TVS MOTOR COMPANY TVS

TVS Motor Company Limited, Regd Off : Jayalakshmi Estates, 29, (Old No.8) Haddows Road,
Chennai - 600 006, India. Tel : +91(44) 28272233, Fax : +91(44) 28257121

21st June 2019

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 Sirs,

Reg : Submission of Notice of 27th Annual General Meeting (AGM) and Annual Report for the FY 2018-19 under Regulation 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Notice of 27th AGM and Annual Report for the FY 2018-19.

The aforesaid documents are 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

TVS MOTOR COMPANY LIMITED

27th Annual Report 2018-2019


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TVS MOTOR COMPANY LIMITED

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

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

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

Stakeholders' Relationship Committee
R. RAMAKRISHNAN, *Chairman*
VENU SRINIVASAN
SUDARSHAN VENU

Nomination and Remuneration Committee
T. KANNAN, *Chairman*
C.R. DUA
H. LAKSHMANAN

Corporate Social Responsibility Committee
VENU SRINIVASAN, *Chairman*
H. LAKSHMANAN
PRINCE ASIRVATHAM

Chief Financial Officer
K. GOPALA DESIKAN

Company Secretary
K.S. SRINIVASAN

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

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

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

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

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

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

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

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

Subsidiary Companies
Sundaram Auto Components Limited
TVS Housing Limited
TVS Motor Services Limited
TVS Credit Services Limited
PT. TVS Motor Company Indonesia, Jakarta
TVS Motor Company (Europe) B.V., Amsterdam
TVS Motor (Singapore) Pte. Limited, Singapore
Sundaram Holding USA Inc., Delaware, USA

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Financial Highlights

Rupees in crores

Details	Previous GAAP						Ind AS			
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Sales & other income including Excise Duty	4,801	6,857	7,749	7,875	8,694	10,788	12,195	13,363	15,618	18,217
Profit before interest, depreciation, amortisation and tax*	304	491	520	461	532	669	914	1,030	1,175	1,433
Profit before tax*	76	248	316	254	355	456	629	699	879	961
Exceptional / Extraordinary Items	–	–	–	(91)	(3)	–	–	–	–	–
Profit after tax	88	195	249	116	262	348	489	558	663	670
Net fixed assets	983	995	1,078	1,048	1,174	1,419	1,751	2,046	2,503	2,837
Share capital	24	48	48	48	48	48	48	48	48	48
Reserves and surplus	842	952	1,122	1,177	1,368	1,598	1,911	2,361	2,833	3,300
Net worth	835	999	1,170	1,225	1,415	1,645	1,958	2,408	2,880	3,347
Total borrowings	1,003	768	831	634	528	970	924	1,107	1,189	1,400
Earnings per share (Rs.) #	1.86	4.10	5.24	2.44	5.51	7.32	10.30	11.75	13.95	14.11
Dividend per share (Rs.)	1.20	1.10	1.30	1.20	1.40	1.90	2.50	2.50	3.30	3.50
Book value per share (Rs.) #	17.58	21.04	24.62	25.78	29.79	34.63	41.22	50.69	60.63	70.46
EBITDA / turnover (%)	6.32	7.16	6.71	5.85	6.12	6.20	7.49	7.71	7.74	7.87
Profit before tax / turnover (%)	1.59	3.62	4.08	3.23	4.09	4.23	5.16	5.23	5.63	5.27
Return on capital employed (%)	8.01	16.48	18.96	14.68	18.88	20.27	23.24	21.67	24.61	23.55
Return on net worth (%)	11.21	21.21	22.97	9.69	19.82	22.73	27.15	25.56	25.06	21.52

Notes:

* Figures stated are before exceptional and extraordinary items.

Earnings per share and Book Value per share for all the years have been calculated after considering the bonus issue of 2010-11.

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 27th Annual General Meeting of the Company (AGM) will be held on Monday, the 22nd July 2019 at 10.00 a.m. at 'The Music Academy', New No. 168 (Old No. 306) T.T.K. Road, Royapettah, Chennai 600 014 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 2019, 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 Mr Sudarshan Venu (holding DIN 03601690), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company.

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

   RESOLVED THAT Mr Rajesh Narasimhan (holding DIN 07824276), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company.

SPECIAL BUSINESS

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

   RESOLVED THAT pursuant to the provisions of Sections 149 read with Schedule IV, 152, 160, 161 and other applicable provisions, if any, of the Companies Act, 2013 (the Act, 2013) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mrs Lalita D Gupte (holding DIN 00043559), who was appointed as an Additional Director and Non-Executive Independent Director and who holds office upto the date of this AGM, and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act, 2013, consent of members be and is hereby accorded for her appointment as a Non-Executive and Independent Director of the Company, for a term of five consecutive years w.e.f. 23rd October 2018 and whose office shall not be liable to retire by rotation during the period, and to receive remuneration by way of profit related commission, if any, within the permissible limit in terms of Section 197 of the Act, 2013, as determined by the Board, from time to time including reimbursement of expenses and fees for participation in the meetings of the Board and / or Committees in terms of applicable provisions of the Act, 2013.

   RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

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

   RESOLVED THAT subject to the provisions of Sections 152, 160, 161 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended) and as recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, Mr K N Radhakrishnan (holding DIN 02599393) who was appointed as an Additional Director effective 23rd October 2018 and who holds office upto the date of this AGM and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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

   RESOLVED THAT pursuant to the provisions of Sections 149 read with Schedule IV, 152, 160, 161 and other applicable provisions, if any, of the Companies Act, 2013 (the Act, 2013) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr R Gopalan (holding DIN 01624555), who was appointed as an Additional Director and Non-Executive Independent Director and who holds office upto the date of this AGM, and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act, 2013, consent of Members be and is hereby accorded for his appointment as a Non-Executive and Independent Director of the Company, for a term of five consecutive years w.e.f. 30th April 2019 and whose office shall not be liable to retire by rotation during the period, and to receive remuneration by way of profit related commission, if any, within the permissible limit in terms of Section 197 of the Act, 2013, as determined by the Board, from time to time including reimbursement of expenses and fees for participation in the meetings of the Board and / or Committees in terms of applicable provisions of the Act, 2013.

   RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

7. 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 ₹ 6 Lakhs (Rupees Six 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 2019-20 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
30th April 2019

K S SRINIVASAN
Company Secretary

Registered Office:
"Jayalakshmi Estates",
29, Haddows Road,
Chennai - 600 006.

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 AGM, as set out in the Notice is annexed hereto.

Proxy

1. **A Member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a Member or Members, as the case may be, of the Company. The instrument appointing the Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that Power of Attorney or other authority shall be deposited at the Registered Office of the Company, not later than 48 hours before the time fixed for holding the meeting.**

   A person shall not act as a Proxy for more than 50 Members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a Member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.

2. During the period beginning 24 hours before the time fixed for commencement of AGM and ending with the conclusion of the AGM, a Member is entitled to inspect the Proxies lodged, at any time during the business hours of the Company.

Unclaimed Dividend

3. 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.

4. 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 the Ministry of Corporate Affairs (MCA) viz., www.iepf.gov.in.

General

5. 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 in one folio.

6. A Corporate Member, intending to send its authorised representative to attend the meeting in terms of Section 113 of the Act, 2013 is requested to send to the Company a certified copy of the Board Resolution / Power of Attorney authorizing such representative to attend and vote on its behalf at the meeting.

7. Members may also note that the Notice of AGM and the Annual Report will also be available on the Company's website viz., www.tvsmotor.com for their download. The physical copies of the aforesaid documents including annexures along with Notice will also be available at the Company's Registered Office for inspection during 10.00 a.m. to 12.00 Noon on all working days, from 19th June 2019 till the date of AGM.

8. As a measure of economy, copies of the Annual Report will not be distributed at the venue of AGM. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.

9. Members are requested to affix their signatures at the space provided in the Attendance Slip annexed to Proxy Form. Members / Proxies / Authorised Representatives are requested to bring the Attendance Slips duly filled in for attending the meeting. Members are requested to write their Folio Number in the Attendance Slip for attending the meeting and handover the Slip at the entrance of the meeting hall.

Members holding shares in electronic form

10. The Securities and Exchange Board of India (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.

11. 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.

12. The Company will not entertain any direct request from such Members for deletion or change of such bank details. Instructions, if any, already given by Members in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form.
13. Electronic copy of the Annual Report and the Notice of the AGM *inter-alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent to all the Members whose e-mail IDs are registered with the Company / DPs for communication purposes, unless any Member has requested for a hard copy of the same.
14. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the Members may also send their requests to investorscomplaintssta@scl.co.in.

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 supplied on request.
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.

    For members who have not registered their e-mail address, physical copies of Annual Report and the Notice of the AGM *inter-alia* indicating the process and manner of e-Voting alongwith Attendance Slip and Proxy Form are being sent in the permitted mode.

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 an electronic voting system from a place other than the venue of the meeting ('remote e-Voting').
19. The facility for voting through Ballot Papers shall be made available at the venue of AGM and the Members attending the AGM who have not cast their vote by remote e-Voting shall be able to vote at AGM.
20. 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.
21. In terms of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended ('the Rules') and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), the Company has provided facility to exercise votes through electronic voting system to Members holding shares as on 15th July 2019 being the "Cut-off Date"("Cut-Off" for the purpose of Rule 20(4)(vii) of the Rules) fixed for determining voting rights of 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 Ballot Paper.

    The instructions for remote e-Voting are as under:

    (A) For members - who receive Notice of AGM through e-mail:

    (i) Launch internet browser - www.evoting.nsdl.com;

    (ii) Enter the login credentials, i.e., User ID and Password mentioned in your e-mail. However, if you have already registered with NSDL for e-Voting, you can use your existing User ID and Password for casting your votes;

    (iii) Initial Password is provided in the body of the e-mail;

    (iv) After entering the details appropriately, click on LOGIN;

    (v) You will reach the Password Change menu wherein you are required to mandatorily change your Password. The new Password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$ etc). It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential;

    (vi) You need to login again with the new credentials;

    (vii) On successful login, the system will prompt you to select the EVEN, i.e TVS Motor Company Limited;

    (viii) On the voting page, the number of shares (which represents the number of votes) as held by the Member as on the Cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolutions, then enter all the number of shares and click "FOR"/ "AGAINST", as the case may be or partially in "FOR" and partially in "AGAINST", but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the 'Cut-off date'. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head;

(ix) Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account;

(x) Cast your votes by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click 'OK' to confirm or 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolutions;

(xi) Corporate / Institutional Members are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail at sriram.krishnamurthy@rediffmail.com, with a copy marked to evoting@nsdl.co.in;

(xii) Members can cast their vote online from 19th July 2019 (Friday) (9 a.m.) till 21st July 2019 (Sunday) (5 p.m.) through remote e-Voting. Thereafter, the remote e-Voting module will be disabled by NSDL for voting and hence e-Voting will not be allowed after the aforesaid date and time;

Only Members as on the Cut-off date who have not cast their vote through remote e-Voting will be able to exercise their voting right at AGM through Ballot Paper;

The Members who have cast their vote by remote e-Voting prior to the AGM may also attend AGM but will not be entitled to cast their vote again;

A person who is not a Member as on the Cut-off date should treat this Notice for information purposes only; and

(xiii) In case of any query, the Member may refer to the Frequently Asked Questions (FAQs) and remote e-Voting user manual for Members available at the downloads Section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

(B) For members who receive the Notice of AGM in physical form:

(i) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM.

EVEN (remote e-Voting Event Number)	**USER ID**	**PASSWORD / PIN**

(ii) Please follow steps from SI. No. (ii) to (xiii) under heading (A) above to vote through e-Voting platform.

