line basis over its useful life, viz., 2 years in the case of software and 6 to 10 years in the case of Design, Development and Technical knowhow.

i) Impairment

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

j) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

ii) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction. Non-monetary investments measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on account of such translation is recognized in OCI or Profit and Loss in line with the designation of the respective item.

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

k) Hedge accounting

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

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

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 29. Movements in the hedging reserve in shareholders' equity are shown in Note 30(D). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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

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

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

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

l) Inventories

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

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

m) Employee benefits

- i) Short term obligations:

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

- ii) Other long term obligations:

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

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

iii) Post-employment obligation:

The Company operates the following post-employment schemes:

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

Pension and gratuity obligation:

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

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

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

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

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

Provident fund:

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

iv) Bonus plans:

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

n) Taxes on income

Tax expense comprises of current and deferred taxes.

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

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

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

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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

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

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

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

o) Government Grants

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

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

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

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in statement of profit and loss on positive evidence of completion of export obligation as approved by the Regulatory Authorities.

The benefit of a government loan at a below market-rate of interest is treated as government grant and is measured as the difference between proceeds received and fair value of the loan.

p) Provisions and contingent liabilities

i) Provision:

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

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

ii) Contingent liabilities:

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

q) Segment reporting

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

r) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

However, for leases of buildings for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the Company as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The carrying amount of lease liability is reduced by net lease payments (i.e., lease payments net off finance cost).

Variable lease payments that depend on sales are recognised in profit and loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit and loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

s) Cash and Cash equivalents

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

t) Trade receivables

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

u) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the consideration is received. Contract liabilities are recognised as revenue when the Company performs under the contract.

v) Investments and Other financial assets

i) Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through Fair value through other comprehensive income (FVOCI) or Fair Value through profit or loss (FVTPL); and
- Those measured at amortized cost.

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

ii) Measurement

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

Debt Instruments:

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

• Amortised Cost:

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

• Fair Value Through Other Comprehensive Income:

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss.

• Fair Value Through Profit or Loss:

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit and loss and presented in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments:

The Company subsequently measures all investments in equity (except of the subsidiaries / associates) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit and loss.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately.

Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Investment in subsidiaries / associates:

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

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 30 details how the company determines whether there has been a significant increase in credit risk.

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

iv) Derecognition of financial assets

A financial asset is derecognised only when:

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

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

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

v) Income recognition

Interest Income:

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

Dividends:

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

w) Borrowings

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

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

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

x) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

y) Current and Non-current classification

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

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

In respect of other assets, it is treated as current when it is:

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

All other assets are classified as non-current.

A liability is treated as current when:

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

All other liabilities are classified as non-current.

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

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

z) Earnings Per Share (EPS):

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year/period. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

aa) Recent pronouncements:

The Ministry of Corporate Affairs has vide notification dated 23rd March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1st April 2022. Below is a summary of such relevant amendments and requirements. No significant impact is expected on adoption of these amendments.

i) Ind AS 16, Property, Plant and Equipment (PPE):

The amendment clarified that an entity shall deduct from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use.

ii) Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts - Cost of fulfilling a contract: The amendment explains that the cost of fulfilling a contract comprises the incremental costs and an allocation of other costs that relate directly to fulfilling contracts.

iii) Ind AS 109 Financial Instruments: The amendment clarifies any cost or fees that an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a Financial Liability.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

2 PROPERTY, PLANT & EQUIPMENT AND OTHER INTANGIBLE ASSETS - 31st March 2022

Rupees in crores

| Description | Property, Plant & Equipment | | | | | | | | Other Intangible | | |
|---------------------------------------|-----------------------------|---------------|-------------------|----------------------|--------------|------------------|--------------------|-----------------|------------------|--------------------|---------------|
| | Land | Buildings | Plant & equipment | Furniture & fixtures | Vehicles | Office equipment | Right of Use Asset | Total | Software | Design Development | Total |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Cost of assets | | | | | | | | | | | |
| Gross carrying value as at 01-04-2021 | 174.27 | 846.83 | 4,363.01 | 93.64 | 37.76 | 169.39 | 160.66 | 5,845.56 | 107.83 | 417.64 | 525.47 |
| Additions | 51.90 | 23.47 | 311.63 | 3.32 | 6.81 | 32.71 | 293.30 | 723.14 | 48.40 | 149.42 | 197.82 |
| Sub-total | 226.17 | 870.30 | 4,674.64 | 96.96 | 44.57 | 202.10 | 453.96 | 6,568.70 | 156.23 | 567.06 | 723.29 |
| Sales / deletion | - | - | 74.16 | 1.88 | 4.56 | 4.90 | - | 85.50 | 0.05 | - | 0.05 |
| Total | 226.17 | 870.30 | 4,600.48 | 95.08 | 40.01 | 197.20 | 453.96 | 6,483.20 | 156.18 | 567.06 | 723.24 |
| Depreciation / Amortisation | | | | | | | | | | | |
| Upto 31-03-2021 | - | 244.52 | 2,602.33 | 60.45 | 20.46 | 124.39 | 47.87 | 3,100.02 | 96.30 | 164.36 | 260.66 |
| For the year | - | 33.53 | 369.74 | 8.90 | 10.24 | 26.10 | 67.12 | 515.63 | 23.64 | 72.17 | 95.81 |
| Sub-total | - | 278.05 | 2,972.07 | 69.35 | 30.70 | 150.49 | 114.99 | 3,615.65 | 119.94 | 236.53 | 356.47 |
| Withdrawn on assets sold / deleted | - | - | 63.15 | 0.73 | 3.49 | 4.88 | - | 72.25 | 0.05 | - | 0.05 |
| Total | - | 278.05 | 2,908.92 | 68.62 | 27.21 | 145.61 | 114.99 | 3,543.40 | 119.89 | 236.53 | 356.42 |
| Carrying value | | | | | | | | | | | |
| As at 31-03-2022 | 226.17 | 592.25 | 1,691.56 | 26.46 | 12.80 | 51.59 | 338.97 | 2,939.80 | 36.29 | 330.53 | 366.82 |

- a) Cost of buildings includes ₹ 26.36 crores pertaining to buildings constructed on leasehold lands.
 b) Land includes lease hold land of ₹ 0.51 crores, whose ownership is transferrable at the end of the lease term.
 c) Borrowing cost capitalised during the year - Nil

Capital work-in-progress (at cost) as at 31-03-2022

| | |
|-----------------------|---------------|
| (a) Building | 83.29 |
| (b) Plant & equipment | 162.93 |
| Total | 246.22 |

(i) Ageing of Capital work-in-progress as at 31-03-2022:

| Particulars | Amount in Capital work-in-progress for a period of | | | | |
|----------------------|--|-----------|-----------|-------------------|--------|
| | <1 Year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 205.03 | 24.40 | 0.95 | 15.84 | 246.22 |

(ii) Ageing of Intangible assets under development as at 31-03-2022:

| Particulars | Amount in Capital work-in-progress for a period of | | | | |
|----------------------|--|-----------|-----------|-------------------|--------|
| | <1 Year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 145.80 | 27.85 | 3.24 | 1.37 | 178.26 |

Capital work-in-progress and Intangible assets under development:

Project completion overdue or exceeded cost compared to original plan - None

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

2 PROPERTY, PLANT & EQUIPMENT AND OTHER INTANGIBLE ASSETS - 31st March 2022 - (continued)

| Description | Property, Plant & Equipment | | | | | | | | Other Intangible | | |
|---------------------------------------|-----------------------------|-----------|-------------------|----------------------|----------|------------------|--------------------|----------|------------------|--------------------|--------|
| | Land | Buildings | Plant & equipment | Furniture & fixtures | Vehicles | Office equipment | Right of Use Asset | Total | Software | Design Development | Total |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Cost of assets | | | | | | | | | | | |
| Gross carrying value as at 01-04-2020 | 173.53 | 817.68 | 4,056.68 | 82.03 | 35.43 | 153.95 | 125.47 | 5,444.77 | 96.07 | 266.23 | 362.30 |
| Additions | 0.74 | 29.15 | 346.50 | 11.98 | 4.59 | 17.65 | 35.19 | 445.80 | 11.76 | 151.41 | 163.17 |
| Sub-total | 174.27 | 846.83 | 4,403.18 | 94.01 | 40.02 | 171.60 | 160.66 | 5,890.57 | 107.83 | 417.64 | 525.47 |
| Sales / deletion | - | - | 40.17 | 0.37 | 2.26 | 2.21 | - | 45.01 | - | - | - |
| Total | 174.27 | 846.83 | 4,363.01 | 93.64 | 37.76 | 169.39 | 160.66 | 5,845.56 | 107.83 | 417.64 | 525.47 |
| Depreciation / Amortisation | | | | | | | | | | | |
| Upto 31-03-2020 | - | 212.21 | 2,323.90 | 46.86 | 17.13 | 99.47 | 21.99 | 2,721.56 | 84.41 | 101.16 | 185.57 |
| For the year | - | 32.31 | 314.28 | 13.87 | 5.17 | 27.08 | 25.88 | 418.59 | 11.89 | 63.20 | 75.09 |
| Sub-total | - | 244.52 | 2,638.18 | 60.73 | 22.30 | 126.55 | 47.87 | 3,140.15 | 96.30 | 164.36 | 260.66 |
| Withdrawn on assets sold / deleted | - | - | 35.85 | 0.28 | 1.84 | 2.16 | - | 40.13 | - | - | - |
| Total | - | 244.52 | 2,602.33 | 60.45 | 20.46 | 124.39 | 47.87 | 3,100.02 | 96.30 | 164.36 | 260.66 |
| Carrying value As at 31-03-2021 | 174.27 | 602.31 | 1,760.68 | 33.19 | 17.30 | 45.00 | 112.79 | 2,745.54 | 11.53 | 253.28 | 264.81 |

- a) Cost of buildings includes ₹ 26.36 crores pertaining to buildings constructed on leasehold lands.
b) Land includes lease hold land of ₹ 0.51 crores, whose ownership is transferrable at the end of the lease term.
c) Borrowing cost capitalised during the year - ₹ 12.26 crores.

Capital work-in-progress (at cost) as at 31-03-2021

| | |
|-----------------------|---------------|
| (a) Building | 30.88 |
| (b) Plant & equipment | 81.68 |
| Total | <u>112.56</u> |

(i) Ageing of Capital work-in-progress as at 31-03-2021:

| Particulars | Amount in Capital work-in-progress for a period of | | | | |
|----------------------|--|-----------|-----------|-------------------|--------|
| | <1 Year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 89.20 | 6.42 | 5.82 | 11.12 | 112.56 |

(ii) Ageing of Intangible assets under development as at 31-03-2021:

| Particulars | Amount in Capital work-in-progress for a period of | | | | |
|----------------------|--|-----------|-----------|-------------------|--------|
| | <1 Year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 139.67 | 4.08 | 22.35 | - | 166.10 |

Capital work-in-progress and Intangible assets under development:

Project completion overdue or exceeded cost compared to original plan - None

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

3 INVESTMENTS

Rupees in crores

3A NON CURRENT INVESTMENTS

| Sl No. | Particulars | Subsidiary/ associate | No. of shares / units | | Face Value | Currency | Rupees in crores | |
|------------|--|-----------------------|------------------------|------------------|------------|----------|-------------------|------------------|
| | | | As at 31-03-2022 | As at 31-03-2021 | | | As at 31-03-2022 | As at 31-03-2021 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| (a) | Investment in Equity Instruments Fair valued through OCI: | | | | | | | |
| | Quoted : | | | | | | | |
| (i) | Suprajit Engineering Limited, Bengaluru | | - | 28,92,000 | 1.00 | INR | - | 79.67 |
| (ii) | Ucal Fuel Systems Limited, Chennai | | 91,760 | 91,760 | 10.00 | INR | 1.03 | 1.28 |
| | Unquoted : | | | | | | | |
| (iii) | Green Infra BTV Limited, New Delhi | | 3,250,000 | 3,250,000 | 10.00 | INR | 1.62 | 1.50 |
| (iv) | TVS Lanka (Private) Limited, Colombo | | 5,000,000 | 5,000,000 | 10.00 | LKR | 5.75 | 8.23 |
| (v) | Green Infra Wind Power Projects Limited, New Delhi | | 111,600 | 111,600 | 10.00 | INR | 0.08 | 0.06 |
| (vi) | Green Infra Wind Power Generation Limited, New Delhi | | 216,000 | 216,000 | 10.00 | INR | 0.16 | 0.15 |
| (vii) | Condivision Solutions Pvt. Limited, Bengaluru | | 6,760 | 6,760 | 10.00 | INR | - | - |
| (viii) | Mulanur Renewable Energy Pvt. Limited, Chennai | | 15,000 | 15,000 | 10.00 | INR | 0.02 | 0.02 |
| (ix) | Atria Wind Power Bijapur 1 Limited, Bengaluru | | 101,217 | 85,788 | 10.00 | INR | 2.00 | 1.66 |
| (x) | Pinnacle Engines Inc., USA (face value 0.01 cent) | | 2,409,638 | - | 0.0001 | USD | - | - |
| (xi) | Axiom Research Labs Private Limited, Delhi | | 82 | - | 10.00 | INR | - | - |
| (xii) | Altizon Systems Private Limited, Pune | | 10 | 10 | 10.00 | INR | 0.01 | 0.01 |
| | Investment in Equity Instruments valued at Cost (Unquoted): | | | | | | | |
| (i) | Sundaram Auto Components Limited, Chennai | Subsidiary | 44,569,000 | 44,569,000 | 10.00 | INR | 336.20 | 336.20 |
| (ii) | TVS Motor Company (Europe) B.V., Amsterdam | Subsidiary | 225,301 | 225,301 | 100.00 | EUR | 1.80 | 1.80 |
| (iii) | TVS Motor (Singapore) Pte. Limited, Singapore | Subsidiary | 396,903,850 | 200,829,458 | 1.00 | SGD | 1,892.64 | 809.21 |
| (iv) | PT.TVS Motor Company Indonesia, Jakarta | Subsidiary | 8,597,000 | 8,597,000 | 97,400.00 | IDR | 389.06 | 389.06 |
| (v) | TVS Housing Limited, Chennai | Subsidiary | 50,000 | 50,000 | 10.00 | INR | 0.05 | 0.05 |
| (vi) | TVS Motor Services Limited, Chennai | Subsidiary | 149,633,814 | 53,633,814 | 10.00 | INR | 148.68 | 52.68 |
| (vii) | TVS Credit Services Limited, Chennai | Subsidiary | 168,397,728 | 162,224,928 | 10.00 | INR | 1,460.99 | 1,360.99 |
| (viii) | Intellicar Telematics Private Limited, Bengaluru | Subsidiary | 60,241 | 60,241 | 10.00 | INR | 15.00 | 15.00 |
| (ix) | TVS Electric Mobility Limited, Chennai | Subsidiary | 1,000,000 | - | 10.00 | INR | 1.00 | - |
| (x) | Emerald Haven Realty Limited, Chennai | Associate | 111,219,512 | 111,219,512 | 10.00 | INR | 111.22 | 111.22 |
| (xi) | Ultraviolette Automotive Private Limited, Bengaluru | Associate | 14,850 | 14,850 | 10.00 | INR | 11.00 | 11.00 |
| (xii) | Ultraviolette Automotive Private Limited, Bengaluru [§] | Associate | 12,316 | 8,377 | * | INR | 110.00 | 35.00 |
| (xiii) | Tagbox Solutions Private Limited, Bengaluru | Associate | 45,710 | 45,710 | 1.00 | INR | 1.19 | 1.19 |
| (xiv) | Tagbox Solutions Private Limited, Bengaluru [§] | Associate | 383,983 | 383,983 | 16.00 | INR | 9.99 | 9.99 |
| | Total value of Equity Instruments (a) | | | | | | 4,499.49 | 3,225.97 |
| (b) | Investments in Preference Shares (Unquoted) valued at Amortised Cost: | | | | | | | |
| (i) | Pinnacle Engines Inc., USA (face value 0.01 cent) | | - | 2,409,638 | 0.0001 | USD | - | 11.70 |
| (ii) | Axiom Research Labs Private Limited, Delhi | | 82 | 82 | 10.00 | INR | - | 1.00 |
| (iii) | Intellicar Telematics Private Limited, Bengaluru | Subsidiary | 30,121 | 30,121 | 10.00 | INR | 8.14 | 7.62 |
| | Total value of Preference shares (b) | | | | | | 8.14 | 20.32 |
| (c) | Other non-current Investments (Unquoted): | | | | | | | |
| | Investments fair valued through OCI: | | | | | | | |
| (i) | Autotech Fund I, L.P., USA | | | | | USD | 52.38 | 40.43 |
| | Pension Funds/Government Securities valued at Amortised Cost: | | | | | | | |
| (ii) | ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai | | | | | INR | 6.28 | 6.69 |
| (iii) | Life Insurance Corporation Pension Policy, Mumbai | | | | | INR | 19.46 | 21.11 |
| | Total value of other non-current investments (c) | | | | | | 78.12 | 68.23 |
| | Total (a) + (b) + (c) | | | | | | 4,585.75 | 3,314.52 |
| | Aggregate amount of quoted investments and market value thereof | | | | | | 1.03 | 80.95 |
| | Aggregate amount of unquoted investments | | | | | | 4,584.72 | 3,233.57 |
| | Total | | | | | | 4,585.75 | 3,314.52 |
| | * Particulars of Preference shares held in Ultraviolette Automotive Private Limited, Bengaluru | | pNo. of shares / units | | | | Face Value (in ₹) | |
| | | | As at 31-03-2022 | As at 31-03-2021 | | | | |
| | Series A2 Preference Shares | | 990 | 990 | | | | 50,545 |
| | Series B Preference Shares | | 7,387 | 7,387 | | | | 40,616 |
| | Series C Preference Shares | | 3,939 | - | | | | 190,384 |
| | Total | | 12,316 | 8,377 | | | | |

[§] Preference shares in the nature of equity instruments. All investments are fully paid-up.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

3B CURRENT INVESTMENTS

| Sl. No. | Particulars | Subsidiary / associate | No. of shares / units | | Face Value | Currency | Rupees in crores | |
|---------|---|------------------------|-----------------------|------------------|------------|----------|------------------|------------------|
| | | | As at 31-03-2022 | As at 31-03-2021 | | | As at 31-03-2022 | As at 31-03-2021 |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| (a) | Investment in Equity Instruments Fair valued through Profit or Loss: Unquoted: | | | | | | | |
| (i) | TVS Supply Chain Solutions Limited, Chennai | | 10,66,220 | – | 10.00 | INR | 130.23 | – |
| | Total (a) | | | | | | 130.23 | – |

Aggregate amount of unquoted investments

130.23

–

Total

130.23

–

All investments are fully paid up.

| | As at 31-03-2022 | As at 31-03-2021 |
|--|---------------------|---------------------|
| 4 OTHER FINANCIAL ASSETS - NON CURRENT | | |
| Other bank balances (bank deposit) | 0.24 | 0.80 |
| Claims receivable | 44.88 | – |
| Share application money paid (pending allotment) | 20.17 | – |
| | <u>65.29</u> | <u>0.80</u> |
| 5 OTHER NON-CURRENT ASSETS | | |
| Capital advances | 42.18 | 50.12 |
| Advances other than capital advances: | | |
| - Vendor advance | – | 55.00 |
| - Deposits made | 20.59 | 20.59 |
| | <u>62.77</u> | <u>125.71</u> |
| 6 INVENTORIES | | |
| Raw materials and components | 625.26 | 570.22 |
| Goods-in-transit - Raw materials and components | 27.37 | 145.42 |
| Work-in-progress | 43.07 | 36.00 |
| Finished goods | 278.72 | 275.97 |
| Stock-in-trade | 98.58 | 83.87 |
| Stores and spares | 49.68 | 40.33 |
| | <u>1,122.68</u> | <u>1,151.81</u> |
| 7 TRADE RECEIVABLES | | |
| Secured, considered good | 14.11 | 17.18 |
| Unsecured, considered good * | 964.81 | 874.83 |
| | <u>978.92</u> | <u>892.01</u> |
| Less: Loss allowance | 28.23 | 22.03 |
| | <u>950.69</u> | <u>869.98</u> |

* Balances include balance with related parties [refer Note 34(c)(i)]

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

Ageing for trade receivable as on 31.03.2022

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|--|--|-------------------|-------------|--------------|-------------------|---------------|
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables - considered good | 806.85 | 135.91 | 6.33 | 4.87 | 10.92 | 964.88 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | – | – | – | – | – | – |
| (iii) Undisputed Trade Receivables - credit impaired | – | – | – | – | – | – |
| (iv) Disputed Trade Receivables - considered good | 0.08 | 0.03 | 1.43 | 6.03 | 6.47 | 14.04 |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | – | – | – | – | – | – |
| (vi) Disputed Trade Receivables - credit impaired | – | – | – | – | – | – |
| Total | 806.93 | 135.94 | 7.76 | 10.90 | 17.39 | 978.92 |

Ageing for trade receivable as on 31.03.2021

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|--|--|-------------------|--------------|-------------|-------------------|---------------|
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables - considered good | 794.18 | 50.69 | 23.87 | 5.94 | 6.92 | 881.60 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | – | – | – | – | – | – |
| (iii) Undisputed Trade Receivables - credit impaired | – | – | – | – | – | – |
| (iv) Disputed Trade Receivables - considered good | 0.08 | 0.37 | 3.19 | 2.18 | 4.29 | 10.41 |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | – | – | – | – | – | – |
| (vi) Disputed Trade Receivables - credit impaired | – | – | – | – | – | – |
| Total | 794.56 | 51.06 | 27.06 | 8.12 | 11.21 | 892.01 |

As at
31-03-2022 As at
31-03-2021

8 CASH AND CASH EQUIVALENTS

| | | |
|--|---------------|---------------|
| Balances with banks | 328.23 | 158.62 |
| Cheques / drafts on hand | 0.38 | – |
| Cash on hand | 0.14 | 0.26 |
| Cash equivalents: | | |
| Deposits with maturity of less than three month from the date of deposit | – | 700.10 |
| | <u>328.75</u> | <u>858.98</u> |
| Cash and cash equivalents for the purpose of cash flow statement | <u>328.75</u> | <u>858.98</u> |

9 OTHER BANK BALANCES

| | | |
|---|--------------|--------------|
| Earmarked balances with banks (for unpaid dividend) | 72.54 | 70.83 |
| | <u>72.54</u> | <u>70.83</u> |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

As at 31-03-2022 As at 31-03-2021

10 OTHER FINANCIAL ASSETS - CURRENT

Unsecured, considered good:

| | | |
|----------------------------|--------------|--------------|
| - Employee advances | 9.54 | 8.12 |
| - Security deposits | 5.22 | 5.29 |
| - Claims receivable | 18.76 | 0.08 |
| - Hedge asset - receivable | 16.01 | 3.03 |
| | <u>49.53</u> | <u>16.52</u> |

11 OTHER CURRENT ASSETS

| | | |
|-------------------------------|---------------|---------------|
| Balances with tax authorities | 475.87 | 282.09 |
| Prepaid expense | 32.89 | 22.64 |
| Vendor advance* | 98.38 | 125.41 |
| Trade deposits | 0.51 | 0.25 |
| Export incentive receivable | 98.81 | 44.09 |
| | <u>706.46</u> | <u>474.48</u> |

* Balances include balance with related parties [refer Note 34(c)(i)].

12 EQUITY SHARE CAPITAL

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

| Particulars | As at 31-03-2022 | | As at 31-03-2021 | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | Number | Rupees in crores | Number | Rupees in crores |
| Authorised: | | | | |
| Equity shares of ₹ 1/- each | 50,00,00,000 | 50.00 | 50,00,00,000 | 50.00 |
| Issued, subscribed and fully paid up: | | | | |
| Equity shares of ₹ 1/- each | 47,50,87,114 | 47.51 | 47,50,87,114 | 47.51 |
| | 47,50,87,114 | 47.51 | 47,50,87,114 | 47.51 |

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

| Particulars | As at 31-03-2022 | | As at 31-03-2021 | |
|---|------------------|------------------|------------------|------------------|
| | Number | Rupees in crores | Number | Rupees in crores |
| Shares outstanding at the beginning of the year | 47,50,87,114 | 47.51 | 47,50,87,114 | 47.51 |
| Shares issued during the year | – | – | – | – |
| Shares outstanding at the end of the year | 47,50,87,114 | 47.51 | 47,50,87,114 | 47.51 |

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

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

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

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

| Name of shareholder | Class of share | As at 31-03-2022 | | As at 31-03-2021 | |
|---|----------------|-----------------------|--------------|-----------------------|--------------|
| | | Number of shares held | % of holding | Number of shares held | % of holding |
| Sundaram-Clayton Limited, Chennai (Holding Company) | Equity | 23,87,82,786 | 50.26 | 27,26,82,786 | 57.40 |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

12 EQUITY SHARE CAPITAL - (continued)

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

| Name of shareholder | Class of share | As at 31-03-2022 | | As at 31-03-2021 | |
|-------------------------------------|----------------|-----------------------|--------------|-----------------------|--------------|
| | | Number of shares held | % of holding | Number of shares held | % of holding |
| ICICI Prudential Mutual Fund | Equity | 4,67,41,798 | 9.84 | 3,48,50,748 | 7.34 |
| Life Insurance Corporation Of India | Equity | 3,01,12,473 | 6.34 | 3,07,10,169 | 6.46 |
| Jwalamukhi Investment Holdings | Equity | 2,01,68,180 | 4.25 | 2,67,00,107 | 5.62 |

(f) Shares held by Promoters at the end of the year 31-03-2022

| Promoter name | Class of share | As at 31-03-2022 | | As at 31-03-2021 | | % Change during the year |
|--------------------------|----------------|-----------------------|--------------|-----------------------|--------------|--------------------------|
| | | Number of shares held | % of holding | Number of shares held | % of holding | |
| Sundaram-Clayton Limited | Equity | 23,87,82,786 | 50.26 | 27,26,82,786 | 57.40 | (7.14) |

Shares held by Promoters at the end of the year 31-03-2021

| Promoter name | Class of share | As at 31-03-2021 | | As at 31-03-2020 | | % Change during the year |
|--------------------------|----------------|-----------------------|--------------|-----------------------|--------------|--------------------------|
| | | Number of shares held | % of holding | Number of shares held | % of holding | |
| Sundaram-Clayton Limited | Equity | 27,26,82,786 | 57.40 | 27,26,82,786 | 57.40 | – |

13 OTHER EQUITY

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|-------------------|------------------|------------------|
| General reserve | 865.64 | 865.64 |
| Capital reserve | 6.43 | 6.43 |
| Retained earnings | 3,891.46 | 3,156.74 |
| Other Reserves | 11.00 | 94.63 |
| | 4,774.53 | 4,123.44 |

14 NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

| Description | Frequency | No. of instalments due | Maturity | As at 31-03-2022 | As at 31-03-2021 |
|---|---------------|------------------------|----------|------------------|------------------|
| Secured: | | | | | |
| ECB Loan from Bank I | Quarterly | 4 | Feb 2023 | 227.17 | 218.70 |
| State owned corporation | Yearly | 3 | 2022-31 | 84.31 | 151.20 |
| Unsecured: | | | | | |
| 7.5% Non Convertible Debentures | End of Tenure | 1 | May 2023 | 499.03 | 498.21 |
| Term loan from Bank | Quarterly | 20 | May 2027 | 489.90 | – |
| ECB Loan from Bank - II | Half Yearly | 3 | Sep 2023 | 75.79 | 121.85 |
| Sales Tax Deferral | | | | | |
| Phase-1 | Yearly | – | – | – | 6.33 |
| Phase-2 | Yearly | 6 | Jun 2027 | 94.37 | 110.09 |
| Total long-term borrowings | | | | 1,470.57 | 1,106.38 |
| Less : Current maturities of long-term borrowings | | | | 303.43 | 70.80 |
| Total long-term borrowings (Net) | | | | 1,167.14 | 1,035.58 |

Details of securities created:

- ECB loan from Bank I - Exclusive charge over assets procured out of proceeds of the loan.
- Soft loan - State owned corporation viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

14 NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

Amount payable in each instalments:

| Description | Currency | Amount* | Rate of Interest |
|--|----------|---|-------------------------------|
| ECB Loan from Bank - I | USD | 4 Quarterly instalments of 7.5 mn between May 2022 and February 2023 | 3 Month USD LIBOR plus Margin |
| State owned corporation | INR | 75.40, 4.45 and 9.24 crores (three instalments between April 2022 and April 2031) | 0.10% |
| 7.5% Non Convertible Debentures (5,000 nos., Face value ₹ 10 Lakhs each) | INR | 500 crores at the end of the term - May 2023 | 7.50% |
| Term Loan from Bank | INR | 20 quarterly unequated instalments beginning from 30 th June 2022 | 6.30% |
| ECB Loan from Bank - II | USD | 3 Half yearly instalments of 3.33 mn between September 2022 and September 2023 | 3 Month USD LIBOR plus Margin |
| Sales tax deferral Phase-2 | INR | 15.73 crores per annum June 2022 to June 2027 | Nil |

* undiscounted cash outflows

15 PROVISIONS

| Particulars | As at 31-03-2022 | | As at 31-03-2021 | |
|---------------------------------|------------------|-------------|------------------|-------------|
| | Current | Non-current | Current | Non-current |
| Provision for employee benefits | | | | |
| (a) Pension | 55.32 | 86.24 | 30.96 | 62.26 |
| (b) Leave salary | 7.43 | 52.03 | 5.57 | 42.38 |
| (c) Gratuity | 3.44 | – | 2.49 | – |
| Others: | | | | |
| (a) Warranty | 30.99 | 10.33 | 37.22 | 11.66 |
| | 97.18 | 148.60 | 76.24 | 116.30 |

16 DEFERRED TAX LIABILITIES (NET)

The balance comprises temporary differences attributable to:

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|---|------------------|------------------|
| Deferred tax liability consists of tax impact on: | | |
| - Depreciation | 295.48 | 257.90 |
| - tax on others | 26.64 | 26.59 |
| Total deferred tax liability (A) | 322.12 | 284.49 |
| Deferred tax asset consists of impact on: | | |
| - tax on employee benefit expenses | 47.32 | 32.06 |
| - tax on warranty provision | 12.12 | 14.02 |
| - tax on others | 64.81 | 42.96 |
| Total deferred tax assets (B) | 124.25 | 89.04 |
| Net deferred tax liability (A)-(B) | 197.87 | 195.45 |

Movement in deferred tax:

| Particulars | Depreciation | Others | Total |
|---------------------------------|--------------|---------|---------|
| As at 31-03-2020 | | | 158.05 |
| Charged/(credited): | | | |
| - to profit or loss | 19.76 | (8.95) | 10.81 |
| - to other comprehensive income | – | 26.59 | 26.59 |
| As at 31-03-2021 | | | 195.45 |
| Charged / (credited): | | | |
| - to profit or loss | 37.58 | (17.95) | 19.63 |
| - to other comprehensive income | – | (17.21) | (17.21) |
| As at 31-03-2022 | | | 197.87 |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

| | As at 31-03-2022 | As at 31-03-2021 |
|--|---------------------|---------------------|
| 17 FINANCIAL LIABILITIES - BORROWINGS (CURRENT) | | |
| Borrowings repayable on demand from banks | | |
| Secured | – | – |
| Unsecured | 130.00 | – |
| Current Maturities of long term borrowings: | | |
| Secured | 227.17 | – |
| Unsecured | 76.26 | 70.80 |
| | <u>433.43</u> | <u>70.80</u> |

18 TRADE PAYABLES

| | | |
|---|-----------------|-----------------|
| Dues to Micro and Small Enterprises ** | 56.85 | 39.75 |
| Dues to enterprises other than Micro and Small Enterprises# | 3,934.59 | 3,881.85 |
| | <u>3,991.44</u> | <u>3,921.60</u> |

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There is no principal or no interest due, thereon and remaining unpaid at the end of the year (Refer Note 38).

Includes balances due to related parties [Refer Note 34(c)(ii)].

Ageing for trade payable as on 31.03.2022

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|--|--|----------|-----------|-----------|-------------------|----------|
| | Not due | < 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Micro and Small Enterprises (MSME) | 56.85 | – | – | – | – | 56.85 |
| (ii) Others | 2,429.11 | 856.29 | 2.32 | 5.64 | 14.26 | 3,307.62 |
| (iii) Disputed dues - MSME | – | – | – | – | – | – |
| (iv) Disputed dues - Others | – | – | – | – | – | – |
| Total (i) to (iv) | 2,485.96 | 856.29 | 2.32 | 5.64 | 14.26 | 3,364.47 |
| Accrued expenses | | | | | | 626.97 |
| Total | | | | | | 3,991.44 |

Ageing for trade payable as on 31.03.2021

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|--|--|----------|-----------|-----------|-------------------|----------|
| | Not due | < 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Micro and Small Enterprises (MSME) | 39.75 | – | – | – | – | 39.75 |
| (ii) Others | 2,031.43 | 983.30 | 64.35 | 12.73 | 55.19 | 3,147.00 |
| (iii) Disputed dues - MSME | – | – | – | – | – | – |
| (iv) Disputed dues - Others | – | – | – | – | – | – |
| Total (i) to (iv) | 2,071.18 | 983.30 | 64.35 | 12.73 | 55.19 | 3,186.75 |
| Accrued expenses | | | | | | 734.85 |
| Total | | | | | | 3,921.60 |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

| | Rupees in crores | |
|---|--------------------------|--------------------------|
| | As at 31-03-2022 | As at 31-03-2021 |
| 19 OTHER FINANCIAL LIABILITIES | | |
| Interest accrued but not due on loans | 34.91 | 34.26 |
| Trade deposits received | 36.56 | 32.37 |
| Unclaimed dividends (Not due for transfer to Investor Education and Protection Fund) | 3.79 | 4.32 |
| Dividend declared but not paid (Due for payment in subsequent year) | 54.27 | 66.51 |
| Payables against capital goods | 36.26 | 14.42 |
| | <u>165.79</u> | <u>151.88</u> |
| 20 OTHER CURRENT LIABILITIES | | |
| Statutory dues | 126.85 | 103.99 |
| Employee related | 134.97 | 87.30 |
| Advance received from customers | 147.64 | 143.90 |
| Deferred income | 7.75 | – |
| | <u>417.21</u> | <u>335.19</u> |
| | Year ended 31-03-2022 | Year ended 31-03-2021 |
| 21 REVENUE FROM OPERATIONS | | |
| Sale of products | 20,361.14 | 16,571.42 |
| Sale of services | 75.70 | 32.03 |
| Other operating revenue [#] | 353.67 | 147.09 |
| | <u>20,790.51</u> | <u>16,750.54</u> |
| [#] Includes Government Grants of ₹ 278.65 crores (Last year ₹ 107.72 crores) | | |
| 22 OTHER INCOME | | |
| Dividend income from investments designated as FVOCI | 3.81 | 0.20 |
| Interest income | 6.74 | 31.95 |
| Gain on fair valuation / sale of investments - (Net) | 0.23 | 0.04 |
| Profit on sale of property, plant and equipment - (Net) | 2.58 | – |
| Other non-operating income | 5.63 | 0.78 |
| | <u>18.99</u> | <u>32.97</u> |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

| | Rupees in crores | |
|--|--------------------------|--------------------------|
| | Year ended 31-03-2022 | Year ended 31-03-2021 |
| 23 MATERIAL COST | | |
| Cost of Materials consumed: | | |
| Opening stock of raw materials and components | 570.22 | 531.14 |
| Add: Purchases | 15,601.69 | 12,545.97 |
| | <u>16,171.91</u> | <u>13,077.11</u> |
| Less: Closing stock of raw materials and components | 625.26 | 570.22 |
| | <u>15,546.65</u> | <u>12,506.89</u> |
| Purchases of stock-in-trade : | | |
| Spare parts | 163.37 | 126.29 |
| Engine oil | 122.68 | 97.92 |
| | <u>286.05</u> | <u>224.21</u> |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade: | | |
| Opening stock: | | |
| Work-in-progress | 36.00 | 43.76 |
| Stock-in-trade | 83.87 | 73.45 |
| Finished goods | 275.97 | 271.38 |
| | (A) <u>395.84</u> | <u>388.59</u> |
| Closing stock: | | |
| Work-in-progress | 43.07 | 36.00 |
| Stock-in-trade | 98.58 | 83.87 |
| Finished goods | 278.72 | 275.97 |
| | (B) <u>420.37</u> | <u>395.84</u> |
| | (A)-(B) <u>(24.53)</u> | <u>(7.25)</u> |
| 24 EMPLOYEE BENEFITS EXPENSE | | |
| Salaries, wages and bonus | 964.25 | 832.86 |
| Contribution to provident and other funds | 75.07 | 56.90 |
| Staff welfare expenses | 97.04 | 58.71 |
| | <u>1,136.36</u> | <u>948.47</u> |
| 25 FINANCE COSTS | | |
| Interest on borrowings | 95.01 | 132.44 |
| Interest on lease liabilities | 30.18 | 8.74 |
| Exchange differences | 0.73 | 0.42 |
| | <u>125.92</u> | <u>141.60</u> |
| 26 DEPRECIATION AND AMORTISATION EXPENSE | | |
| Depreciation on property plant and equipment | 448.51 | 392.71 |
| Amortisation on right of use asset | 67.12 | 25.88 |
| Amortisation on intangible assets | 95.81 | 75.09 |
| | <u>611.44</u> | <u>493.68</u> |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

| | Rupees in crores | |
|---|--------------------------|--------------------------|
| | Year ended 31-03-2022 | Year ended 31-03-2021 |
| 27 OTHER EXPENSES | | |
| (a) Consumption of stores, spares and tools | 49.49 | 46.15 |
| (b) Power and fuel | 93.12 | 75.90 |
| (c) Repairs - buildings | 14.09 | 12.74 |
| (d) Repairs - plant and equipment | 63.14 | 52.31 |
| (e) Insurance | 26.96 | 23.58 |
| (f) Rates and taxes (excluding taxes on income) | 4.27 | 3.96 |
| (g) Audit fees # | 1.15 | 1.15 |
| (h) Cost audit fees | 0.06 | 0.06 |
| (i) Packing and freight charges | 497.30 | 318.91 |
| (j) Advertisement and publicity | 317.11 | 315.32 |
| (k) Other marketing expenses | 179.42 | 267.81 |
| (l) Loss on sale of property, plant and equipment - (Net) | – | 1.88 |
| (m) Foreign exchange loss (Net) | – | 32.40 |
| (n) Corporate Social Responsibility expenditure* | 17.01 | 18.38 |
| (o) Contributions to Electoral Trust / Bond | 5.00 | – |
| (p) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations). | 616.12 | 479.12 |
| | <u>1,884.24</u> | <u>1,649.67</u> |

Refer Note No. 39 for details on audit fees.

* Refer Note No. 45 for details on Corporate Social Responsibility expenditure.

Exceptional items reported in Statement of Profit & Loss represents CoVID-19 related expenses incurred during the year.

28 TAX EXPENSE AND RECONCILIATION

| | | |
|---|---------------|---------------|
| (a) Tax expense | | |
| Current tax: | | |
| Current tax on profits for the year | 300.02 | 203.39 |
| | (A) | <u>300.02</u> |
| Deferred tax: | | |
| Decrease / (increase) in deferred tax assets | (69.88) | (8.95) |
| (Decrease) / increase in deferred tax liabilities | 89.51 | 19.76 |
| | (B) | <u>19.63</u> |
| | (A + B) | <u>319.65</u> |
| (b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate: | | |
| Profit before income tax expense | 1,213.21 | 826.24 |
| Tax expense at the Indian tax rate of 25.168% (previous year: 25.168%) | 305.34 | 207.95 |
| Add / (Less) : Tax Impact on | | |
| Capital receipts | (3.44) | (0.76) |
| Partially allowed deductions | 14.02 | 5.06 |
| Others | 3.73 | 1.95 |
| Tax expense | <u>319.65</u> | <u>214.20</u> |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

29 FAIR VALUE MEASUREMENTS

| Particulars | As at 31-03-2022 | | | As at 31-03-2021 | |
|------------------------------------|--------------------|--------|----------------|------------------|----------------|
| | FVTPL [§] | FVOCI* | Amortised cost | FVOCI* | Amortised cost |
| Financial assets | | | | | |
| Investments | | | | | |
| - Equity instruments | 130.23 | 10.67 | – | 92.58 | – |
| - Preference shares | – | – | 8.14 | – | 20.32 |
| - Other non-current investments | – | 52.38 | – | 40.43 | – |
| - Debt Instruments | – | – | 25.74 | – | 27.80 |
| Trade receivables | – | – | 950.69 | – | 869.98 |
| Derivative financial asset | – | 16.01 | – | 3.03 | – |
| Cash and cash equivalents | – | – | 328.75 | – | 858.98 |
| Other bank balances (Bank deposit) | – | – | 0.24 | – | 0.80 |
| Earmarked balances with banks | – | – | 72.54 | – | 70.83 |
| Other financial assets | – | – | 78.40 | – | 13.49 |
| | 130.23 | 79.06 | 1,464.50 | 136.04 | 1,862.20 |
| Financial liabilities | | | | | |
| Borrowings | – | – | 1,600.57 | – | 1,106.38 |
| Trade payables | – | – | 3,991.44 | – | 3,921.60 |
| Lease liability | – | – | 362.15 | – | 123.46 |
| Other financial liability | – | – | 165.79 | – | 151.88 |
| | – | – | 6,119.95 | – | 5,303.32 |

* FVOCI - Fair Valued Through Other Comprehensive Income § FVTPL- Fair Value Through Profit or Loss.

(i) Fair value hierarchy

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

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

| As at 31-03-2022 | Notes | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------|-------|---------|---------|---------|--------|
| Financial assets | | | | | |
| Financial investments at FVTPL | 3 | | | 130.23 | 130.23 |
| Financial investments at FVOCI | 3 | 1.03 | 52.38 | 9.64 | 63.05 |
| Derivatives | 10 | – | 16.01 | – | 16.01 |
| | | 1.03 | 68.39 | 139.87 | 209.29 |

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

| As at 31-03-2022 | Notes | Level 1 | Level 2 | Level 3 | Total |
|-----------------------|---------|---------|---------|----------|----------|
| Financial assets | | | | | |
| <i>Investments</i> | | | | | |
| Preference shares | 3 | – | – | 8.14 | 8.14 |
| Debt instruments | 3 | – | – | 25.74 | 25.74 |
| | | – | – | 33.88 | 33.88 |
| Financial liabilities | | | | | |
| Borrowings | 14 & 17 | – | – | 1,600.57 | 1,600.57 |
| | | – | – | 1,600.57 | 1,600.57 |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

29 FAIR VALUE MEASUREMENTS - (continued)

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

| As at 31-03-2021 | Notes | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------|-------|---------|---------|---------|--------|
| Financial assets | | | | | |
| Financial Investments at FVOCI | 3 | 80.95 | 40.43 | 11.63 | 133.01 |
| Derivatives | 10 | – | 3.03 | – | 3.03 |
| | | 80.95 | 43.46 | 11.63 | 136.04 |

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

| As at 31-03-2021 | Notes | Level 1 | Level 2 | Level 3 | Total |
|-----------------------|---------|---------|---------|----------|----------|
| Financial assets | | | | | |
| Investments | | | | | |
| Preference shares | 3 | – | – | 20.32 | 20.32 |
| Debt instruments | 3 | – | – | 27.80 | 27.80 |
| | | – | – | 48.12 | 48.12 |
| Financial liabilities | | | | | |
| Borrowings | 14 & 17 | – | – | 1,106.38 | 1,106.38 |
| | | – | – | 1,106.38 | 1,106.38 |

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

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

Level 3: If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers among the three levels.

The company's policy is to recognise transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principal only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

29 FAIR VALUE MEASUREMENTS – (continued)

Rupees in crores

(iii) Fair value measurements using significant unobservable inputs (level 3)

| Particulars | Unlisted Equity Shares |
|---|------------------------|
| As at 01-04-2020 | 12.95 |
| Additions / (Deletions) | (0.10) |
| Gains/(losses) recognised in profit or loss | 0.04 |
| Gains/(losses) recognised in other comprehensive income | (1.26) |
| As at 31-03-2021 | 11.63 |
| Additions / (Deletions) | 130.34 |
| Reclassified from amortised cost | 12.70 |
| Gains / (losses) recognised in profit or loss | 0.23 |
| Gains / (losses) recognised in other comprehensive income | (15.03) |
| As at 31-03-2022 | 139.87 |

(iv) Valuation inputs and relationships to fair value

| Particulars | Fair value as at | | Significant unobservable input | Probability weighted range for the year ended | | Sensitivity |
|------------------------|------------------|------------|---|---|------------|-----------------|
| | 31-03-2022 | 31-03-2021 | | 31-03-2022 | 31-03-2021 | |
| Unquoted Equity shares | 139.87 | 11.63 | a) Earnings growth rate b) Risk adjusted discount rate | 1-3% 8% | 1-3% 8% | Not significant |

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies. Risk adjustments have been derived based on the market risk premium adjusted for companies relevant financial data.

(vi) Fair value of financial assets and liabilities measured at amortised cost

| Particulars | As at 31-03-2022 | | As at 31-03-2021 | |
|-----------------------|------------------|------------|------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | |
| Investments | | | | |
| Preference shares | 8.14 | 8.14 | 20.32 | 20.32 |
| Debt instruments | 25.74 | 25.74 | 27.80 | 27.80 |
| | 33.88 | 33.88 | 48.12 | 48.12 |
| Financial liabilities | | | | |
| Borrowings | 1,600.57 | 1,600.57 | 1,106.38 | 1,106.38 |
| | 1,600.57 | 1,600.57 | 1,106.38 | 1,106.38 |

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

30 FINANCIAL RISK MANAGEMENT

Rupees in crores

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

| Risk | Exposure arising from | Risk Parameters and Mitigation |
|----------------|---|---|
| Credit Risk | Cash, Cash equivalents and Trade receivables | Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forwarding-looking information (more specifically described below) . In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days, when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors. |
| | a. Cash and Cash Equivalents | Surplus cash is deposited only with banks / financial institutions with a high external credit rating. |
| | b. Domestic Trade Receivables | Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. The Company extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. The Company has extensive reporting and review system to constantly monitor the outstandings. |
| | c. Export Trade Receivables | The Company's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with ECGC Limited. |
| Liquidity Risk | INR denominated borrowings [other than soft loans given by Govt. Authorities] | The company's liquidity management policy involves projecting cash flows in major currencies by considering the level of liquid assets necessary to meet the same, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company works out a detailed annual operating plans to assess the fund requirements - both short term and long term. Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cash flow from operations to ensure that the borrowing is minimized. |
| Market Risk | (i) Foreign exchange | The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions. |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

30 FINANCIAL RISK MANAGEMENT - (continued)

| Risk | Exposure arising from | Risk Parameters and Mitigation |
|----------------------------|---|---|
| Market Risk (continued) | a. Export trade receivables and Import payables | The Company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered. |
| | b. Foreign currency denominated borrowings | The Company has hedged its borrowings by covering the principal repayments. |
| | (ii) Interest rate - Foreign currency denominated borrowings | The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. |

(A) Credit risk

Basis of recognition of expected credit loss provision

| Rating | Category | Description of category | investments | Loans and deposits | Trade receivables |
|--------|---|---|----------------------------------|---------------------------------|--|
| 1 | High Quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. | 12 month expected credit losses | 12 month expected credit losses | Life time expected credit losses (simplified approach) |
| 2 | Quality assets, low credit risk | Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past | | | |
| 3 | Standard Assets, moderate credit risk | Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong. | | | |
| 4 | Substandard Assets, relatively high credit risk | Assets where there has been a significant increase in credit risk since initial recognition. | Life time expected credit losses | | |
| 5 | Low quality assets, very high credit risk | Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due. | | | |
| 6 | Doubtful assets, credit impaired | Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss. | Asset is written off | | |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

30 FINANCIAL RISK MANAGEMENT - (continued)

As at 31-03-2022

a) Expected credit loss for investments, loans and other financial assets

| Particulars | Internal rating | Asset / Asset group | Gross carrying amount | Expected probability of default | Expected credit loss | Carrying amount net of impairment provision |
|--|-----------------|-------------------------------|-----------------------|---------------------------------|----------------------|---|
| Loss allowance measured at 12 month expected credit loss | 2 | Investments at amortised cost | 33.88 | 0% | – | 33.88 |
| | 1 | Other financial assets | 78.40 | 0% | – | 78.40 |

b) Expected credit loss for trade receivables under simplified approach

| Particulars | 0 to 180 days past due | More than 180 days past due | Total |
|--------------------------------------|------------------------|-----------------------------|--------|
| Gross carrying amount | 806.93 | 171.99 | 978.92 |
| Expected loss rate | – | 16% | |
| Expected credit losses | – | 28.23 | 28.23 |
| Carrying amount of trade receivables | 806.93 | 143.76 | 950.69 |

As at 31-03-2021

a) Expected credit loss for investments, loans and other financial assets

| Particulars | Internal rating | Asset / Asset group | Gross carrying amount | Expected probability of default | Expected credit loss | Carrying amount net of impairment provision |
|--|-----------------|-------------------------------|-----------------------|---------------------------------|----------------------|---|
| Loss allowance measured at 12 month expected credit loss | 2 | Investments at amortised cost | 48.12 | 0% | – | 48.12 |
| | 1 | Other financial assets | 13.49 | 0% | – | 13.49 |

b) Expected credit loss for trade receivables under simplified approach

| Particulars | 0 to 180 days past due | More than 180 days past due | Total |
|--------------------------------------|------------------------|-----------------------------|--------|
| Gross carrying amount | 794.56 | 97.45 | 892.01 |
| Expected loss rate | – | 23% | |
| Expected credit losses | – | 22.03 | 22.03 |
| Carrying amount of trade receivables | 794.56 | 75.45 | 869.98 |

Reconciliation of loss allowance provision - Trade receivables

| | |
|------------------------------|-------|
| Loss allowance on 31-03-2020 | 17.43 |
| Changes in loss allowance | 4.60 |
| Loss allowance on 31-03-2021 | 22.03 |
| Changes in loss allowance | 6.20 |
| Loss allowance on 31-03-2022 | 28.23 |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

30 FINANCIAL RISK MANAGEMENT - (continued)

(B) Liquidity risk

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|------------------|------------------|
| Floating rate | | |
| - Expiring within one year (bank overdraft and other facilities) | 2,038.45 | 1,500.35 |
| - Expiring beyond one year (bank loans) | – | – |

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging 30 to 180 days.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

As at 31-03-2022

| Contractual Maturities of Financial Liabilities | Less than 3 months | 3 months to 6 months | 6 months to 1 year | 1 year to 5 years | More than 5 years | Total |
|---|--------------------|----------------------|--------------------|-------------------|-------------------|----------|
| Borrowings | 205.02 | 84.56 | 143.85 | 1,163.75 | 9.24 | 1,606.42 |
| Lease liabilities | 21.68 | 21.48 | 41.29 | 291.64 | 75.40 | 451.49 |
| Trade payables | 3,991.44 | – | – | – | – | 3,991.44 |
| Other financial liabilities | 165.79 | – | – | – | – | 165.79 |

As at 31-03-2021

| Contractual Maturities of Financial Liabilities | Less than 3 months | 3 months to 6 months | 6 months to 1 year | 1 year to 5 years | More than 5 years | Total |
|---|--------------------|----------------------|--------------------|-------------------|-------------------|----------|
| Borrowings | – | 46.43 | 24.37 | 1,033.26 | 9.24 | 1,113.30 |
| Lease liabilities | 7.76 | 7.76 | 15.32 | 90.99 | 35.27 | 157.10 |
| Trade payables | 3,921.60 | – | – | – | – | 3,921.60 |
| Other financial liabilities | 151.88 | – | – | – | – | 151.88 |

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

30 FINANCIAL RISK MANAGEMENT - (continued)

(C) Market risk

(i) Foreign exchange risk

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

| Particulars | As at 31-03-2022 | | As at 31-03-2021 | |
|------------------------------------|------------------|---------|------------------|---------|
| | USD | EUR | USD | EUR |
| Exposure in foreign currency | | | | |
| Financial assets: | | | | |
| Trade receivables | 692.61 | 60.00 | 564.99 | 30.00 |
| Investments | 52.38 | – | 52.13 | – |
| Derivative assets: | | | | |
| Foreign exchange forward contracts | | | | |
| Sell foreign currency | (1,583.99) | (63.46) | (1,537.09) | (74.85) |
| Financial liabilities: | | | | |
| Foreign currency loan | 302.96 | – | 340.55 | – |
| Trade payables | 80.61 | 6.50 | 290.39 | 5.91 |
| Derivative liabilities: | | | | |
| Principal swap | | | | |
| Buy foreign currency | (302.96) | – | (340.55) | – |

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

| Particulars | Impact on profit after tax* | | Impact on other components of equity* | |
|---------------------------|-----------------------------|------------------|---------------------------------------|------------------|
| | As at 31-03-2022 | As at 31-03-2021 | As at 31-03-2022 | As at 31-03-2021 |
| USD sensitivity | | | | |
| INR/USD increases by 10% | 45.07 | 21.21 | (113.46) | (110.88) |
| INR/USD decreases by 10% | (45.07) | (21.21) | 113.46 | 110.88 |
| EURO sensitivity | | | | |
| INR/EURO increases by 10% | 3.94 | 1.79 | (4.70) | (5.55) |
| INR/EURO decreases by 10% | (3.94) | (1.79) | 4.70 | 5.55 |

* Holding all other variables constant

(ii) Interest rate risk

Domestic INR borrowings are based on fixed rate of interest. Normally, for short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, Company resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--------------------------|------------------|------------------|
| Variable rate borrowings | 302.97 | 340.55 |
| Fixed rate borrowings | 1,303.45 | 772.75 |

The amount disclosed in the table are the contractual undiscounted cash flows.

| Sensitivity | Impact on profit after tax | |
|---------------------------------------|----------------------------|------------------|
| | As at 31-03-2022 | As at 31-03-2021 |
| Increase in interest rates by 100 bps | (2.23) | (2.52) |
| Decrease in interest rates by 100 bps | 2.23 | 2.52 |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

30 FINANCIAL RISK MANAGEMENT - (continued)

(iii) Price Risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

(i) Disclosure of effects of hedge accounting on financial position

(a) Disclosure of effects of hedge accounting on financial position as at 31-03-2021

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Changes in fair value of hedging instrument since inception of hedge | Changes in the value of hedged item used as the basis for recognising hedge effectiveness |
|------------------------------------|---------------|-------------|---------------------------------------|-------------|------------------|--|---|
| | Assets | Liabilities | Assets | Liabilities | | | |
| Cash flow hedge | | | | | | | |
| Foreign exchange forward contracts | 1,647.45 | – | 4.45 | – | Apr-22 to Dec-22 | 4.45 | (4.45) |
| Foreign currency loan: | | | | | | | |
| • Principal swap | – | 302.96 | 14.62 | – | Sep-22 to Sep-23 | 14.62 | (14.62) |
| • Interest rate swap | – | 302.96 | – | 3.06 | | (3.06) | 3.06 |

(b) Disclosure of effects of hedge accounting on financial position as at 31-03-2021

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Changes in fair value of hedging instrument since inception of hedge | Changes in the value of hedged item used as the basis for recognising hedge effectiveness |
|------------------------------------|---------------|-------------|---------------------------------------|-------------|------------------|--|---|
| | Assets | Liabilities | Assets | Liabilities | | | |
| Cash flow hedge | | | | | | | |
| Foreign exchange forward contracts | 1,611.94 | – | 8.20 | – | Apr-21 to Mar-22 | 8.20 | (8.20) |
| Foreign currency loan: | | | | | | | |
| • Principal swap | – | 340.55 | 8.74 | – | Sep-21 to Sep-23 | 8.74 | (8.74) |
| • Interest rate swap | – | 340.55 | – | 13.91 | | (13.91) | 13.91 |

(ii) Disclosure of effects of hedge accounting on financial performance: for the year ended 31-03-2022:

| Type of hedge | Change in the value of hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit and loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|--|---|--|--|
| Cash flow hedge: Foreign exchange risk/POS/IRS | (1.65) | – | (3.68) | Revenue and Borrowing cost |

for the year ended 31-03-2021:

| Type of hedge | Change in the value of hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit and loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|--|---|--|--|
| Cash flow hedge: Foreign exchange risk/POS/IRS | (3.68) | – | (51.41) | Revenue and Borrowing cost |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

31 CAPITAL MANAGEMENT

(a) Risk management

The Company's objectives when managing capital are to

- safeguard our ability to continue as a going concern, so that we can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet). The company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|----------------------------------|---------------------|---------------------|
| Net debt | 1,271.82 | 247.40 |
| Total equity | 4,822.04 | 4,170.95 |
| Net debt to equity ratio (times) | 0.3 | 0.1 |

The Company also monitors Interest coverage ratio:

Company's earnings before interest, taxes and exceptional items (EBIT) divided by interest.

The Company's strategy is to maintain an optimum interest coverage ratio.

The Interest coverage ratio were as follows:

| Particulars | Year ended 31-03-2022 | Year ended 31-03-2021 |
|---------------------------------|--------------------------|--------------------------|
| EBIT | 1,369.29 | 967.84 |
| Interest | 125.92 | 141.60 |
| Interest coverage ratio (Times) | 10.9 | 6.8 |

(b) Dividends

| Particulars | Year ended 31-03-2022 | Year ended 31-03-2021 |
|---|--------------------------|--------------------------|
| (i) Equity shares Interim dividend for the year ended 31-03-2022 of ₹ 3.75 (for the year ended 31-03-2021 of ₹ 3.50) per fully paid share | 178.16 | 166.28 |
| (ii) Dividends not recognised at the end of the reporting period | – | – |

32 KEY FINANCIAL RATIOS

| S.No. | Particulars | As at 31-03-2022 | As at 31-03-2021 | Variance |
|-------|---|---------------------|---------------------|----------|
| 1 | Current ratios (times) [Current assets / Current liabilities] - Note 1 | 0.6 | 0.8 | 25% |
| 2 | Net debt / Equity ratio (times) [(Total borrowing - Cash) / Equity] - Note 2 | 0.3 | 0.1 | (200%) |
| 3 | Debt service coverage ratio (times) [Earnings before interest, Tax and Exceptional items / (Interest expense + Principal repayments of long term loan made during the period excluding prepayment)] | 5.2 | 4.9 | (6%) |
| 4 | Return on equity (%) [Net profit after tax / Average shareholders equity] - Note 1 | 19.9% | 15.7% | (26%) |
| 5 | Inventory turnover ratio (times) [Annualised cost of goods sold / Average inventory] | 13.9 | 11.6 | (20%) |
| 6 | Debtors turnover ratio (times) [Annualised turnover / Average debtors] - Note 1 | 22.8 | 15.6 | (47%) |
| 7 | Trade payable turnover ratio (times) [(Cost of goods sold + Other expenses) / Average trade payable] | 4.5 | 4.2 | (6%) |
| 8 | Net capital turnover ratio (times) [Net sales / (Current asset - Current liabilities excluding current maturities of long term borrowing)] | NA | NA | NA |
| 9 | Net profit ratio (%) [Profit after tax / Turnover] | 4.3% | 3.7% | (18%) |
| 10 | Return on capital employed (%) [Earnings before interest, Tax and Exceptional items / Capital employed] | 20.7% | 17.7% | (17%) |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

32 KEY FINANCIAL RATIOS - (continued)

Rupees in crores

| S.No. | Particulars | As at 31-03-2022 | As at 31-03-2021 | Variance |
|-------|--|---------------------|---------------------|----------|
| 11 | Return on investment (%) - [Income generated from invested funds / Average invested funds] - Note 3. | NA | NA | NA |

- 1 Reflects better operational performance.
2. Reflects higher borrowings.
3. Significant investments held by the Company is for strategic purposes. Benchmarking the return on annual basis will not reflect yield from such investments.

33 EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plans as per actuarial valuation

| Particulars | Funded plan | | | Unfunded plans | |
|--|-----------------------------|---------------------------|------------|-----------------------------|-----------------------------|
| | Gratuity | | | Pension | Leave salary |
| | Present value of obligation | Fair value of plan assets | Net amount | Present value of obligation | Present value of obligation |
| As at 01-04-2020 | 118.44 | (113.08) | 5.36 | 95.83 | 37.02 |
| Current service cost | 18.41 | – | 18.41 | – | – |
| Interest expense /(income) | 7.88 | (7.48) | 0.40 | 5.11 | 2.67 |
| Total amount recognised in profit or loss | 26.29 | (7.48) | 18.81 | 5.11 | 2.67 |
| Remeasurements | | | | | |
| Return on plan assets, excluding amounts included in interest expense / (income) | – | 2.18 | 2.18 | – | – |
| (Gain) / loss from change in financial assumptions | (3.45) | – | (3.45) | 0.78 | (1.32) |
| Experience (gains) / losses | (9.57) | – | (9.57) | (7.66) | 11.77 |
| Total amount recognised in other comprehensive income | (13.02) | 2.18 | (10.84) | (6.88) | 10.45 |
| Employer contributions | – | (10.84) | (10.84) | – | – |
| Benefit payments | (7.07) | 7.07 | – | (0.84) | (2.19) |
| As at 31-03-2021 | 124.64 | (122.15) | 2.49 | 93.22 | 47.95 |
| Current service cost | 19.87 | – | 19.87 | – | – |
| Interest expense / (income) | 9.81 | (8.79) | 1.02 | 6.55 | 3.24 |
| Total amount recognised in profit or loss | 29.68 | (8.79) | 20.89 | 6.55 | 3.24 |
| Remeasurements | | | | | |
| Return on plan assets, excluding amounts included in interest expense / (income) | – | (2.78) | (2.78) | – | – |
| (Gain) / loss from change in financial assumptions | (4.85) | – | (4.85) | (2.83) | (1.58) |
| Experience (gains) / losses | 24.16 | – | 24.16 | 46.26 | 23.97 |
| Total amount recognised in other comprehensive income | 19.31 | (2.78) | 16.53 | 43.43 | 22.39 |
| Employer contributions | – | (36.47) | (36.47) | – | – |
| Benefit payments | (12.71) | 12.71 | – | (1.64) | (14.12) |
| As at 31-03-2022 | 160.92 | (157.48) | 3.44 | 141.56 | 59.46 |

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

33 EMPLOYEE BENEFIT OBLIGATIONS - (continued)

Rupees in crores

The significant actuarial assumptions were as follows:

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|-------------------------|---------------------|
| Discount rate (Gratuity) | 7.3% | 6.9% |
| Discount rate (Pension) | 5.7% | 5.5% |
| Discount rate (Leave salary) | 7.2% | 6.9% |
| Salary growth rate | 5.5% | 5.5% |
| Pre-retirement mortality rate | IALM (2006-08) Ultimate | |
| Post retirement mortality rate | LIC Ann (1996-98) | |
| Attrition rate (For Leave salary & Gratuity) | 3.0% | 3.0% |

Assumptions regarding future mortality for pension are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 58.

(i) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| Particulars | Impact on defined benefit obligation - Gratuity | | | | | |
|--------------------|---|------------|------------------------|------------|------------------------|------------|
| | Change in assumption | | Increase in assumption | | Decrease in assumption | |
| | Year ended | | Year ended | | Year ended | |
| | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 |
| Discount rate | 0.50% | 0.50% | 154.32 | 119.25 | 167.95 | 130.48 |
| Salary growth rate | 0.50% | 0.50% | 168.04 | 130.53 | 154.18 | 119.15 |
| Mortality | 5.00% | 5.00% | 160.92 | 124.67 | 160.85 | 124.62 |

| Particulars | Impact on defined benefit obligation - Pension | | | | | |
|--------------------|--|------------|------------------------|------------|------------------------|------------|
| | Change in assumption | | Increase in assumption | | Decrease in assumption | |
| | Year ended | | Year ended | | Year ended | |
| | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 |
| Discount rate | 1.00% | 1.00% | 126.30 | 82.65 | 159.91 | 106.16 |
| Salary growth rate | 1.00% | 1.00% | 160.64 | 106.61 | 125.52 | 82.16 |
| Mortality | 5.00% | 5.00% | 140.25 | 92.40 | 142.93 | 94.22 |

| Particulars | Impact on defined benefit obligation - Leave salary | | | | | |
|--------------------|---|------------|------------------------|------------|------------------------|------------|
| | Change in assumption | | Increase in assumption | | Decrease in assumption | |
| | Year ended | | Year ended | | Year ended | |
| | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 |
| Discount rate | 0.50% | 0.50% | 57.22 | 46.10 | 61.87 | 49.94 |
| Salary growth rate | 0.50% | 0.50% | 61.90 | 49.96 | 57.17 | 46.07 |
| Mortality | 5.00% | 5.00% | 59.47 | 47.96 | 59.45 | 47.95 |

Notes to the Financial Statements – (continued)

33 EMPLOYEE BENEFIT OBLIGATIONS - (continued)

Rupees in crores

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(ii) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit.