(C) General Instructions:

(i) The Notice of AGM is being sent (by e-mail where e-mail ID is available and in physical form in other cases) to the Members holding shares of the Company as on 18th June 2019;

Where Notice is sent by e-mail, User ID and Password are sent in the e-mail itself. Where Notice is sent in physical form, User ID and Password are printed at the bottom of the Attendance Slip for the AGM sent alongwith the Notice;

Shareholders who become Members of the Company, after despatch of Notice and hold shares as on 15th July 2019 may obtain the User ID and Password for e-Voting by sending an e-mail, intimating DP ID and Client ID / Folio No. to raman@scl.co.in or Member may send an e-mail request to evoting@nsdl.co.in or can vote through Ballot Paper distributed at the venue of AGM;

(ii) Mr K Sriram, Practising Company Secretary (C.P No. 2215), Chennai has been appointed by the Board of Directors as Scrutinizer for conducting the remote e-Voting process and voting through Ballot Papers at the AGM, in a fair and transparent manner;

(iii) The Scrutinizer shall, immediately after the conclusion of the voting at AGM, first count the votes cast at the meeting, thereafter unlock the votes through remote e-Voting in the presence of atleast two witnesses, not in employment of the Company and make, within 48 hours from the conclusion of AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Company or any other Director, who shall countersign the same; and

(iv) The Scrutinizer will submit his report to the Chairman, or any other Director of the Company, who will declare the result of the voting. The results declared alongwith the Scrutinizer's report will be placed on the Company's website www.tvsmotor.com & on the website of NSDL www.evoting.nsdl.com and shall also be communicated to the Stock Exchanges. All the resolutions, subject to receipt of requisite number of votes, shall be deemed to be passed at the AGM scheduled to be held on 22nd July 2019.

22. Route-map to the venue of AGM is provided in the Attendance Slip;

23. Any query relating to financial statements must be sent to the Company's Registered Office atleast 7 days before the date of AGM;

24. In accordance with the provisions of Article 66 of the Articles of Association of the Company, Mr Sudarshan Venu and Mr Rajesh Narasimhan will retire by rotation at AGM and being eligible, offer themselves for re-appointment; and

25. 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 / 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 are given below:

I. Mr Sudarshan Venu

Mr Sudarshan Venu completed his graduation in 2010 with Honors at the Jerome Fisher Program in Management and Technology at the University of Pennsylvania, USA.

He holds B.S. in Mechanical Engineering from the School of Engineering and Applied Sciences and B.S. in Economics from the Wharton School, USA. He completed his M. Sc in International Technology Management from the Warwick Manufacturing Group attached to University of Warwick in U.K.

In the initial years, he underwent practical training in the Company and in Die Casting Division, of Sundaram-Clayton Limited, the holding company.

Mr Sudarshan Venu, aged 30 years, has been actively involved in all spheres of the management of the Company and handling wider responsibilities for exploring new business opportunities both in India and abroad.

He has attended 4 Board Meetings held during the year 2018-19.

He is a member of the Stakeholders' Relationship Committee and Risk Management Committee of the Company. He does not hold any share in the Company.

He is related to Mr Venu Srinivasan, Chairman and Managing Director and Dr. Lakshmi Venu, Director of the Company.

Details of his other Directorship and membership of committees are given below:

S. No.	Name of the Company	Position held	Committee membership / Chairmanship
1.	Sundaram - Clayton Limited	Director	–
2.	TVS Credit Services Limited	Director	Member - Asset Liability Management Committee
3.	S.Venu Trustee Private Limited	Director	–
4.	TVS Housing Finance Private Limited	Director	–

II. Mr Rajesh Narasimhan

Mr Rajesh Narasimhan, aged 53 years, is an alumnus of the Indian Institute of Management - Ahmedabad and also holds a Masters in Computer Applications and a Bachelor's Degree in Statistics.

He currently serves as the Chief Executive Officer of TVS Motor (Singapore) Pte Limited, the wholly owned subsidiary of the Company, headquartered in Singapore, that is being leveraged to operationalize a digital technology start up focused on the Automotive and Fintech industries with portfolios and offerings that will deliver high quality solutions to help address real life business challenges by harnessing the power of Analytics, Artificial Intelligence (AI), Augmented Reality (AR), Internet of Things (IoT), Machine Learning (ML) and Virtual Reality (VR).

Mr Narasimhan is an innovative & highly adaptable leader with more than three decades of experience in both start-up and mature organizations across multiple industries including Information Technology, Consumer Durables & Consumer Electronics. He brings extensive experience in General Management, Technology and Executive Leadership, Digital & Business transformation and Talent & Leadership development.

He has had an illustrious career at TVS group, Covansys (A CSC Group Company) and Hewlett Packard, where he has been highly rated and valued as a quality top talent consistently delivering in every role and growing rapidly within the respective organizations.

Mr Narasimhan has advised several clients around their business transformation through digital and technology innovation leveraging Automation, Cloud, Cyber-Security, Data Analytics and Management, Mobility & Social. He is very passionate and highly focused on Human Capital Management including leadership and talent development and has an established track record in acquiring, developing and retaining talent.

Mr Narasimhan has held senior positions at Hewlett Packard where he successfully led several business transformations and turnarounds last leading the delivery of their multi-billion $ Enterprise services business across 25 countries in Asia Pacific & Japan where he had accountability for over 15,000 employees and more than 400 partners and vendors. Prior to this, he also served as the Vice President and General Manager of the Enterprise services business in Asia and as Vice President of Hewlett Packard's multi-billion $ Applications services business for Asia Pacific and Japan.

Prior to joining Hewlett Packard in June 2010, Mr Narasimhan had a 15+ year tenure with Covansys (Public listed, US headquartered company) during which he lived and worked in France, the Middle East and Singapore establishing and expanding the company's business & presence in the Asia Pacific, Japan and the Middle East geography last serving as their Senior Vice President and Head for the geography.

Prior to joining Covansys in January 1994, Mr Narasimhan held several executive positions with the TVS group in India including Sundaram-Clayton Ltd., TVS Whirlpool Ltd., and TVS Electronics Ltd.

Details of his other Directorship and membership / chairmanship of committees are given below:

S. No.	Name of the Company	Position held	Committee membership / Chairmanship
1.	Altizon Systems Private Limited	Director	–
2.	Parrot Solutions Pte Limited, Singapore	Director	–

He does not hold any share in the Company and is not related to any Director or Key Managerial Personnel of the Company.He has attended four Board Meetings held during the year 2018-19.

III. Mrs Lalita D Gupte

Mrs Lalita D Gupte, aged 70 years, is currently Chairperson of ICICI Lombard General Insurance Co Ltd and India Infradebt Limited.

She was Chairperson of ICICI Venture Funds Management Company Limited till October 2016. She retired at the end of October 2006 as Joint Managing Director and Member of the Board of ICICI Bank Limited.

Mrs Gupte was responsible for setting up the International business of ICICI Bank since 2001. Beginning her career with ICICI Limited in 1971 in the project appraisal division, Mrs Gupte has held various leadership positions in areas of Corporate and Retail Banking, Strategy, Resources, and International Banking and other areas. She alongwith her colleagues was instrumental in transforming ICICI Bank from a primarily term lending institution into a technology led diversified financial services group. Mrs Gupte was at the helm of ICICI Bank's global foray.

Mrs Gupte has received numerous awards and recognitions. Since retirement, she has served as an Independent Director on several companies including two international companies. She is also a Member of the Advisory Board of RAND Centre for Asia Pacific Policy. Mrs Gupte holds a Bachelor's Degree in Economics (Hons) and a Master's degree in Management Studies.

She does not hold any share in the Company and is not related to any Director or Key Managerial Personnel of the Company.

She is a member of Risk Management Committee of the Company.

She has attended 3 Board Meetings held during the year 2018-19, since her appointment as a director of the Company.

Details of her other Directorship and membership / chairmanship of committees are given below:

S. No.	Name of the Company	Position held	Committee membership / Chairmanship
1.	Vedanta Limited	Director	Chairperson- Audit Committee and Stakeholders' Relationship Committee, Member- Nomination and Remuneration Committee
2.	Bharat Forge Limited	Director	Member- Stakeholders' Relationship Committee
3.	ICICI Lombard General Insurance Company Limited	Chair-person	Chairperson- Risk Management Committee, Member- Audit Committee and Nomination and Remuneration Committee
4.	Godrej Properties Limited	Director	Chairperson- Nomination and Remuneration Committee, and Member- Audit Committee
5.	India Infradebt Limited	Chair-person	Chairperson - Corporate Social Responsibility Committee, Member - Audit Committee, Board Governance, Remuneration and Nomination Committee, Board Credit and Risk Committee and Committee of Directors

IV. Mr K N Radhakrishnan

Mr K N Radhakrishnan, aged 56 years, began his career as Graduate Trainee in Sundaram-Clayton Limited, the Holding Company (SCL) in 1986 and has held various positions in the Company from 1986 to 2000.

During his tenure, he implemented various initiatives in manufacturing, product layout and cellular manufacturing systems. He was the Head of Business Planning of SCL and also for other component divisions. During his tenure, he was instrumental in developing best practices in Total Quality Management (TQM) and Total Productive Maintenance (TPM) which enabled SCL to bag the prestigious Deming award and Japan Quality medal.

During 2000, he was transferred to the Company and implemented the same TQM and TPM practices in the Company which helped the Company to become world's first two wheeler company to win world's most prestigious recognition in Total Quality Management- the Deming Award 2002.

Mr Radhakrishnan was promoted as Executive Vice President in 2004 and was made responsible for sales and marketing, materials along-with business planning and was elevated as President and CEO in 2008.

He is a M. Tech graduate from the Indian Institute of Technology, Chennai and has also undergone a Management Education program at Indian Institute of Management, Ahmedabad.

He holds 3,000 equity shares in the Company and is not related to any other Director or Key Managerial Personnel of the Company.

He is a member of Risk Management Committee of the Company.

He is the Executive Committee member of Society of Indian Automobile Manufacturers (SIAM).

He has attended 3 Board Meetings held during the year 2018-19, since his appointment as a director of the Company.

Details of his other Directorship and membership / chairmanship of committees are given below:

S. No.	Name of the Company	Position held	Committee membership / Chairmanship
1.	TVS Credit Services Limited	Director	Member - Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, and Risk Management Committee
2.	TVS Motor Services Limited	Director	–
3.	TVS Lanka Private Limited	Director	–

V. Mr R Gopalan

Mr R Gopalan aged 67 years, served as Member, Public Enterprises Selection Board (PESB) under the control of the Prime Minister. This body selects CMDs, MDs and Directors of Central Public Sector Enterprises (CPSEs). PESB also helps in framing personnel policies for the CPSEs. During this period, he has assisted in selection of over 400 CMDs, MDs and Directors.

Mr R Gopalan served as Secretary, Department of Economic Affairs, Ministry of Finance, Government of India till 31st July, 2012 before retirement where he was handling matters relating to Capital Markets, Infrastructure Finance, G-20, World Bank (WB), International Monetary Fund (IMF), Asian Development Bank (ADB), Budget preparation, Public Private Partnership (PPP), Directorate of Currency and other related matters pertaining to the economy.

Mr R Gopalan represented the country effectively in the G-20 meetings, ADB, World Bank and IMF meetings. Mr R Gopalan brought about a number of changes in the functioning of the Capital Markets and initiated new policy measures in infrastructure. He also initiated a number of measures to enhance financing for infrastructure.