Changes in bond: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yield increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

(iii) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of ₹ 28.63 crores (previous year ₹ 17.91 crores) has been recognised in the Statement of Profit and Loss.

Notes to the Financial Statements – (continued)

34 RELATED PARTY DISCLOSURE

- (a) (i) Related parties and their relationship where control exists

Holding company:

Sundaram-Clayton Limited, Chennai

Ultimate holding company:

T V Sundram Iyengar & Sons Private Limited, Madurai #

TVS Holdings Private Limited, Chennai *

Subsidiaries:

Sundaram Auto Components Limited, Chennai

TVS Housing Limited, Chennai

TVS Motor Services Limited, Chennai

TVS Credit Services Limited, Chennai

Harita Collection Services Private Limited, Chennai (upto 4th September 2021)

Harita ARC Services Private Limited, Chennai

TVS Micro Finance Private Limited, Chennai (upto 4th September 2021)

TVS Commodity Financial Solutions Private Limited, Chennai (upto 9th February 2022)

TVS Two Wheeler Mall Private Limited, Chennai

TVS Housing Finance Private Limited, Chennai

TVS Motor (Singapore) Pte. Limited, Singapore

TVS Motor Company (Europe) B.V, Amsterdam

PT. TVS Motor Company Indonesia, Jakarta

Sundaram Holding USA Inc, USA

Green Hills Land Holding LLC, USA

Component Equipment Leasing LLC, USA

Sundaram-Clayton USA LLC, USA

Premier Land Holding LLC, USA

The Norton Motorcycle Co. Ltd, UK

Intellicar Telematics Private Limited, Bengaluru

TVS Electric Mobility Limited, Chennai (with effect from 13th December 2021)

Intellicar (Singapore) Pte Limited, Singapore (with effect from 10th November 2021)

TVS Digital Pte Limited, Singapore (with effect from 24th May 2021)

The GO Corporation, Switzerland (with effect from 16th September 2021)

EGO Movement Stuttgart, GmbH, Germany (with effect from 16th September 2021)

Swiss E-mobility (Group) Holding AG, Switzerland (with effect from 27th January 2022)

Swiss E-Mobility Group (Schweiz) AG Switzerland (with effect from 27th January 2022)

Colag E-Mobility GmbH, Germany (with effect from 27th January 2022)

Associate companies:

Emerald Haven Realty Limited, Chennai

Ultraviolette Automotive Private Limited, Bengaluru

Tagbox Solutions Private Limited, Bengaluru

- (ii) Other related parties and their relationship where transaction exists:

Fellow subsidiaries:

TVS Electronics Limited, Chennai #

Southern Roadways Private Limited, Madurai #

Sundaram Industries Private Limited, Madurai #

Lucas - TVS Limited, Chennai #

Lucas Indian Service Limited, Chennai #

TVS Lanka Private Limited, Colombo #

TVS Training and Services Limited, Chennai #

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

34 RELATED PARTY DISCLOSURE - (continued)

Rupees in crores

Associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:

Brakes India Private Limited, Chennai #
TVS Srichakra Limited, Madurai #
Wheels India Limited, Chennai #
Sundram Fasteners Limited, Chennai #
India Nippon Electricals Limited, Chennai #
Sundaram Brake Linings Limited, Chennai #
TVS Auto Bangladesh Limited, Dhaka #
TVS Supply Chain Solutions Limited, Madurai #
Predictronics Corporation, USA
TVS Training and Services Limited, Chennai *

Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:

TVS Upasana Limited, Chennai #
TVS Dynamic Global Freight Services Limited, Chennai #

Enterprises in which directors are interested:

TVS Organics Private Limited, Chennai
Harita Techserv Private Limited, Chennai
Dua Associates, Delhi
Dua Consulting Private Limited, Delhi
McCann-Erickson (India) Private Limited, Delhi
Lakshmi Energy and Environment Design Private Limited, Coimbatore

Key Management personnel:

Executive Directors:

Mr. Venu Srinivasan, Chairman Emeritus & Managing Director
Mr. Sudarshan Venu, Managing Director
Mr. K.N. Radhakrishnan, Director and CEO

Non-executive Directors:

Independent Directors:

Mr. C.R. Dua
Mr. R. Gopalan
Mrs. Lalita D. Gupte
Mr. T. Kannan
Mr. Kuok Meng Xiong
Mr. Hemant Krishan Singh
Mr. Prince Asirvatham (upto 20th Aug 2021)

Non-Independent Directors:

Prof. Sir Ralf Dieter Speth, Chairman
Mr. H. Lakshmanan
Dr. Lakshmi Venu

Enterprise in which key management personnel and their relative have significant influence:

Harita-NTI Limited, Chennai @

Post-employment benefit plans:

TVS Motor Company Employees' Gratuity Fund
TVS Motor Company Employees' Provident Fund

upto 4th February, 2022.

* with effect from 4th February, 2022

@ upto 20th September, 2021.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

| | Rupees in crores | |
|---|------------------------------------|------------------------------------|
| | As at/ Year ended 31-03-2022 | As at/ Year ended 31-03-2021 |
| 34 RELATED PARTY DISCLOSURE - (continued) | | |
| (b) Transactions with related parties: (Transactions from the date of becoming/ upto the date of ceasing to be related party) | | |
| (i) Purchase of goods | | |
| - ultimate holding company | | |
| TV Sundram Iyengar & Sons Private Limited, Madurai # | – | 0.34 |
| - holding company (Sundaram-Clayton Limited, Chennai) | 474.89 | 305.41 |
| - subsidiary companies | | |
| Sundaram Auto Components Limited, Chennai | 375.50 | 295.60 |
| PT.TVS Motor Company Indonesia, Jakarta | 0.20 | 0.11 |
| The Norton Motorcycle Co Ltd, UK | – | 0.70 |
| Intellicar Telematics Private Limited, Bengaluru | 0.05 | – |
| - fellow subsidiaries | | |
| TVS Electronics Limited, Chennai # | – | 0.01 |
| Sundaram Industries Private Limited, Madurai # | 0.02 | 0.04 |
| Lucas-TVS Limited, Chennai # | 149.59 | 136.35 |
| Lucas Indian Service Limited, Chennai # | 8.72 | 8.34 |
| - associate / joint venture | | |
| Tagbox Solutions Private Limited | 0.52 | – |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| Brakes India Private Limited, Chennai # | 28.58 | 22.67 |
| TVS Srichakra Limited, Madurai # | 435.40 | 374.06 |
| Wheels India Limited, Chennai # | 0.04 | 0.20 |
| Sundram Fasteners Limited, Chennai # | 45.58 | 43.15 |
| India Nippon Electricals Limited, Chennai # | 300.22 | 326.25 |
| Sundaram Brake Linings Limited, Chennai # | 7.89 | 8.10 |
| - subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| TVS Upasana Limited, Chennai # | 10.82 | 16.35 |
| - enterprises in which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai) @ | 0.76 | 1.71 |
| - enterprises in which directors are interested | | |
| TVS Organics Private Limited, Chennai | 0.53 | 0.28 |
| (ii) Sale of goods | | |
| - ultimate holding company | | |
| TV Sundram Iyengar & Sons Private Limited, Madurai # | 375.50 | 360.58 |
| TVS Holdings Private Limited, Chennai * | 79.83 | – |
| - holding company (Sundaram-Clayton Limited, Chennai) | 0.06 | 0.04 |
| - subsidiary companies | | |
| Sundaram Auto Components Limited, Chennai | 0.17 | – |
| PT.TVS Motor Company Indonesia, Jakarta | 250.47 | 171.89 |
| - fellow subsidiary company (TVS Lanka Private Limited, Colombo) # | 40.66 | 12.84 |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| TVS Auto Bangladesh Limited, Dhaka # | 586.67 | 537.12 |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

| | Rupees in crores | |
|---|------------------------------------|------------------------------------|
| | As at/ Year ended 31-03-2022 | As at/ Year ended 31-03-2021 |
| 34 RELATED PARTY DISCLOSURE - (continued) | | |
| (iii) Purchase of assets | | |
| - fellow subsidiaries | | |
| TVS Electronics Limited, Chennai # | 0.15 | 0.15 |
| - associate / joint venture | | |
| Tagbox Solutions Private Limited, Bengaluru | 0.25 | 1.01 |
| - Key Management Personnel | 43.06 | – |
| (iv) Rendering of services | | |
| - holding company (Sundaram-Clayton Limited, Chennai) | 2.62 | 1.91 |
| - subsidiary companies | | |
| Sundaram Auto Components Limited, Chennai | 0.12 | 0.70 |
| PT. TVS Motor Company Indonesia, Jakarta | 0.59 | 0.55 |
| TVS Credit Services Limited, Chennai | 9.11 | 7.55 |
| The Norton Motorcycle Co Ltd, UK | – | 11.80 |
| - fellow subsidiaries | | |
| Southern Roadways Private Limited, Madurai # | – | 0.01 |
| Lucas - TVS Limited, Chennai # | – | 0.01 |
| Lucas Indian Service Limited, Chennai # | – | 0.01 |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| TVS Supply Chain Solutions Limited, Chennai # | 0.24 | – |
| India Nippon Electricals Limited, Chennai # | – | 0.01 |
| TVS Srichakra Limited, Madurai # | – | 0.01 |
| Sundaram Fasteners Limited, Chennai # | – | 0.01 |
| Sundaram Brake Linings Limited, Chennai # | – | 0.01 |
| Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company: | | |
| TVS Upasana Limited, Chennai # | – | 0.01 |
| (v) Availing of services (includes sub-contract charges paid) | | |
| - ultimate holding company | | |
| TV Sundram Iyengar & Sons Private Limited, Madurai # | 0.26 | 0.25 |
| - holding company (Sundaram-Clayton Limited, Chennai) | 62.81 | 55.27 |
| - subsidiary company (TVS Credit Services Limited, Chennai) | 7.34 | 48.83 |
| - fellow subsidiaries: | | |
| TVS Electronics Limited, Chennai # | 1.83 | 1.85 |
| Southern Roadways Private Limited, Madurai # | 2.15 | 2.56 |
| TVS Training and Services Limited, Chennai # | 0.02 | 0.11 |
| - associate / joint venture (Tagbox Solutions Private Limited, Bengaluru) | – | 0.32 |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| TVS Supply Chain Solutions Limited, Chennai # | 78.53 | 96.84 |
| Predictronics Corporation, USA | – | 0.11 |
| TVS Training and Services Limited, Chennai * | 0.02 | |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

| 34 RELATED PARTY DISCLOSURE - (continued) | As at/ Year ended 31-03-2022 | As at/ Year ended 31-03-2021 |
|--|------------------------------------|------------------------------------|
| - subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company TVS Dynamic Global Freight Services Limited, Chennai # | 173.87 | 100.40 |
| - enterprises in which directors are interested | | |
| Dua Associates, Delhi | 1.92 | 0.18 |
| Dua Consulting Private Limited, Delhi | 4.74 | 5.30 |
| McCann-Erickson (India) Private Limited, Delhi | 5.68 | 3.91 |
| Lakshmi Energy and Environment Design Private Limited, Coimbatore | 0.15 | 0.07 |
| Harita Techserv Private Limited, Chennai | 4.17 | 3.50 |
| (vi) Investments made during the year | | |
| - subsidiary companies | | |
| TVS Motor (Singapore) Pte. Limited, Singapore | 1,083.43 | 194.88 |
| PT. TVS Motor Company Indonesia, Jakarta | – | 36.52 |
| Sundaram Auto Components Limited, Chennai | – | 23.00 |
| TVS Motor Services Limited, Chennai | 96.00 | – |
| TVS Credit Services Limited, Chennai | 100.00 | 99.98 |
| Intellicar Telematics Private Limited, Bengaluru | – | 22.50 |
| TVS Electric Mobility Limited, Chennai | 1.00 | – |
| - associate / joint venture | | |
| Ultraviolette Automotive Private Limited, Bengaluru | 75.00 | 30.00 |
| (vii) Share application money pending allotment | | |
| - subsidiary company | | |
| TVS Motor (Singapore) Pte Limited, Singapore | 20.17 | – |
| (viii) Trade advance given | | |
| - associate company (Ultraviolette Automotive Private Limited, Bengaluru) | – | 3.40 |
| (ix) Remuneration to key management personnel: | | |
| Short-term employee benefits | 64.07 | 43.26 |
| Post-employment benefits | 0.24 | 0.22 |
| (x) Dividend paid to Key Management Personnel | 0.11 | 0.55 |
| (xi) Obligation arising out of agreements facilitating credit / payment to service provider | | |
| - subsidiary companies | | |
| PT. TVS Motor Company Indonesia, Jakarta | 75.79 | 95.04 |
| TVS Motor (Singapore) Pte. Limited, Singapore | 75.79 | 73.11 |
| (xii) Contributions to post employment benefit plans: | | |
| TVS Motor Company Employees' Gratuity Fund | 36.57 | 10.84 |
| TVS Motor Company Employees' Provident Fund (Including Employee and Employer Contributions) | 75.25 | 47.52 |
| (c) Balances with related parties: (Balances of parties as at March 31 st 2022, who are ceased to be related parties are not furnished) | | |
| (i) Trade receivables / Other current assets | | |
| - ultimate holding company | | |
| T V Sundram Iyengar & Sons Private Limited, Madurai # | – | 8.11 |
| TVS Holdings Private Limited, Chennai | 8.04 | – |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

| | Rupees in crores | |
|---|------------------------------------|------------------------------------|
| | As at/ Year ended 31-03-2022 | As at/ Year ended 31-03-2021 |
| 34 RELATED PARTY DISCLOSURE - (continued) | | |
| - subsidiary companies | | |
| PT. TVS Motor Company Indonesia, Jakarta | 187.33 | 119.80 |
| TVS Credit Services Limited, Chennai | 7.48 | – |
| The Norton Motorcycle Co Ltd, UK | – | 11.80 |
| TVS Digital Pte Limited, Singapore | 3.96 | – |
| - fellow subsidiary companies | | |
| TVS Lanka Private Limited, Colombo # | – | 6.91 |
| - associate companies | | |
| Emerald Haven Realty Limited, Chennai | 4.15 | 3.33 |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| TVS Auto Bangladesh Limited, Dhaka # | – | 190.79 |
| (ii) Trade payables | | |
| - holding company (Sundaram-Clayton Limited, Chennai) | 38.30 | 43.07 |
| - subsidiary companies | | |
| Sundaram Auto Components Limited, Chennai | 5.44 | 3.24 |
| TVS Motor (Singapore) Pte Limited, Singapore | 6.85 | 3.72 |
| TVS Credit Services Limited, Chennai | – | 6.97 |
| - fellow subsidiaries | | |
| Lucas-TVS Limited, Chennai # | – | 27.58 |
| Lucas Indian Service Limited, Chennai # | – | 1.43 |
| Southern Roadways Private Limited, Madurai # | – | 0.02 |
| TVS Electronics Limited, Chennai # | – | 0.03 |
| - associate / joint venture | | |
| Tagbox Solutions Private Limited, Bengaluru | 0.32 | 0.09 |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| Brakes India Private Limited, Chennai # | – | 5.34 |
| TVS Srichakra Limited, Madurai # | – | 53.31 |
| India Nippon Electricals Limited, Chennai # | – | 57.15 |
| Sundaram Brake Linings Limited, Chennai # | – | 1.85 |
| Sundram Fasteners Limited, Chennai # | – | 7.74 |
| TVS Supply Chain Solutions Limited, Chennai # | – | 8.30 |
| Predictronics Corporation, USA | – | 0.11 |
| TVS Training and Services Limited, Chennai * | 0.01 | – |
| - subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| TVS Dynamic Global Freight Services Limited, Chennai # | – | 7.38 |
| TVS Upasana Limited, Chennai # | – | 2.42 |
| - enterprises in which directors are interested | | |
| Dua Consulting Private Limited, Delhi | 0.26 | 0.27 |
| TVS Organics Private Limited, Chennai | 0.01 | 0.01 |
| McCann-Erickson (India) Private Limited, Delhi | – | 0.13 |
| Lakshmi Energy and Environment Design Private Limited, Coimbatore | – | 0.14 |
| Harita Techserv Private Limited, Chennai | 0.30 | 0.42 |
| - enterprise over which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)® | – | 0.17 |
| (iii) Guarantees issued | 151.58 | 168.15 |

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and settlement occurs in cash.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

35 REVENUE FROM CONTRACTS WITH CUSTOMERS

A Disaggregated revenue:

Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company identifies the product lines, amongst others to indicate the factors as mentioned above. The details of revenue from contracts with customers on the basis of various product lines are as under:

| Sl. No. | Particulars | For the year ended 31-03-2022 | For the year ended 31-03-2021 |
|------------|---------------------------------|----------------------------------|----------------------------------|
| (a) | Type of goods or service | | |
| (i) | Two-wheelers | 16,261.63 | 13,676.34 |
| (ii) | Three-wheelers | 1,731.48 | 1,158.21 |
| (iii) | Parts and accessories | 2,368.03 | 1,736.87 |
| (iv) | Technical / IT Services | 67.03 | 21.78 |
| (v) | Royalty | 8.67 | 10.25 |
| | | 20,436.84 | 16,603.45 |
| (b) | Geographical markets | | |
| (i) | Domestic | 13,076.36 | 11,874.45 |
| (ii) | Exports | 7,360.48 | 4,729.00 |
| | | 20,436.84 | 16,603.45 |

B The operations of the Company relate to only one segment viz., automotive vehicle and parts. Thus, the information on the relationship between disaggregated revenue under Ind AS 115 and for reportable segment under Ind AS 108 is not required.

C Reconciliation of contracts with customers:

Movement of contract liabilities for the reporting period given below:

| Particulars | For the year ended 31-03-2022 | For the year ended 31-03-2021 |
|---|----------------------------------|----------------------------------|
| Contract Liabilities at the beginning of the period | 143.90 | 99.03 |
| Add / (Less): | | |
| Consideration received during the year as advance | 147.64 | 143.90 |
| Revenue recognized from contract liability | (143.90) | (99.03) |
| Contract Liabilities at the end of the period | 147.64 | 143.90 |

Payment is received in advance towards contracts entered with customers, and is recognised as a contract liability. As and when the performance obligation is met, the same is recognized as revenue.

D Transaction price allocated to the remaining performance obligations:

The Company's contracts with customers are short term (i.e., the performance obligations are expected to be met within one year or less). Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed.

E Reconciliation of revenue with contract price:

| Sl. No. | Particulars | For the year ended 31-03-2022 | For the year ended 31-03-2021 |
|---------|--|----------------------------------|----------------------------------|
| (i) | Contract price | 19,778.61 | 17,318.18 |
| (ii) | Adjustments : | | |
| | Incentive schemes | 335.25 | 394.55 |
| | Transport cost | 322.98 | 320.18 |
| (iii) | Revenue from sale of products / services (refer Note 21) | 20,436.84 | 16,603.45 |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

| | As at/ Year ended 31-03-2022 | As at/ Year ended 31-03-2021 |
|--|------------------------------------|------------------------------------|
| 36 EARNINGS PER SHARE | | |
| Profit after tax | 893.56 | 612.04 |
| Number of equity shares | 47,50,87,114 | 47,50,87,114 |
| Face value of the share (in rupees) | 1.00 | 1.00 |
| Weighted average number of equity shares | 47,50,87,114 | 47,50,87,114 |
| Basic and diluted earnings per share for continued operations (in rupees) | 18.81 | 12.88 |
| Basic and diluted earnings per share for discontinued operations (in rupees) | – | – |
| Basic and diluted earnings per share for continued and discontinued operations (in rupees) | 18.81 | 12.88 |
| 37 WARRANTY PROVISION | | |
| Opening balance | 48.88 | 38.04 |
| Add: Provision for the year (net) | 41.32 | 48.88 |
| | <u>90.20</u> | <u>86.92</u> |
| Less: Payments / debits (net) | 48.88 | 38.04 |
| Closing balance | <u>41.32</u> | <u>48.88</u> |
| 38 DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 | | |
| Trade payable pertaining to dues to Micro and Small enterprises (all are within agreed credit period and not due for payment) (refer Note 18) | 56.85 | 39.75 |
| (i) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year. | Nil | Nil |
| (ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | Nil | Nil |
| (iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. | Nil | Nil |
| (iv) The amount of interest accrued and remaining unpaid at the end of each accounting year. | Nil | Nil |
| (v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | Nil | Nil |
| 39 PAYMENT TO AUDITORS COMPRISES | | |
| As statutory auditors | 0.85 | 0.85 |
| Taxation matters | 0.20 | 0.20 |
| Certification matters | 0.10 | 0.10 |
| | <u>1.15</u> | <u>1.15</u> |
| Miscellaneous expenses include travel and stay expenses of auditors | 0.05 | 0.10 |
| | <u>1.20</u> | <u>1.25</u> |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

| | Rupees in crores | |
|---|------------------------------------|------------------------------------|
| | As at/ Year ended 31-03-2022 | As at/ Year ended 31-03-2021 |
| 40 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR | | |
| (a) Claims against the company not acknowledged as debts: | | |
| (i) Excise | 53.05 | 53.37 |
| (ii) Service tax | 0.95 | 1.96 |
| (iii) Customs | 40.63 | 40.63 |
| (iv) Sales tax | 2.00 | 2.00 |
| (v) Income tax | 53.24 | 42.60 |
| The future cash flows on the above items are determinable only on receipt of the decisions / judgments that are pending at various forums / authorities. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results. | | |
| (b) Other money for which the Company is contingently liable: | | |
| (i) On bills discounted with banks | 246.24 | 212.18 |
| (ii) On factoring arrangements | – | – |
| (c) Commitments: | | |
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for | 186.94 | 194.69 |
| (ii) On Investments | 3.60 | 5.12 |

41 LEASES AS A LESSEE

The Company has taken land, warehouses and sales offices across the country on lease for lease period ranging from 6-99 years. Company also has other assets on leases, the lease term here ranges for about 5 years.

Wherever the lease includes extension option and it is certain, the same is considered for computing the lease term. In rest of the cases, the term is limited to initial lease period. Lease term includes non-cancellable period and expected lease period.

Payment made towards short term leases during the year is ₹ 37.82 Cr (Previous year: ₹ 32.98 Cr)

Payment made towards Low value during the year is Nil (Previous year: Nil)

Payment relating to leases are disclosed in Cash flow statement

Income from sub-leasing of Right of use asset ₹ 7.08 Cr (Previous year: ₹ 3.88 Cr)

42 ADDITIONAL REGULATORY DISCLOSURES AS PER SCHEDULE III OF COMPANIES ACT, 2013

- (i) The Title deeds of the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (ii) The Company does not have any investment property.
- (iii) As per the Company's accounting policy, Property, Plant and Equipment (including Right of Use Assets) and intangible assets are carried at historical cost (less accumulated depreciation & impairment, if any), hence the revaluation related disclosures required as per Additional Regulatory Information of Schedule III (revised) to the Companies Act, is not applicable.
- (iv) The Company has not granted Loans or Advances in the nature of loan to any promoters, Directors, KMPs and the related parties (As per Companies Act, 2013) , which are repayable on demand or without specifying any terms or period of repayments.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

42 ADDITIONAL REGULATORY DISCLOSURES AS PER SCHEDULE III OF COMPANIES ACT, 2013 - (continued)

- (v) No proceedings have been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (vi) The Company has sanctioned facilities from banks on the basis of security of current assets. The periodic returns filed by the Company with such banks are in agreement with the books of accounts of the Company.
- (vii) The Company has adhered to debt repayment and interest service obligations on time. Wilful defaulter related disclosures required as per Additional Regulatory Information of Schedule III (revised) to the Companies Act, is not applicable.
- (viii) There are no transactions with the Companies whose name are struck off under Section 248 of The Companies Act, 2013 or Section 560 of the Companies Act, 1956 during the year ended 31st March 2022.
- (ix) All applicable cases where registration of charges or satisfaction is required to be filed with Registrar of Companies have been filed. No registration or satisfaction is pending at the year ended 31st March 2022.
- (x) The Company has complied with the number of layers prescribed under clause (87) of Section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- (xi) No scheme of arrangement has been approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013.
- (xii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiary
- (xiii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (xiv) The Company has not operated in any crypto currency or Virtual Currency transactions
- (xv) During the year the Company has not disclosed or surrendered, any income other than the income recognised in the books of accounts in the tax assessments under Income Tax Act, 1961.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

43 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS

Rupees in crores

| Sl. No. | Particulars | Name of the company | Amount outstanding as at 31-03-2022 | Amount outstanding as at 31-03-2021 |
|---------|----------------------------|--|-------------------------------------|-------------------------------------|
| (a) | Investments by the Company | | | |
| (i) | In subsidiary companies | | | |
| | | Sundaram Auto Components Limited, Chennai [4,45,69,000 (last year-4,45,69,000) Equity shares of ₹ 10/- each fully paid up] Maximum amount held at any time During the year 336.20 During the previous year 336.20 | 336.20 | 336.20 |
| | | TVS Housing Limited, Chennai [50,000 (last year - 50,000) Equity shares of ₹ 10/- each fully paid up] Maximum amount held at any time During the year 0.05 During the previous year 0.05 | 0.05 | 0.05 |
| | | TVS Motor Services Limited, Chennai [14,96,33,814 (last year - 5,36,33,814) Equity shares of ₹ 10/- each fully paid up] Maximum amount held at any time During the year 148.68 During the previous year 52.68 | 148.68 | 52.68 |
| | | TVS Credit Services Limited, Chennai [16,83,97,728 (last year - 16,22,24,928) Equity shares of ₹ 10/- each fully paid up] Maximum amount held at any time During the year 1,460.99 During the previous year 1,360.99 | 1,460.99 | 1,360.99 |
| | | TVS Motor Company (Europe) B.V., Amsterdam [2,25,301 (last year- 2,25,301) Ordinary shares of Euro 100/- each fully paid up] Maximum amount held at any time During the year 1.80 During the previous year 1.80 | 1.80 | 1.80 |
| | | TVS Motor (Singapore) Pte. Limited, Singapore [39,69,03,850 (last year 20,08,29,458) Ordinary shares of Singapore \$ 1/- each fully paid up] Maximum amount held at any time During the year 1,912.81 During the previous year 809.21 | 1,912.81* | 809.21 |
| | | (* - Including share application money pending allotment) | | |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

43 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS - (continued)

Rupees in crores

| Sl. No. | Particulars | Name of the company | Amount outstanding as at 31-03-2022 | Amount outstanding as at 31-03-2021 | |
|--------------------------|--|--|-------------------------------------|-------------------------------------|--------|
| (i) | In subsidiary companies - (continued) | PT. TVS Motor Company Indonesia, Jakarta [85,97,000 Equity shares (last year - 85,97,000) of Indonesian Rp.97,400/- each fully paid up] Maximum amount held at any time | | 389.06 | 389.06 |
| | | During the year | 389.06 | | |
| | | During the previous year | 389.06 | | |
| | | Intellicar Telematics Private Limited, Bengaluru [60,241 Equity shares (last year - 60,241) of ₹ 10/- each fully paid up] Maximum amount held at any time | | 15.00 | 15.00 |
| | | During the year | 15.00 | | |
| | | During the previous year | 15.00 | | |
| | | [30,121 Preference shares (last year - 30,121) of ₹ 10/- each fully paid up] Maximum amount held at any time | | 8.14 | 7.62 |
| | | During the year | 8.14 | | |
| | | During the previous year | 7.62 | | |
| | | TVS Electric Mobility Limited, Chennai [10,00,000 Equity shares (last year - nil) of ₹ 10/- each fully paid up] Maximum amount held at any time | | 1.00 | – |
| During the year | 1.00 | | | | |
| During the previous year | – | | | | |
| (ii) | in associate companies | Emerald Haven Realty Limited, Chennai, [11,12,19,512 (last year - 11,12,19,512) Equity shares of ₹ 10/- each fully paid up] Maximum amount held at any time | | 111.22 | 111.22 |
| | | During the year | 111.22 | | |
| | | During the previous year | 111.22 | | |
| | | Ultraviolette Automotive Private Limited, Bengaluru [14,850 (last year-14,850) Equity shares of ₹ 10/- each fully paid up] Maximum amount held at any time | | 11.00 | 11.00 |
| | | During the year | 11.00 | | |
| | | During the previous year | 11.00 | | |
| | | Ultraviolette Automotive Private Limited, Bengaluru [990 (last year - 990) Preference shares of ₹ 50,545/- each fully paid up] Maximum amount held at any time | | 5.00 | 5.00 |
| | | During the year | 5.00 | | |
| | | During the previous year | 5.00 | | |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

43 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS - (continued)

Rupees in crores

| Sl. No. | Particulars | Name of the company | Amount outstanding as at 31-03-2022 | Amount outstanding as at 31-03-2021 |
|---------|---|--|--|--|
| (ii) | in associate companies - (continued) | <p>[7,387 (last year -7,387) Preference shares of ₹ 40,616/- each fully paid up] Maximum amount held at any time During the year 30.00 During the previous year 30.00</p> <p>[3939 Preference shares of ₹ 1,90,384/- each fully paid up] Maximum amount held at any time During the year 75.00 During the previous year –</p> <p>Tagbox Solutions Private Limited, Bengaluru [45,710 (last year - 45,710) Equity shares of ₹ 1 each fully paid] Maximum amount held at any time During the year 1.19 During the previous year 1.19</p> <p>Tagbox Solutions Private Limited, Bengaluru [383,983 (last year - 383,983) Preference shares of ₹ 16 each fully paid] Maximum amount held at any time During the year 9.99 During the previous year 9.99</p> | 30.00 75.00 1.19 9.99 | 30.00 – 1.19 9.99 |
| (b) | Investments by the holding company | Sundaram-Clayton Limited, Chennai holds 23,87,82,786 (last year 27,26,82,786) Equity shares of ₹ 1/- each fully paid up Maximum amount held at any time During the year 19.59 During the previous year 19.59 | 17.15 | 19.59 |
| (c) | Loans and advances to associate companies | Ultraviolette Automotive Private Limited, Bengaluru Maximum amount held at any time During the year – During the previous year 3.40 | – | 3.40 |

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

44 DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEES GIVEN

(Disclosure as per Section 186 of the Companies Act, 2013)

(a) Investments made - refer Note 3.

(b) Guarantee issued towards credit facility / business purpose - refer Note 34 b(xi)

45 CORPORATE SOCIAL RESPONSIBILITY

Expenditure incurred on Corporate Social Responsibility (CSR) activities:

(a) Gross amount required to be spent during the year is ₹ 16.91 crores (last year ₹ 16.81 crores)

(b) Amount spent during the year:

| Sl. No. | Particulars | In cash | Yet to be paid in cash | Year ended 31-03-2022 | Year ended 31-03-2021 |
|---------|---|---------|------------------------|-----------------------|-----------------------|
| 1 | Construction / acquisition of any asset | – | – | – | – |
| 2 | Other than the above | 17.01 | – | 17.01 | 18.38 |

| Sl. No. | Particulars | Year ended 31-03-2022 | Year ended 31-03-2021 |
|--|---|-----------------------|-----------------------|
| 1 | Amount required to be spent by the Company during the year | 16.91 | 16.81 |
| 2 | Amount of expenditure incurred | 17.01 | 18.38 |
| 3 | Shortfall at the end of the year | – | – |
| 4 | Total of previous years shortfall | – | – |
| 5 | Reasons for shortfall | Not Applicable | |
| 6 | Details of related party transactions | – | – |
| 7 | Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in position | – | – |
| Nature of CSR Activities : Rural development, economic development, Women empowerment, health care, education, environment sustainability, social, infrastructure conservation of natural resources; | | | |

46 BORROWING COST CAPITALISED

Borrowing cost capitalised during the year ₹ nil (Last year ₹ 12.26 crores)

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the interest rate of 3 Month USD LIBOR plus Margin.