Mr R Gopalan represented Government of India on the Board of the Reserve Bank of India (RBI). Mr R Gopalan chaired the Foreign Investment Promotion Board (FIPB) which clears proposals for Foreign Direct Investment (FDI) into India. Mr R Gopalan was the cadre controlling authority for Officers belonging to the Indian Economic Service.

Prior to this assignment, Mr R Gopalan was Secretary in the Department of Financial Services, Ministry of Finance - overall in-charge of banking, insurance and pension reforms. The function included supervision of policy support to Public Sector Banks (PSBs), Insurance Companies and Development Financial Institutions (DFIs) through policy guidelines, legislative and other administrative changes and monitoring their performance; Policy formulation in respect of NBFCs, private banks and foreign banks, support to regulatory authorities i.e. RBI, IRDA, PFRDA, NHB and NABARD, administration of all Acts relating to Banks, DFIs and Insurance Companies, framing rules and regulations, wage settlement in banking and insurance industry, coordination between industry, banks and financial institutions.

He was also responsible for selection of Chairman and EDs of Public Sector Banks, MD of SIDBI, Chairman of NABARD, Deputy Governor of RBI, Chairman and MDs of SBI and Chairman of SEBI. Responsible for introduction of "Swavalamban" - an insurance scheme for unorganized sector and "Swabhiman" - a scheme for financial inclusion through business correspondents model.

As Special Secretary in the Department of Commerce, Ministry of Commerce & Industry, served as Director General, Anti-Dumping and Anti-Subsidy Investigations; Director on the Boards of MMTC, STC and PEC Ltd. During his long and varied career in Govt of India, he held several key assignments, like Joint Secretary, National Manufacturing Competitiveness Council (NMCC); Joint Secretary in Commerce Department in-charge of WTO and FTA negotiations; Joint Secretary in-charge of export promotion division in the Commerce Ministry.

He has participated actively in Ministerial Meetings of WTO for Trade Negotiations at Doha, Cancun and Hong Kong Ministerials, and assisted the Commerce Minister at the G-6, G-20 and G-110 meetings. He also participated in inter-governmental negotiations for Free Trade Agreements in the areas of agriculture, services and environmental goods and led the Indian delegation at the WTO.

As Chairman, TIDEL Park Ltd, he helped in financial closure, selection of design, selection of contractors through international competitive bidding, supervising construction and marketing of major Software Technology Park at Chennai. Completed the project estimated to cost ₹ 340 Cr within ₹ 297 Cr. He helped the State Government in formulation of policies on IT and biotechnology.

As CMD of Tamil Nadu Industrial Development Corporation (TIDCO), Mr R Gopalan managed the establishment of Auto Ancillary Park, Hi-tech Park for manufacturing hardware components, Petrochemical Park, Floriculture Infrastructure Park for exports and Rubber Park.

Mr. Gopalan has a Master's Degree in Economics from Boston University and a Master's Degree in Public Administration and Management from the John F. Kennedy School of Government, Harvard University.

He does not hold any share in the Company and is not related to any Director and Key Managerial Personnel of the Company.

Details of his other Directorship and membership / chairmanship of committees are given below:

S. No.	Name of the Company	Position held	Committee membership / Chairmanship
1.	Sundaram - Clayton Limited	Director	Member - Audit Committee and Risk Management Committee
2.	ANA ARC Private Limited	Director	–
3.	Hindustan Power Projects Private Limited	Director	–
4.	Optiwell Investments Private Limited	Director	–
5.	MB Power (Madhya Pradesh) Limited	Director	–

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 30th April 2019 and shall be taken as forming part of the Notice.

Item No.4

The board, on recommendation of the Nomination and Remuneration Committee of directors (NRC), proposed the appointment of Mrs Lalita D Gupte (holding DIN 00043559) as a non-executive independent director of the Company (NE-ID), in terms of Sections 149 (read with Schedule IV to the Act, 2013), 150, 152, 160, 161, 164 and other applicable provisions of the Act, 2013 and Companies (Appointment and Qualification of Directors) Rules 2014 to comply with the requirement of having independent woman director on the Board as per Regulation 17 of the Listing Regulations. In the opinion of the NRC and the Board, Mrs Lalita D Gupte fulfils the conditions specified under the Act, 2013 and the rules made thereunder and the Listing Regulations, for the proposed appointment as a NE-ID by the shareholders of the Company and she is independent of the management of the Company.

NRC evaluated her skills, experience and knowledge in the fields of finance, management, administration and corporate governance. The Board considered that the proposed appointment of Mrs Lalita D Gupte as Director will be of immense benefit to the Company.

The Board also felt that the core skills / expertise / competencies of Mrs Gupte would be required for the Company in the context of its business(es) and sector(s) to function effectively.

In terms of the provisions of Section 149 read with Schedule IV to the Act, 2013, the appointment of NE-ID will require approval of the shareholders of the Company. Hence, it is proposed that Mrs Lalita D Gupte who was appointed as an Additional Director and who holds office upto the date of ensuing AGM be appointed as a NE-ID of the Company to hold office for a period of five consecutive years commencing from 23rd October, 2018 and not liable to retire by rotation during her tenure of appointment.

The Company has received a consent in writing from Mrs Lalita D Gupte to act as a Director in Form DIR-2, intimating to the effect that she is not disqualified to be appointed as a director and a declaration in writing that she meets the criteria of independence as provided under Section 149(6) of the Act, 2013 and also under the Listing Regulations.

A copy of the draft letter of appointment setting out the terms and conditions of appointment of NE-ID will be available for inspection without any fee by the members at the Registered Office of the Company, at 29 Haddows Road, Chennai 600 006, Tamilnadu, India, during office hours as stated above and shall also be uploaded on the website of the Company at www.tvsmotor.com.

The Company has also received a notice from a member under Section 160 of the Act, 2013, proposing the candidature of Mrs Lalita D Gupte for the office of director of the Company.

Except Mrs Lalita D Gupte, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution relating to her appointment as a NE-ID of the Company.

Accordingly, the directors recommend the ordinary resolution in relation to appointment of Mrs Lalita D Gupte as a NE-ID for approval of the shareholders, as set out in Item No.4 of this Notice.

Item No.5

Mr K N Radhakrishnan was appointed as an Additional Director of the Company with effect from 23rd October 2018. In terms of Section 161 of the Companies Act, 2013 (the

Act, 2013), Mr K N Radhakrishnan holds office upto the date of this AGM.

The Company has also received a Notice from a Member under Section 160 of the Act, 2013, proposing the candidature of Mr K N Radhakrishnan for the office of Director of the Company.

The shareholders have already approved his appointment as Director & CEO in the rank of Whole-time Director for a period of five years effective 23rd October 2018 and the terms of remuneration, through Postal Ballot on 5th March 2019.

The Board also felt that the core skills / expertise / competencies of Mr K N Radhakrishnan would be required for the Company in the context of its business(es) and sector(s) to function effectively.

Except Mr K N Radhakrishnan, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution relating to his appointment as a Director of the Company.

Accordingly, the directors recommend the ordinary resolution in relation to appointment of Mr K N Radhakrishnan as a Director for approval by the shareholders, as set out in Item No.5 of this Notice.

Item No.6

The board, on recommendation of the NRC, proposed the appointment of Mr R Gopalan, (holding DIN 01624555) as a non-executive independent director of the Company (NE-ID), in terms of Sections 149 (read with Schedule IV to the Act, 2013), 150, 152, 160, 161, 164 and other applicable provisions of the Act, 2013 and Companies (Appointment and Qualification of Directors) Rules 2014 and Regulation 17 of the Listing Regulations. In the opinion of the NRC and the Board, Mr R Gopalan fulfils the conditions specified under the Act, 2013 and the rules made thereunder and the Listing Regulations, for the proposed appointment as a NE-ID by the shareholders of the Company and he is independent of the management of the Company.

NRC evaluated his skills, experience and knowledge in the fields of finance, management, administration and corporate governance. The Board considered that the proposed appointment of Mr R Gopalan as director will be of immense benefit to the Company.

The Board also felt that the core skills / expertise / competencies of Mr R Gopalan would be required for the Company in the context of its business(es) and sector(s) to function effectively.

In terms of the provisions of Section 149 read with Schedule IV to the Act, 2013, the appointment of NE-ID will require approval of the shareholders of the Company. Hence, it is proposed that Mr R Gopalan who was appointed as an Additional Director and who holds office upto the date of ensuing AGM be appointed as a NE-ID of the Company to hold office for a period of five consecutive years commencing from 30th April 2019 and not liable to retire by rotation during his tenure of appointment.

The Company has received a consent in writing from Mr R Gopalan to act as a Director in Form DIR-2, intimating to the effect that he is not disqualified to be appointed as a director and a declaration in writing that he meets the criteria of independence as provided under Section 149(6) of the Act, 2013 and also under the Listing Regulations.

A copy of the draft letter of appointment setting out the terms and conditions of appointment of NE-ID will be available for inspection without any fee by the members at the Registered Office of the Company, at 29 Haddows Road, Chennai 600 006, Tamilnadu, India, during office hours as stated above and shall also be uploaded on the website of the Company at www.tvsmotor.com.

The Company has also received a notice from a member under Section 160 of the Act, 2013, proposing the candidature of Mr R Gopalan for the office of director of the Company.

Except Mr R Gopalan, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution relating to his appointment as a NE-ID of the Company.

Accordingly, the directors recommend the ordinary resolution in relation to appointment of Mr R Gopalan as a NE-ID for approval of the shareholders, as set out in Item No.6 of this Notice.

Item No.7

As recommended by the Audit Committee, the Board at its meeting held on 30th April 2019, 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 Act 2013, and fixed a sum of ₹ 6 lakhs as remuneration payable to him for the financial year 2019-20, subject to ratification by the Shareholders of the Company.

In terms of Section 148 (3) of the Act, 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.7 of this Notice.

The Directors, therefore, recommend the ordinary resolution, as set out in Item No.7 for ratification of remuneration payable to the Cost Auditor of the Company.

By order of the Board of Directors

Chennai
30th April 2019

K S SRINIVASAN
Company Secretary

Registered Office:
"Jayalakshmi Estates",
29, Haddows Road,
Chennai - 600 006.

DIRECTORS' REPORT TO THE SHAREHOLDERS

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

1. COMPANY PERFORMANCE

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

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

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

2. FINANCIAL HIGHLIGHTS

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

includes excise duty upto June 2017

3. DIVIDEND

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

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

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

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

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

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Two-wheeler

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

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

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

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

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

Three-wheeler

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

BUSINESS OUTLOOK AND OVERVIEW

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

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

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

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

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

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

New Product Launches and Initiatives

Strategic partnership with BMW Motorrad

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

TVS NTORQ 125:

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

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

TVS Apache:

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

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

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

TVS Jupiter Grande:

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

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

TVS Radeon:

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

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

TVS XL100 HD i-Touchstart:

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

TVS King Duramax 225 LC:

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

Domestic Sales

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

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

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

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

Exports sales - two-wheeler and three-wheeler

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

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

Opportunities and Threats

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

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

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

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

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

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

RISKS AND CONCERNS

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

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

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

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

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

RISK MANAGEMENT POLICY

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

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

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

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

OPERATIONS REVIEW

Total Quality Management (TQM)

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

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

Migration to IATF16949

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

Cost Management

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

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

Research and Development

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

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

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

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

Information Technology

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

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

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

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

INTERNAL CONTROL AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded. Information provided to management is reliable and timely. Company ensures adherence to all statutes.