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

PROF. SIR RALF DIETER SPETH
Chairman

SUDARSHAN VENU
Managing Director

K.N.RADHAKRISHNAN
Director &
Chief Executive Officer

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

Place: Chennai
Date : 5th May 2022

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116



XL100

Scooty
Pepi

Zest (110)

Jupiter
110

Jupiter
125

NTORR
125

Apache
RR
150

TVS
RAIDER
160

TVS
Radient
160

Apache
160
160
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Stunner
160
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TVS
SUPPORT
160

TVS



TVS *Apache*

RTR 165 RP

RACING DNA UNLEASHED

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

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2022

To the members of TVS Motor Company Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of TVS Motor Company Limited (hereinafter referred to as the (Holding Company) and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its associates, which comprise the consolidated Balance Sheet as at March 31, 2022, and the consolidated statement of Profit and Loss, (including Other Comprehensive Income) and the consolidated statement of changes in equity and the Consolidated Cash Flows Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates as at March 31, 2022, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | Principal Audit Procedures |
|--|--|
| <p>Carrying Value of Goodwill</p> <p>The group has recognized a 'goodwill on consolidation' in its Consolidated Financial Statements, pursuant to a business combination.</p> | <p>Management has obtained a valuation report of the Cash Generating Unit, wherein valuers have arrived at a fair value, based on weighted average of the Discounted Cash Flow Method and Comparable Companies Multiples Method. We gained</p> |

| Key Audit Matter | Principal Audit Procedures |
|--|---|
| <p>The goodwill has to be tested for impairment annually, which requires significant judgment on the part of the management in identifying and valuing the relevant Cash Generating Unit that contains goodwill.</p> | <p>an understanding of the key assumptions used to forecast the cash flows and the discount rates applied Weighted Average Cost of Capital (WACC) as well as the Comparable Companies considered in arriving at the fair value.</p> <p>We consider that the management conclusions concerning the absence of impairment in the goodwill are adequately supported and consistent with the information currently available.</p> |

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management and Discussion Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information but does not include the Consolidated Financial Statements and our auditors' report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act, that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making

judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of the Group and of its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As a part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusions, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may significant doubt on

the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

We did not audit the financial statements / Consolidated financial statements of 18 subsidiaries, whose financial statements reflect total assets of ₹ 5,176.60 crores as at 31st March 2022, total revenues of ₹ 3,491.69 crores and net cash flows amounting to ₹ 380.43 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 10.23 crores for the year ended 31st March 2022, as considered in the consolidated financial statements, in respect of 2 associate.

These financial statements/consolidated financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and Associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

The subsidiaries located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries. The Parent's Management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to Ind AS. We have audited those conversion adjustments made by the parent's Management. Our opinion insofar as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Parent and audited by us.

We did not audit the financial statement / financial information of 4 subsidiaries included in the consolidated financial statement, whose financial statement / financial information reflect total assets of ₹ 124.16 crores as at 31st March 2022, total revenues of ₹ 115.06 crores and net cash flows of ₹ 22.01 crores for the year ended on that date, as considered in the consolidated financial statement. The consolidated financial statements also include the Group's share of net loss of ₹ 7.74 crores for the year ended 31st March 2022, as considered in the consolidated financial statements, in respect of 5 associates, whose financial statements / financial information have not been audited by us. This financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion, on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to this associates, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2022, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and its associate companies, incorporated in India, none of the directors of the Group companies, its associate companies incorporated in India is disqualified as on 31st March, 2022, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.
 - iv. (a) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, other than as disclosed in the notes to accounts (refer Note 45 (viii),

no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, other than as disclosed in the notes to accounts (refer Note 45 (ix), no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. The Parent has declared interim dividends and paid the same during the year and until the date of this audit report are in accordance with Section 123 of the Companies Act, 2013.
2. With respect to the matters specified in paragraphs 3(xxii) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

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

S. VENKATARAMAN
Partner

Place : Chennai
Date : 5th May 2022

Membership No.: 023116
UDIN: 22023116AJFSNI3627

Annexure to the Independent Auditors' Report for the year ended 31st March 2022

To the members of TVS Motor Company Limited

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of TVS Motor Company Ltd ("the Holding Company"), the subsidiary companies and its associate incorporated in India.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the

Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies and its associate, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V. SANKAR AIYAR & CO
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATARAMAN
Partner

Place: Chennai
Date : 05th May 2022

Membership No.: 023116
UDIN: 22023116AJFSN13627

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Balance Sheet as at 31st March 2022

Rupees in crores

| | Notes | As at 31-03-2022 | As at 31-03-2021 |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-Current assets | | | |
| Property, plant and equipment | 2 | 4,377.98 | 3,366.60 |
| Capital work-in-progress | 2 | 320.18 | 873.89 |
| Investment properties | 3 | 137.70 | 137.70 |
| Goodwill on consolidation | | 569.47 | 188.31 |
| Other intangible assets | 2 | 889.49 | 528.44 |
| Intangible assets under development | 2 | 231.35 | 166.88 |
| Financial assets | | | |
| i. Investments | 4 | 109.51 | 180.39 |
| ii. Loans (receivable from financing activity) | 5 | 6,716.45 | 5,361.97 |
| iii. Other Financial Assets | 6 | 124.14 | 14.92 |
| Investments accounted using equity method | 7 | 364.82 | 287.62 |
| Non-current tax assets (Net) | | 49.60 | 39.72 |
| Deferred tax assets | 8 | 217.88 | 127.62 |
| Other non-current assets | 9 | 115.43 | 181.79 |
| | | <u>14,244.00</u> | <u>11,455.85</u> |
| Current Assets | | | |
| Inventories | 11 | 1,642.36 | 1,367.43 |
| Financial assets | | | |
| i. Trade receivables | 11 | 1,155.24 | 1,029.26 |
| ii. Investments | 4 | 130.23 | – |
| iii. Loans (receivable from financing activity) | 5 | 7,299.25 | 5,794.23 |
| iv. Cash and cash equivalents | 12 | 1,445.68 | 1,573.76 |
| v. Bank balances other than (iv) above | 13 | 89.93 | 83.09 |
| vi. Other financial assets | 14 | 131.62 | 92.35 |
| Current tax assets (Net) | | 1.42 | 4.83 |
| Other current assets | 15 | 952.35 | 591.89 |
| | | <u>12,848.08</u> | <u>10,536.84</u> |
| Total assets | | <u>27,072.08</u> | <u>21,992.69</u> |
| EQUITY AND LIABILITIES | | | |
| Equity share capital | 16 | 47.51 | 47.51 |
| Other equity | 17 | 4,351.94 | 3,779.10 |
| Equity attributable to owners | | 4,399.45 | 3,826.61 |
| Non-controlling interest | | 653.56 | 387.90 |
| | | <u>5,053.01</u> | <u>4,214.51</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| i. Borrowings | 18 | 7,305.77 | 6,280.26 |
| ii. Lease Liabilities | | 403.05 | 184.76 |
| iii. Others | | 9.85 | 40.68 |
| Provisions | 19 | 196.24 | 159.44 |
| Deferred tax liabilities (Net) | 20 | 207.56 | 204.33 |
| Other non current liabilities | | 44.88 | – |
| | | <u>8,167.35</u> | <u>6,869.47</u> |
| Current liabilities | | | |
| Financial liabilities | | | |
| i. Borrowings | 21 | 7,991.51 | 5,650.48 |
| ii. Lease Liabilities | | 126.88 | 63.66 |
| iii. Trade payables | 22 | | |
| a. Total outstanding dues of micro and small enterprises | | 69.78 | 45.00 |
| b. Total outstanding dues of other than (iii) (a) above | | 4,555.21 | 4,253.60 |
| iv. Other financial liabilities | 23 | 325.71 | 322.99 |
| Provisions | 19 | 107.42 | 85.34 |
| Other current liabilities | 24 | 675.21 | 487.64 |
| | | <u>13,851.72</u> | <u>10,908.71</u> |
| Total liabilities | | <u>22,019.07</u> | <u>17,778.18</u> |
| Total equity and liabilities | | <u>27,072.08</u> | <u>21,992.69</u> |
| Significant accounting policies | 1 | | |

See the accompanying notes to the financial statements

| | | | |
|--|--|--|---|
| PROF. SIR RALF DIETER SPETH <i>Chairman</i> | SUDARSHAN VENU <i>Managing Director</i> | K.N.RADHAKRISHNAN <i>Director & Chief Executive Officer</i> | As per our report annexed For V. Sankar Aiyar & Co. <i>Chartered Accountants</i> Firm Regn. No.: 109208W |
|--|--|--|---|

Place: Chennai
Date : 5th May 2022

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Statement of Profit and Loss for the year ended 31st March 2022

| | | | Rupees in crores | |
|-------|---|-------|--------------------------|--------------------------|
| | | Notes | Year ended 31-03-2022 | Year ended 31-03-2021 |
| I | Revenue from operations | 25 | 24,355.31 | 19,420.82 |
| II | Other income | 26 | 32.87 | 47.22 |
| III | Total Income (I +II) | | <u>24,388.18</u> | <u>19,468.04</u> |
| IV | Expenses: | | | |
| | Cost of materials consumed | 27 | 15,938.65 | 12,700.73 |
| | Purchase of stock in trade | 27 | 579.04 | 224.92 |
| | Changes in inventories of finished goods, Stock-in-trade and work-in-progress | 27 | (260.40) | (0.19) |
| | Employee benefits expense | 28 | 2,124.03 | 1,689.37 |
| | Finance costs | 29 | 940.22 | 881.49 |
| | Depreciation and amortisation expense | 30 | 742.86 | 564.82 |
| | Other expenses | 31 | 3,219.36 | 2,568.16 |
| | Total expenses | | <u>23,283.76</u> | <u>18,629.30</u> |
| V | Profit before exceptional items, share of net profit / (loss) from associates / and tax (III - IV) | | 1,104.42 | 838.74 |
| VI | Share of net profit / (loss) from associates using equity method | | 2.49 | (7.75) |
| VII | Profit before exceptional items and tax (V + VI) | | <u>1,106.91</u> | <u>830.99</u> |
| VIII | Exceptional items | | (40.12) | (9.36) |
| IX | Profit before tax (VII + VIII) | | <u>1,066.79</u> | <u>821.63</u> |
| X | Tax expense / (credit) | 32 | | |
| | i) Current tax | | 364.55 | 249.76 |
| | ii) Deferred tax | | (28.64) | (35.63) |
| | Total tax expense (i + ii) | | <u>335.91</u> | <u>214.13</u> |
| XI | Profit for the year (IX - X) | | 730.88 | 607.50 |
| XII | (Profit) / Loss attributable to non-controlling Interest | | 25.94 | (13.24) |
| XIII | Profit for the year attributable to owners (XI + XII) | | <u>756.82</u> | <u>594.26</u> |
| XIV | Other comprehensive income | | | |
| | A. <i>Items that will not be reclassified to profit or loss:</i> | | | |
| | Remeasurements of post employment benefit obligations | | (85.33) | 5.08 |
| | Fair value changes of equity instruments | | 0.72 | 61.67 |
| | Share of other comprehensive income from associates | | (0.29) | 0.02 |
| | Income tax relating to these items | | 18.53 | (8.57) |
| | B. <i>Items that will be reclassified to profit or loss:</i> | | | |
| | Fair value changes on cash flow hedges | | 43.26 | 63.36 |
| | Foreign currency translation adjustments | | 36.87 | 11.16 |
| | Income tax relating to these items | | (10.87) | (16.98) |
| | Other comprehensive income for the year, net of tax | | <u>2.89</u> | <u>115.74</u> |
| XV | Other comprehensive income attributable to non-controlling interest | | 14.66 | (0.79) |
| XVI | Other comprehensive income attributable to owners (XIV - XV) | | (11.77) | 116.53 |
| XVII | Total comprehensive income attributable to owners (XIII + XVI) | | <u>745.05</u> | <u>710.79</u> |
| XVIII | Earnings per equity share (Face value of Re.1/- each) | | | |
| | Basic & Diluted earnings per share (in rupees) | 41 | <u>15.93</u> | <u>12.51</u> |
| | Significant accounting policies | 1 | | |

See the accompanying notes to the financial statements

| | | | |
|--|--|--|---|
| PROF. SIR RALF DIETER SPETH <i>Chairman</i> | SUDARSHAN VENU <i>Managing Director</i> | K.N.RADHAKRISHNAN <i>Director & Chief Executive Officer</i> | As per our report annexed For V. Sankar Aiyar & Co. <i>Chartered Accountants</i> Firm Regn. No.: 109208W |
|--|--|--|---|

Place : Chennai
Date : 5th May 2022

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Statement of Changes in Equity

a Equity Share Capital

Rupees in crores

| | |
|--|-------|
| As at 01-04-2020 | 47.51 |
| Changes in Equity Share capital due to prior period errors | – |
| Restated balance as at 01-04-2020 | 47.51 |
| Changes in equity share capital during the year | – |
| As at 31-03-2021 | 47.51 |
| Changes in Equity Share capital due to prior period errors | – |
| Restated balance as at 01-04-2021 | 47.51 |
| Changes in equity share capital during the year | – |
| As at 31-03-2022 | 47.51 |

b Other Equity

| Particulars | Reserves & Surplus | | | | Other Reserves | | | Non Controlling interest | Total |
|---|--------------------|-----------------|-------------------|-------------------|---|--------------------------------------|-----------------|--------------------------|----------|
| | General reserve | Capital reserve | Statutory reserve | Retained earnings | Equity Instruments Fair Valued through Other Comprehensive Income | Foreign currency translation reserve | Hedging reserve | | |
| Balance as at 31-03-2020 | 876.24 | 6.51 | 70.65 | 2,296.73 | 41.69 | 14.35 | (71.58) | 320.94 | 3,555.53 |
| Add : Profit for the year 2020-21 | | | | 594.26 | | | | 13.24 | 607.50 |
| Add : Other comprehensive income for the year 2020-21 | | | | 4.49 | 54.08 | 11.16 | 0.40 | (0.79) | 69.34 |
| Add: Share of OCI from associates, net of tax | | | | 0.02 | | | | | 0.02 |
| Less: Reclassification to profit or loss, net of tax | | | | | | | (71.58) | | (71.58) |
| Less: Change in fair value of hedging instruments, net of tax | | | | | | | 25.20 | | 25.20 |
| Add: Transfer from Retained earnings to Statutory reserve | | | 19.40 | (19.40) | | | | | - |
| <u>Transaction in capacity as owners</u> | | | | | | | | | - |
| Add : Transactions with non-controlling interest | | | 2.46 | (2.46) | | | | 54.51 | 54.51 |
| Less : Distribution to shareholders: | | | | | | | | | - |
| 2020-21 First Interim dividend paid | | | | 99.77 | | | | | 99.77 |
| 2020-21 Second Interim dividend declared | | | | 66.51 | | | | | 66.51 |
| Balance as at 31-03-2021 | 876.24 | 6.51 | 92.51 | 2,707.36 | 95.77 | 25.51 | (24.80) | 387.90 | 4,167.00 |
| Add: Profit for the year 2021-22 | | | | 756.82 | | | | (25.94) | 730.88 |
| Add: Other comprehensive income for the year 2021-22 | | | | (58.04) | (2.12) | 26.82 | (4.61) | 8.71 | (29.24) |
| Add: Share of OCI from associates, net of tax | | | | (0.26) | | | | | (0.26) |
| Less: Reclassification to profit or loss, net of tax | | | | | | | (24.80) | | (24.80) |
| Less: Change in fair value of hedging instruments, net of tax | | | | | | | (7.59) | | (7.59) |
| Add : Transfer of realised gain | | | | 80.94 | (80.94) | | | | - |
| Add: Transfer from Retained earnings to Statutory reserve | | | 20.34 | (20.34) | | | | | - |
| Add: Arising out of business combination | | | | | | | | 54.40 | 54.40 |
| <u>Transaction in capacity as owners</u> | | | | | | | | | - |
| Add : Transactions with non-controlling interest | | | 3.81 | (3.81) | | | | 228.49 | 228.49 |
| Less : Distribution to shareholders: | | | | | | | | | - |
| 2021-22 Interim dividend declared | | | | 178.16 | | | | | 178.16 |
| Balance as at 31-03-2022 | 876.24 | 6.51 | 116.66 | 3,284.51 | 12.71 | 52.33 | 2.98 | 653.56 | 5,005.50 |

Nature and purpose of Reserves

- General reserve is available for distribution to shareholders.
 - Capital reserve:
 - On shares forfeited (₹ 55,200) –
 - On surplus arising out of amalgamation 6.51
- 6.51
- Statutory Reserve has been created pursuant to Section 45 - IC of the RBI Act, 1934. Owners portion of Statutory Reserve created in subsidiary shown above after becoming subsidiary.
 - Hedging Reserve - Refer Note No. 34(D)

PROF. SIR RALF DIETER SPETH
Chairman

SUDARSHAN VENU
Managing Director

K.N.RADHAKRISHNAN
Director &
Chief Executive Officer

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

Place : Chennai
Date : 5th May 2022

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Cash flow statement for the year ended 31st March 2022

Rupees in crores

| | Year ended 31-03-2022 | Year ended 31-03-2021 |
|--|--------------------------|--------------------------|
| A. Cash flow from operating activities | | |
| Profit before tax | 1,066.79 | 821.63 |
| Add: Depreciation and amortisation for the year | 742.86 | 564.82 |
| (Profit) / loss on sale of property, plant and equipment - Net | (2.47) | 1.96 |
| (Gain) / loss on fair valuation / sale of investments - Net | (0.23) | (0.04) |
| Unrealised exchange (gain) / loss - Net | (5.65) | 17.70 |
| (Profit) / loss from Associates using equity method - Net | (2.49) | 7.75 |
| Dividend income | (3.81) | (0.20) |
| Interest income | (8.16) | (32.88) |
| Finance cost [excluding relatable to financial enterprise] | 158.09 | 152.05 |
| Provisions | <u>(25.49)</u> | <u>26.56</u> |
| | <u>852.65</u> | <u>737.72</u> |
| Operating profit before working capital changes | 1,919.44 | 1,559.35 |
| Adjustments for: | | |
| Loans given by a financial enterprise | (2,859.50) | (1,700.87) |
| Trade receivables | (120.61) | 398.92 |
| Inventories | (274.93) | (178.96) |
| Other current assets | (360.46) | (5.75) |
| Other financial assets | (90.78) | 48.78 |
| Trade payables | 327.52 | 1,113.53 |
| Other financial liabilities | 57.28 | 151.87 |
| Other current liabilities | 174.57 | 106.50 |
| Other non-current assets | <u>33.46</u> | <u>(91.35)</u> |
| | <u>(3,113.45)</u> | <u>(157.33)</u> |
| Cash generated from operations | (1,194.01) | 1,402.02 |
| Direct taxes paid | <u>(366.15)</u> | <u>(250.73)</u> |
| Net cash from operating activities (A) | <u>(1,560.16)</u> | <u>1,151.29</u> |
| B. Cash flow from investing activities | | |
| Purchase of property, plant and equipment, intangible assets, after adjusting capital advances | (984.46) | (927.98) |
| Proceeds from sale of property, plant and equipment | 13.58 | 3.35 |
| Purchase of investments | (146.80) | (5.51) |
| Purchase of Investments in associates | (75.00) | (52.56) |
| Sale / redemption of investments | 87.44 | 16.78 |
| Contribution from non-controlling Interest | 228.00 | 54.51 |
| Consideration paid towards business combination | (619.99) | - |
| Interest received | 7.88 | 28.84 |
| Dividends received | <u>3.81</u> | <u>0.20</u> |
| | <u>(1,485.94)</u> | <u>(882.37)</u> |
| Net cash from / (used in) investing activities (B) | <u>(1,485.94)</u> | <u>(882.37)</u> |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Cash flow statement for the year ended 31st March 2022 – (continued)

Rupees in crores
Year ended
31-03-2021

Year ended
31-03-2022

C. Cash flow from financing activities

Borrowings:

| | | |
|--|------------------------|----------------------|
| Non-current borrowings availed / (repaid) | 1,012.31 | 1,270.57 |
| Current borrowings availed / (repaid) | 2,341.03 | (673.10) |
| Other bank balances | (7.24) | (55.21) |
| Finance cost paid | (155.74) | (126.75) |
| Lease liabilities paid | (81.94) | (52.24) |
| Dividend and dividend tax paid | (190.40) | (99.77) |
| | <u>2,918.02</u> | <u>263.50</u> |
| Net cash from / (used in) financing activities (C) | <u>2,918.02</u> | <u>263.50</u> |
| Total (A) + (B) + (C) | (128.08) | 532.42 |
| Cash and cash equivalents at the beginning of the year | 1,573.76 | 1,041.34 |
| Cash and cash equivalents at the end of the year | 1,445.68 | 1,573.76 |
| D. Net increase / (decrease) in cash and cash equivalents | <u>(128.08)</u> | <u>532.42</u> |

Note : The above statement of cash flow is prepared using indirect method.

Change in liability arising from financing activities:

| Particulars | As at 01-04-2021 | Cash flow | Foreign exchange movement | Amortisation | As at 31-03-2022 |
|------------------------|---------------------|-----------|---------------------------------|--------------|---------------------|
| Non-current borrowings | 6,280.26 | 1,012.31 | 10.40 | 2.80 | 7,305.77 |
| Current borrowings | 5,650.48 | 2,341.03 | – | – | 7,991.51 |

Non-cash financing and investing activities:

| | 2021-22 | 2020-21 |
|--|---------|---------|
| Acquisition of right-of-use assets | 301.45 | 61.71 |
| Acquisition of property, plant and equipment | – | 0.60 |

PROF. SIR RALF DIETER SPETH *Chairman* SUDARSHAN VENU *Managing Director* K.N.RADHAKRISHNAN *Director & Chief Executive Officer* As per our report annexed For V. Sankar Aiyar & Co. Chartered Accountants Firm Regn. No.: 109208W

Place : Chennai
Date : 5th May 2022

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the consolidated financial statements of TVS Motor Company Limited and its subsidiaries and associates.

a) Brief description of the Group

TVS Motor Company Limited (the Company) is a public limited company, incorporated and domiciled in India whose shares are publicly traded. The registered office is located at "Chaitanya", No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600006, Tamil Nadu, India. The Company together with its subsidiaries and associates (collectively referred to as the "Group") operate in a wide range of activities such as manufacturing of automotive vehicles, automotive components, spare parts & accessories thereof, housing development and financial services.

b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statement has been prepared on the historical cost convention under accrual basis of accounting except for certain assets and liabilities (as per the accounting policy below), which have been measured at fair value. These financial statements for the year ended 31st March 2022 have been approved and authorised for issue by the Board of Directors at its meeting held on 5th May 2022.

Principles of Consolidation

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

Associates

Associates are all entities over which the group has significant influence but not control or joint control. (This is generally the case where the group holds between 20% and 50% of the voting rights). Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an investment accounted under equity method equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of investees accounted under equity method have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of investments accounted under equity method are tested for impairment in accordance with the policy described in note 1(k) below.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

The subsidiary companies and associates considered in consolidated financial statements are:

| Sl. No | Name of the Company | Country of incorporation | Proportion of ownership (interest / voting power) | | Reporting date |
|----------|--|--------------------------|--|--|----------------|
| | | | 2021-22 | 2020-21 | |
| 1 | Subsidiary Companies: | | | | |
| a. | Sundaram Auto Components Limited, Chennai | India | 100% | 100% | 31-3-2022 |
| b. | TVS Motor Company (Europe) B.V. Amsterdam | Netherlands | 100% | 100% | 31-3-2022 |
| c. | PT. TVS Motor Company Indonesia, Jakarta | Indonesia | 51.20% direct holding, 31.71% by (d) and 17.09% by (b) | 51.20% direct holding, 31.71% by (d) and 17.09% by (b) | 31-3-2022 |
| d. | TVS Motor (Singapore) Pte. Limited, Singapore | Singapore | 100% | 100% | 31-3-2022 |
| e. | TVS Housing Limited, Chennai | India | 100% | 100% | 31-3-2022 |
| f. | Sundaram Holding USA Inc., Delaware | USA | 50.35% by (a) | 67.72% by (a) | 31-3-2022 |
| g. | Green Hills Land holding LLC, South Carolina | USA | 100% by (f) | 100% by (f) | 31-3-2022 |
| h. | Component Equipment Leasing LLC, South Carolina | USA | 100% by (f) | 100% by (f) | 31-3-2022 |
| i. | Sundaram-Clayton USA LLC, South Carolina | USA | 100% by (f) | 100% by (f) | 31-3-2022 |
| j. | Premier Land Holding LLC, South Carolina | USA | 100% by (f) | 100% by (f) | 31-3-2022 |
| k. | TVS Motor Services Limited, Chennai | India | 100% | 100% | 31-3-2022 |
| l. | TVS Credit Services Limited, Chennai | India | 83.70% direct holding and 0.54% by (k) | 84.52% direct holding and 0.57% by (k) | 31-3-2022 |
| m. | Harita Collection Services Private Limited, Chennai | India | – | 100% by (l) | – |
| n. | Harita ARC Services Private Limited, Chennai | India | 100% by (l) | 100% by (l) | 31-3-2022 |
| o. | TVS Micro Finance Private Limited, Chennai | India | – | 100% by (l) | – |
| p. | TVS Commodity Financial Solutions Private Limited, Chennai | India | – | 100% by (l) | – |
| q. | TVS Two Wheeler Mall Private Limited, Chennai | India | 100% by (l) | 100% by (l) | 31-3-2022 |
| r. | TVS Housing Finance Private Limited, Chennai | India | 100% by (l) | 100% by (l) | 31-3-2022 |
| s. | The Norton Motorcycle Co. Limited, London | United Kingdom | 100% by (d) | 100% by (d) | 31-3-2022 |
| t. | Intellicar Telematics Private Limited, Bengaluru | India | 100% | 100% | 31-3-2022 |
| u. | TVS Digital Pte Limited, Singapore | Singapore | 100% by (d) | – | 31-3-2022 |
| v. | The GO Corporation, Zurich | Switzerland | 80% by (d) | – | 31-3-2022 |
| w. | EGO Movement Stuttgart, GmbH | Germany | 100% by (v) | – | 31-3-2022 |
| x. | Intellicar (Singapore) Pte Limited, Singapore | Singapore | 100% by (t) | – | 31-3-2022 |
| y. | TVS Electric Mobility Ltd, Chennai | India | 100% | – | 31-3-2022 |
| z. | Swiss E-Mobility Group (Holding) AG, Freienbach | Switzerland | 75% by (d) | – | 31-3-2022 |
| aa. | Swiss E-Mobility Group (Schweiz) AG, Zurich | Switzerland | 100% by (z) | – | 31-3-2022 |
| ab. | Colag E-Mobility GmbH, Germany, Nuremberg | Germany | 100% by (z) | – | 31-3-2022 |
| 2 | Associate Companies: | | | | |
| ac. | Emerald Haven Realty Limited, Chennai | India | 48.8% | 48.8% | 31-3-2022 |
| ad. | Ultraviolette Automotive Private Limited, Bengaluru | India | 31.33% | 29.48% | 31-3-2022 |
| ae. | Tagbox Solutions Private Limited, Bengaluru | India | 23.5% | 23.5% | 31-3-2022 |
| af. | Tagbox Pte Ltd, Singapore | Singapore | 24.32% by (u) | 24.32% by (d) | 31-3-2022 |
| ag. | Predictronics Corp, USA | USA | 23.49% by (u) | 23.49% by (d) | 31-3-2022 |
| ah. | Scienaptic Systems Inc., USA | USA | 21.72% by (u) | 21.72% by (d) | 31-3-2022 |
| ai. | Altizon Inc, USA | USA | 20.0% by (u) | 20.0% by (d) | 31-3-2022 |

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period. The estimates and underlying assumptions are reviewed on an ongoing basis.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d) Significant Estimates and judgments

The areas involving critical estimates or judgments are:

- i) Estimation of useful life of Property, Plant and Equipment - refer Note 1(f) and 1(g).
- ii) Estimation of fair value of unlisted securities - (refer Note 33).
- iii) Estimation of impairment of goodwill (refer Note 37).
- iv) Defined benefit obligation - (refer Note 38).
- v) Estimation and evaluation of provisions and contingencies relating to tax litigations (refer Note 43(a).)

e) Revenue recognition

Sale of automotive vehicles, parts and automotive components

Revenue is recognised when the performance obligations are satisfied and the control of the goods is transferred, being when the goods are delivered as per the relevant terms of the contract at which point in time, the Group has a right to payment for the goods, customer has possession and legal title to the goods, customer bears significant risk and rewards of ownership and the customer has accepted the goods or the Group has objective evidence that all criteria for acceptance have been satisfied.

Payment for the sale is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

The Group's contracts with customers does not provide for any right to returns, refunds or similar obligations. The Group's obligation to repair or replace faulty products under standard warranty terms is recognised as a provision (refer Note 42).

Sale of services

The Group also earns revenue from providing Technical / IT services and Royalty on usage of Group's technical knowhow. In respect of Technical / IT service, the revenue is recognised on a time proportion basis as the customer simultaneously receives and consumes the benefits as the obligations are performed. Payment for the services provided are received as per the credit terms agreed with the customers. The credit period is generally short term, and thus there is no significant financing component.

In respect of Royalty, the performance obligation is, to provide the right-to-use the Group's technical knowhow by the customers, for which usage-based royalty is charged. Payment for the services provided is received as per the credit terms as agreed with the customers. The credit period is generally short term, and thus there is no significant financing component.

Revenue from financing

Interest income for loans [other than Purchase of Originally Credit Impaired (POCI)] is recognised using the Effective Interest Rate (EIR) method.

For financial assets that are not "POCI" but have subsequently become credit-impaired (or 'stage-3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

Income in the nature of overdue interest, and bounce charges are recognized on realization, due to uncertainty of collection.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

Significant judgements

There are no significant judgements made by the Group in determining the timing of satisfaction of performance obligation. It is determined as per the terms of the contract. In case of multiple performance obligations, the Group uses the adjusted market assessment approach to allocate the transaction price between multiple performance obligations. If a discount is granted, the same is adjusted against the transaction price of the contract.

f) Property, Plant and Equipment

Property, plant and equipment (including land, building, furniture, fixtures, vehicles, etc.) are held for use in the production or supply of goods or services, or for administrative purposes. Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for its intended use. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date the asset is ready for its intended use. However, cost excludes Goods and Services Tax to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred. Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss within other income / expense.

g) Depreciation and amortization

- i) Depreciation on property, plant and equipment is charged over the estimated useful life of the asset or part of the asset (after considering double / triple shift) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.
- ii) Keeping in mind the rigorous and periodic maintenance programme followed by the Group, the estimated useful life of the property, plant and equipment as assessed by the Chartered Engineer and followed by the Group is given below:

| Description | Years |
|--------------------------------------|---------|
| Factory building and other buildings | 5 to 61 |
| Plant and machinery | 4 to 21 |
| Electrical equipment | 15 |
| Furniture and fixtures | 4 to 10 |
| Computers and information systems | 3 to 4 |
| Material handling equipment | 5 |
| Mobile phone | 2 |
| Vehicles | 3 to 6 |

- iii) Tools and dies are generally depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for low volume models are depreciated over a period of 9 years
- iv) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.
- v) On property, plant and equipment added / disposed of during the year, depreciation is charged on pro-rata basis from the date of addition / till the date of disposal.
- vi) Depreciation in respect of property, plant and equipment costing less than ₹ 5,000/- is provided at 100%.

h) Investment properties

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the group is classified as investment property. Investment Property is measured initially at its cost including related transaction cost where applicable, borrowing cost. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item is measured reliably.

i) Intangible assets

Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses, if any.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or group of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the cash generating units.

Other intangible assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately and the estimated useful life is more than one year, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development phase of internal project is recognised, if and only if, the conditions under the Ind AS 34 - Intangible Asset, are fulfilled. If the conditions are not fulfilled the same is recognised in profit and loss in the period in which it is incurred.

The intangible assets are amortised on straight line basis over its useful life, viz., 2 years in the case of software, 8 years in case of acquired brands / trade marks and 6 to 10 years in the case of Design, Development and Technical know-how.

j) Loans (receivable from financing activity)

The Loans (receivable from financing activity) are stated the contract value plus transaction costs less origination income that are directly attributable to the acquisition of the loan. Interest income is recognised using the Effective Interest Rate (EIR) method. Loans are stated at carrying value less impairment loss.

k) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

l) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are prepared in INR and all values are rounded off to nearest crore.

(ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

i) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.

ii) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction. Non-monetary investments measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on account of such translation is recognized in OCI or Profit and Loss in line with the designation of the respective item.

iii) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency in the following manner:

a) assets and liabilities are translated at the closing rate at the date of that balance sheet;

b) income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

c) all resulting exchange differences are recognised in other comprehensive income.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

m) Hedge accounting

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges),
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 33. Movements in the hedging reserve in shareholders' equity are shown in Note 34. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that is designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit and loss.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit and loss in the periods when the hedged item affects profit and loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the statement of profit or loss.

n) Inventories

Inventories are valued at the lower of cost and net realisable value.

- i) Cost of raw materials, components, stores and spares are ascertained on a moving average basis.
- ii) Cost of finished goods and work-in-progress comprise of direct materials, direct labour and an appropriate proportion of variable and fixed overhead, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.
- iii) Land held for development / sale by the real estate subsidiary is valued at the lower of cost and net realisable value. Cost includes cost of acquisition and all related costs.

o) Employee benefits

- i) Short term obligations:
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Other long term obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, measured at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employment obligation:

The Group operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees, pension plan for its eligible senior managers; and
- b) Defined contribution plans such as provident fund.

Pension and gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated at the end of each reporting period by Actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the Government Bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net-off deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit and loss as past service cost.

Provident fund:

The eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Company or to the Regional Provident Fund Commissioner. Where irrevocable trust exists, the Group is generally liable for contributions and any shortfall in the fund assets based on the Government specified minimum rates of return. The Group recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) Bonus plans:

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

p) Taxes on income

Tax expense comprises of current and deferred taxes. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred Tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to Income Taxes levied by the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Where the Group is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Group accounts for such allowances as tax credits, which means that the allowances reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward.

q) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit and loss on a straight-line basis over the expected lives of the related assets.

The benefit of a government loan at a below market-rate of interest is treated as government grant and is measured as the difference between proceeds received and fair value of the loan.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in statement of profit and loss on positive evidence of completion of export obligation as approved by Regulatory Authorities.

r) Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. When products are sold, the estimated liability for product warranties is recorded based on technical evaluation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liabilities. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

s) Segment reporting

The Group has identified the operating segments on the basis of individual companies operations as reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Group, on the basis of products and production process has identified the following business segments as reportable segments viz., (1) Automotive vehicles and parts, (2) Automotive components, (3) Financial services and (4) Others.

t) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of buildings for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the respective Company:

- where possible, uses recent third-party financing received by the Company as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The carrying amount of lease liability is reduced by net lease payments (i.e., lease payments net off finance cost).

Variable lease payments are recognised in profit and loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit and loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

u) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

v) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

w) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the consideration is received. Contract liabilities are recognised as revenue when the Group performs under the contract.

x) Investments and Other financial assets

i) Classification

The Group classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value [either through Fair Value through Other Comprehensive Income (FVOCI), or Fair Value Through Profit or Loss(FVTPL)], and
- Those to be measured at amortized cost, the classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement

At Initial recognition, the Group measures a financial asset at its fair value plus transaction cost (in the case of a financial asset not a FVTPL) that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPTL are expensed in profit and loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments.

Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair Value Through Other Comprehensive Income:

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss.

Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments:

The Group subsequently measures all its investments in equity at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

subsequent reclassification of fair value gains and losses to profit and loss.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately.

Where the Group elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note No. 34 and Note No. 35 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

For loans given by financial enterprise the impairment methodology applied depends on whether there has been a significant increase in credit risk. Note No. 35 details how the Group determines whether there has been a significant increase in credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

iv) Derecognition of financial assets

A financial asset is derecognised only when:

- a) the Group has transferred the rights to receive cash flows from the financial asset or
- b) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized, if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

v) Income recognition

Interest Income:

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends:

Dividends are recognised in profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

y) Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit and loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit and loss.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

z) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

aa) Current and Non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle for all entities within the group other than real estate.

The normal operating cycle in respect of operation relating to real estate project depends on signing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed and realisation of project into cash and cash equivalents and range from 3 to 7 years. Accordingly, assets and liabilities have been classified into current and non-current based on operating cycle.

ab) Earnings Per Share (EPS):

Basic earnings per share is computed by dividing the profit after tax (attributable to the owners) by the weighted average number of equity shares outstanding during the year / period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

ac) Recent pronouncements

The Ministry of Corporate Affairs has vide notification dated 23th March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1st April 2022. Below is a summary of such relevant amendments and requirements. No significant impact is expected on adoption of these amendments.

(i) Ind AS 16, Property, Plant and Equipment (PPE)

The amendment clarified that an entity shall deduct from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use.

(ii) Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts - Cost of fulfilling a contract: The amendment explains that the cost of fulfilling a contract comprises the incremental costs and an allocation of other costs that relate directly to fulfilling contracts.

(iii) Ind AS 109 Financial Instruments: The amendment clarifies any cost or fees that an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a Financial Liability.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS - 31st March 2022

Rupees in crores

| Description | Property, Plant & Equipment | | | | | | | | Other Intangible | | | |
|--|-----------------------------|-----------|-------------------|----------------------|----------|------------------|---------------|----------|------------------|--------------------|------------|----------|
| | Land | Buildings | Plant & equipment | Furniture & fixtures | Vehicles | Office equipment | Rights of Use | Total | Software | Design Development | Trade mark | Total |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Cost of assets | | | | | | | | | | | | |
| Gross carrying value as at 01-04-2021 | 338.42 | 978.94 | 4,818.40 | 128.73 | 64.67 | 239.78 | 337.00 | 6,905.94 | 132.44 | 437.42 | 240.23 | 810.09 |
| Acquired in business combination | – | 1.22 | 12.96 | 1.18 | 0.92 | 0.51 | 61.80 | 78.59 | 30.22 | 2.99 | 252.70 | 285.91 |
| Additions | 51.90 | 374.06 | 780.81 | 23.46 | 23.91 | 48.56 | 301.45 | 1,604.15 | 49.22 | 143.20 | 0.54 | 192.96 |
| Foreign exchange translation reserve adjustments | 5.85 | 2.21 | 5.17 | 0.13 | 0.71 | 0.20 | – | 14.27 | – | – | – | – |
| Sub-total | 396.17 | 1,356.43 | 5,617.34 | 153.50 | 90.21 | 289.05 | 700.25 | 8,602.95 | 211.88 | 583.61 | 493.47 | 1,288.96 |
| Sales / deletion | 38.05 | – | 75.50 | 2.16 | 5.03 | 4.90 | 1.65 | 127.29 | 0.05 | – | 3.09 | 3.14 |
| Total | 358.12 | 1,356.43 | 5,541.84 | 151.34 | 85.18 | 284.15 | 698.60 | 8,475.66 | 211.83 | 583.61 | 490.38 | 1,285.82 |
| Depreciation / Amortisation Upto 31-03-2021 | – | 294.97 | 2,860.81 | 80.65 | 37.24 | 171.42 | 94.25 | 3,539.34 | 116.47 | 165.18 | – | 281.65 |
| For the year | – | 46.81 | 414.51 | 14.56 | 24.10 | 28.32 | 99.85 | 628.15 | 30.28 | 72.29 | 12.14 | 114.71 |
| Foreign exchange translation reserve adjustments | – | 1.51 | 3.85 | (0.04) | 0.55 | 0.03 | (1.85) | 4.05 | – | 0.02 | – | 0.02 |
| Sub-total | – | 343.29 | 3,279.17 | 95.17 | 61.89 | 199.77 | 192.25 | 4,171.54 | 146.75 | 237.49 | 12.14 | 396.38 |
| Withdrawn on assets sold / deleted | – | – | 64.16 | 0.86 | 3.96 | 4.88 | – | 73.86 | 0.05 | – | – | 0.05 |
| Total | – | 343.29 | 3,215.01 | 94.31 | 57.93 | 194.89 | 192.25 | 4,097.68 | 146.70 | 237.49 | 12.14 | 396.33 |
| Carrying value As at 31-03-2022 | 358.12 | 1,013.14 | 2,326.83 | 57.03 | 27.25 | 89.26 | 506.35 | 4,377.98 | 65.13 | 346.12 | 478.24 | 889.49 |

- a) Cost of buildings includes ₹ 32.85 Crores pertaining to buildings constructed on leasehold lands.
b) Land includes lease hold land of ₹ 0.51 Crores, whose ownership is transferrable at the end of the lease term.
c) Borrowing cost capitalised during the year - ₹ 2.44

Capital work-in-progress (at cost) as at 31-03-2022

| | |
|----------------------------|---------------|
| (a) Building | 91.46 |
| (b) Plant & equipment | 227.36 |
| (c) Pre-operative expenses | 1.36 |
| Total | <u>320.18</u> |

(i) Ageing of Capital work-in-progress as at 31-03-2022:

| Particulars | Amount in Capital work-in-progress for a period of | | | | |
|----------------------|--|-----------|-----------|-------------------|--------|
| | <1 Year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 210.47 | 29.98 | 18.92 | 60.81 | 320.18 |

(ii) Ageing of Intangible assets under development as at 31-03-2022:

| Particulars | Amount in Capital work-in-progress for a period of | | | | |
|----------------------|--|-----------|-----------|-------------------|--------|
| | <1 Year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 198.52 | 28.22 | 3.24 | 1.37 | 231.35 |

Capital work-in-progress and Intangible under development:

Project completion overdue or exceeded cost compared to original plan - None

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS - 31st March 2022 - (continued)

Rupees in crores

| Description | Property, Plant & Equipment | | | | | | | | Other Intangible | | | |
|--|-----------------------------|-----------|-------------------|----------------------|----------|------------------|---------------|----------|------------------|--------------------|------------|--------|
| | Land | Buildings | Plant & equipment | Furniture & fixtures | Vehicles | Office equipment | Rights of Use | Total | Software | Design Development | Trade mark | Total |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Cost of assets | | | | | | | | | | | | |
| Gross carrying value as at 01-04-2020 | 291.52 | 946.44 | 4,485.16 | 114.92 | 57.36 | 217.02 | 280.31 | 6,392.73 | 118.44 | 266.23 | - | 384.67 |
| Additions | 39.29 | 29.20 | 365.54 | 14.33 | 10.31 | 25.86 | 61.71 | 546.24 | 14.00 | 171.19 | 240.23 | 425.42 |
| Foreign exchange translation reserve adjustments | 7.61 | 3.30 | 7.95 | (0.10) | 0.02 | - | - | 18.78 | - | - | - | - |
| Sub-total | 338.42 | 978.94 | 4,858.65 | 129.15 | 67.69 | 242.88 | 342.02 | 6,957.75 | 132.44 | 437.42 | 240.23 | 810.09 |
| Sales / deletion | - | - | 40.25 | 0.42 | 3.02 | 3.10 | 5.02 | 51.81 | - | - | - | - |
| Total | 338.42 | 978.94 | 4,818.40 | 128.73 | 64.67 | 239.78 | 337.00 | 6,905.94 | 132.44 | 437.42 | 240.23 | 810.09 |
| Depreciation / Amortisation | | | | | | | | | | | | |
| Upto 31-03-2020 | - | 255.43 | 2,557.66 | 64.37 | 33.28 | 135.18 | 45.17 | 3,091.09 | 100.52 | 101.16 | - | 201.68 |
| For the year | - | 37.64 | 334.25 | 16.63 | 6.15 | 39.03 | 51.15 | 484.85 | 15.95 | 64.02 | - | 79.97 |
| Foreign exchange translation reserve adjustments | - | 1.90 | 4.81 | (0.02) | 0.04 | 0.21 | (2.07) | 4.87 | - | - | - | - |
| Sub-total | - | 294.97 | 2,896.72 | 80.98 | 39.47 | 174.42 | 94.25 | 3,580.81 | 116.47 | 165.18 | - | 281.65 |
| Withdrawn on assets sold / deleted | - | - | 35.91 | 0.33 | 2.23 | 3.00 | - | 41.47 | - | - | - | - |
| Total | - | 294.97 | 2,860.81 | 80.65 | 37.24 | 171.42 | 94.25 | 3,539.34 | 116.47 | 165.18 | - | 281.65 |
| Carrying value As at 31-03-2021 | 338.42 | 683.97 | 1,957.59 | 48.08 | 27.43 | 68.36 | 242.75 | 3,366.60 | 15.97 | 272.24 | 240.23 | 528.44 |

- a) Cost of buildings includes ₹ 26.36 Crores pertaining to buildings constructed on leasehold lands.
b) Land includes lease hold land of ₹ 0.51 Crores, whose ownership is transferrable at the end of the lease .erm.
c) Borrowing cost capitalised during the year - ₹ 30.65 Crores.

Capital work-in-progress (at cost) as at 31-03-2021

| | |
|----------------------------|---------------|
| (a) Building | 44.74 |
| (b) Plant & equipment | 82.68 |
| (c) Pre-operative expenses | 746.48 |
| Total | <u>873.89</u> |

(i) Ageing of Capital work-in-progress as at 31-03-2021:

| Particulars | Amount in Capital work-in-progress for a period of | | | | |
|----------------------|--|-----------|-----------|-------------------|--------|
| | <1 Year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 117.02 | 392.85 | 298.78 | 65.24 | 873.89 |

(ii) Ageing of Intangible assets under development as at 31-03-2021

| Particulars | Amount in Capital work-in-progress for a period of | | | | |
|----------------------|--|-----------|-----------|-------------------|--------|
| | <1 Year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 140.45 | 4.08 | 22.35 | - | 166.88 |

Capital work-in-progress and Intangible under development:

Project completion overdue or exceeded cost compared to original plan - None

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

| | | As at 31-03-2022 | As at 31-03-2021 |
|----------------------------------|-----------|---------------------|---------------------|
| 3 INVESTMENT PROPERTIES | | | |
| Opening gross carrying amount | | 137.70 | 137.70 |
| Additions | | – | – |
| Deletions | | – | – |
| Closing gross carrying amount | (A) | <u>137.70</u> | <u>137.70</u> |
| Opening accumulated depreciation | | – | – |
| Additions | | – | – |
| Deletions | | – | – |
| Closing accumulated depreciation | (B) | <u>–</u> | <u>–</u> |
| Total investment properties | (A) - (B) | <u>137.70</u> | <u>137.70</u> |

4 INVESTMENTS

4A NON CURRENT INVESTMENTS

| Sl. No. | Particulars | No. of shares / units | | Face Value | Currency | Rupees in crores | |
|------------|--|-----------------------|---------------------|------------|----------|---------------------|---------------------|
| | | As at 31-03-2022 | As at 31-03-2021 | | | As at 31-03-2022 | As at 31-03-2021 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| (a) | Investment in Equity Instruments | | | | | | |
| | Fair valued through OCI: | | | | | | |
| | Quoted : | | | | | | |
| (i) | Suprajit Engineering Limited, Bengaluru | – | 2,892,000 | 1.00 | INR | – | 79.67 |
| (ii) | Ucal Fuel Systems Limited, Chennai | 91,760 | 91,760 | 10.00 | INR | 1.03 | 1.28 |
| | Unquoted : | | | | | | |
| (iii) | Green Infra BTV Limited, New Delhi | 3,250,000 | 3,250,000 | 10.00 | INR | 1.62 | 1.50 |
| (iv) | TVS Lanka (Private) Limited, Colombo | 5,000,000 | 5,000,000 | 10.00 | LKR | 5.75 | 8.23 |
| (v) | Green Infra Wind Power Projects Limited, New Delhi | 111,600 | 111,600 | 10.00 | INR | 0.08 | 0.06 |
| (vi) | Green Infra Wind Energy Theni Limited, New Delhi | 3,434,477 | 3,434,477 | 10.00 | INR | 1.72 | 1.59 |
| (vii) | Green Infra Wind Power Generation Limited, New Delhi | 216,000 | 216,000 | 10.00 | INR | 0.16 | 0.15 |
| (viii) | Condivision Solutions Pvt. Limited, Bengaluru | 6,760 | 6,760 | 10.00 | INR | – | – |
| (ix) | Mulanur Renewable Energy Pvt. Limited, Chennai | 15,000 | 15,000 | 10.00 | INR | 0.02 | 0.02 |
| (x) | PHI Research Pvt. Limited, Chennai | 350,000 | 350,000 | 10.00 | INR | 3.36 | 3.01 |
| (xi) | Atria Wind Power Bijapur 1 Limited, Bengaluru | 85,788 | 85,788 | 10.00 | INR | 2.00 | 1.66 |
| (xii) | Atria wind power (Chitradurga) P Ltd, Bengaluru | 80,948 | 80,948 | 100.00 | INR | 0.44 | 0.41 |
| (xiii) | Altizon Systems Private Limited, Pune | 10 | 10 | 10.00 | INR | 0.01 | 0.01 |
| | Total value of Equity Instruments (a) | | | | | 16.19 | 97.59 |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

4A NON CURRENT INVESTMENTS - (continued)

| Sl. No. | Particulars | No. of shares / units | | Face Value | Currency | Rupees in crores | |
|------------|--|-----------------------|------------------|------------|----------|------------------|------------------|
| | | As at 31-03-2022 | As at 31-03-2021 | | | As at 31-03-2022 | As at 31-03-2021 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| (b) | Investments in Preference Shares: (Unquoted) (Fair valued through OCI): | | | | | | |
| | (i) Mottu Holdings Ltd, USA | 70,344 | – | 0.001 | USD | 14.79 | – |
| | (ii) Pinnacle Engines Inc., USA (face value 0.01 cent) | 2,409,638 | – | 0.0001 | USD | – | – |
| | (iii) Axiom Research Labs Private Limited, Delhi | 82 | – | 10.00 | INR | – | – |
| | Investments in Preference Shares: (Unquoted) (Valued at Amortised Cost) | | | | | | |
| | (i) Pinnacle Engines Inc., USA (face value 0.01 cent) | – | 2,409,638 | 0.0001 | USD | – | 11.70 |
| | (ii) Axiom Research Labs Private Limited, Delhi | – | 82 | 10.00 | INR | – | 1.00 |
| | Total value of Preference shares (b) | | | | | 14.79 | 12.70 |
| (c) | Other non-current Investments (Unquoted): | | | | | | |
| | Investments fair valued through OCI: | | | | | | |
| | (i) Autotech Fund I L.P., USA | | | | USD | 52.38 | 40.43 |
| | (ii) Harita Accessories LLP | | | | INR | – | 1.07 |
| | Pension Funds / Government Securities (Valued at Amortised Cost): | | | | | | |
| | (iii) ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai | | | | INR | 6.28 | 6.69 |
| | (iv) Life Insurance Corporation Pension Policy, Mumbai | | | | INR | 19.87 | 21.55 |
| | Mutual Funds (Fair Valued through Profit or Loss): | | | | | | |
| | (i) Investment in Mutual Funds | | | | INR | – | 0.36 |
| | Total value of other non-current investments (c) | | | | | 78.53 | 70.10 |
| | Total (a) + (b) + (c) | | | | | 109.51 | 180.39 |
| | Aggregate amount of quoted investments and market value thereof | | | | | 1.03 | 80.95 |
| | Aggregate amount of unquoted investments | | | | | 108.48 | 99.44 |
| | Total | | | | | 109.51 | 180.39 |

All Investments are fully paid up.

4B CURRENT INVESTMENTS

| Sl. No. | Particulars | No. of shares / units | | Face Value | Currency | Rupees in crores | |
|------------|---|-----------------------|------------------|------------|----------|------------------|------------------|
| | | As at 31-03-2022 | As at 31-03-2021 | | | As at 31-03-2022 | As at 31-03-2021 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| (a) | Investment in Equity Instruments Fair valued through Profit or Loss: | | | | | | |
| | Unquoted : | | | | | | |
| | (i) TVS Supply Chain Solutions Limited, Chennai | 1,066,220 | – | 10.00 | INR | 130.23 | – |
| | Total | | | | | 130.23 | – |
| | Aggregate amount of unquoted investments | | | | | 130.23 | – |
| | Total | | | | | 130.23 | – |

All Investments are fully paid up.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

5 LOANS (RECEIVABLE FROM FINANCING ACTIVITY)

| Particulars | As at 31-03-2022 | | As at 31-03-2021 | |
|--|------------------|-------------|------------------|-------------|
| | Current | Non-current | Current | Non-current |
| Secured: | | | | |
| Automobile financing | | | | |
| Considered good | 4,938.73 | 5,807.61 | 4,392.94 | 4,776.07 |
| Considered doubtful | 300.84 | 156.84 | 233.71 | 107.03 |
| Less: Loss allowance | | | | |
| Provision for expected credit loss (Refer Note 35) | (136.49) | (155.72) | (103.86) | (109.61) |
| Unsecured: | | | | |
| Financing (Others) | | | | |
| Considered good | 1,986.58 | 916.26 | 1,081.41 | 591.57 |
| Considered doubtful | 26.74 | 31.57 | 46.12 | 36.88 |
| Less: Loss allowance | | | | |
| Provision for expected credit loss (Refer Note 35) | (43.99) | (41.55) | (28.48) | (41.36) |
| Unsecured | | | | |
| Trade advance and term loan | | | | |
| Considered good | 224.79 | 1.44 | 170.46 | 1.39 |
| Considered doubtful | 12.98 | | 8.30 | |
| Provision for expected credit loss (Refer Note 35) | (10.93) | | (6.37) | |
| | 7,299.25 | 6,716.45 | 5,794.23 | 5,361.97 |

As at
31-03-2022 As at
31-03-2021

6 OTHER FINANCIAL ASSETS (NON-CURRENT)

| | | |
|---|--------|-------|
| Deposits | 12.92 | 12.73 |
| Loans given to employees | 1.88 | 1.39 |
| Other bank balances (Bank deposit) | 0.40 | 0.80 |
| Claim receivable | 44.88 | - |
| Derivative financial instruments - receivable | 64.06 | - |
| | 124.14 | 14.92 |

7 INVESTMENTS ACCOUNTED USING EQUITY METHOD

| | | |
|---|--------|--------|
| Emerald Haven Realty Limited, Chennai [11,12,19,512 (last year - 11,12,19,512) Equity shares] | 118.78 | 108.26 |
| Ultraviolette Automotive Private Limited, Bengaluru [14,850 (last year - 14,850) Equity shares] | 8.98 | 9.56 |
| Ultraviolette Automotive Private Limited, Bengaluru [12,316 (last year - 8,377) Preference shares] | 110.00 | 35.00 |
| Predictronics Corp, USA [24,827 (last year - 24,827) Equity shares] | 20.04 | 20.57 |
| Tagbox Solutions Private Limited, Bengaluru [45,710 (last year - 45,710) Equity shares] | 1.37 | 1.42 |
| Tagbox Solutions Private Limited, Bengaluru [3,83,983 (last year - 3,83,983) Preference shares] | 9.99 | 9.99 |
| Tagbox Pte Limited, Singapore [2,43,243 (last year - 2,43,243) Preference shares] | 14.41 | 15.01 |
| Scienaptic Systems Inc., USA [28,05,357 (last year - 28,05,357) Equity shares] | 57.43 | 62.68 |
| Altizon Inc., USA [8,06,429 (last year - 8,06,429) Equity shares] | 23.82 | 25.13 |
| | 364.82 | 287.62 |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

| | | As at 31-03-2022 | As at 31-03-2021 |
|--|---------|---------------------|---------------------|
| 8 DEFERRED TAX ASSETS | | | |
| The balance comprises temporary differences attributable to: | | | |
| Deferred tax asset consists of tax impact of: | | | |
| - Depreciation | | 5.24 | 5.07 |
| - employee benefit expenses | | 11.36 | 9.53 |
| - expected credit losses provision | | 101.12 | 78.31 |
| - investment property | | 14.72 | 14.72 |
| - carried forward loss | | 64.76 | - |
| - others | | <u>23.28</u> | <u>24.05</u> |
| Total deferred tax assets | (A) | <u>220.48</u> | <u>131.68</u> |
| Deferred tax liability on other item | (B) | <u>2.60</u> | <u>4.06</u> |
| Net deferred tax asset | (A)-(B) | <u>217.88</u> | <u>127.62</u> |

Movement in deferred tax:

| Particulars | Depreciation | Others | Total |
|--|--------------|--------|---------------|
| As at 31-03-2020 | | | 86.65 |
| Charged / (credited): | | | |
| - to profit or loss | 0.47 | 38.92 | 39.39 |
| - to subsidiary incumbent deferred tax asset | - | 0.33 | 0.33 |
| - to other comprehensive income | - | 1.25 | 1.25 |
| As at 31-03-2021 | | | 127.62 |
| Charged / (credited): | | | |
| - to profit or loss | 0.17 | 49.24 | 49.41 |
| - to subsidiary incumbent deferred tax asset | - | 50.51 | 50.51 |
| - to foreign currency translation | - | 0.22 | 0.22 |
| - to other comprehensive income | - | (9.88) | (9.88) |
| As at 31-03-2022 | | | 217.88 |

9 OTHER NON-CURRENT ASSETS

| | | |
|---|---------------|---------------|
| Capital advances | 59.43 | 61.79 |
| Advances other than capital advances: | | |
| - Prepaid expenses | 3.36 | 16.59 |
| - Vendor advance | - | 55.00 |
| - Deposits made | 50.66 | 48.23 |
| - Employee benefit assets (Refer Note 38) | 1.98 | - |
| - Others | <u>-</u> | <u>0.18</u> |
| | <u>115.43</u> | <u>181.79</u> |

10 INVENTORIES

| | | |
|---|-----------------|-----------------|
| Raw materials and components | 874.87 | 748.68 |
| Goods-in-transit - Raw materials and components | 27.37 | 146.88 |
| Work-in-progress | 65.17 | 40.76 |
| Finished goods | 345.32 | 300.62 |
| Stock-in-trade | 276.78 | 85.49 |
| Stores and spares | <u>52.85</u> | <u>45.00</u> |
| | <u>1,642.36</u> | <u>1,367.43</u> |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

| | As at 31-03-2022 | As at 31-03-2021 |
|------------------------------|---------------------|---------------------|
| 11 TRADE RECEIVABLES | | |
| Secured, considered good | 14.11 | 17.18 |
| Unsecured, considered good * | 1,193.76 | 1,055.44 |
| | <u>1,207.87</u> | <u>1,072.62</u> |
| Less: Loss allowance | 52.63 | 43.36 |
| | <u>1,155.24</u> | <u>1,029.26</u> |

* Includes balance with related parties [refer Note 39(c)(i)].

Ageing for trade receivable as on 31.03.2022

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|--|--|-----------------------|----------------------|-----------|-----------|----------------------|----------|
| | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables - considered good | 185.10 | 868.05 | 83.55 | 15.01 | 4.98 | 18.89 | 1,175.58 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | 1.23 | 3.36 | 7.03 | - | 11.62 |
| (iii) Undisputed Trade Receivables - credit impaired | - | - | 0.15 | 0.18 | 0.04 | - | 0.37 |
| (iv) Disputed Trade Receivables - considered good | - | 0.08 | 0.03 | 1.43 | 6.03 | 6.47 | 14.04 |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| | 185.10 | 868.13 | 84.96 | 19.98 | 18.08 | 25.36 | 1,201.61 |
| Add: Unbilled | | | | | | | 6.26 |
| Gross Trade Receivables | 185.10 | 868.13 | 84.96 | 19.98 | 18.08 | 25.36 | 1,207.87 |

Ageing for trade receivable as on 31.03.2021

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|--|--|-----------------------|----------------------|-----------|-----------|----------------------|----------|
| | Not due | Less than 6 months | 6 months - 7 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables - considered good | 66.90 | 806.66 | 75.39 | 61.62 | 23.20 | 14.89 | 1,048.66 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | 1.52 | 3.32 | 7.03 | - | - | 11.87 |
| (iii) Undisputed Trade Receivables - credit impaired | - | - | 0.18 | 0.18 | 0.02 | - | 0.38 |
| (iv) Disputed Trade Receivables - considered good | - | 0.38 | 0.37 | 3.19 | 2.18 | 4.29 | 10.41 |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| | 66.90 | 808.56 | 79.26 | 72.02 | 25.40 | 19.18 | 1,071.32 |
| Add: Unbilled | | | | | | | 1.30 |
| Gross Trade Receivables | 66.90 | 808.56 | 79.26 | 72.02 | 25.40 | 19.18 | 1,072.62 |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

| | As at 31-03-2022 | As at 31-03-2021 |
|---|---------------------|---------------------|
| 12 CASH AND CASH EQUIVALENTS | | |
| Balances with banks | 1,442.86 | 869.63 |
| Cash on hand | 2.44 | 1.52 |
| Cheque on hand | 0.38 | – |
| Cash equivalents: | | |
| Deposits with maturity of less than three month from the date of deposit. | – | 702.61 |
| | <u>1,445.68</u> | <u>1,573.76</u> |
| Cash and cash equivalents for the purpose of cash flow statement | <u>1,445.68</u> | <u>1,573.76</u> |
| 13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS | | |
| Earmarked balances with banks (for unpaid dividend) | 72.54 | 83.09 |
| Fixed deposits (maturing between 3 to 12 months) | 17.39 | – |
| | <u>89.93</u> | <u>83.09</u> |
| 14 OTHER FINANCIAL ASSETS - (CURRENT) | | |
| Unsecured, considered good: | | |
| - Employee advances | 12.79 | 11.35 |
| - Security deposits | 6.96 | 6.17 |
| - Claims receivable | 29.69 | 6.79 |
| - Interest accrued on Fixed deposit | 2.60 | 2.03 |
| - Receivable towards sale of fixed assets | 62.98 | 62.98 |
| - Derivative financial instruments - receivable | 16.60 | 3.03 |
| | <u>131.62</u> | <u>92.35</u> |
| 15 OTHER CURRENT ASSETS | | |
| Balances with tax authorities | 570.51 | 343.66 |
| Prepaid expense | 74.03 | 37.14 |
| Vendor advance* | 178.44 | 158.12 |
| Trade deposits | 3.55 | 3.49 |
| Export incentive receivable | 98.80 | 44.09 |
| Others | 26.19 | 5.39 |
| Employee benefit assets (refer Note 38) | 0.83 | – |
| | <u>952.35</u> | <u>591.89</u> |

* Balances include balance with related parties [refer Note 39(c)(i)].

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

16 EQUITY SHARE CAPITAL

As at 31-03-2022 As at 31-03-2021

(a) Authorised, issued, subscribed and fully paid up

| Particulars | As at 31-03-2022 | | As at 31-03-2021 | |
|---|------------------|------------------|------------------|------------------|
| | Number | Rupees in crores | Number | Rupees in crores |
| Authorised: 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 31-03-2022 | | As at 31-03-2021 | |
|---|------------------|------------------|------------------|------------------|
| | Number | Rupees in crores | Number | Rupees in crores |
| Shares outstanding at the beginning of the year | 47,50,87,114 | 47.51 | 47,50,87,114 | 47.51 |
| Shares issued during the year | – | – | – | – |
| Shares outstanding at the end of the year | 47,50,87,114 | 47.51 | 47,50,87,114 | 47.51 |

(c) Rights and preferences attached to equity share:

(i) Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

(ii) There are no restrictions attached to equity shares.

(d) Shares held by holding company at the end of the year

| Name of shareholder | Class of share | As at 31-03-2022 | | As at 31-03-2021 | |
|---|----------------|-----------------------|--------------|-----------------------|--------------|
| | | Number of shares held | % of holding | Number of shares held | % of holding |
| Sundaram-Clayton Limited, Chennai (Holding Company) | Equity | 238,782,786 | 50.26 | 272,682,786 | 57.40 |

(e) Shareholders holding more than five percent at the end of the year (other than (d))

| Name of shareholder | Class of share | As at 31-03-2022 | | As at 31-03-2021 | |
|-------------------------------------|----------------|-----------------------|--------------|-----------------------|--------------|
| | | Number of shares held | % of holding | Number of shares held | % of holding |
| ICICI Prudential Mutual Fund | Equity | 46,741,798 | 9.84 | 34,850,748 | 7.34 |
| Life Insurance Corporation Of India | Equity | 30,112,473 | 6.34 | 30,710,169 | 6.46 |
| Jwalamukhi Investment Holdings | Equity | 20,168,180 | 4.25 | 26,700,107 | 5.62 |

(f) Shares held by Promoters at the end of the year 31-03-2022

| Promoter name | Class of share | As at 31-03-2022 | | As at 31-03-2021 | | % Change during the year |
|-----------------------------------|----------------|-----------------------|--------------|-----------------------|--------------|--------------------------|
| | | Number of shares held | % of holding | Number of shares held | % of holding | |
| Sundaram-Clayton Limited, Chennai | Equity | 23,87,82,786 | 50.26 | 27,26,82,786 | 57.40 | (7.14) |

Shares held by Promoters at the end of the year 31-03-2021

| Promoter name | Class of share | As at 31-03-2021 | | As at 31-03-2020 | | % Change during the year |
|-----------------------------------|----------------|-----------------------|--------------|-----------------------|--------------|--------------------------|
| | | Number of shares held | % of holding | Number of shares held | % of holding | |
| Sundaram-Clayton Limited, Chennai | Equity | 27,26,82,786 | 57.40 | 27,26,82,786 | 57.40 | – |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

17 OTHER EQUITY

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|-------------------|------------------|------------------|
| General reserve | 876.24 | 876.24 |
| Capital reserve | 6.51 | 6.51 |
| Statutory reserve | 116.66 | 92.51 |
| Retained earnings | 3,284.50 | 2,707.36 |
| Other Reserves | 68.03 | 96.48 |
| | 4,351.94 | 3,779.10 |

18 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

| Nature | Lenders | As at 31-03-2022 | As at 31-03-2021 | Status as at 31-03-2022 | | | |
|---------------------|---------|------------------|------------------|-------------------------------|-------------|------------------------|----------|
| | | | | Interest rate | Frequency | No. of instalments due | Maturity |
| Secured Borrowings: | | | | | | | |
| ECB Loan 1 | Bank | 21.56 | 41.40 | 3 Month USD LIBOR plus Margin | Half Yearly | 6 | Mar-2023 |
| ECB Loan 2 | Bank | 227.17 | 218.70 | 3 Month USD LIBOR plus Margin | Quarterly | 4 | Feb-2023 |
| ECB Loan 3 | Bank | 189.38 | 182.56 | 8.6% | Bullet | 1 | May-22 |
| ECB Loan 4 | Bank | 189.38 | 182.56 | 8.6% | Bullet | 1 | Jun-22 |
| ECB Loan 5 | Bank | 151.51 | 146.05 | 8.1% | Bullet | 1 | Aug-22 |
| ECB Loan 6 | Bank | 151.51 | 146.05 | 8.1% | Bullet | 1 | Sep-22 |
| ECB Loan 7 | Bank | 378.07 | 363.87 | 6.9% | Bullet | 1 | Jul-2023 |
| ECB Loan 8 | Bank | 356.04 | 343.22 | 6.9% | Bullet | 1 | Oct-2023 |
| ECB Loan 9 | Bank | 753.93 | - | 6.9% | Bullet | 1 | Dec-2024 |
| Term Loan | Bank | 22.92 | 52.50 | 1 Year MCLR plus Margin | Quarterly | 5 | Jun-2023 |
| Term Loan | Bank | 5.00 | 5.00 | 1 Year MCLR plus Margin | Quarterly | 4 | Jun-2023 |
| Term Loan | Bank | 13.13 | 15.00 | 1 Year MCLR plus Margin | Quarterly | 16 | Sep-2026 |
| Term Loan | Bank | 0.08 | 0.11 | 8.3% | Monthly | 28 | Jul-2024 |
| Term Loan | Bank | 220.84 | 265.34 | 2.0% | Half Yearly | 6 | Dec-2024 |
| Term Loan | Bank | 199.98 | 199.96 | 7.4% | Bullet | 1 | Nov-2022 |
| Term Loan | Bank | 97.50 | 130.00 | 6.3% | Quarterly | 6 | Sep-2023 |
| Term Loan | Bank | 174.98 | 199.96 | 5.9% | Quarterly | 7 | Nov-2023 |
| Term Loan | Bank | 299.96 | 299.93 | 5.6% | Quarterly | 8 | Mar-2024 |
| Term Loan | Bank | 249.96 | - | 6.3% | Quarterly | 8 | Sep-2024 |
| Term Loan | Bank | 250.00 | - | 6.3% | Quarterly | 8 | Feb-2025 |
| Term Loan | Bank | 83.32 | - | 7.4% | Quarterly | 4 | Feb-2023 |
| Term Loan | Bank | 249.95 | - | 7.5% | Quarterly | 10 | Sep-2024 |
| Term Loan | Bank | - | 123.98 | - | - | - | - |
| Term Loan | Bank | - | 166.63 | - | - | - | - |
| Term Loan | Bank | 22.50 | 52.50 | 6.9% | Quarterly | 3 | Oct-2022 |
| Term Loan | Bank | 79.98 | 159.97 | 6.9% | Quarterly | 4 | Feb-2023 |
| Term Loan | Bank | - | 37.50 | - | - | - | - |
| Term Loan | Bank | 50.00 | 100.00 | 7.9% | Half yearly | 2 | Dec-2022 |
| Term Loan | Bank | - | 41.67 | - | - | - | - |
| Term Loan | Bank | 41.66 | 141.64 | 5.2% | Monthly | 5 | Aug-2022 |
| Term Loan | Bank | 33.33 | 100.00 | 6.3% | Monthly | 6 | Sep-2022 |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

18 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

| Nature | Lenders | As at 31-03-2022 | As at 31-03-2021 | Status as at 31-03-2022 | | | |
|------------------------|---|---------------------|---------------------|-------------------------|-------------|-----------------------------|----------|
| | | | | Interest rate | Frequency | No. of instal- ments due | Maturity |
| Term Loan | Bank | 166.67 | 333.33 | 5.9% | Monthly | 12 | Mar-2023 |
| Term Loan | Bank | 141.67 | 241.67 | 5.9% | Monthly | 17 | Aug-2023 |
| Term Loan | Bank | 116.67 | 183.33 | 5.3% | Monthly | 21 | Dec-2023 |
| Term Loan | Bank | 374.96 | – | 5.3% | Monthly | 27 | Jun-2024 |
| Term Loan | Bank | 416.67 | – | 5.0% | Monthly | 30 | Sep-2024 |
| Term Loan | Bank | 229.17 | – | 5.3% | Monthly | 33 | Dec-2024 |
| Term Loan | Bank | 499.89 | – | 5.6% | Monthly | 37 | Apr-2025 |
| Term Loan | Bank | – | 238.90 | – | – | – | – |
| Term Loan | Bank | 249.78 | – | 6.1% | Quarterly | 8 | Mar-2025 |
| Term Loan | Bank | – | 33.33 | – | – | – | – |
| Term Loan | Bank | – | 16.67 | – | – | – | – |
| Term Loan | Bank | – | 100.00 | – | – | – | – |
| Term Loan | Bank | 100.00 | 150.00 | 7.4% | Half yearly | 4 | Feb-2024 |
| Term Loan | Bank | 150.00 | – | 7.0% | Bullet | 1 | Oct-2024 |
| Term Loan | Bank | 249.77 | – | 6.8% | Quarterly | 12 | Mar-2025 |
| Term Loan | Bank | – | 199.97 | – | – | – | – |
| Term Loan | Bank | 99.93 | 199.86 | 7.4% | Quarterly | 4 | Mar-2023 |
| Term Loan | Bank | 124.94 | 224.89 | 7.3% | Quarterly | 5 | May-2023 |
| Term Loan | Bank | 39.99 | 79.99 | 7.3% | Quarterly | 4 | Mar-2023 |
| Term Loan | Bank | 199.96 | 250.00 | 7.3% | Quarterly | 8 | Mar-2024 |
| Term Loan | Bank | 66.63 | 99.95 | 7.4% | Monthly | 24 | Mar-2024 |
| Term Loan | Bank | – | 59.89 | – | – | – | – |
| Term Loan | Bank | – | 39.97 | – | – | – | – |
| Term Loan | Bank | – | 179.87 | – | – | – | – |
| Term Loan | Bank | 200.00 | – | 7.0% | Quarterly | 10 | Jul-2024 |
| Term Loan | Bank | 200.00 | – | 7.0% | Quarterly | 10 | Aug-2024 |
| Term Loan | Bank | 59.99 | 179.97 | 7.4% | Quarterly | 2 | Aug-2022 |
| Term Loan | Bank | 200.00 | – | 7.0% | Bullet | 1 | Oct-2024 |
| Term Loan | Bank | 199.94 | – | 6.5% | Bullet | 1 | May-2024 |
| Term Loan | Others | 4.93 | 24.59 | 6.4% | Quarterly | 1 | Jun-2022 |
| Soft Loan | State owned corporation - I | 2.84 | 2.63 | 0.1% | Yearly | 1 | Apr-2029 |
| Soft Loan (3 tranches) | State owned corporation -II | 84.31 | 151.20 | 0.1% | Yearly | 3 | 2022-31 |
| Debentures | 8.35% Secured Non Convertible Debenture | 300.00 | 300.00 | 8.35% | Bullet | 1 | Mar-2023 |
| Debentures | 8.35% Secured Non Convertible Debenture | 25.00 | 25.00 | 8.35% | Bullet | 1 | Mar-2023 |
| Debentures | 7.4% Secured Non Convertible Debenture | 99.99 | 99.74 | 7.4% | Bullet | 1 | Apr-2022 |
| Debentures | 8% Secured Non Convertible Debenture | – | 6.37 | – | – | – | – |
| Debentures | 8% Secured Non Convertible Debenture | – | 45.00 | – | – | – | – |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

18 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

| Nature | Lenders | As at 31-03-2022 | As at 31-03-2021 | Status as at 31-03-2022 | | | |
|---|--------------------------------------|---------------------|---------------------|----------------------------------|-------------|-----------------------------|----------|
| | | | | Interest rate rate | Frequency | No. of instal- ments due | Maturity |
| Unsecured Borrowings: | | | | | | | |
| Debentures | 7.5% Non Convertible Debenture | 499.03 | 498.21 | 7.5% | Bullet | 1 | May-2023 |
| ECB Loan | Bank | 75.79 | 121.85 | 3 Month USD LIBOR plus Margin | Half Yearly | 3 | Sep-2023 |
| Term Loan | Bank | 489.90 | - | 6.3% | Quarterly | 20 | May-2027 |
| Term Loan | Bank | 3.28 | - | 1.55% | Bullet | 1 | Dec-2024 |
| Term Loan | Bank | 15.58 | - | 0.65% | Yearly | 7 | Dec-2028 |
| Term Loan | Bank | 2.67 | - | 1.55% | Bullet | 1 | Dec-2024 |
| Sub Debt | Bank | 49.99 | 49.98 | 8.6% | Bullet | 1 | May-2023 |
| Sub Debt | Bank | 50.00 | 50.00 | 8.9% | Bullet | 1 | Jul-2023 |
| Sub Debt | Bank | 25.00 | 25.00 | 9.7% | Bullet | 1 | Sep-2022 |
| Sub Debt | Bank | 24.99 | 24.97 | 9.7% | Bullet | 1 | Sep-2022 |
| Sub Debt | Others | 99.30 | 99.00 | 10.9% | Bullet | 1 | Aug-2024 |
| Sub Debt | Others | 112.91 | 122.46 | 9.4% | Bullet | 1 | Jun-2026 |
| Sub Debt | Others | - | 49.95 | 11.3% | Bullet | 1 | |
| Sub Debt | Others | 34.34 | 25.00 | 9.4% | Bullet | 1 | Jun-2026 |
| Sub Debt | Others | 99.00 | - | 8.9% | Bullet | 1 | Jun-2027 |
| Sub Debt | Others | 35.00 | - | 8.9% | Bullet | 1 | Jun-2027 |
| Sub Debt | Others | 35.00 | - | 8.9% | Bullet | 1 | Jun-2027 |
| Sub Debt | Others | 30.00 | - | 8.9% | Bullet | 1 | Jun-2027 |
| Sub Debt | Others | 200.00 | - | 8.9% | Bullet | 1 | Jun-2027 |
| Sub Debt | Others | 50.00 | - | 8.9% | Bullet | 1 | Jun-2027 |
| Sub Debt | Others | 50.00 | 49.99 | 10.0% | Bullet | 1 | Apr-2022 |
| Sub Debt | Others | 147.93 | 146.62 | 9.4% | Bullet | 1 | Aug-2026 |
| Sub Debt | Others | - | 50.00 | 11.8% | Bullet | 1 | |
| Sub Debt | Others | 50.00 | 49.98 | 11.3% | Bullet | 1 | May-2022 |
| Sub Debt | Others | 100.00 | 100.00 | 10.0% | Bullet | 1 | Jul-2026 |
| Perpetual Debt | Others | 99.86 | 99.84 | 11.5% | Bullet | 1 | Nov-2027 |
| Term Loan | Others | 16.41 | - | 0.5% | Annual | 10 | Nov-2031 |
| Sales Tax Deferral Phase I | Others | - | 6.33 | | | | |
| Sales Tax Deferral Phase II | Others | 94.37 | 110.09 | 0.0% | Annual | 6 | 2027-28 |
| Total non current borrowings | | 11,607.69 | 8,861.49 | | | | |
| Less: Current Maturities of long term borrowings | | 4,301.92 | 2,581.23 | | | | |
| Total non current financial liabilities (borrowings) Net | | 7,305.77 | 6,280.26 | | | | |

Details of securities created:

- ECB Loan 1 - Hypothecation of movable fixed assets.
- ECB Loan 2 - Exclusive charge over assets procured out of proceeds of the loan.
- ECB Loan 3-9 hypothecation of receivables under the financing activity of the Group.
- Term Loan of ₹ 220.84 crores (Previous year: ₹ 265.34 crores) in USD from bank obtained - secured by land and building.
- Term loan received from bank of ₹ 41.05 crores (Previous year: ₹ 72.50 crores) - charge created on land and building and *pari-passu* charge on plant and machinery.
- Term loan received from bank of ₹ 0.08 crores (Previous year: ₹ 0.11 crores) - hypothecation of inventory and book debts.
- Term Loan received from Banks and Other parties of ₹ 5,924.68 crores inclusive of Current and Non-current dues (Previous year: ₹ 4,589.92 crores as on 31st March, 2020) is secured against hypothecation of receivables under the financing activity of the Group.
- Loan from State owned corporation - I viz., SIPCOT - First charge on the specific plant and equipment.
- Loan from State owned corporation - II viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.
- Debentures of ₹ 424.99 crores (Previous year: ₹ 424.47 crores) secured against hypothecation of receivables under the financing activity of the Group.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

19 PROVISIONS

| Particulars | As at 31-03-2022 | | As at 31-03-2021 | |
|--|------------------|-------------|------------------|-------------|
| | Current | Non-current | Current | Non-current |
| Provision for employee benefits: (Refer Note 38) | | | | |
| (a) Pension | 56.52 | 113.87 | 32.14 | 88.78 |
| (b) Leave salary | 16.38 | 69.21 | 12.91 | 56.72 |
| (c) Gratuity | 3.53 | 2.73 | 3.07 | 2.28 |
| Others: | | | | |
| (a) Warranty | 30.99 | 10.33 | 37.22 | 11.66 |
| | 107.42 | 196.24 | 85.34 | 159.44 |

20 DEFERRED TAX LIABILITIES (NET)

The balance comprises temporary differences attributable to:

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|---|------------------|------------------|
| Deferred tax liability consists of tax impact on: | | |
| - Depreciation | 319.59 | 282.07 |
| - Others | 26.64 | 26.59 |
| Total deferred tax liability (A) | 346.23 | 308.66 |
| Deferred tax asset consists of tax impact on: | | |
| - tax on employee benefit expenses | 51.21 | 33.70 |
| - tax on warranty provision | 12.12 | 14.02 |
| - tax on others | 75.34 | 56.61 |
| Total deferred tax assets (B) | 138.67 | 104.33 |
| Net deferred tax liability (A)-(B) | 207.56 | 204.33 |

Movement in deferred tax :

| Particulars | Depreciation | Others | Total |
|---------------------------------|--------------|---------|---------|
| As at 31-03-2020 | | | 173.77 |
| Charged / (credited): | | | |
| - to profit or loss | 20.93 | (17.17) | 3.76 |
| - to other comprehensive income | - | 26.80 | 26.80 |
| As at 31-03-2021 | | | 204.33 |
| Charged / (credited): | | | |
| - to profit or loss | 37.52 | (16.75) | 20.77 |
| - to other comprehensive income | - | (17.54) | (17.54) |
| As at 31-03-2022 | | | 207.56 |

21 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

Borrowings repayable on demand from banks

Secured

As at 31-03-2022 As at 31-03-2021

1,485.07 1,800.19

Unsecured

265.83 497.95

Short term loans:

From banks:

Secured

150.00 25.00

From others (unsecured)

1,788.69 746.11

Current Maturities of long term borrowings

4,301.92 2,581.23

7,991.51 5,650.48

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores
As at As at
31-03-2022 31-03-2021

21 FINANCIAL LIABILITIES - BORROWINGS (CURRENT) - (continued)

Secured short term borrowings from banks are related to subsidiaries and details of securities created are as follows:

- a) A loan of ₹ 33.20 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India.
- b) A loan of ₹ 12.99 crores in USD obtained from a bank, partly secured (80%) by a credit guarantee issued by the EXIM bank of Indonesia.
- c) Working capital loan and cash credit of ₹ 1,197.61 crores obtained are secured by hypothecation of receivables under the financing activity of the Group.
- d) Short term loan of ₹ 150.00 crores obtained are secured by hypothecation of receivables under the financing activity of the Group.
- e) Working capital loan of ₹ 125.92 crores in CHF are secured by pledge of shares of a step-down subsidiary.
- f) Cash credit and working capital loan of ₹ 115.35 crores obtained are secured by hypothecation of receivables and inventories.

22 TRADE PAYABLES

| | | |
|--|-----------------|-----------------|
| Dues to Micro and Small Enterprises ** | 69.78 | 45.00 |
| Dues to enterprises other than Micro and Small Enterprises # | 4,555.21 | 4,253.60 |
| | <u>4,624.99</u> | <u>4,298.60</u> |

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises and there is no principal and interest, due thereon and remaining unpaid as at end of the year.

Balances include balances due to related parties [Refer Note 39(c)(ii)].

Ageing for trade payable as on 31.03.2022

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|--|--|----------|-----------|-----------|-------------------|-----------------|
| | Not due | <1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Micro and Small Enterprises (MSME) | 69.78 | - | - | - | - | 69.78 |
| (ii) Others | 2,511.10 | 1,343.81 | 2.94 | 10.30 | 20.90 | 3,889.05 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues – Others | - | - | - | - | - | - |
| Accrued Expenses | 2,580.88 | 1,343.81 | 2.94 | 10.30 | 20.90 | 3,958.83 |
| | | | | | | 666.16 |
| | | | | | | <u>4,624.99</u> |

Ageing for trade payable as on 31.03.2021

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|--|--|----------|-----------|-----------|-------------------|-----------------|
| | Not due | <1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Micro and Small Enterprises (MSME) | 45.00 | - | - | - | - | 45.00 |
| (ii) Others | 2,106.01 | 1,235.94 | 64.68 | 14.40 | 62.88 | 3,483.91 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues – Others | - | - | - | - | - | - |
| Accrued Expenses | 2,151.01 | 1,235.94 | 64.68 | 14.40 | 62.88 | 3,528.91 |
| | | | | | | 769.69 |
| | | | | | | <u>4,298.60</u> |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

| | Rupees in crores | |
|---|--------------------------|--------------------------|
| | As at 31-03-2022 | As at 31-03-2021 |
| 23 OTHER FINANCIAL LIABILITIES - CURRENT | | |
| Interest accrued but not due on loans | 108.78 | 115.45 |
| Interest accrued and due on loans * | 0.48 | 0.64 |
| Trade deposits received | 120.09 | 89.84 |
| Unclaimed dividends (Not due for transfer to Investor Education and Protection Fund) | 3.79 | 4.32 |
| Dividend declared but not paid (Due for payment in subsequent year) | 54.27 | 66.51 |
| Payables against capital goods | 36.26 | 14.42 |
| Hedge liability | – | 0.46 |
| Others | 2.04 | 31.35 |
| | <u>325.71</u> | <u>322.99</u> |
| * Subsidiary has made funds available with the banks and the same has been appropriated subsequently. | | |
| 24 OTHER CURRENT LIABILITIES | | |
| Statutory dues | 187.91 | 155.98 |
| Employee related | 213.17 | 149.89 |
| Advance received from customers | 261.13 | 176.29 |
| Deferred income | 13.00 | 5.48 |
| | <u>675.21</u> | <u>487.64</u> |
| | Year ended 31-03-2022 | Year ended 31-03-2021 |
| 25 REVENUE FROM OPERATIONS | | |
| Sale of products | 21,182.12 | 17,015.40 |
| Sale of services | 138.67 | 58.14 |
| Interest income of financial enterprise | 2,446.59 | 2,041.82 |
| Other operating revenue [#] | 587.93 | 305.46 |
| | <u>24,355.31</u> | <u>19,420.82</u> |
| [#] Includes Government Grants of ₹ 280.56 Cr (Last year ₹ 107.72 Cr) | | |
| 26 OTHER INCOME | | |
| Dividend income - from investments designated as FVOCI | 3.81 | 0.20 |
| Interest income | 8.16 | 32.88 |
| Gain (Net) on Fair valuation / sale of investments | 0.23 | 0.04 |
| Profit on sale of Property, Plant and Equipment (Net) | 2.47 | – |
| Bad debts recovered | – | 1.33 |
| Other non-operating income | 18.20 | 12.77 |
| | <u>32.87</u> | <u>47.22</u> |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

| | Rupees in crores | |
|--|--------------------------|--------------------------|
| | Year ended 31-03-2022 | Year ended 31-03-2021 |
| 27 MATERIAL COST | | |
| Cost of materials consumed | | |
| Opening stock of raw materials and components | 748.68 | 640.65 |
| Add: Purchases | <u>16,064.84</u> | <u>12,808.76</u> |
| | 16,813.52 | 13,449.41 |
| Less: Closing stock of raw materials and components | <u>874.87</u> | <u>748.68</u> |
| | <u>15,938.65</u> | <u>12,700.73</u> |
| Purchases of stock-in-trade | <u>579.04</u> | <u>224.92</u> |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade: | | |
| Opening stock: | | |
| Work-in-progress | 40.76 | 52.71 |
| Stock-in-trade | 300.62 | 75.31 |
| Finished goods | 85.49 | 298.66 |
| | (A) <u>426.87</u> | <u>426.68</u> |
| Closing stock: | | |
| Work-in-progress | 65.17 | 40.76 |
| Stock-in-trade | 345.32 | 300.62 |
| Finished goods | 276.78 | 85.49 |
| | (B) <u>687.27</u> | <u>426.87</u> |
| | (A)-(B) <u>(260.40)</u> | <u>(0.19)</u> |
| 28 EMPLOYEE BENEFITS EXPENSE | | |
| Salaries, wages and bonus | 1,839.69 | 1,501.69 |
| Contribution to provident and other funds | 136.59 | 100.15 |
| Staff welfare expenses | 147.75 | 87.53 |
| | <u>2,124.03</u> | <u>1,689.37</u> |
| 29 FINANCE COSTS | | |
| Interest on borrowings | 846.82 | 842.04 |
| Other borrowing cost | 57.67 | 45.98 |
| Interest on lease liabilities | 35.99 | 13.91 |
| Exchange differences | (0.26) | (20.44) |
| | <u>940.22</u> | <u>881.49</u> |
| 30 DEPRECIATION AND AMORTISATION EXPENSE | | |
| Depreciation on property plant and equipment | 528.30 | 433.70 |
| Amortisation on right of use asset | 99.85 | 51.15 |
| Amortisation on intangible assets | 114.71 | 79.97 |
| | <u>742.86</u> | <u>564.82</u> |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

| | Rupees in crores | |
|---|--------------------------|--------------------------|
| | Year ended 31-03-2022 | Year ended 31-03-2021 |
| 31 OTHER EXPENSES | | |
| (a) Consumption of stores, spares and tools | 59.70 | 50.09 |
| (b) Power and fuel | 126.81 | 96.14 |
| (c) Repairs - buildings | 17.97 | 16.29 |
| (d) Repairs - plant and equipment | 83.04 | 75.85 |
| (e) Insurance | 36.10 | 28.91 |
| (f) Rates and taxes (excluding taxes on income) | 22.41 | 16.43 |
| (g) Audit fees | 2.91 | 2.74 |
| (h) Cost audit fees | 0.06 | 0.06 |
| (i) Packing and freight charges | 537.78 | 346.52 |
| (j) Advertisement and publicity | 327.48 | 322.64 |
| (k) Other marketing expenses | 211.56 | 269.61 |
| (l) Loss on sale of property, plant and equipment (Net) | - | 1.96 |
| (m) Foreign exchange loss (Net) | 1.75 | 32.92 |
| (n) Loss allowance for expected credit losses relating to loans | 554.14 | 466.79 |
| (o) Corporate social responsibility expenditure | 20.61 | 22.71 |
| (p) Contributions to Electoral Trust / Bonds | 5.00 | - |
| (q) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations). | 1,212.04 | 818.50 |
| | <u>3,219.36</u> | <u>2,568.16</u> |

Exceptional items reported in Statement of Profit & Loss represents CoVID-19 related expenses incurred during the year and one time costs associated with voluntary separation incurred during the year by a subsidiary.

32 TAX EXPENSE AND RECONCILIATION

| | | |
|---|-------------------------|----------------|
| (a) Tax expense | | |
| Current tax: | | |
| Current tax on profits for the year | 364.55 | 249.76 |
| | (A) <u>364.55</u> | <u>249.76</u> |
| Deferred tax: | | |
| Decrease / (increase) in deferred tax assets | (64.68) | (83.32) |
| (Decrease) / increase in deferred tax liabilities | 36.04 | 47.69 |
| | (B) <u>(28.64)</u> | <u>(35.63)</u> |
| | (A) + (B) <u>335.91</u> | <u>214.13</u> |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

Year ended
31-03-2022

Year ended
31-03-2021

32 TAX EXPENSE AND RECONCILIATION - (continued)

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

| | | |
|--|----------|--------|
| Profit before income tax expense | 1,066.79 | 821.63 |
| Tax expense at 25.168% (Previous year 25.168%) | 268.49 | 206.79 |
| Add / (less) tax impact on: | | |
| Capital receipts / additional deductions | (16.38) | (0.76) |
| Partially allowed deductions | 19.38 | 5.06 |
| Timing difference on subsidiaries losses | 56.63 | - |
| Others | 7.79 | 3.04 |
| Tax expense | - | - |
| | 335.91 | 214.13 |

33 FAIR VALUE MEASUREMENTS

| Particulars | As at 31-03-2022 | | | As at 31-03-2021 | | |
|--------------------------------------|------------------|--------|----------------|------------------|--------|----------------|
| | FVTPL* | FVOCI* | Amortised cost | FVTPL* | FVOCI* | Amortised cost |
| Financial assets | | | | | | |
| Investments | | | | | | |
| - Equity instruments | 130.23 | 16.19 | - | - | 97.59 | - |
| - Preference shares | - | 14.79 | - | - | - | 12.70 |
| - Other non current investments | - | 52.38 | - | 0.36 | 41.50 | - |
| - Debt Instruments | - | - | 26.15 | - | - | 28.24 |
| Trade receivables | - | - | 1,155.24 | - | - | 1,029.26 |
| Loans | | | | | | |
| (receivable from financing activity) | - | - | 14,015.70 | - | - | 11,156.20 |
| Fixed deposit with banks | - | - | 0.40 | - | - | 0.80 |
| Cash and cash equivalents | - | - | 1,445.68 | - | - | 1,573.76 |
| Earmarked balances with banks | - | - | 89.93 | - | - | 83.09 |
| Derivative financial asset | - | 80.66 | - | - | 3.03 | - |
| Other financial assets | - | - | 174.70 | - | - | 103.44 |
| Total financial assets | 130.23 | 164.02 | 16,907.80 | 0.36 | 142.12 | 13,987.49 |
| Financial liabilities | | | | | | |
| Borrowings | - | - | 15,297.28 | - | - | 11,930.74 |
| Trade payables | - | - | 4,624.99 | - | - | 4,298.60 |
| Derivative financial liability | - | - | - | - | 15.03 | - |
| Lease liability | - | - | 529.93 | - | - | 248.42 |
| Other financial liability | - | - | 335.56 | - | - | 348.64 |
| Total financial liabilities | - | - | 20,787.76 | - | 15.03 | 16,826.40 |

* FVTPL - Fair Valued Through Profit and Loss FVOCI - Fair Valued Through Other Comprehensive Income

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

33 FAIR VALUE MEASUREMENTS - (continued)

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value and that are measured at amortised cost, for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

| As at 31-03-2022 | Notes | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------|--------|---------|---------|---------|--------|
| Financial assets | | | | | |
| Financial Investments at FVTPL | 4 | – | – | 130.23 | 130.23 |
| Financial Investments at FVOCI | 4 | 1.03 | 52.38 | 29.95 | 83.36 |
| Derivatives | 4 & 14 | – | 80.66 | – | 80.66 |
| | | 1.03 | 133.04 | 160.18 | 294.25 |

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

| As at 31-03-2022 | Notes | Level 1 | Level 2 | Level 3 | Total |
|-----------------------|---------|---------|---------|-----------|-----------|
| Financial assets | | | | | |
| <u>Investments</u> | | | | | |
| Debt instruments | 4 | – | – | 26.15 | 26.15 |
| | | – | – | 26.15 | 26.15 |
| Financial liabilities | | | | | |
| Borrowings | 18 & 21 | – | – | 15,297.28 | 15,297.28 |
| | | – | – | 15,297.28 | 15,297.28 |

Financial assets and liabilities measured at fair value - recurring fair value measurements

| As at 31-03-2021 | Notes | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------|-------|---------|---------|---------|--------|
| Financial assets | | | | | |
| Financial Investments at FVTPL | 4 | 0.36 | – | – | 0.36 |
| Financial Investments at FVOCI | 4 | 80.95 | 41.50 | 16.64 | 139.09 |
| Derivatives | 14 | – | 3.03 | – | 3.03 |
| | | 81.31 | 44.53 | 16.64 | 166.24 |
| Financial liabilities | | | | | |
| Derivatives | 23 | – | 15.03 | – | 15.03 |
| | | – | 15.03 | – | 15.03 |

Notes to the Financial Statements - (continued)

33 FAIR VALUE MEASUREMENTS – (continued)

Rupees in crores

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

| As at 31-03-2021 | Notes | Level 1 | Level 2 | Level 3 | Total |
|-----------------------|---------|---------|---------|-----------|-----------|
| Financial assets | | | | | |
| Investments | | | | | |
| Preference shares | 4 | – | – | 12.70 | 12.70 |
| Debt instruments | 4 | – | – | 28.24 | 28.24 |
| | | – | – | 40.94 | 40.94 |
| Financial liabilities | | | | | |
| Borrowings | 18 & 21 | – | – | 11,930.74 | 11,930.74 |
| | | – | – | 11,930.74 | 11,930.74 |

Level 1: This hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the end of the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers among three levels.

The Group's policy is to recognise transfer-in and transfer-out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principal only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

33 FAIR VALUE MEASUREMENTS - (continued)

Rupees in crores

(iii) Fair value measurements using significant unobservable inputs (level 3)

| Particulars | Unlisted Equity Shares |
|---|------------------------|
| As at 31-03-2020 | 85.40 |
| Additions / (deletions) | (0.10) |
| Investment in associate - accounted using equity method | (67.59) |
| Gains / (losses) recognised in profit or loss | 0.04 |
| Gains / (losses) recognised in other comprehensive income | (1.11) |
| As at 31-03-2021 | 16.64 |
| Additions / (deletions) | 145.13 |
| Reclassified from amortised cost | 12.70 |
| Gains / (losses) recognised in profit or loss | 0.23 |
| Gains / (losses) recognised in other comprehensive income | (14.52) |
| As at 31-03-2022 | 160.18 |

(iv) Valuation inputs and relationships to fair value

| Particulars | Fair value as at | | Significant unobservable input | Probability weighted range for the year ended | |
|-------------------------|------------------|------------|--------------------------------|---|------------|
| | 31-03-2022 | 31-03-2021 | | 31-03-2022 | 31-03-2021 |
| Unquoted Equity shares* | 160.18 | 16.64 | a) Earnings growth rate | 1-3% | 1-3% |
| | | | b) Risk adjusted discount rate | 8% | 8% |

* Sensitivity is not significant.

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor are based on cash flow projections of future earnings of the Company. Risk adjustments have been derived based on the market risk premium adjusted for companies relevant financial data.