RETURN ON NET WORTH

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

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

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

INTERNAL FINANCIAL CONTROL

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

Occupational Health & Safety (OHS)

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

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

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

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

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

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

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

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

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

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

HUMAN RESOURCE DEVELOPMENT (HRD)

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

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

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

CAUTIONARY STATEMENT

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

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

i. that in the preparation of annual accounts for the financial year ended 31st March 2019, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;

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

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

iv. that the Directors had prepared the annual accounts for the financial year ended 31st March 2019 on a "going concern basis";

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

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

6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Over 23 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

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

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

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

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

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

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

7. FINANCIAL PERFORMANCE & POSITION OF SUBSIDIARIES & ASSOCIATES

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

Subsidiaries

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

Associates

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

SUBSIDIARIES / ASSOCIATES

Sundaram Auto Components Limited (SACL)

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

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

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

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

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

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

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

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

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

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

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

PT.TVS Motor Company Indonesia (PT TVSM)

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

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

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

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

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

TVS Motor Services Limited (TVS MS)

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

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

TVS Credit Services Limited (TVS CS)

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

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

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

The following companies are the subsidiaries of TVS CS.

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

Sundaram Holding USA Inc. (SHUI) and its subsidiaries

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

SHUI's wholly owned subsidiaries are:

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

Commercial production would commence during 2019-20.

Ultraviolette Automotive Private Limited (UV)

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

8. CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Directors appointment / re-appointment

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

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

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

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

In terms of the provisions of sub-Section (6) read with explanation to Section 152 of the Act, 2013 two-thirds of the total number of Directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every AGM. Mr Sudarshan Venu, Joint Managing Director and Mr Rajesh Narasimhan, Director, who have been the longest in office, are liable to retire by rotation at the ensuing AGM, and being eligible, offer themselves for re-appointment.

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

Independent Directors (IDs)

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

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

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

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

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

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

Separate meeting of Independent Directors

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

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

a) Non-Independent Directors (Non-IDs)

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

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

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

b) Chairman

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

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

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

c) Board

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

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

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

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

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

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

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

Key Managerial Personnel (KMP)

Director & CEO

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

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

Nomination and Remuneration Policy

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

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

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

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

Remuneration payable to Non-executive Independent Directors

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

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

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

Evaluation of Directors and Committees

In terms of Section 134 of the Act, 2013 and the Corporate Governance requirements as prescribed under the Listing Regulations, the Board reviewed and evaluated all Directors (excluding the Director being evaluated) and various Committees viz., Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee, based on the evaluation criteria laid down by the NRC i.e., through a set of questionnaires.

Directors

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

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

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

Committees

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

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

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

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

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

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

Number of Board meetings held:

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

10.AUDITORS

Statutory Auditor

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

The Statutory Auditors will continue to hold office for the 2nd year in the second term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being the Statutory Auditors of the Company for the year 2019-20.

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

Secretarial Auditors

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

The Secretarial Audit Report for the year 2018-19, given by M/s S Krishnamurthy & Co., Company Secretaries, Chennai is attached to this Report. The Secretarial Audit Report does not contain any qualification, reservation or other remarks.

The Board at its meeting held on 30th April 2019 has re-appointed M/s. S Krishnamurthy & Co., Practising Company Secretaries, Chennai having Registration No.2215 allotted by the Institute of Company Secretaries of India as Secretarial Auditors for the financial year 2019-20.

Cost Auditor

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

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board has re-appointed Mr A N Raman, Cost Accountant holding Certificate of Practice No. 5359 allotted by The Institute of Cost Accountants of India, as the Cost Auditor for conducting Cost Audit for the financial year 2019-20.

The Company has also received necessary certificate under Section 141 of the Act, 2013 from him conveying his eligibility to act as a Cost Auditor. A sum of ₹ 6 lakhs has been fixed by the Board as remuneration in addition to reimbursement of applicable taxes, travelling and out-of-pocket expenses payable to him, which is required to be approved and ratified by the Members, at the ensuing AGM as per Section 148(3) of the Act, 2013.

The Company has filed the Cost Audit Report for 2017-18 on 5th September 2018 in XBRL format with Registrar of Companies.

11.CORPORATE GOVERNANCE

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

A separate section on corporate governance and a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under the Listing Regulations form part of this Annual Report.

The Director & Chief Executive Officer and the Chief Financial Officer of the Company have certified to the Board on financial statements and other matters in accordance with the Regulation 17 (8) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended 31st March 2019.

12. BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of the Listing Regulations, the Business Responsibility Report for the year 2018-19 describing the initiatives taken from an environment, social and governance perspective, in the prescribed format is given as Annexure VII to this Report and is available on the Company's website viz., https://www.tvsmotor.com/pdf/BUSINESS-RESPONSIBILITY-REPORT-2019.pdf.

13.POLICY ON VIGIL MECHANISM

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

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

The Board at its meeting held on 30th April 2019 made certain amendments to the Whistle Blower Policy for reporting any allegations of material nature on any leakage of Unpublished Price Sensitive Information.

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

14.PUBLIC DEPOSITS

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

15.STATUTORY STATEMENTS

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

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

Material changes and commitments:

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

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

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

Annual Return:

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

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

Employee's remuneration:

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

Comparative analysis of remuneration paid:

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

Details of material related party transactions:

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

Details of loans / guarantees / investments made:

The details of loans and guarantees under Section 186 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2018-19 are given as Annexure-VI to this Report. On loans granted to the Employees, the Company has charged interest as per its remuneration policy.

Please refer note No. 3 to Notes on accounts for the financial year 2018-19, for details of investments made by the Company.

Reporting of fraud

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

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

The Company has Internal Complaints Committees as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013.

16. ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board of Directors

Chennai
30th April 2019

VENU SRINIVASAN
Chairman

Annexure - I to Directors' Report to the shareholders

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

A. CONSERVATION OF ENERGY

1. Measures taken in the year 2018-19:

(i) Optimal utilization of plant and equipment.

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

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

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

(v) Implementation of planned energy saving projects.

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

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

2. Proposed measures during the year 2019-20:

(i) Optimal utilization of plant and equipment.

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

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

(iv) Implementation of other planned energy efficient projects.

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

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

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

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

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

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

4. Capital investment in energy conservation equipment:

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

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

B. TECHNOLOGY ABSORPTION FOR THE YEAR 2018-19

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

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

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

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

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

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

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

vii. Developed engine technologies for lower emissions.

Future plan of action:

i. Meeting BSVI regulatory norms in the year 2020.

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

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

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

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

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

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

C. DATA RELATING TO IMPORTED TECHNOLOGY

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

Expenditure on Research & Development - ₹307.48 Cr.

D. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

1. Export activities:

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

2. Total foreign exchange earned and used:

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

For and on behalf of the Board of Directors

Chennai
30th April 2019

VENU SRINIVASAN
Chairman

Annexure - II to Directors' Report to the shareholders

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

for the financial year ended 31st March 2019

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

<table>
<tr><th>S.No.</th><th>Name of the Company</th><th>Address of the Company</th><th>CIN / GLN</th><th>% of shares held</th><th>Applicable Sections of the Companies Act, 2013</th></tr>
<tr><td colspan="6">Subsidiary Companies - (continued)</td></tr>
<tr><td>6</td><td>TVS Two Wheeler Mail Private Limited</td><td rowspan="6">"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006</td><td>U65923TN2017PTC118211</td><td>100% held by S.No.5</td><td>(2(87)</td></tr>
<tr><td>7</td><td>TVS Micro Finance Private Limited</td><td>U65929TN2017PTC118238</td><td>100% held by S.No.5</td><td>(2(87)</td></tr>
<tr><td>8</td><td>Harita ARC Private Limited</td><td>U65999TN2017PTC118296</td><td>100% held by S.No.5</td><td>(2(87)</td></tr>
<tr><td>9</td><td>Harita Collection Services Private Limited</td><td>U65100TN2017PTC118290</td><td>100% held by S.No.5</td><td>(2(87)</td></tr>
<tr><td>10</td><td>TVS Commodity Financial Solutions Private Limited</td><td>U65929TN2017PTC118316</td><td>100% held by S.No.5</td><td>(2(87)</td></tr>
<tr><td>11</td><td>TVS Housing Finance Private Limited</td><td>U65999TN2017PTC118512</td><td>100% held by S.No.5</td><td>(2(87)</td></tr>
<tr><td>12</td><td>TVS Motor Company (Europe) B.V.</td><td>Hoogoorddreef 15, 1101 BA Amsterdam, Netherlands</td><td>NA</td><td>100%</td><td>2(87)</td></tr>
<tr><td>13</td><td>TVS Motor (Singapore) Pte. Limited</td><td>17, Phillip Street, # 05-01, Grand Buidling, Singapore - 048 695</td><td>NA</td><td>100%</td><td>2(87)</td></tr>
<tr><td>14</td><td>PT. TVS Motor Company Indonesia</td><td>Gedung Wirausaha 3rd Floor, Jalan, H.R. Rasuna Said, Kav. C5, Jakarta 12920 Indonesia</td><td>NA</td><td>46.01% by the Company; 19.14% held by S. No. 12 and 34.85% held by S. No. 13</td><td>(2(87)</td></tr>
<tr><td>15</td><td>Sundaram Holding USA Inc.,</td><td>2711, Centerville Road, # 400 Wilmington, New Castle - 19808 State of Delaware, USA.</td><td>NA</td><td>75% held by S. No.2 and 25% held by S. No. 1</td><td>2(87)</td></tr>
<tr><td>16</td><td>Green Hills Land Holding LLC</td><td rowspan="3">1703, Laurel Street, Columbia, South Carolina - 29201, USA</td><td>NA</td><td rowspan="4">100% held by S.No.15</td><td rowspan="4">2(87)</td></tr>
<tr><td>17</td><td>Component Equipment Leasing LLC</td><td>NA</td></tr>
<tr><td>18</td><td>Sundaram-Clayton (USA) LLC</td><td>NA</td></tr>
<tr><td>19</td><td>Premier Land Holding LLC</td><td>120, Casting Way, Ridgeville, South Carolina - 29472, USA</td><td>NA</td></tr>
<tr><td colspan="6">Associate Companies</td></tr>
<tr><td>20</td><td>Emerald Haven Realty Limited</td><td>1st Floor, Greenways Towers, No. 119, St. Mary's Road, Abhiramapuram, Chennai 600 018.</td><td>U45200TN2010PLC075953</td><td>48.80%</td><td>2(6)</td></tr>
<tr><td>21</td><td>Ultraviolette Automotive Private Limited</td><td>529-530 Amarjyoti Layout Intermediate Ring Road, Domlur, Bengaluru, Karnataka 560 071</td><td>U34102KA2015PTC084804</td><td>25.33%</td><td>2(6)</td></tr>
</table>

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

i) Category-wise Shareholding

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

ii) Shareholding of Promoters and Promoters' group

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

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

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

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

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

JWALAMUKHI INVESTMENT HOLDINGS

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

Opening Balance (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
CARTICA CAPITAL LTD								
2,01,80,051	01-04-2018	Opening Balance						
(4.25)	31-08-2018	Transfer / Purchase	14,22,000	0.30	2,16,02,051	4.55		
	05-10-2018	Transfer / Purchase	5,82,874	0.12	2,21,84,925	4.67		
	09-11-2018	Transfer / Purchase	3,11,730	0.07	2,24,96,655	4.74		
	22-02-2019	Transfer / Sale	2,04,768	0.04	2,22,91,887	4.69		
	31-03-2019	Closing Balance					2,22,91,887	4.69

RELIANCE CAPITAL TRUSTEE CO. LTD.								
1,80,18,002	01-04-2018	Opening Balance						
(3.79)	06-04-2018	Transfer / Sale	36	0.00	1,80,17,966	3.79		
	06-04-2018	Transfer / Purchase	7,000	0.00	1,80,24,966	3.79		
	13-04-2018	Transfer / Purchase	1,49,253	0.03	1,81,74,219	3.83		
	27-04-2018	Transfer /Sale	10,71,640	0.23	1,71,02,579	3.60		
	04-05-2018	Transfer / Sale	1,66,301	0.04	1,69,36,278	3.56		
	11-05-2018	Transfer / Sale	60,000	0.01	1,68,76,278	3.55		
	18-05-2018	Transfer / Purchase	1,80,000	0.04	1,70,56,278	3.59		
	25-05-2018	Transfer / Purchase	3,60,000	0.08	1,74,16,278	3.67		
	01-06-2018	Transfer / Purchase	178	0.00	1,74,16,456	3.67		
	08-06-2018	Transfer / Sale	4,27,059	0.09	1,69,89,397	3.58		
	29-06-2018	Transfer / Sale	2,51,800	0.05	1,67,37,597	3.52		
	03-07-2018	Transfer / Sale	42	0.00	1,67,37,555	3.52		
	13-07-2018	Transfer / Sale	3,69,072	0.08	1,63,68,483	3.45		
	20-07-2018	Transfer / Purchase	72	0.00	1,63,68,555	3.45		
	20-07-2018	Transfer / Sale	15,75,000	0.33	1,47,93,555	3.11		
	27-07-2018	Transfer / Sale	9,09,170	0.19	1,38,84,385	2.92		
	03-08-2018	Transfer / Purchase	2,00,000	0.04	1,40,84,385	2.96		
	17-08-2018	Transfer / Purchase	4,59,170	0.10	1,45,43,555	3.06		
	24-08-2018	Transfer / Purchase	9,00,000	0.19	1,54,43,555	3.25		
	07-09-2018	Transfer / Purchase	15	0.00	1,54,43,570	3.25		
	14-09-2018	Transfer / Sale	1,00,752	0.02	1,53,42,818	3.23		
	21-09-2018	Transfer / Purchase	1,60,790	0.03	1,55,03,608	3.26		
	28-09-2018	Transfer / Sale	804	0.00	1,55,02,804	3.26		
	28-09-2018	Transfer / Purchase	1,20,000	0.03	1,56,22,804	3.29		
	05-10-2018	Transfer / Purchase	4,50,000	0.09	1,60,72,804	3.38		
	12-10-2018	Transfer / Purchase	4,05,669	0.09	1,64,78,473	3.47		
	12-10-2018	Transfer / Sale	53,220	0.01	1,64,25,253	3.46		
	19-10-2018	Transfer / Purchase	3,59,798	0.08	1,67,85,051	3.53		
	26-10-2018	Transfer / Purchase	1,44,563	0.03	1,69,29,614	3.56		
	31-10-2018	Transfer / Purchase	56,085	0.01	1,69,85,699	3.58		
	02-11-2018	Transfer / Purchase	6,472	0.00	1,69,92,171	3.58		
	09-11-2018	Transfer / Purchase	71,000	0.01	1,70,63,171	3.59		
	23-11-2018	Transfer / Purchase	6	0.00	1,70,63,177	3.59		

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

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

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

v) Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

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

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

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

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

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

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

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

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

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board of Directors

Chennai
30th April 2019

VENU SRINIVASAN
Chairman

Annexure - IV to Directors' Report to the shareholders

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

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

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

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

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

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

4. Composition of the CSR Committee:

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

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

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

7. Details of CSR spent during the financial year:

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

(b) Amount unspent, if any Not Applicable

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

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

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

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

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

For and on behalf of the Board of Directors

VENU SRINIVASAN
Chairman and Managing Director and
Chairman of CSR Committee

Chennai
30th April 2019

Annexure - V to Directors' Report to the shareholders

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

Sl. No.	Name of the Director (M/s)	Designation	Ratio to Median Remuneration	% increase in remuneration
1	Venu Srinivasan	CMD	1:304	2%
	Sudarshan Venu	JMD	1:223	25%
	K N Radhakrishnan*	D & CEO	1:61	NA
	H Lakshmanan	NENID	-	NA
	Dr Lakshmi Venu	NENID	-	NA
	Rajesh Narasimhan	NENID	-	NA
	T Kannan	NEID	1:3	39%
	C R Dua	NEID	1:3	39%
	Prince Asirvatham	NEID	1:3	39%
	R Ramakrishnan	NEID	1:3	39%
	Hemant Krishan Singh	NEID	1:3	33%
	Lalita D Gupte*	NEID	1:3	NA
	K Gopala Desikan	CFO	NA	22%
	K S Srinivasan	CS	NA	40%
	* appointed on 23rd October 2018 CMD - Chairman and Managing Director; JMD - Joint Managing Director D&CEO - Director & Chief Executive Officer; CFO - Chief Financial officer; CS - Company Secretary NENID - Non Executive Non Independent Director; NEID - Non Executive Independent Director			
2	The percentage increase in the median remuneration of employees in the financial year;		3%	
3	The number of permanent employees on the rolls of Company;		5121	
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2018-19		9.30%	
	b. Average percentile increase in the managerial remuneration in the financial year 2018-19		11%	
	There are no exceptional circumstances for increase in the managerial remuneration.			
5	Affirmation that the remuneration is as per the remuneration policy of the Company.		Remuneration paid during the year 2018-19 is as per the Remuneration Policy of the Company	

For and on behalf of the Board of Directors

Chennai
30th April 2019

VENU SRINIVASAN
Chairman

Annexure - VI to Directors' Report to the shareholders

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

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

For and on behalf of the Board of Directors

Chennai
30th April 2019

VENU SRINIVASAN
Chairman

Annexure - VII to Directors' Report to the shareholders

BUSINESS RESPONSIBILITY REPORT (BRR)

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

Introduction

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

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

Section A: General Information about the Company

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

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

8.	Three key products/ services that the Company manufactures/provides	1. Two-wheelers 2. Three-wheelers 3. Parts & Accessories (Please refer to Company's website for complete list of its products)
9.	Total number of locations where business activity is undertaken by the Company:	
	i. Number of International Locations -	TVS Motor does not have any manufacturing unit outside India. However, its overseas subsidiary viz., PT TVS Motor Company Indonesia has a manufacturing facility in Karawang at Indonesia.
	ii. Number of National Locations - A. The Company has three manufacturing locations as under: 1. Post Box No. 4, Harita, Hosur - 635 109, Tamil Nadu, India. 2. Post Box No. 1, Byathahalli Village, Kadakola Post, Mysuru - 571 311, Karnataka, India. 3. Bhatian Village, Bharatgarh Road, Teh. Nalagarh, Solan District - 174 101, Himachal Pradesh, India. B. The Company has Area Offices across pan India. C. The sales and marketing office of the Company is situated at TVR Pride, No.383, 16th Main, 3rd Block, Koramangala, Bengaluru 560 034, Karnataka, India.	
10.	Markets served by the Company - Local/State/National/ International	TVS Motor's vehicles and services cater to the entire Indian market. The Company's vehicles are already being marketed in several countries in Asia, ASEAN, LATAM and African countries.

Section B: Financial details of the Company

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

Section C: Other Details

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

Section D: BR Information

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

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

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

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

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

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

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

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

P5 Businesses should respect and promote human rights.

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

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

P8 Businesses should support inclusive growth and equitable development.

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

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

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

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

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

3. Governance Related to BR

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

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

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

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

Section E : Principle-wise Performance

Principle 1: Ethics, Transparency and Accountability

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

Yes.

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

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

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

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

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

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

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

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

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

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

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

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

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

Principle 2: Product Life Cycle Sustainability

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Products

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

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

Process

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

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

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

Packaging

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

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

Waste

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

Principle 3: Employee Wellbeing

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

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

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

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

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

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

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

Principle 4: Stakeholder Engagement

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

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

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

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

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

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

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

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

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

Principle 5: Human rights

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

   TVS Motor does not have a stated Human Rights Policy.

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

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

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

Principle 6: Environmental

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

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

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

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

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

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

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

Risk Identification and Assessment

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

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

Risk Mitigation and Monitoring

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

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

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

Following actions have been carried-out towards this:

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

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

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

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

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

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

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

Clean Technology:

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

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

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

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

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

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

Energy efficiency:

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

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

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

Renewable energy:

Details as mentioned in Principle 6 Question 4.

Initiatives at Dealership:

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

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

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

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

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

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

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

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

Principle 7: Policy Advocacy

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

TVS Motor is member of:

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

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

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

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

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

a) Works with Government education departments and local panchayats to improve education;

b) Introduces new income generation activities, increase in agriculture and better Livestock management;

c) Coordinates between local bodies, government and community to maintain a clean environment;

d) Provides easy access to Primary Healthcare and adoption of proper sanitation, hygiene and nutrition; and

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

Principle 8: Inclusive Growth

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

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

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

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

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

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

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

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

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

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

   Yes.

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

Principle 9: Customer value

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For and on behalf of the Board of Directors

Chennai
30th April 2019

VENU SRINIVASAN
Chairman

Report on Corporate Governance

1. Company's philosophy on code of governance

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

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

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

2. Board of directors

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

2.1 Composition and category of Directors:

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

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

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

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

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

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

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

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

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

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

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

2.2 Board meetings:

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

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

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

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

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

The meetings are convened through i-Pads as an eco-friendly measure. All agenda papers for convening meetings of the Board / Committees are being uploaded in digital mode well in advance.

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

2.3 Attendance and other directorships:

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

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

CMD : Chairman and Managing Director
JMD : Joint Managing Director
D&CEO : Director & Chief Executive Officer
NE-NID : Non-Executive - Non-Independent Director
NE-ID : Non-Executive - Independent Director
* includes private companies and companies incorporated outside India.
** includes committees where the director holds the position of chairman.
Mr R Gopalan appointed as NE-ID of the Company effective 30th April 2019.

None of the Directors on the Board is a member of more than ten committees or chairman of more than five committees across all the companies in which they are directors. Chairmanships / Memberships of Committees include only Audit and Stakeholders' Relationship Committee as covered under Regulation 26 of Listing Regulations, as per the disclosures made by the Directors. CMD, JMD and Dr. Lakshmi Venu are related to each other. None of the other Directors on the Board is related to any other Director on the Board.

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

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

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

2.5 Access to information and updation to Directors:

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

Apart from this, the observations on the audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the Statutory Auditors of the Company are placed and discussed with functional heads, by the Committee / Board. The Board also reviews the declarations made by the Director & CEO and the Company Secretary regarding compliance of all applicable laws on quarterly basis. Decisions taken at the meetings of the Board / Committee are communicated to the functional heads. Action taken report on decisions of previous meetings was placed at every succeeding meeting of the Board / Committee for reporting the compliance.

2.6 Familiarization program

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

The program also includes briefings on the culture, values and business model of the Company, the roles and responsibilities of senior executives and the Company's financial, strategic, operational and risk management position. The induction process for NE-IDs includes plant visit for detailed understanding of manufacturing process / activities of the Company.

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

2.7 Chart setting out the skills / expertise / competence of the Board of Directors:

While evaluating the Board as a whole, it was ensured that the existing board members have relevant core skills/expertise /competencies as required in the context of its business(es) and sector(s) to function effectively.