(vi) Fair value of financial assets and liabilities measured at amortised cost

| Particulars | As at 31-03-2022 | | As at 31-03-2021 | |
|-----------------------|------------------|------------|------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | |
| Investments | | | | |
| Preference shares | – | – | 12.70 | 12.70 |
| Debt instruments | 26.15 | 26.15 | 28.24 | 28.24 |
| | 26.15 | 26.15 | 40.94 | 40.94 |
| Financial liabilities | | | | |
| Borrowings | 15,297.28 | 15,297.28 | 11,930.74 | 11,930.74 |
| | 15,297.28 | 15,297.28 | 11,930.74 | 11,930.74 |

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Notes to the Financial Statements - (continued)

Rupees in crores

34 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

| Risk | Exposure arising from | Risk Parameters and Mitigation |
|----------------|---|--|
| Credit Risk | Cash, Cash equivalents and Trade receivables | Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forward-looking information (more specifically described below) . In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days, when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors. |
| | a. Cash and Cash Equivalents | Surplus cash is deposited only with banks / financial institutions with a high external credit rating. |
| | b. Domestic Trade Receivables | Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. The Company extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. The Company has extensive reporting and review system to constantly monitor the outstandings. |
| | c. Export Trade Receivables | The Company's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with ECGC Limited. |
| Liquidity Risk | INR denominated borrowings [other than soft loans given by Govt. Authorities] | The company's liquidity management policy involves projecting cash flows in major currencies by considering the level of liquid assets necessary to meet the same, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company works out a detailed annual operating plans to assess the fund requirements - both short term and long term. Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cash flow from operations to ensure that the borrowing is minimized. |
| Market Risk | (i) Foreign exchange | The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions. |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

34 FINANCIAL RISK MANAGEMENT - (continued)

| Risk | Exposure arising from | Risk Parameters and Mitigation |
|----------------------------|---|---|
| Market Risk (continued) | a. Export trade receivables and Import payables | The Company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered. |
| | b. Foreign currency denominated borrowings | The Company has hedged its borrowings by covering the principal repayments. |
| | (ii) Interest rate - Foreign currency denominated borrowings | The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. |

(A) Credit risk (except loans from financing activity covered under Note - 35)

Basis of recognition of expected credit loss provision

| Rating | Category | Description of category | Investments | Loans and deposits | Trade receivables |
|--------|---|---|----------------------------------|---------------------------------|--|
| 1 | High Quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. | 12 month expected credit losses | 12 month expected credit losses | Life time expected credit losses (simplified approach) |
| 2 | Quality assets, low credit risk | Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and there has been low frequency of defaults in the past. | | | |
| 3 | Standard Assets, moderate credit risk | Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong. | | | |
| 4 | Substandard Assets, relatively high credit risk | Assets where there has been a significant increase in credit risk since initial recognition. | Life time expected credit losses | | |
| 5 | Low quality assets, very high credit risk | Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due. | | | |
| 6 | Doubtful assets, credit impaired | Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss. | Asset is written off | | |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

34 FINANCIAL RISK MANAGEMENT - (continued)

As at 31-03-2022

a) Expected credit loss for investments, loans and other financial assets

| Particulars | Internal rating | Asset / Asset group | Gross carrying amount | Expected probability of default | Expected credit loss | Carrying amount net of impairment provision |
|--|-----------------|-------------------------------|-----------------------|---------------------------------|----------------------|---|
| Loss allowance measured at 12 month expected credit loss | 2 | Investments at amortised cost | 26.15 | 0% | – | 26.15 |
| | 1 | Other financial assets | 174.70 | 0% | – | 174.70 |

b) Expected credit loss for trade receivables under simplified approach

| Particulars | 0 to 180 days past due | More than 180 days past due | Total |
|--------------------------------------|------------------------|-----------------------------|----------|
| Gross carrying amount | 1,059.49 | 148.38 | 1,207.87 |
| Expected loss rate | – | 35% | |
| Expected credit losses | – | 52.63 | 52.63 |
| Carrying amount of trade receivables | 1,059.49 | 95.75 | 1,155.24 |

As at 31-03-2021

a) Expected credit loss for investments, loans and other financial assets

| Particulars | Internal rating | Asset / Asset group | Gross carrying amount | Expected probability of default | Expected credit loss | Carrying amount net of impairment provision |
|--|-----------------|-------------------------------|-----------------------|---------------------------------|----------------------|---|
| Loss allowance measured at 12 month expected credit loss | 2 | Investments at amortised cost | 40.94 | 0% | – | 40.94 |
| | 1 | Other financial assets | 103.44 | 0% | – | 103.44 |

b) Expected credit loss for trade receivables under simplified approach

| Particulars | 0 to 180 days past due | More than 180 days past due | Total |
|--------------------------------------|------------------------|-----------------------------|----------|
| Gross carrying amount | 876.76 | 195.86 | 1,072.62 |
| Expected loss rate | – | 22% | |
| Expected credit losses | – | 43.36 | 43.36 |
| Carrying amount of trade receivables | 876.76 | 152.50 | 1,029.26 |

Reconciliation of loss allowance provision - Trade receivables

| | |
|---------------------------|-------|
| Loss allowance 01-04-2020 | 21.69 |
| Changes in loss allowance | 21.67 |
| Loss allowance 31-03-2021 | 43.36 |
| Changes in loss allowance | 9.27 |
| Loss allowance 31-03-2022 | 52.63 |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

34 FINANCIAL RISK MANAGEMENT - (continued)

Rupees in crores

(B) Liquidity risk

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|------------------|------------------|
| Floating rate | | |
| - Expiring within one year (bank overdraft and other facilities) | 3,460.05 | 1,874.20 |
| - Expiring beyond one year (bank loans) | – | – |

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR except for one subsidiary in USD and have an average maturity ranging from 30 to 180 days.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

As at 31-03-2022

| Contractual Maturities of Financial Liabilities | Less than 3 months | 3 months to 6 months | 6 months to 1 year | 1 year to 5 years | More than 5 years | Total |
|---|--------------------|----------------------|--------------------|-------------------|-------------------|-----------|
| Borrowings | 3,515.48 | 1,113.69 | 3,362.34 | 6,742.95 | 569.14 | 15,303.60 |
| Lease Liabilities | 34.01 | 33.94 | 65.92 | 421.48 | 79.18 | 634.53 |
| Trade payables | 4,431.47 | 74.57 | 118.95 | – | – | 4,624.99 |
| Other financial liabilities | 287.99 | 29.13 | 8.59 | 9.85 | – | 335.56 |

As at 31-03-2021

| Contractual Maturities of Financial Liabilities | Less than 3 months | 3 months to 6 months | 6 months to 1 year | 1 year to 5 years | More than 5 years | Total |
|---|--------------------|----------------------|--------------------|-------------------|-------------------|-----------|
| Borrowings | 1,499.09 | 801.89 | 3,349.50 | 5,784.82 | 503.14 | 11,938.44 |
| Lease Liabilities | 16.28 | 16.27 | 31.11 | 188.27 | 37.54 | 289.47 |
| Trade payables | 4,037.75 | 197.51 | 63.34 | – | – | 4,298.60 |
| Other financial liabilities | 291.51 | 19.61 | 11.41 | 26.11 | – | 348.64 |
| Derivatives | 0.46 | – | – | 14.57 | – | 15.03 |

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

34 FINANCIAL RISK MANAGEMENT - (continued)

Rupees in crores

(C) Market risk

(i) Foreign exchange risk

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

| Particulars | As at 31-03-2022 | | As at 31-03-2021 | |
|------------------------------------|------------------|---------|------------------|---------|
| | USD | EUR | USD | EUR |
| Exposure in foreign currency | | | | |
| Financial assets: | | | | |
| Trade receivables | 901.31 | 60.00 | 719.71 | 30.00 |
| Investments | 67.17 | – | 52.13 | – |
| Derivative assets: | | | | |
| Foreign exchange forward contracts | | | | |
| Sell foreign currency | (1,583.99) | (63.46) | (1,537.09) | (74.85) |
| Financial liabilities: | | | | |
| Foreign currency loan | 2,689.79 | – | 1,922.40 | – |
| Trade payables | 274.38 | 6.52 | 408.60 | 5.91 |
| Derivative liabilities: | | | | |
| Foreign exchange forward contracts | | | | |
| Buy foreign currency | 0.95 | – | (5.37) | – |
| Principal swap | | | | |
| Buy foreign currency | (2,885.25) | – | (1,746.26) | – |

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

| Particulars | Impact on profit after tax* | | Impact on other components of equity* | |
|---------------------------|-----------------------------|------------------|---------------------------------------|------------------|
| | As at 31-03-2022 | As at 31-03-2021 | As at 31-03-2022 | As at 31-03-2021 |
| USD sensitivity | | | | |
| INR/USD increases by 10% | 41.75 | 20.93 | (103.98) | (110.27) |
| INR/USD decreases by 10% | (41.75) | (20.93) | 103.98 | 110.27 |
| IDR/USD increases by 10% | (12.19) | (10.09) | – | – |
| IDR/USD decreases by 10% | 12.19 | 10.09 | – | – |
| EURO sensitivity | | | | |
| INR/EURO increases by 10% | 3.66 | 1.78 | (4.35) | (5.54) |
| INR/EURO decreases by 10% | (3.66) | (1.78) | 4.35 | 5.54 |

* Holding all other variables constant

(ii) Interest rate risk

Domestic INR borrowings are based on fixed rate of interest. Normally for short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, Company resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--------------------------|------------------|------------------|
| Variable rate borrowings | 7,049.81 | 7,924.77 |
| Fixed rate borrowings | 8,253.79 | 4,013.67 |

The amounts disclosed in the table are the contractual undiscounted cash flows.

| Sensitivity | Impact on profit after tax | |
|---------------------------------------|----------------------------|------------------|
| | As at 31-03-2022 | As at 31-03-2021 |
| Increase in interest rates by 100 bps | (48.30) | (58.60) |
| Decrease in interest rates by 100 bps | 48.30 | 58.60 |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

34 FINANCIAL RISK MANAGEMENT - (continued)

(iii) Price Risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

(i) Disclosure of effects of hedge accounting on financial position

(a) Disclosure of effects of hedge accounting on financial position as at 31-03-2022

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Changes in fair value of hedging instrument | Changes in the value of hedged item used as the basis for recognising hedge effectiveness |
|------------------------------------|---------------|-------------|---------------------------------------|-------------|------------------|---|---|
| | Assets | Liabilities | Assets | Liabilities | | | |
| Cash flow hedge | | | | | | | |
| Foreign exchange forward contracts | 1,647.45 | (0.95) | 4.45 | - | Apr'22 to Dec'22 | 4.45 | (4.45) |
| Foreign currency loan | | | | | | | |
| • Principal swap | - | 2,494.33 | 79.06 | - | Jun'22 to Dec'24 | 79.06 | (79.06) |
| • Interest rate swap | - | 2,494.33 | - | 2.85 | | (2.85) | 2.85 |

(b) Disclosure of effects of hedge accounting on financial position as at 31-03-2021

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Changes in fair value of hedging instrument | Changes in the value of hedged item used as the basis for recognising hedge effectiveness |
|------------------------------------|---------------|-------------|---------------------------------------|-------------|------------------|---|---|
| | Assets | Liabilities | Assets | Liabilities | | | |
| Cash flow hedge | | | | | | | |
| Foreign exchange forward contracts | 1,611.94 | 5.37 | 8.20 | - | Apr'21 to Mar'22 | 8.20 | (8.20) |
| Foreign currency loan | | | | | | | |
| • Principal swap | - | 1,746.26 | - | 6.22 | Sep'21 to Oct'23 | (6.22) | 6.22 |
| • Interest rate swap | - | 1,746.26 | - | 13.98 | | (13.98) | 13.98 |

(ii) Disclosure of effects of hedge accounting on financial performance:

a. for the year ended 31-03-2022:

| Type of hedge | Change in the value of hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit and loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|--|--|---|--|--|
| Cash flow hedge: Foreign exchange risk / POS / IRS | 7.59 | - | (24.80) | Revenue and Borrowing cost |

b. for the year ended 31-03-2021:

| Type of hedge | Change in the value of hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit and loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|--|--|---|--|--|
| Cash flow hedge: Foreign exchange risk / POS / IRS | (25.20) | - | (71.58) | Revenue and Borrowing cost |

Notes to the Financial Statements - (continued)

Rupees in crores

35 FINANCIAL RISK MANAGEMENT RELATING TO LOAN RECEIVABLE FROM FINANCING ACTIVITY

(A) Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored to determine significant increase in credit risk. The Company monitors the credit assessment on a portfolio basis, assesses all credit exposures in excess of designated limits. The Company does a risk grading based upon the credit worthiness of the borrowers. All these factors are taken into consideration for computation of ECL.

Loans

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on Number of Days past due information. The amount represents gross carrying amount.

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Gross Carrying value of Loans | | |
| Stage-1 (Less than 30 Days) | 12,778.25 | 9,540.86 |
| Stage-2 (30-90 Days) [#] | 1,097.14 | 1,481.27 |
| Stage-3 (More than 90 Days) [*] | 528.99 | 423.75 |
| Total Gross Carrying value on Reporting Date | 14,404.38 | 11,445.88 |

[#] Includes restructured contracts under one time resolution framework vide RBI circular dated August 6, 2020 and RBI/2 021- 22/31/DOR.STR.REC.11 /21.04.048/2021-22 dated 5th May 2021 irrespective of days past due on the reporting date.

^{*} Includes restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June 2019 irrespective of days past due on the reporting date.

Credit Quality

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow ups and legal recourse.

Inputs considered in the ECL model

In assessing the impairment of loans assets under ECL model, the loan assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The Company categorises loan assets into stages based on the Days Past Due status:

- Stage 1: 30 Days Past Due
- Stage 2: 31-90 Days Past Due
- Stage 3: More than 90 Days Past Due

Assumptions considered in the ECL model

The financial services business has made the following assumptions in the ECL Model:

- "Loss given default" (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. EIR has been taken as discount rate for all loans.

Estimation Technique

The financial services business has applied the following estimation technique in its ECL model:

- "Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.

Notes to the Financial Statements - (continued)

Rupees in crores

35 FINANCIAL RISK MANAGEMENT RELATING TO LOAN RECEIVABLE FROM FINANCING ACTIVITY - (continued)

- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.
- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining tenor.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals.

There is no change in estimation techniques or significant assumptions during the reporting period.

The Company considers a broad range of forward looking information with reference to external forecasts of economic parameters such as GDP growth, government borrowing, private consumption expenditure, policy interest rates, etc., as considered relevant so as to determine the impact of macroeconomic factors on the Company's ECL estimates. The internal estimates of PD, LGD rates used in the ECL model may not always capture all the characteristics of the market / external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analysis based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'CoVID-19 – Regulatory Package', the Company has offered moratorium upto six months on the payment of installments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers. The Company has extended One-Time Resolution framework as for CoVID-19-related Stress to eligible customers as per applicable RBI guidelines and as per the policy of the Company. The Company has classified all restructured accounts done under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June 2019 in Stage 3 and with regard to restructured contracts done under one time resolution framework vide RBI circular dated August 6, 2020 and RBI/2 021- 22/31/DOR.STR.REC.11 / 21.04.048/2021-22 dated 5th May 2021 in Stage 2 irrespective of days past due status on the reporting date.

CoVID-19 has severe impact on global as well as domestic macro and micro economies, businesses and consumers. Due to this uncertainty, Company's assessments of impairment loss allowance on its loans are subject to a number of management judgements and estimates. Since the Company's impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates.

Definition of default

The Company considers a financial instrument is in defaulted when the borrower becomes 90 days past due on its contractual payments. The financial services business considers Loans under default as 'credit impaired' and classified as Stage-3 except for restructured contracts as disclosed above.

Impairment loss

The expected credit loss allowance provision is determined as follows:

| Particulars | Stage 1 | Stage 2 | Stage 3 | Grand Total |
|------------------------------------|-----------|----------|---------|-------------|
| Gross Balance as at March 31, 2022 | 12,778.25 | 1,097.14 | 528.99 | 14,404.38 |
| Expected Credit Loss | 87.82 | 33.25 | 267.61 | 388.68 |
| Expected Credit Loss Rate | 0.69% | 3.03% | 50.59% | 2.70% |
| Net of Impairment Provision | 12,690.43 | 1,063.89 | 261.38 | 14,015.70 |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

35 FINANCIAL RISK MANAGEMENT RELATING TO LOAN RECEIVABLE FROM FINANCING ACTIVITY - (continued)

| Particulars | Stage 1 | Stage 2 | Stage 3 | Grand Total |
|------------------------------------|----------|----------|---------|-------------|
| Gross Balance as at March 31, 2021 | 9,540.86 | 1,481.27 | 423.75 | 11,445.88 |
| Expected Credit Loss | 81.90 | 42.35 | 165.43 | 289.68 |
| Expected Credit Loss Rate | 0.86% | 2.86% | 39.04% | 2.53% |
| Net of Impairment Provision | 9,458.96 | 1,438.92 | 258.32 | 11,156.20 |

Reconciliation of Expected Credit Loss

| Particulars | Stage 1 | Stage 2 | Stage 3 | Grand Total |
|--|---------|---------|---------|-------------|
| Balance as at April 01, 2020 | 39.22 | 9.50 | 143.38 | 192.10 |
| Transfer from Stage 1 | (9.66) | 7.54 | 2.12 | – |
| Transfer from Stage 2 | 2.44 | (4.61) | 2.17 | – |
| Transfer from Stage 3 | 0.99 | 0.45 | (1.44) | – |
| Loans that have derecognised during the period | (8.35) | (1.43) | (41.06) | (50.84) |
| New Loans originated during the year | 33.56 | 4.26 | 14.79 | 52.61 |
| Net Remeasurement of Loss Allowance | 23.70 | 26.64 | 45.47 | 95.81 |
| Balance as at March 31, 2021 | 81.90 | 42.35 | 165.43 | 289.68 |
| Transfer from Stage 1 | (29.74) | 18.52 | 11.22 | – |
| Transfer from Stage 2 | 2.12 | (12.60) | 10.48 | – |
| Transfer from Stage 3 | 4.64 | 2.41 | (7.05) | – |
| Loan that have derecognised during the period | (21.69) | (19.64) | (90.95) | (132.28) |
| New Loans originated during the year | 60.76 | 2.65 | 17.14 | 80.55 |
| Net Remeasurement of Loss Allowance | (10.17) | (0.44) | 161.34 | 150.73 |
| Balance as at March 31, 2022 | 87.82 | 33.25 | 267.61 | 388.68 |

Concentration of Credit Risk

The business manages concentration of risk primarily by geographical region. The following details show the geographical concentrations of the loans at the year end:

| | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| Concentration by geographical region in India | | |
| South | 5,620.71 | 4,428.05 |
| West | 3,870.73 | 3,123.68 |
| East | 2,517.92 | 2,042.22 |
| North | 2,395.02 | 1,851.93 |
| Total Loans as at reporting period | 14,404.38 | 11,445.88 |

36 CAPITAL MANAGEMENT

(a) Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

36 CAPITAL MANAGEMENT - (continued)

The Group's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--------------------------|------------------|------------------|
| Net debt | 13,851.60 | 10,356.98 |
| Total equity | 5,053.01 | 4,214.51 |
| Net debt to equity ratio | 2.7% | 2.5% |

The Company also monitors Interest coverage ratio :

Company's earnings before interest and taxes (EBIT) divided by Interest.

The Company's strategy is to maintain an optimum interest coverage ratio. The Interest coverage ratio were as follows:

| Particulars | Year ended 31-03-2022 | Year ended 31-03-2021 |
|---------------------------------|-----------------------|-----------------------|
| EBIT (before exceptional item) | 2,047.13 | 1,712.48 |
| Interest | 940.22 | 881.49 |
| Interest coverage ratio (times) | 2.18 | 1.94 |

(b) Dividends

| Particulars | Year ended 31-03-2022 | Year ended 31-03-2021 |
|--|-----------------------|-----------------------|
| (i) Equity shares Interim dividends for the year ended 31-03-2022 of ₹ 3.75 (31-03-2021 of ₹ 3.50) per fully paid share | 178.16 | 166.28 |
| (ii) Dividends not recognised at the end of the reporting period | – | – |

37 BUSINESS COMBINATION

On 1st October 2015, our Subsidiary Sundaram Auto Components Limited (SACL) acquired an automobile seat manufacturing business at Nalagarh, Himachal Pradesh to expand its business.

On 7th September 2017, the Company acquired 16,20,000 (81%) equity shares of M/s. TVS Motor Services Limited, Chennai. This would further strengthen the retail financing for the customers of the Company through its subsidiaries.

During the year ended March 31, 2022, our subsidiary TVS Motor (Singapore) Pte. Ltd. acquired majority stake in two E-Mobility companies in Europe to establish its presence in e-personal mobility space.

On 16th September 2021, 91,20,858 (80%) equity shares of The GO Corporation (The GO AG) and on 27th January 2022, 1,14,658 (75%) equity shares of Swiss E-Mobility Group (Holding) AG (SEMG) were acquired.

Details of the purchase consideration and goodwill are as follows:

| Particulars | Business acquired by SACL | TVS Motor Services | GO AG | SEMG |
|--|---------------------------|--------------------|--------|--------|
| Consideration transferred | 9.00 | 1.62 | 131.46 | 488.60 |
| Non-controlling interest in the acquired entity | – | 136.05 | (1.12) | 55.52 |
| Acquisition date fair value of previously held equity interest | – | 0.38 | – | – |
| Less : Net identifiable assets acquired | 6.80 | (48.06) | 71.23 | 222.07 |
| Goodwill on consolidation | 2.20 | 186.11 | 59.11 | 322.05 |
| Total goodwill recognised in books | | | | 569.47 |

The goodwill is attributable to the expected synergies on acquisition of the financial services business and e-personal mobility business.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business is allocated to the Group's cash generating units (CGU) or groups of CGUs expected to benefit from the synergies arising from the business combination.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rate on the basis of carrying amount of each asset in CGU. An impairment loss on goodwill is recognized in net profit in the Consolidated Statement of Profit and Loss and is not reversed in the subsequent period.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

37 BUSINESS COMBINATION - (continued)

Rupees in crores

Company assessed impairment of goodwill based on the expected earnings growth of the acquired business.

Revenue and profit contribution for year ended March 31, 2022:

The acquired business contributed revenues of ₹114.60 crores and profit before tax of ₹ (23.73) crores between acquisition date and March 31, 2022.

If the acquisition had occurred on 1st April 2021, consolidated pro-forma revenue and profit before tax for the year ended 31st March 2022 would have been ₹ 24,804.62 crores and ₹ 1,060.83 crores, respectively.

38 EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plans as per actuarial valuation

| Particulars | Funded plan | | | Unfunded plans | |
|--|-----------------------------|---------------------------|------------|-----------------------------|-----------------------------|
| | Gratuity | | | Pension | Leave salary |
| | Present value of obligation | Fair value of plan assets | Net amount | Present value of obligation | Present value of obligation |
| As at 01-04-2020 | 140.14 | (132.68) | 7.46 | 109.34 | 54.40 |
| Balance from Incumbent subsidiary: | 0.52 | – | 0.52 | – | – |
| Current service cost | 1 21.82 | – | 21.82 | – | – |
| Interest expense / (income) | 9.15 | (8.59) | 0.56 | 5.95 | 3.55 |
| Total amount recognised in profit or loss | 30.97 | (8.59) | 22.38 | 5.95 | 3.55 |
| Remeasurements | | | | | |
| Return on plan assets, excluding amounts included in interest expense / (income) | – | 2.15 | 2.15 | – | – |
| (Gain) / loss from change in financial assumptions | (3.50) | – | (3.50) | 0.77 | (1.22) |
| Experience (gains) / losses | (6.90) | – | (6.90) | (8.05) | 19.34 |
| Total amount recognised in other comprehensive income | (10.40) | 2.15 | (8.25) | (7.28) | 18.12 |
| Employer contributions | – | (16.76) | (16.76) | – | – |
| Benefit payments | (8.86) | 8.86 | – | (0.84) | (6.44) |
| As at 31-03-2021 | 152.38 | (147.02) | 5.36 | 107.17 | 69.63 |
| Current service cost | 24.25 | – | 24.25 | – | – |
| Interest expense / (income) | 11.45 | (10.37) | 1.08 | 7.49 | 4.39 |
| Total amount recognised in profit or loss | 35.70 | (10.37) | 25.33 | 7.49 | 4.39 |
| Remeasurements | | | | | |
| Return on plan assets, excluding amounts included in interest expense / (income) | – | (3.31) | (3.31) | – | – |
| (Gain) / loss from change in financial assumptions | (5.34) | – | (5.34) | (3.27) | (1.82) |
| Experience (gains) / losses | 26.44 | – | 26.44 | 48.75 | 30.26 |
| Total amount recognised in other comprehensive income | 21.11 | (3.31) | 17.76 | 45.48 | 28.44 |
| Employer contributions | – | (44.99) | (44.99) | (1.65) | – |
| Benefit payments | (14.23) | 14.23 | – | – | (16.77) |
| As at 31-03-2022 | 194.96 | (146.47) | 3.45 | 158.49 | 85.69 |

The Certain Companies in the group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Statement of Profit and Loss .

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

38 EMPLOYEE BENEFIT OBLIGATIONS - (continued)

Rupees in crores

The significant actuarial assumptions were as follows:

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|-------------------------|---------------------|
| Discount rate (Gratuity) | 5.3% to 7.3% | 5% to 7% |
| Discount rate (Leave salary) | 5.2% to 7.3% | 5.3% to 6.9% |
| Discount rate (Pension) | 5.7% to 6.1% | 5.5 to 6.6% |
| Salary growth rate | 5.5% to 10% | 5.5% to 10% |
| Pre-retirement mortality rate | IALM (2006-08) Ultimate | |
| Post retirement mortality rate | LIC Ann (1996-98) | |
| Attrition rate (For Leave salary & Gratuity) | 3 to 36% | 3 to 36% |

Assumptions regarding future mortality for pension are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 58.

(i) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| Particulars | Impact on defined benefit obligation - Gratuity | | | | | |
|--------------------|---|------------|------------------------|------------|------------------------|------------|
| | Change in assumption | | Increase in assumption | | Decrease in assumption | |
| | Year ended | | | | | |
| | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 |
| Discount rate | 0.50% | 0.50% | 187.72 | 146.08 | 202.50 | 158.42 |
| Salary growth rate | 0.50% | 0.50% | 202.70 | 158.46 | 187.69 | 145.98 |
| Mortality | 5.00% | 5.00% | 194.91 | 152.03 | 194.84 | 151.98 |

| Particulars | Impact on defined benefit obligation - Pension | | | | | |
|--------------------|--|------------|------------------------|------------|------------------------|------------|
| | Change in assumption | | Increase in assumption | | Decrease in assumption | |
| | Year ended | | | | | |
| | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 |
| Discount rate | 1.00% | 1.00% | 141.03 | 94.66 | 179.55 | 122.46 |
| Salary growth rate | 1.00% | 1.00% | 180.38 | 122.99 | 140.14 | 85.04 |
| Mortality | 5.00% | 5.00% | 157.06 | 106.22 | 160.01 | 108.27 |

| Particulars | Impact on defined benefit obligation - Leave salary | | | | | |
|--------------------|---|------------|------------------------|------------|------------------------|------------|
| | Change in assumption | | Increase in assumption | | Decrease in assumption | |
| | Year ended | | | | | |
| | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 |
| Discount rate | 0.50% | 0.50% | 82.93 | 67.50 | 88.67 | 71.92 |
| Salary growth rate | 0.50% | 0.50% | 88.71 | 71.93 | 82.87 | 67.47 |
| Mortality | 5.00% | 5.00% | 85.68 | 69.64 | 85.69 | 69.63 |

Notes to the Financial Statements - (continued)

38 EMPLOYEE BENEFIT OBLIGATIONS - (continued)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(ii) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit.

Changes in bond: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yield increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

(iii) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of ₹ 55.72 crores (previous year ₹ 37.81 crores) has been recognised in the Statement of Profit and Loss."