Skill	Description
Leadership/ Strategy	Experience of playing leadership roles in large businesses, with competencies around strategy development & implementation, sales & marketing, business administration/operations and Organisations and people management.
Automotive Experience	Strong knowledge and experience in automotive industry and in managing business operations of a sizeable organization in the business of manufacture and sale of automobiles.
Financial	Practical knowledge and experience in Corporate Finance, accounting and reporting and internal financial controls, including strong ability to asses financial impact of decision making and ensure profitable and sustainable growth.
Governance	Board level experience in reputed organisations, with strong understanding of and experience in directing the management in the best interests of the Company and its stakeholders and in upholding high standards of governance.
Regulatory	Strong expertise and experience in corporate law and regulatory compliance in India and overseas (including industry specific laws).

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

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

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

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

2.9 Appointment / Re-appointment of Directors:

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

2.10 Committees of the board:

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

3. Audit Committee

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

3.1 Brief description of terms of reference:

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

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

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

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

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

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

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

g. Scrutinizing the inter-corporate loans and investments;

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

i. Evaluating internal financial controls and risk management systems;

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

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

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

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

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

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

p. Reviewing the functioning of the Whistle Blower Mechanism;

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

r. reviewing the utilisation of loans and / or advances from / investments by the holding company in the subsidiary, exceeding ₹100 Cr or 10% of the asset size of the subsidiary, whichever is lower.

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

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

3.2 Composition, name of the Chairman and Members:

As at 31st March 2019, the Committee consists of the following NE-IDs viz., M/s T Kannan, C R Dua, R Ramakrishnan and Prince Asirvatham.

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

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

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

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

4. Subsidiary companies

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

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

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

The Board is periodically informed about all significant transactions and arrangements entered into by all these unlisted subsidiaries.

Material Subsidiaries Policy

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

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

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

For the year 2019-20, the Company's Indian subsidiaries viz., Sundaram Auto Components Limited (SACL), TVS Motor Services Limited (TVS MS) and TVS Credit Services Limited (TVS CS) and Foreign subsidiaries viz., TVS Motor (Singapore) Pte Limited and Sundaram Holding USA Inc., are covered within the revised definition of "unlisted material subsidiary" in terms of the Regulation 16(1)(c) of the Listing Regulations.

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

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

5. Disclosures

5.1 Materially significant related party transactions:

All transactions entered into with related parties (RPTs), as defined under the Act, 2013 and the Listing Regulations during the financial year 2018-19 were in the ordinary course of business and at arm's length and do not attract the provisions of Section 188 of the Act, 2013 and the rules made thereunder.

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

The transactions with the related parties, namely its promoters, its holding, subsidiary and associate companies etc., of routine nature have been reported in the Annual Report, as per Indian Accounting Standard 24 (IND AS 24) notified vide Companies (Indian Accounting Standard) Rules, 2015.

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

Related Party Transactions Policy:

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

In terms of Regulation 23 of the Listing Regulations, all RPTs for the succeeding financial year, with clear threshold limit, are regularly placed before the Audit Committee meeting convened on last quarter of the financial year for its approval and recommendation to the Board for its approval, wherever required. RPTs entered during the financial year are reviewed at the meeting for any upward revision in the threshold limit.

It is also ensured that none of RPTs involving payments with respect to brand usage or royalty during the financial year, exceed two percent of the annual consolidated turnover of the Company as per the previous audited financial statements of the Company.

As per the amended Act, 2013, any unforeseen RPT involving amount not exceeding ₹1 Cr per transaction is entered into by a director or officer of the Company without obtaining prior approval of the Audit Committee and such RPTs can be ratified by the Audit Committee within three months from the date of such transaction.

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

5.2 Disclosure of accounting treatment:

Pursuant to the notification, issued by the Ministry of Corporate Affairs dated February 16, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, the Company has adopted "IND AS" with effect from 1st April 2016. Accordingly, the financial statements for the year 2018-19 have been prepared in compliance with the said Rules.

5.3 Risk Management:

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

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

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

Risk Management Committee:

As at 31st March 2019, the Committee consists of the following directors viz., M/s T Kannan, R Ramakrishnan, Sudarshan Venu and K N Radhakrishnan.

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

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

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

Scope:

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

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

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

Role:

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

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

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

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

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

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

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

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

5.4 Instances of non-compliances, if any:

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

5.5 Disclosure by senior management personnel:

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

5.6 CEO and CFO Certification:

The Director & CEO and Chief Financial Officer of the Company have certified to the Board on financial and other matters in accordance with Regulation 33 of the Listing Regulations for the financial year ended 31st March 2019.

5.7 Compliance with mandatory / non-mandatory requirements:

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

5.8 Code of Conduct for Prevention of Insider Trading:

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

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

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

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

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

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

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

5.10 Amendment to Whistle Blower Policy.

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

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

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

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

As at 31st March 2019, NRC consists of M/s T Kannan and C R Dua, NE-IDs and H Lakshmanan, NE-NID. Mr T Kannan is the Chairman and Mr K S Srinivasan, Company Secretary is the Secretary of the Committee.

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

Date of the Meeting	Members present (M/s)
15.05.2018	T Kannan, C R Dua, H Lakshmanan
22.10.2018	C R Dua, H Lakshmanan
22.01.2019	T Kannan, C R Dua, H Lakshmanan

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

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

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

6.3 The role / scope of NRC is as follows:

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

6.4 Evaluation Criteria:

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

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

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

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

The performance of SMP was measured against their achievement of the business plans approved by the Board during and at the completion of the financial year and their annual 'at-risk' remuneration which reflects their business plan achievements. An evaluation of performance has been undertaken based on the criteria for all SMP for 2018-19 and this has been in accordance with the above process.

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

6.5 Remuneration Policy:

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

NRC formulates policy to ensure that -

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

6.6 Remuneration to directors:

Executive directors:

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

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

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

(₹ in lakhs)

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

* from 23rd October 2018 to 31st March 2019

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

The above remuneration to CMD and JMD are notwithstanding their holding similar position, in the holding company, viz., Sundaram-Clayton Limited (SCL) and drawing remuneration, as approved by its shareholders, from time to time, provided that the total remuneration drawn by them from the Company and SCL does not exceed the higher maximum limit admissible, from any one of these two companies. However, JMD has relinquished his JMD position in SCL effective 11th March 2019, since he would not be able to give sufficient time to manage the day-to-day affairs of SCL. However, he continues to serve as a Non-Executive Director of SCL.

The Directors are paid commission within the permissible limits approved by the Members and determined by the Board every year depending upon the performance of the Company. During the year under review, no employee including key managerial personnel or director or promoter of the Company entered into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

Non-executive directors

Sitting fees

₹ 20,000/- each is paid to the Non-Executive Directors for every meeting of the Board and / or Committee thereof attended by them, which is within the limits, prescribed under the Act, 2013.

Commission

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

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

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

A commission of ₹ 25 lakhs was paid to each such IDs, who serve as members of the Audit Committee as well and ₹ 20 lakhs to other IDs for the year 2018-19. The amount of commission for every financial year will be decided by the Board, as approved by the shareholders at AGM held on 11th August 2017, subject to the limit of 1% of net profits of the Company, in aggregate, as calculated pursuant to Section 198 of the Act, 2013. The above compensation structure is commensurate with the best practices in terms of remunerating NE-IDs and it adequately compensates for the time and contribution made by NE-IDs.

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

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

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

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

(₹ in lakhs)

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

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

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

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

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

7. Stakeholders' Relationship Committee: (SRC)

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

7.2 As required by the Listing Regulations, Mr K S Srinivasan, Company Secretary is the Compliance Officer of the Company, who oversees the redressal of investor grievances.

For any clarification / complaint, the Shareholders may contact the Company Secretary.

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

7.4 The Board at its meeting held on 30th April 2019 empowered the SRC to oversee / review additional duties as per the amended Listing Regulations. Accordingly, SRC oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. SRC also looks into various aspects of interests:

- The transfer / transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports / statutory notices by the shareholders of the Company.

The Company, in order to expedite the process of share transfers delegated the power of share transfers to an officer of the Share Transfer Agent (STA). The Company, as a matter of policy, disposes of investors' complaints within a span of seven days.

7.5 Complaints received and redressed during the year 2018-19:

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

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

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

7.7 Reconciliation of Share Capital Audit:

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

The RSC audit reports confirmed that the total issued and listed capital was in agreement with the total number of shares in physical form and in dematerialized form held with NSDL and CDSL.

8. Corporate Social Responsibility Committee

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

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

During the year, the Committee met on 16th May 2018 and all the members were present at the meeting.

9. Administrative Committee

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

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

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

10. General body meeting

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

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

10.2 Special resolutions passed in the previous three AGMs:

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

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

10.3 Postal Ballot:

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

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

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

The result of the Postal Ballot is given below

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

10.4 Person who conducted the Postal Ballot exercise:

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

10.5 Procedure for Postal Ballot:

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

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

11. Means of communication to shareholders

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

11.1 Quarterly results:

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

11.2 Newspapers wherein results are normally published:

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

11.3 Website:

The Company has in place a website www.tvsmotor.com. This website contains the basic information about the Company, viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under the Regulation 46 of the Listing Regulations. The Company ensures that the contents of this website are periodically updated.

11.4 Press Release & Investor/ Analysts meet:

In addition, the Company makes use of this website for publishing official news release and presentations, if any, made to institutional investors / analysts.

12. General shareholder information

12.1 Annual General Meeting:

Day, Date and time	:	Monday, 22nd July 2019, 10.00 A.M.
Venue	:	The Music Academy, New No.168 (Old No.306), T.T.K. Road, Royapettah, Chennai - 600 014.

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

12.3 Particulars of dividend payment:

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

Dividend distribution policy

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

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

12.4 Listing on Stock Exchanges:

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

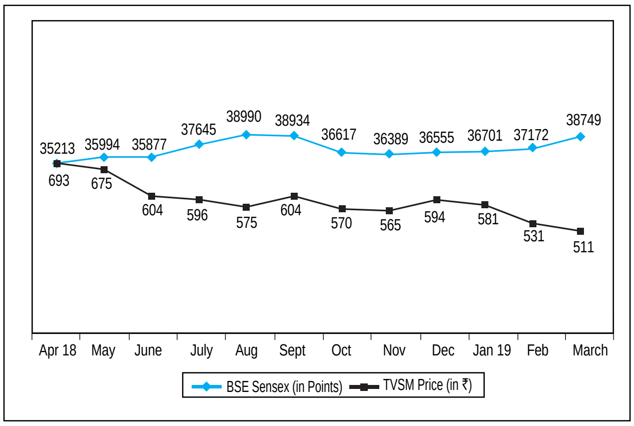
(Note: Annual listing fees and custodial charges for the year 2019-20 were duly paid to the above Stock Exchanges and Depositories)

12.5 Market Price Data: (in ₹)

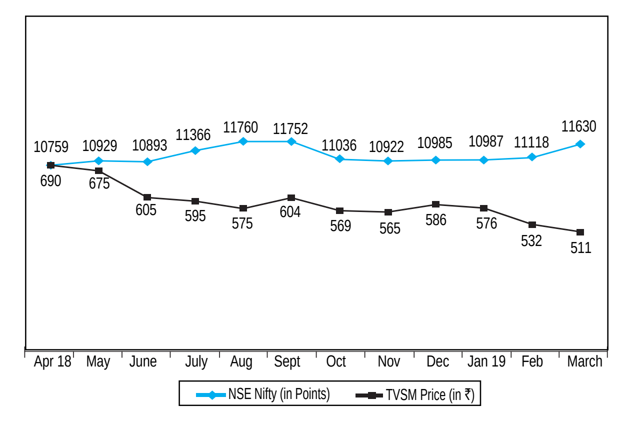
Month	NSE (Monthly)		BSE (Monthly)	
	High price	Low price	High price	Low price
April 2018	690	620	693	620
May 2018	675	537	675	537
June 2018	605	548	604	549
July 2018	595	507	596	507
August 2018	575	508	575	509
September 2018	604	534	604	534
October 2018	569	479	570	479
November 2018	565	522	565	522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

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

SHARE PRICE MOVEMENT - BSE



SHARE PRICE MOVEMENT - NSE



12.7 Share Transfer Agents and Share Transfer System:

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

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

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

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

e. Certificates are being obtained and submitted to the Stock Exchanges on half-yearly basis, from a company secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Regulation 40(9) of the Listing Regulations.

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

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

h. A certificate signed by the Compliance Officer of STA and the Company Secretary towards maintenance of share transfer facility by STA in compliance with the Regulation 7(3) of the Listing Regulations have been obtained and the same have been submitted to the Stock Exchanges.

i. Shareholders are, therefore, requested to correspond with STA for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend, etc., at their address given in this Report.

12.8 Shareholding pattern of the Company as on 31st March 2019

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

12.9 Distribution of Shareholding as on 31st March 2019:

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

12.10 Dematerialization of shares and liquidity:

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

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

12.12 Other Disclosures

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

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

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

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

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

12.13 Plant Locations:

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

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

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

12.14 Address for investor correspondence:

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

12.15 List of Credit Rating:

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

12.16 Certificate from Practicing Company Secretary:

The Company has received a certificate from the Secretarial Auditor of the Company stating that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority.

The certificate is enclosed with this report as Annexure.

12.17 Fees paid to Statutory Auditor on a consolidated basis:

During the year, the Company has paid ₹ 1.83 Cr to the statutory Auditors for all services received by the listed entity and its subsidiaries, on a consolidated basis.

12.18 Sexual Harassment at workplace:

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

13. Non-mandatory disclosures

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

13.1 The Board:

As the Company has an Executive Chairman, disclosure under this head is not mandatory. The Non-Independent directors of the Company are liable to retire by rotation and if eligible, offer themselves for re-appointment. Specific tenure has been fixed for the independent directors in terms of Section 149 of the Act, 2013 and during this period, they will not be liable to 'retire by rotation' as per Sections 150(2), 152(2) read with Schedule IV to the Act, 2013.

13.2 Shareholder rights:

The half-yearly results of the Company are published in newspapers as soon as they are approved by the Board and are also uploaded in the Company's website namely www.tvsmotor.com.

13.3 Audit qualifications:

The financial statements of the Company are unmodified.

14. Request to shareholders

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

14.1 Demat of Shares:

Shareholders are requested to convert their physical holding to demat/ electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities. Any investor who is desirous of transferring shares (which are held in physical form) after April 01, 2019 can do so only after the shares are dematerialized, except for transmission (i.e. transfer of title of shares by way of inheritance / succession) and transposition (i.e. re-arrangement / interchanging of the order of name of shareholders) cases.

14.2 Registration of Electronic Clearing Service (ECS) mandate:

SEBI has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through ECS to investors wherever ECS and bank details are available. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of / change in such bank details. Members who wish to change such bank account details are therefore requested to advise their DPs about such change, with complete details of bank account.

ECS helps in quick remittance of dividend without possible loss / delay in postal transit. Shareholders, who have not earlier availed this facility, are requested to register their ECS details with the STA or their respective DPs.

14.3 Consolidation of multiple folios:

Shareholders, who have multiple folios in identical names, are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.

14.4 Registration of nominations:

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

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

14.5 Updation of address:

Shareholders are requested to update their addresses registered with the Company, directly through the STA, to receive all communications promptly.

Shareholders, holding shares in electronic form, are requested to deal only with their DPs in respect of change of address and furnishing bank account number, etc.

14.6 SMS Alerts:

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

14.7 Timely encashment of dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation.

As required by SEBI, shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 124(6) of the Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Accordingly a sum of ₹15.85 lakhs, being unclaimed dividend, was transferred to IEPF during the year 2018-19.

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

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

Particulars of unclaimed dividend of the Company

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GREEN INITIATIVE IN CORPORATE GOVERNANCE

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

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

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

To,

The shareholders of TVS Motor Company Limited,
Chennai

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

Chennai
30th April 2019

VENU SRINIVASAN
Chairman and Managing Director

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

To,

The shareholders of TVS Motor Company Limited,
Chennai

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

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

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

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

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

S. VENKATRAMAN
Partner
Membership Number: F34319

Chennai
30th April 2019

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

To,

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

We certify that we have reviewed the financial statements prepared based on the Indian Accounting Standards for the year ended 31st March 2019 and to the best of our knowledge and belief:

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

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

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

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

(5) We have indicated to the Auditors and the Audit Committee:

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

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

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

K N Radhakrishnan Director & CEO	K Gopala Desikan Chief Financial Officer

Chennai
30th April 2019

CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

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

To,

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

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

We are issuing this certificate based on the following, which to the best of our knowledge and belief were considered necessary in this regard:

1. Our verification of the information relating to the directors available in the official web sites of MCA;
2. Our verification of the disclosures/ declarations/ confirmations provided by the directors to the Company; and
3. Information, explanation and representations provided by the Company, its directors/ officers/ agents.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness of the corporate governance processes followed by the Company.

For S Krishnamurthy & Co.,
Company Secretaries,

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

Chennai
30th April 2019

Form No. MR-3
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

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

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

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

We are issuing this report based on:

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

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

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

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

(i) has complied with the statutory provisions listed hereunder; and

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

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

1. Compliance with specific statutory provisions

We further report that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Board processes:

We further report that:

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

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

(i) 3 (three) Executive Directors;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Majority decisions were carried through; and

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

3. Compliance mechanism

We further report that:

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

4. Specific events / actions

We further report that:

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

For S Krishnamurthy & Co
Company Secretaries
K. SRIRAM

Partner
Membership No: F6312
Certificate of Practice No: 2215

Chennai
30th April 2019

Annexure – A to Secretarial Audit Report of even date

To,

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

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2019 is to be read along with this letter.

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

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

3. While forming an opinion on compliance and issuing this report, we have taken an overall view based on the compliance process / procedures followed by the Company and have also considered compliance related action taken by the Company after 31st March 2019, but before the issue of this report.

4. We have considered compliance related actions taken by the Company based on independent legal / professional opinion / certification obtained as being in compliance with law.

5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

6. We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.

7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.

8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S Krishnamurthy & Co
Company Secretaries
K. SRIRAM

Partner
Membership No: F6312
Certificate of Practice No: 2215

Chennai
30th April 2019

TVS

TVS KING

The King of Autos.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

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

To the members of TVS Motor Company Limited

Report on the Audit of the Standalone financial statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Key Audit Matter	Principal Audit Procedures
Overseas Equity Investments in Subsidiaries Equity Investments in overseas subsidiaries account for a significant percentage of the Company's total equity investments. To assess whether there are indications of impairment requires significant management judgement in determining the recoverable amount of these equity investments.	Management has obtained a valuation of the equity investment in the overseas subsidiary, based on the discounted cash flow method of valuation. We gained an understanding of the key assumptions used to forecast the free cash flows and the discount factors applied to arrive at the equity value of the investment. Based on the above procedures we consider that the management conclusions concerning the absence of impairment in the overseas equity investments are adequately supported and consistent with the information currently available.
Evaluation of Uncertain Tax positions The Company has material uncertain tax positions, including matters under dispute, which involve significant management judgement to determine the possible outcome of these uncertain tax positions.	We obtained an understanding of the Key uncertain positions relating to direct and indirect tax from the management. We considered legal precedence and other rulings as well as external opinions obtained by management in evaluating management's position on these uncertain tax positions.

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

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under section 133 of the Act.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

   (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 37(a) to the standalone financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note No. 28(D);

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act;

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

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

S. VENKATRAMAN
Partner
Membership No.: 34319

Place: Chennai
Date : 30th April 2019

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

S. VENKATRAMAN
Partner
Membership No.: 34319

Place: Chennai
Date : 30th April 2019

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

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

1. We have audited the internal financial controls over financial reporting of TVS Motor Company Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

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

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Chennai
Date : 30th April 2019

Balance Sheet as at 31st March 2019

Rupees in crores

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

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

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

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Chennai
Date : 30th April 2019

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

Rupees in crores

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

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Partner
Membership No.: 34319

Place : Chennai
Date : 30th April 2019

Statement of changes in Equity

Rupees in crores

a Equity Share Capital

As at 01-04-2017	47.51
Changes in equity share capital	–
As at 31-03-2018	47.51
Changes in equity share capital	–
As at 31-03-2019	47.51

b Other Equity

Particulars	Reserves & Surplus			Other Reserves		Total
	General reserve	Capital reserve	Retained earnings	Equity Instruments Fair Valued through Other Comprehensive Income	Hedging reserve	
Balance as at 01-04-2017	865.64	6.43	1,404.25	84.60	(0.10)	2,360.82
Add : Profit for the year 2017-18			662.59			662.59
Other comprehensive income for the year 2017-18			(4.47)	3.44		(1.03)
Less : Reclassification to profit or loss, net of tax					(0.10)	(0.10)
Less : Change in fair value of hedging instruments, net of tax					1.94	1.94
Less : Distribution to shareholders :						
2017-18 First Interim dividend paid			95.02			95.02
2017-18 Second Interim dividend paid			61.76			61.76
Less : Dividend Tax			30.85			30.85
Balance as at 31-03-2018	865.64	6.43	1,874.74	88.04	(1.94)	2,832.91
Add : Profit for the year 2018-19			670.14			670.14
Other comprehensive income for the year 2018-19			5.55	(9.12)		(3.57)
Less : Reclassification to profit or loss, net of tax					(1.94)	(1.94)
Less : Change in fair value of hedging instruments, net of tax					1.63	1.63
Less : Distribution to shareholders :						
2018-19 First Interim dividend paid			99.77			99.77
2018-19 Second Interim dividend paid			66.51			66.51
Less : Dividend Tax			33.70			33.70
Balance as at 31-03-2019	865.64	6.43	2,350.45	78.92	(1.63)	3,299.81

Nature and purpose of Other Reserves

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

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

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

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Partner
Membership No.: 34319

Place : Chennai
Date : 30th April 2019

Cash Flow Statement

Rupees in crores

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

Cash Flow Statement – *(continued)*

Rupees in crores

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

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

Change in liability arising from financing activities

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

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

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Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Chennai
Date : 30th April 2019

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the standalone financial statements of the Company.

a) Brief description of the Company

TVS Motor Company Limited ('the Company') is a public limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Nungambakkam, Chennai - 600006, Tamil Nadu, India.

The Company manufactures two wheelers, three wheelers, parts and accessories thereof. The Company has manufacturing plants located at Hosur in Tamil Nadu, Mysore in Karnataka and Nalagarh in Himachal Pradesh.

b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements have been prepared on the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d) Significant Estimates and judgments

The areas involving critical estimates or judgments are:

i) Estimation of fair value of unlisted securities- Refer Note 27

ii) Defined benefit obligation - Refer Note 30

iii) Estimation of useful life of Property, Plant and Equipment - Refer Note 1(f) and 1(g)

iv) Estimation and evaluation of provisions and contingencies relating to tax litigations - Refer Note 37(a).

e) Revenue recognition

The Company has adopted Ind AS 115 from 1st April, 2018 and opted for modified retrospective application with the cumulative effect of initially applying this standard recognised at the date of initial application. The standard has been applied to all open contracts as on 1st April, 2018, and subsequent contracts with customers from that date.