Notes to the Financial Statements - *(continued)*

39 RELATED PARTY DISCLOSURE

- (a) (i) Related parties and their relationship where control exists

Holding company:

Sundaram-Clayton Limited, Chennai

Ultimate holding company:

T V Sundram Iyengar & Sons Private Limited, Madurai #

TVS Holdings Private Limited, Chennai *

Subsidiaries:

Sundaram Auto Components Limited, Chennai

TVS Housing Limited, Chennai

TVS Motor Services Limited, Chennai

TVS Credit Services Limited, Chennai

Harita Collection Services Private Limited, Chennai *(upto 4th September 2021)*

Harita ARC Services Private Limited, Chennai

TVS Micro Finance Private Limited, Chennai *(upto 4th September 2021)*

TVS Commodity Financial Solutions Private Limited, Chennai *(upto 9th February 2022)*

TVS Two Wheeler Mall Private Limited, Chennai

TVS Housing Finance Private Limited, Chennai

TVS Motor (Singapore) Pte. Limited, Singapore

TVS Motor Company (Europe) B.V, Amsterdam

PT. TVS Motor Company Indonesia, Jakarta

Sundaram Holding USA Inc, USA

Green Hills Land Holding LLC, USA

Component Equipment Leasing LLC, USA

Sundaram-Clayton USA LLC, USA

Premier Land Holding LLC, USA

The Norton Motorcycle Co. Ltd, UK

Intellicar Telematics Private Limited, Bengaluru

TVS Electric Mobility Limited, Chennai *(with effect from 13th December 2021)*

Intellicar (Singapore) Pte Limited, Singapore *(with effect from 10th November 2021)*

TVS Digital Pte Limited, Singapore *(with effect from 24th May 2021)*

The GO Corporation, Switzerland *(with effect from 16th September 2021)*

EGO Movement Stuttgart, GmbH *(with effect from 16th September 2021)*

Swiss E-mobility (Group) Holding AG, Switzerland *(with effect from 27th January 2022)*

Swiss E-Mobility Group (Schweiz) AG Switzerland, Zurich *(with effect from 27th January 2022)*

Colag E-Mobility GmbH, Germany, Nuremberg *(with effect from 27th January 2022)*

Associate companies:

Emerald Haven Realty Limited, Chennai

Ultraviolette Automotive Private Limited, Bengaluru

Tagbox Solutions Private Limited, Bengaluru

- (ii) Other related parties and their relationship where transaction exists:

Fellow subsidiaries:

TVS Electronics Limited, Chennai #

Southern Roadways Private Limited, Madurai #

Sundaram Industries Private Limited, Madurai #

Lucas-TVS Limited, Chennai #

Lucas Indian Service Limited, Chennai #

TVS Lanka Private Limited, Colombo #

TVS Training and Services Limited, Chennai #

Notes to the Financial Statements - (continued)

39 RELATED PARTY DISCLOSURE - (continued)

Associate / Joint venture of holding / ultimate holding / fellow subsidiary company:

Brakes India Private Limited, Chennai #
TVS Srichakra Limited, Madurai #
Wheels India Limited, Chennai #
Sundram Fasteners Limited, Chennai #
India Nippon Electricals Limited, Chennai #
Sundaram Brake Linings Limited, Chennai #
TVS Auto Bangladesh Limited, Dhaka #
TVS Supply Chain Solutions Limited, Madurai #
Predictronics Corporation, USA
TVS Training and Services Limited, Chennai *
Tagbox PTE Ltd, Singapore
Altizon Inc., USA
Scienaptic Systems Inc., USA

Subsidiaries of associate / joint venture of holding / ultimate holding / fellow subsidiary company:

TVS Upasana Limited, Chennai #
TVS Dynamic Global Freight Services Limited, Chennai #

Enterprises in which directors are interested:

TVS Organics Private Limited, Chennai
Harita Techserv Limited, Chennai #
Dua Associates, Delhi
Dua Consulting Private Limited, Delhi
McCann-Erickson (India) Private Limited, Delhi
Lakshmi Energy and Environment Design Private Limited, Coimbatore

Key Management Personnel (KMP):

Executive Directors:

Mr. Venu Srinivasan, Chairman Emeritus & Managing Director
Mr. Sudarshan Venu, Managing Director
Mr. K.N.Radhakrishnan, Director and CEO

Non-executive Directors:

Independent Directors:

Mr. C.R.Dua
Mr. R.Gopalan
Mrs. Lalita D. Gupte
Mr. T.Kannan
Mr. Kuok Meng Xiong
Mr. Hemant Krishan Singh
Mr. Prince Asirvatham (upto 20th August 2021)

Non-Independent Directors:

Prof. Sir Ralf Dieter Speth, Chairman
Mr. H.Lakshmanan
Dr. Lakshmi Venu

Relative of KMP:

Dr. Malini Srinivasan

Enterprise in which key management personnel and their relative have significant influence:

Harita-NTI Limited, Chennai @

upto 4th February, 2022. Hence, only transactions upto that period is reported below

* with effect from 4th February, 2022

@ upto 20th September, 2021. Hence, only transactions upto that period is reported below

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

| | Rupees in crores | |
|---|------------------------------------|------------------------------------|
| | As at/ Year ended 31-03-2022 | As at/ Year ended 31-03-2021 |
| 39 RELATED PARTY DISCLOSURE – (continued) | | |
| (b) Transactions with related parties: | | |
| (i) Purchase of goods | | |
| - ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai) | – | 0.38 |
| - holding company (Sundaram-Clayton Limited, Chennai) | 519.17 | 305.41 |
| - fellow subsidiaries | | |
| TVS Electronics Limited, Chennai # | – | 0.01 |
| Sundaram Industries Private Limited, Madurai # | 0.02 | 0.04 |
| Lucas-TVS Limited, Chennai # | 149.62 | 136.37 |
| Lucas Indian Service Limited, Chennai # | 8.72 | 8.34 |
| - associate / joint venture | | |
| Tagbox Solutions Private Limited | 0.52 | – |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| Brakes India Private Limited, Chennai # | 28.95 | 22.92 |
| TVS Srichakra Limited, Madurai # | 435.40 | 374.06 |
| Wheels India Limited, Chennai # | 0.04 | 0.20 |
| Sundram Fasteners Limited, Chennai # | 45.58 | 43.15 |
| India Nippon Electricals Limited, Chennai # | 300.22 | 326.25 |
| Sundaram Brake Linings Limited, Chennai # | 7.89 | 8.10 |
| - subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| TVS Upasana Limited, Chennai # | 10.82 | 16.35 |
| - enterprises over which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai) @ | 0.76 | 1.71 |
| - enterprises in which directors are interested | | |
| TVS Organics Private Limited, Chennai | 0.53 | 0.28 |
| (ii) Sale of goods | | |
| - ultimate holding company | | |
| T V Sundram Iyengar & Sons Private Limited, Madurai # | 375.50 | 360.58 |
| TVS Holdings Private Limited, Chennai * | 79.83 | – |
| - holding company (Sundaram-Clayton Limited, Chennai) | 0.06 | 0.04 |
| associate company (Emerald Haven Realty Limited, Chennai) | 0.08 | – |
| - fellow subsidiary company | | |
| Lucas-TVS Limited, Chennai | 0.51 | 0.52 |
| TVS Lanka Private Limited, Colombo # | 40.66 | 12.84 |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| TVS Auto Bangladesh Limited, Dhaka # | 592.11 | 540.49 |
| (iii) Purchase of assets | | |
| - fellow subsidiaries | | |
| TVS Electronics Limited, Chennai # | 0.15 | 0.15 |
| - associate / joint venture | | |
| Tagbox Solutions Private Limited | 0.25 | 1.01 |
| - Key Management personnel | 43.06 | – |
| | | 229 |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

| | Rupees in crores | |
|--|------------------------------------|------------------------------------|
| | As at/ Year ended 31-03-2022 | As at/ Year ended 31-03-2021 |
| 39 RELATED PARTY DISCLOSURE – (continued) | | |
| (iv) Sale of Land | | |
| associate company (Emerald Haven Realty Limited, Chennai) | – | 0.25 |
| (v) Rendering of services | | |
| - holding company (Sundaram-Clayton Limited, Chennai) | 10.46 | 6.95 |
| - fellow subsidiaries | | |
| Lucas-TVS Limited, Chennai # | – | 0.01 |
| Lucas Indian Service Limited, Chennai # | – | 0.01 |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| TVS Supply Chain Solutions Limited, Madurai # | 0.24 | – |
| India Nippon Electricals Limited, Chennai # | – | 0.01 |
| TVS Srichakra Limited, Madurai # | – | 0.01 |
| Sundram Fasteners Limited, Chennai # | – | 0.01 |
| Sundaram Brake Linings Limited, Chennai # | – | 0.01 |
| Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company: | | |
| TVS Upasana Limited, Chennai # | – | 0.01 |
| associate company (Emerald Haven Realty Limited, Chennai) | 0.07 | 0.07 |
| (vi) Availing of services (includes sub-contract charges paid) | | |
| - ultimate holding company | | |
| T V Sundram Iyengar & Sons Private Limited, Madurai # | 0.26 | 0.25 |
| - holding company (Sundaram-Clayton Limited, Chennai) | 71.49 | 62.52 |
| - fellow subsidiaries: | | |
| TVS Electronics Limited, Chennai # | 1.97 | 1.90 |
| Southern Roadways Private Limited, Madurai # | 2.15 | 2.56 |
| TVS Auto Assist (India) Limited, Chennai | – | – |
| TVS Training and Services Limited, Chennai # | 0.02 | 0.11 |
| Lucas-TVS Limited, Chennai | 0.14 | 0.14 |
| - associate / joint venture | | |
| Tagbox Solutions Private Limited, Bengaluru | – | 0.32 |
| Emerald Haven Realty Limited, Chennai | 0.01 | 0.01 |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| TVS Supply Chain Solutions Limited, Madurai # | 78.53 | 96.84 |
| TVS Training and Services Limited, Chennai * | 0.02 | – |
| Predictronics Corporation, USA | – | 0.11 |
| - subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| TVS Dynamic Global Freight Services Limited, Chennai # | 173.87 | 100.40 |
| - enterprises in which directors are interested | | |
| Dua Associates. Delhi, Delhi | 1.92 | 0.18 |
| Dua Consulting Private Limited, Delhi | 4.74 | 5.30 |
| McCann-Erickson (India) Private Limited, Delhi | 5.68 | 3.91 |
| Lakshmi Energy and Environment Design Private Limited, Coimbatore | 0.15 | 0.07 |
| Harita Techserv Limited, Chennai | 4.17 | 3.50 |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

| | Rupees in crores | |
|---|------------------------------------|------------------------------------|
| | As at/ Year ended 31-03-2022 | As at/ Year ended 31-03-2021 |
| 39 RELATED PARTY DISCLOSURE – (continued) | | |
| (vii) Investments made during the year | | |
| - associate / joint venture | | |
| Ultraviolette Automotive Private Limited, Bengaluru | 75.00 | 30.00 |
| Altizon Inc., USA | – | 7.13 |
| Scienaptic Systems Inc., USA | – | 14.30 |
| (viii) Trade advance given | | |
| - associate company | | |
| (Ultraviolette Automotive Private Limited, Bengaluru) | – | 3.40 |
| (ix) Remuneration to Key Management Personnel: | | |
| Short-term employee benefits | 72.58 | 52.71 |
| Post-employment benefits | 0.24 | 0.22 |
| Remuneration to relative to Key Management Personnel (Short-term employee benefits) | – | 0.29 |
| (x) Dividend paid to Key Management Personnel | 0.37 | 0.55 |
| (xi) Contributions to post employment benefit plans: | | |
| TVS Motor Company Employees' Gratuity Fund | 36.57 | 10.84 |
| TVS Motor Company Employees' Provident Fund (Including Employee and Employer Contributions) | 75.25 | 47.52 |
| (c) Balances with related parties: | | |
| - ultimate holding company | | |
| T V Sundram Iyengar & Sons Private Limited, Madurai | – | 8.11 |
| TVS Holdings Private Limited, Chennai | 8.04 | – |
| - fellow subsidiary company | | |
| TVS Lanka Private Limited, Colombo | – | 6.91 |
| - associate company | | |
| Emerald Haven Realty Limited, Chennai | 2.65 | 0.76 |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| TVS Auto Bangladesh Limited, Dhaka | – | 190.79 |
| (ii) Trade payables | | |
| - holding company (Sundaram-Clayton Limited, Chennai) | 67.17 | 43.99 |
| - fellow subsidiaries | | |
| Lucas-TVS Limited, Chennai | – | 27.53 |
| Lucas Indian Service Limited, Chennai | – | 1.43 |
| Southern Roadways Limited, Madurai | – | 0.02 |
| TVS Electronics Limited, Chennai | – | 0.03 |
| - associate / joint venture | | |
| Tagbox Solutions Private Limited, Bengaluru | 0.32 | 0.09 |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| Brakes India Private Limited, Chennai | – | 5.48 |
| TVS Srichakra Limited, Madurai | – | 53.31 |
| India Nippon Electricals Limited, Chennai | – | 57.15 |
| Sundaram Brake Linings Limited, Chennai | – | 1.85 |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

| 39 RELATED PARTY DISCLOSURE – (continued) | Rupees in crores | |
|--|------------------------------------|------------------------------------|
| | As at/ Year ended 31-03-2022 | As at/ Year ended 31-03-2021 |
| Sundram Fasteners Limited, Chennai | – | 7.74 |
| TVS Supply Chain Solutions Limited, Madurai | – | 8.30 |
| Predictronics Corporation, USA | – | 0.11 |
| TVS Training and Services Limited, Chennai | 0.01 | – |
| - subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company | | |
| TVS Dynamic Global Freight Services Limited, Chennai | – | 7.38 |
| TVS Upasana Limited, Chennai | – | 2.42 |
| - enterprises in which directors are interested | | |
| Dua Consulting Private Limited, Delhi | 0.26 | 0.27 |
| TVS Organics Private Limited, Chennai | 0.01 | 0.01 |
| McCann-Erickson (India) Private Limited, Delhi | – | 0.13 |
| Lakshmi Energy and Environment Design Private Limited, Coimbatore | – | 0.14 |
| Harita Techserv Private Limited, Chennai | 0.30 | 0.42 |
| - enterprise over which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai) | – | 0.17 |

40 REVENUE FROM CONTRACTS WITH CUSTOMERS

A Disaggregated revenue:

Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group identifies the product lines, amongst others to indicate the factors as mentioned above. The details of revenue from contracts with customers on the basis of various product lines are as under:

| Sl. No. | Particulars | For the year ended 31-03-2022 | For the year ended 31-03-2021 |
|------------|---|----------------------------------|----------------------------------|
| (a) | Type of goods or service | | |
| 1. | Automobiles | 18,437.66 | 15,055.10 |
| 2. | Parts and accessories | 2,394.69 | 1,736.87 |
| 3. | Automotive components | 349.77 | 223.43 |
| 4. | Services - Technical/IT Services & Others | 130.00 | 47.89 |
| 5. | Services - Royalty | 8.67 | 10.25 |
| 6. | Interest income of financial enterprise | 2,446.59 | 2,041.82 |
| | | 23,767.38 | 19,115.36 |
| (b) | Geographical markets | | |
| 1. | Domestic | 16,096.62 | 14,558.80 |
| 2. | Exports | 7,670.76 | 4,556.56 |
| | | 23,767.38 | 19,115.36 |

B The Group operates in the segments of automotive vehicle and its parts, Automotive components and financial services. The information provided above is in line with the segmental information provided under Ind AS 108 in Note 46.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

40 REVENUE FROM CONTRACTS WITH CUSTOMERS – (continued)

C Reconciliation of contracts with customers

Movement of contract liabilities for the reporting period given below:

| Particulars | For the year ended 31-03-2022 | For the year ended 31-03-2021 |
|---|----------------------------------|----------------------------------|
| Contract Liabilities at the beginning of the period | 176.29 | 136.67 |
| Add / (Less): | | |
| Consideration received during the year as advance | 261.13 | 176.29 |
| Revenue recognized from contract liability | (176.29) | (136.67) |
| Contract Liabilities at the end of the period | 261.13 | 176.29 |

Payment is received in advance towards contracts entered with customers, and is recognised as a contract liability. As and when the performance obligation is met the same is recognised as revenue.

D Transaction price allocated to the remaining performance obligations:

The Group's contracts with customers are short term (i.e., the performance obligations are expected to be met within one year or less). Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed.

E Reconciliation of revenue with contract price:

| Sl. No. | Particulars | For the year ended 31-03-2022 | For the year ended 31-03-2021 |
|---------|--|----------------------------------|----------------------------------|
| (i) | Contract price | 24,425.61 | 19,830.09 |
| (ii) | Adjustments: | | |
| | Incentive schemes | 335.25 | 394.55 |
| | Transport cost | 322.98 | 320.18 |
| (iii) | Revenue from sale of products and services | 23,767.38 | 19,115.36 |

As at/
Year ended
31-03-2022

As at/
Year ended
31-03-2021

41 EARNINGS PER SHARE

| | | |
|---|-----------|-----------|
| Profit after tax | 756.82 | 594.26 |
| Number of equity shares | 475087114 | 475087114 |
| Face value of the share (in ₹) | 1.00 | 1.00 |
| Weighted average number of equity shares | 475087114 | 475087114 |
| Basic and diluted earnings per share for continued operations (in ₹) | 15.93 | 12.51 |
| Basic and diluted earnings per share for discontinued operations (in ₹) | – | – |
| Basic and diluted earnings per share for continued and discontinued operations (in ₹) | 18.42 | 12.51 |

42 WARRANTY PROVISION

| | | |
|-----------------------------------|--------------|--------------|
| Opening balance | 48.88 | 38.04 |
| Add: Provision for the year (Net) | 41.32 | 48.88 |
| | <u>90.20</u> | <u>86.92</u> |
| Less: Payments / debits (Net) | 48.88 | 38.04 |
| Closing balance | <u>41.32</u> | <u>48.88</u> |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

| | Rupees in crores | |
|--|------------------------------------|------------------------------------|
| | As at/ Year ended 31-03-2022 | As at/ Year ended 31-03-2021 |
| 43 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR | | |
| (a) Claims against the company not acknowledged as debts: | | |
| (i) Excise | 53.05 | 53.37 |
| (ii) Service tax | 8.65 | 9.66 |
| (iii) Customs | 41.03 | 40.63 |
| (iv) Sales tax | 3.58 | 2.00 |
| (v) Income tax | 56.70 | 46.06 |
| (vi) GST | 2.82 | 2.82 |
| (vii) Legal cases filed by customers | 1.48 | 1.23 |
| The future cash flows on the above items are determinable only on receipt of the decisions / judgments that are pending at various forums / authorities. | | |
| The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results. | | |
| (b) Other money for which the Company is contingently liable: | | |
| On bills discounted with banks | 246.24 | 212.18 |
| (c) Commitments: | | |
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for | 251.16 | 233.19 |
| (ii) On Investments | 3.60 | 5.12 |
| (iii) Undrawn loans sanctioned to customers by financial enterprises | 48.33 | 22.89 |

44 LEASES AS A LESSEE

The Company has taken land, warehouses and sales offices across the country on lease for lease period ranging from 6-99 years. Company also has other assets on leases, the lease term here ranges for about 5 years.

Where ever the lease includes extension option and it is certain, the same is considered for computing the lease term. In rest of the cases, the term is limited to initial lease period. Lease term includes non-cancellable period and expected lease period.

Payment made towards short term leases during the year is ₹ 61.33 Cr (Previous year: ₹ 51.63 Cr)

Payment made towards low value asset leases during the year is Nil (Previous year: Nil)

Payment relating to leases are disclosed in Cash flow statement

Income from sub-leasing of Right of use asset ₹ 7.08 Cr. (Previous year: ₹ 3.88 Cr.)

45 ADDITIONAL REGULATORY DISCLOSURES AS PER SCHEDULE III OF COMPANIES ACT, 2013

- (i) As per the Group's accounting policy, Property, Plant and Equipment (including Right of Use Assets) and intangible assets are carried at historical cost (less accumulated depreciation & impairment, if any), hence the revaluation related disclosures required as per Additional Regulatory Information of Schedule III (revised) to the Companies Act, is not applicable /do not apply
- (ii) The Group has not granted Loans or Advances in the nature of loan to any promoters, Directors, KMPs and the related parties (As per Companies Act, 2013) , which are repayable on demand or without specifying any terms or period of repayments.
- (iii) No proceedings have been initiated or pending against any Company in the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (iv) The Group has sanctioned facilities from banks on the basis of security of current assets. The periodic returns filed by the Company with such banks are in agreement with the books of accounts of the Company.
- (v) All the Companies in the Group has adhered to debt repayment and interest service obligations on time. "wilful defaulter" related disclosures required as per Additional Regulatory Information of Schedule III (revised) to the Companies Act, is not applicable /do not apply
- (vi) There are no transactions with the Companies whose name are struck off under section 248 of The Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022.
- (vii) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- (viii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiary
- (ix) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (x) The Group has not operated in any crypto currency or Virtual Currency transactions
- (xi) During the year no Company in the Group has not disclosed or surrendered, any income other than the income recognised in the books of accounts in the tax assessments under Income Tax Act, 1961.
- (xii) The Group has not revalued the investment property during the year.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

46 SEGMENT INFORMATION

For the year ended 31-03-2022

| Particulars | Business Segment | | | | |
|--|-----------------------------|-----------------------|--------------------|--------|-----------|
| | Automotive vehicles & parts | Automotive components | Financial services | Others | Total |
| Revenue | | | | | |
| External sales - domestic | 13,898.21 | 356.73 | 2,739.77 | 17.16 | 17,011.87 |
| - exports | 7,343.44 | - | - | - | 7,343.44 |
| Inter segment sales | 8.34 | 302.34 | 7.35 | 0.05 | 318.08 |
| Total sales | 21,249.99 | 659.07 | 2,747.12 | 17.21 | 24,673.39 |
| Less: Inter segment sales | 8.34 | 302.34 | 7.35 | 0.05 | 318.08 |
| Net revenue | 21,241.65 | 356.73 | 2,739.77 | 17.16 | 24,355.31 |
| Segment-wise results before interest and tax | 1,139.55 | (63.24) | 148.23 | (2.15) | 1,222.39 |
| Less: interest | 141.48 | 13.26 | 3.16 | 0.19 | 158.09 |
| Profit before tax | 998.07 | (76.50) | 145.07 | (2.34) | 1,064.30 |
| Less: Tax expenses | 304.46 | 1.99 | 29.09 | 0.37 | 335.91 |
| Profit after tax | 693.61 | (78.49) | 115.98 | (2.71) | 728.39 |
| Share of profit of Associates | 2.49 | - | - | - | 2.49 |
| Profit / Loss for the period | 696.10 | (78.49) | 115.98 | (2.71) | 730.88 |
| Segment assets | 9,953.30 | 1,318.19 | 15,765.03 | 35.56 | 27,072.08 |
| Segment liabilities | 7,791.84 | 604.71 | 13,609.43 | 13.09 | 22,019.07 |
| Segment depreciation / amortisation | 668.29 | 51.36 | 19.12 | 4.09 | 742.86 |

For the year ended 31-03-2021

| Particulars | Business Segment | | | | |
|--|-----------------------------|-----------------------|--------------------|--------|-----------|
| | Automotive vehicles & parts | Automotive components | Financial services | Others | Total |
| Revenue | | | | | |
| External sales - domestic | 12,295.73 | 224.06 | 2,238.59 | 2.06 | 14,760.44 |
| - exports | 4,660.38 | - | - | - | 4,660.38 |
| Inter segment sales | 7.48 | 238.79 | 0.03 | - | 246.30 |
| Total sales | 16,963.59 | 462.85 | 2,238.62 | 2.06 | 19,667.12 |
| Less: Inter segment sales | 7.48 | 238.79 | 0.03 | - | 246.30 |
| Net revenue | 16,956.11 | 224.06 | 2,238.59 | 2.06 | 19,420.82 |
| Segment-wise results before interest and tax | 883.87 | (7.11) | 104.54 | 0.13 | 981.43 |
| Less: interest | 138.62 | 9.73 | 3.68 | 0.02 | 152.05 |
| Profit before tax | 745.25 | (16.84) | 100.86 | 0.11 | 829.38 |
| Less: Tax expenses | 213.42 | (6.59) | 8.27 | (0.97) | 214.13 |
| Profit after tax | 531.83 | (10.25) | 92.59 | 1.08 | 615.25 |
| Share of profit of Associates | - | - | - | (7.75) | (7.75) |
| Profit / Loss for the period | 531.83 | (10.25) | 92.59 | (6.67) | 607.50 |
| Segment assets | 8,258.14 | 1,209.13 | 12,492.93 | 32.49 | 21,992.69 |
| Segment liabilities | 6,430.55 | 608.30 | 10,731.43 | 7.90 | 17,778.18 |
| Segment depreciation / amortisation | 519.70 | 24.33 | 19.92 | 0.87 | 564.82 |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

47 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31-03-2022

| Name of the entity | Net Assets (Total Assets - Total Liabilities) | | Share in profit or (loss) | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|---|--------------------------|---|--------------------------|---|--------------------------|---|--------------------------|
| | As % of consolidated net assets | Amount ₹ in crores | As % of consolidated profit or loss | Amount ₹ in crores | As % of consolidated other comp- rehensive income | Amount ₹ in crores | As % of consolidated total comp- rehensive income | Amount ₹ in crores |
| Parent | | | | | | | | |
| TVS Motor Company Limited, Chennai | 2.38% | 120.30 | 122.13% | 892.64 | -2225.26% | (64.31) | 112.89% | 828.33 |
| Subsidiaries - Indian | | | | | | | | |
| Sundaram Auto Components Limited, Chennai | 1.80% | 91.17 | 0.47% | 3.47 | 36.33% | 1.05 | 0.62% | 4.52 |
| TVS Credit Services Limited, Chennai | 30.41% | 1,536.41 | 14.33% | 104.76 | 851.56% | 24.61 | 17.63% | 129.37 |
| TVS Motor Services Limited, Chennai | 6.43% | 325.14 | -1.08% | (7.89) | - | - | -1.08% | (7.89) |
| TVS Housing Limited, Chennai | 0.02% | 0.88 | - | - | - | - | - | - |
| Intellicar Telematics Private Limited, Bengaluru | 0.43% | 21.59 | -0.37% | (2.71) | 2.42% | 0.07 | -0.36% | (2.64) |
| TVS Electric Mobility Ltd, Chennai | 0.02% | 1.00 | - | - | - | - | - | - |
| Subsidiaries - Foreign | | | | | | | | |
| TVS Motor (Singapore) Pte. Limited, Singapore | 1.83% | 92.30 | -8.38% | (61.22) | 686.16% | 19.83 | -5.64% | (41.39) |
| TVS Motor Company (Europe) B.V. Amsterdam | 0.00% | 0.01 | -0.09% | (0.63) | 0.00% | - | -0.09% | (0.63) |
| PT. TVS Motor Company Indonesia, Jakarta | 7.93% | 400.62 | 4.80% | 35.11 | 440.48% | 12.73 | 6.52% | 47.84 |
| Sundaram Holding USA Inc., Delaware, USA | 6.21% | 313.93 | -5.57% | (40.73) | 333.22% | 9.63 | -4.24% | (31.10) |
| The Norton Motorcycle Co. Limited, UK | 8.26% | 417.38 | -16.34% | (119.43) | -114.19% | (3.30) | -16.73% | (122.73) |
| TVS Digital Pte Limited, Singapore | 0.06% | 3.05 | -3.98% | (29.11) | -451.90% | (13.06) | -5.75% | (42.17) |
| The GO AG, Zurich | 3.21% | 162.06 | -1.84% | (13.46) | -43.94% | (1.27) | -2.01% | (14.73) |
| Swiss E-Mobility Group (Holding) AG, Nuremberg | 10.86% | 548.79 | -0.89% | (6.47) | 87.89% | 2.54 | -0.54% | (3.93) |
| Non-controlling Interest in all subsidiaries | 12.93% | 653.56 | -3.55% | (25.94) | 507.27% | 14.66 | -1.54% | (11.28) |
| Associates (Investment as per the equity method) | | | | | | | | |
| Emerald Haven Realty Limited, Chennai | 2.35% | 118.78 | 1.48% | 10.80 | -9.69% | (0.28) | 1.43% | 10.52 |
| Ultraviolette Automotive Private Limited, Bengaluru | 2.35% | 118.98 | -0.08% | (0.57) | -0.35% | (0.01) | -0.08% | (0.58) |
| Predictronics Corp, USA | 0.40% | 20.04 | -0.07% | (0.53) | - | - | -0.07% | (0.53) |
| Tagbox Solutions Private Limited, Bengaluru | 0.22% | 11.36 | -0.01% | (0.05) | - | - | -0.01% | (0.05) |
| Tagbox Pte Ltd, Singapore | 0.29% | 14.41 | -0.08% | (0.60) | - | - | -0.08% | (0.60) |
| Scienaptic Systems Inc., USA | 1.14% | 57.43 | -0.72% | (5.25) | - | - | -0.72% | (5.25) |
| Altizon Inc, USA | 0.47% | 23.82 | -0.18% | (1.31) | - | - | -0.18% | (1.31) |
| Total | 100.00% | 5,053.01 | 100.00% | 730.88 | 100.00% | 2.89 | 100.00% | 733.77 |

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

48 BORROWING COST CAPITALISED

Borrowing cost capitalised during the year ₹ 3.71 Crores (last year- ₹ 30.65)

Interest rate used for capitalisation:

- weighted average interest rate of 7.51% for borrowing cost of ₹ 1.81 crores and interest rate of ₹ 1.95% for borrowing cost of ₹ 1.90 crores.

(Previous year- 3 Month USD LIBOR plus Margin for of borrowing cost of ₹ 12.26 crores; weighted average interest rate of 7.9% for borrowing cost of ₹ 6.89 crores; interest rate of 3.75% for borrowing cost of ₹ 11.50 crores.)

49 Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

PROF. SIR RALF DIETER SPETH
Chairman

SUDARSHAN VENU
Managing Director

K.N.RADHAKRISHNAN
*Director &
Chief Executive Officer*

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

Place : Chennai
Date : 5th May 2022

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

Annexure
Form AOC - I - (continued)

Statement containing salient features of the financial statement of subsidiaries / associate companies
(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part A - Subsidiaries

| Sl No. | Particulars | Information in respect of each subsidiary | | | | | | | | | | Rupees in crores |
|--------|---------------------------------------|---|--------------------------------|--------------------------------|--------------------------|-----------------------------------|-------------------------|-----------------------|------------------------------------|--|--|------------------|
| | | Foreign Subsidiaries | | | | | | | | | | |
| | | TVS Motor Company (Europe) B.V.* | PT TVS Motor Company Indonesia | TVS Motor (Singapore) Pte. Ltd | Sunaram Holding USA Inc# | The Norton Motorcycle Co. Limited | TVS Digital Pte Limited | The GO Corporation ** | Intellicar Singapore Pte Limited * | Swiss E-Mobility Group (Holding) AG ** | | |
| 1. | Date on which subsidiary was acquired | 21-07-2005 | 05-09-2005 | 21-10-2005 | 09-09-2015 | 03-04-2020 | 24-05-2021 | 16-09-2021 | 10-11-2021 | (18) | | 27-01-2022 |
| 2. | Reporting period | 01-04-2021 to 31-03-2022 | | | | | | | | | | |
| 3. | Reporting currency | USD | IDR | SGD | USD | GBP | SGD | CHF | SGD | CHF | | CHF |
| | Closing Exchange rate | INR 75.79/ USD | INR 0.53/ IDR 100 | INR 55.97/ SGD | INR 75.79/ USD | INR 99.46/ GBP | INR 55.97/ SGD | INR 82.03/ CHF | INR 55.97/ SGD | INR 82.03/ CHF | | INR 82.03/ CHF |
| 4 | Share capital | 126.52 | 906.08 | 2,005.63 | 650.74 | 589.39 | 138.78 | 0.91 | 1.23 | | | |
| 5 | Reserves & Surplus | (126.51) | (687.25) | (166.69) | (51.06) | (184.18) | (42.25) | (18.74) | 140.75 | | | |
| 6 | Total assets | 0.08 | 680.76 | 1,925.88 | 888.54 | 484.28 | 139.99 | 63.88 | 523.07 | | | |
| 7 | Total Liabilities | 0.07 | 461.93 | 86.94 | 288.86 | 79.07 | 43.46 | 81.71 | 381.09 | | | |
| 8 | Investments | - | - | 1,616.20 | - | - | 127.93 | - | - | | | |
| 9 | Turnover | - | 606.95 | 52.74 | 52.79 | 1.05 | 0.38 | 16.56 | 98.50 | | | |
| 10 | Profit before taxation | (0.63) | 21.36 | (54.85) | (83.04) | (120.58) | (29.11) | (10.35) | (7.00) | | | |
| 11 | Provision for taxation | - | (13.75) | - | - | (1.15) | - | - | - | | | |
| 12 | Profit after taxation | (0.63) | 35.11 | (54.85) | (83.04) | (119.43) | (29.11) | (10.35) | (7.00) | | | |
| 13 | Proposed Dividend | - | - | - | - | - | - | - | - | | | |
| 14 | % of shareholding | 100 | 100 | 100 | 50.35 | 100 | 100 | 80 | 100 | | | 75 |

* Unaudited financial statement. # Share capital of SGD 1.

1) Sundaram Holding USA Inc. include the consolidation of its subsidiaries viz, Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram-Clayton USA LLC and Premier Land Holding LLC, all located at South Carolina, USA. 2) The GO AG, Switzerland include the consolidation of its subsidiary viz, EGO Movement Stuttgart, GmbH, Germany. 3) Swiss E-Mobility Group (Holding) AG include the consolidation of its subsidiaries viz, Swiss E-Mobility Group (Schweiz) AG, Zurich, Switzerland and Colag E-Mobility GmbH, Nuremberg, Germany.

Notes:

- Subsidiaries which are yet to commence operations: (1) TVS Two Wheeler Mall Private Ltd, (2) Harita ARC Private Ltd, (3) TVS Housing Finance Private Ltd (4) The Norton Motorcycle Co. Limited (5) Intellicar Singapore Pte Limited (6) TVS Electric Mobility Ltd
- Subsidiaries which have been liquidated or sold during the year : (1) TVS Micro Finance Private Ltd (2) Harita Collection Services Private Ltd and (3) TVS Commodity Financial Solutions Private Ltd

Annexure
Form AOC - I - (continued)
Statement containing salient features of the financial statement of subsidiaries / associate companies
(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part B - Associates

| Sl.No. | Particulars | Rupees in crores | | | | | | |
|--------|--|--|--|-----------------------------------|----------------------|---------------------|---------------------------|---------------|
| | | Emerald Haven Realty Limited | Ultraviolette Automotive Private Limited | Tagbox Solutions Private Limited* | Predictronics Corp.* | Tagbox Pte Limited* | Sciencaptic Systems Inc.* | Altrizon Inc* |
| 1. | Latest audited Balance Sheet Date | 31-03-2022 | 31-03-2021 | 31-03-2021 | 31-03-2020 | 31-03-2021 | ** | ** |
| 2. | Date on which the Associate was acquired | 26-03-2012 | 09-08-2018 | 08-05-2019 | 17-08-2019 | 08-05-2019 | 28-09-2020 | 01-02-2021 |
| 3. | Shares of Associate held by the company on the year end | | | | | | | |
| (i) | No. of shares | 11,12,19,512 | 27,166 | 4,29,693 | 24,827 | 2,43,243 | 28,05,357 | 8,06,429 |
| (ii) | Amount of investment in Associates/Joint Venture | 111.22 | 121.00 | 11.18 | 22.36 | 15.42 | 64.81 | 25.34 |
| (iii) | Extent of holding % | 48.80 | 31.33 | 23.50 | 23.49 | 24.32 | 21.72 | 20.00 |
| 4. | Description of how there is significant influence | Holding more than 20% of share capital | | | | | | |
| 5. | Reason why the associate/joint venture is not consolidated | Not applicable | | | | | | |
| 6. | Net worth attributable to Shareholding as per latest audited Balance Sheet | 118.78 | 118.98 | 11.36 | 20.04 | 14.41 | 57.43 | 23.82 |
| 7. | Profit / Loss for the year: | | | | | | | |
| (i) | Considered in consolidation | 10.80 | (0.57) | (0.05) | (0.53) | (0.60) | (5.25) | (1.31) |
| (ii) | Not considered in consolidation | Not Applicable | | | | | | |

* Unaudited financial statements upto 31.03.2022 has been consolidated.

** Audit of financial statements are not mandated by the regulations of the respective country in which the Company is incorporated.

Note:

1. Associates which are yet to commence operations - Ultraviolette Automotive Private Limited, Bengaluru.
2. Associates which have been liquidated or sold during the year - Nil.

PROF. SIR RALF DIETER SPETH
Chairman

SUDARSHAN VENU
Managing Director

K.N.RADHAKRISHNAN
Director &
Chief Executive Officer

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

Place : Chennai
Date : 5th May 2022

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116



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