Performance obligation:

The revenue is recognized on fulfilment of performance obligation.

Sale of products:

The Company earns revenue primarily from sale of automotive vehicles, parts and accessories.

Payment for the sale is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

The Company's contracts with customers do not provide for any right to returns, refunds or similar obligations. The Company's obligation to repair or replace faulty products under standard warranty terms is recognised as a provision. Refer Note 34.

Revenue is recognised when the performance obligations are satisfied and the control of the product is transferred, being when the goods are delivered as per the relevant terms of the contract at which point in time the Company has a right to payment for the asset, customer has possession and legal title to the asset, customer bears significant risk and rewards of ownership and the customer has accepted the asset or the Company has objective evidence that all criteria for acceptance have been satisfied.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Sale of services:

The Company also earns revenue from providing IT services and Royalty on usage of Company's technical knowhow.

In respect of IT service, the revenue is recognised on a time proportion basis as the customer simultaneously receives and consumes the benefits as the obligations are performed. Payment or the services provided is received as per the credit terms agreed with the customers. The credit period is generally short term, and thus there is no significant financing component.

In respect of Royalty, the performance obligation is, to provide the right-to-use the Company's technical knowhow by the customers, for which usage-based royalty is charged. Payment for the services provided is received as per the credit terms as agreed with the customers. The credit period is generally short term, and thus there is no significant financing component.

Significant judgements:

There are no significant judgements made by the Company in determining the timing of satisfaction of performance obligation. It is determined as per the terms of the contract.

f) Property, Plant and Equipment

Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date the asset is ready for its intended use. However, cost excludes Goods and Services Tax to the extent credit of the tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / (losses).

g) Depreciation and amortization

i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double / triple shift) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

ii) Keeping in mind the rigorous and periodic maintenance programme followed by the Company, the estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company is given below:

Description	Years
Factory building and other buildings	5 to 61
Plant and machinery	5 to 21
Electrical equipment	15
Furniture and fixtures	10
Computers and information systems	3 to 4
Material handling equipment	5
Mobile phone	2
Vehicles	6

iii) Tools and dies used for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for three wheeler operations are depreciated at 11.31 per cent.

iv) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

v) On tangible fixed assets added / disposed of during the year, depreciation is charged on pro-rata basis from the date of addition / till the date of disposal.

vi) Depreciation in respect of tangible assets costing less than Rs.5,000/- is provided at 100%.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

h) Intangible assets

Expenses incurred during research phase are expensed in the year in which they are incurred. Expenses incurred during development phase are recognized as intangible assets under development and capitalized as intangible assets on completion of the development phase and are amortised on straight line basis over its useful life, viz., 2 years in the case of software and 6 to 10 years in the case of Design, Development and Technical knowhow.

i) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for, the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

j) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e in Indian rupee (INR) and all values are rounded off to nearest crores except otherwise indicated.

(ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

i) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.

ii) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.

iii) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

k) Hedge accounting

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 27. Movements in the hedging reserve in shareholders' equity are shown in Note 28. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

When forward contracts are used to hedge forecast transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

l) Inventories

Inventories are valued at the lower of cost and net realisable value.

i) Cost of raw materials, components, stores and spares are ascertained on a moving average basis.

ii) Cost of finished goods and work-in-progress comprise of direct materials, direct labour and an appropriate proportion of variable and fixed overhead, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

m) Employee benefits

i) Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Other long term employee benefit:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, measured at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employment obligation:

The Company operates the following post-employment schemes:

a) Defined benefit plans such as gratuity for its eligible employees, pension plan for its eligible senior managers; and

b) Defined contribution plans such as provident fund.

Pension and gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the Government Bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net-off deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Provident fund:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary.The provident fund contributions are made to an irrevocable trust set up by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) Bonus plans:

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

n) Taxes on income

Tax expense comprises of current and deferred taxes.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Where the Company is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Company accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

o) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in current / non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in statement of profit and loss on completion of export obligation as approved by the Regulatory Authorities.

p) Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liabilities. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

r) Leases

Leases of property, plant and equipment where the Company, as a lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of lease at fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

s) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

t) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

u) Investments and Other financial assets

i) Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement

At Initial recognition, the Company measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments:

The Company subsequently measures all investments in equity (except of the subsidiaries/associate) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Investment in subsidiaries / associates:

Investment in subsidiaries / associates are measured at cost less provision for impairment.

iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 28 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

iv) Derecognition of financial assets

A financial asset is derecognised only when:

a) the Company has transferred the rights to receive cash flows from the financial asset or

b) the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

v) Income recognition

Interest Income:

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends:

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

v) Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gain / (loss).

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

w) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

x) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

y) Recent accounting pronouncements

The Ministry of Corporate Affairs has notified Ind AS 116 Leases, which is applicable to the Company from accounting periods beginning 1st April 2019. This Standard changes the classification and accounting for leases and also provides transition guidance. The Company expects the Standard to affect the accounting for assets that are taken on operating lease and is currently in the process of assessing the impact of this Standard on its transactions.

Notes to the Financial Statements - *(continued)*

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value										
as at 01-04-2018	162.17	656.63	3,381.76	58.12	20.30	105.62	4,384.60	71.55	89.28	160.83
Additions	3.89	109.65	418.96	19.48	8.67	33.25	593.90	16.00	8.43	24.43
Sub-total	166.06	766.28	3,800.72	77.60	28.97	138.87	4,978.50	87.55	97.71	185.26
Sales / deletion	–	7.59	94.02	0.83	1.36	5.39	109.19	0.94	–	0.94
Total	166.06	758.69	3,706.70	76.77	27.61	133.48	4,869.31	86.61	97.71	184.32
Depreciation / Amortisation										
Upto 31-03-2018	–	161.32	1,800.89	25.85	12.54	68.54	2,069.14	60.73	43.69	104.42
For the year	–	26.95	312.42	9.88	2.99	19.21	371.45	11.54	16.28	27.82
Sub-total	–	188.27	2,113.31	35.73	15.53	87.75	2,440.59	72.27	59.97	132.24
Withdrawn on										
assets sold / deleted	–	7.54	83.28	0.14	1.36	5.25	97.57	0.94	–	0.94
Total	–	180.73	2,030.03	35.59	14.17	82.50	2,343.02	71.33	59.97	131.30
Carrying value										
As at 31-03-2019	166.06	577.96	1,676.67	41.18	13.44	50.98	2,526.29	15.28	37.74	53.02

Capital work-in-progress (at cost) as at 31-03-2019

(a)	Building	5.76
(b)	Plant & equipment	110.88
Total		116.64

a) Cost of buildings includes Rs.6.71 crores pertaining to buildings constructed on leasehold lands.

b) Land includes lease hold land of Rs.0.51 Crores, whose ownership is transferrable at the end of the lease term.

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total intangible assets
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value										
as at 01-04-2017	109.24	538.91	2,999.11	52.78	18.79	79.56	3,798.39	60.03	70.58	130.61
Additions	53.61	118.77	507.96	6.29	2.85	28.80	718.28	11.52	18.70	30.22
Sub-total	162.85	657.68	3,507.07	59.07	21.64	108.36	4,516.67	71.55	89.28	160.83
Sales / deletion	0.68	1.05	125.31	0.95	1.34	2.74	132.07	–	–	–
Total	162.17	656.63	3,381.76	58.12	20.30	105.62	4,384.60	71.55	89.28	160.83
Depreciation / Amortisation										
Upto 31-03-2017	–	137.02	1,643.19	19.09	11.69	56.76	1,867.75	48.57	28.81	77.38
For the year	–	25.33	262.29	7.42	2.16	14.49	311.69	12.16	14.88	27.04
Sub-total	–	162.35	1,905.48	26.51	13.85	71.25	2,179.44	60.73	43.69	104.42
Withdrawn on assets sold / deleted	–	1.03	104.59	0.66	1.31	2.71	110.30	–	–	–
Total	–	161.32	1,800.89	25.85	12.54	68.54	2,069.14	60.73	43.69	104.42
Carrying value										
As at 31-03-2018	162.17	495.31	1,580.87	32.27	7.76	37.08	2,315.46	10.82	45.59	56.41

Capital work-in-progress (at cost) as at 31-03-2018

(a)	Building	10.66
(b)	Plant & equipment	81.08
Total		91.74

a) Cost of buildings includes Rs.7.12 crores pertaining to buildings constructed on leasehold lands.

b) Land includes lease hold land of Rs.0.51 crores, whose ownership is transferrable at the end of the lease term.

Notes to the Financial Statements - *(continued)*

Rupees in crores

3 NON CURRENT INVESTMENTS

Sl No.	Particulars	Subsidiary/ associate	No. of shares / units		Face Value	Currency	Rupees in crores	
			As at 31-03-2019	As at 31-03-2018			As at 31-03-2019	As at 31-03-2018
1	2	3	4	5	6	7	8	9
(a)	**Investment in Equity Instruments Fair valued through OCI:**							
	Quoted :							
(i)	Suprajit Engineering Limited, Bengaluru		28,92,000	28,92,000	1.00	INR	70.80	80.35
(ii)	Ucal Fuel Systems Limited, Chennai		91,760	91,760	10.00	INR	1.47	2.16
	Unquoted :							
(iii)	Green Infra BTV Limited, New Delhi		32,50,000	32,50,000	10.00	INR	1.29	1.19
(iv)	TVS Lanka (Private) Limited, Colombo		50,00,000	50,00,000	10.00	LKR	10.52	10.52
(v)	Green Infra Wind Power Projects Limited, New Delhi		1,11,600	1,11,600	10.00	INR	0.06	0.05
(vi)	Green Infra Wind Power Generation Limited, New Delhi		2,16,000	2,16,000	10.00	INR	0.13	0.13
(vii)	Suryadev Alloys & Power Private Limited, Chennai		–	2,500	10.00	INR	–	0.03
(viii)	Ultraviolette Automotive Private Limited, Bengaluru*		–	6,750	10.00	INR	–	5.00
(ix)	Condivision Solutions Pvt. Limited, Bengaluru		6,760	6,760	10.00	INR	2.00	2.00
(x)	Mulanur Renewable Energy Pvt. Limited, Chennai		15,000	15,000	10.00	INR	0.02	0.02
(xi)	Atria Wind Power Bijapur 1 Limited, Bengaluru		1,01,217	–	10.00	INR	1.93	–
(b)	**Investment in Equity Instruments valued at Cost (Unquoted):**							
(i)	Sundaram Auto Components Limited, Chennai#	Subsidiary	3,59,25,000	3,59,25,000	10.00	INR	253.22	255.90
(ii)	TVS Motor Company (Europe) B.V., Amsterdam	Subsidiary	2,25,301	2,25,301	100.00	EUR	1.80	1.80
(iii)	TVS Motor (Singapore) Pte. Limited, Singapore	Subsidiary	9,14,80,287	7,75,90,002	1.00	SGD	225.86	153.49
(iv)	PT.TVS Motor Company Indonesia, Jakarta	Subsidiary	75,97,000	68,97,000	97,400.00	IDR	316.75	268.90
(v)	TVS Housing Limited, Chennai	Subsidiary	50,000	50,000	10.00	INR	0.05	0.05
(vi)	TVS Motor Services Limited, Chennai#	Subsidiary	86,33,814	50,00,000	10.00	INR	7.68	5.00
(vii)	TVS Credit Services Limited, Chennai	Subsidiary	1,83,29,753	70,09,753	10.00	INR	173.53	53.53
(viii)	Emerald Haven Realty Limited, Chennai	Associate	11,12,19,512	11,12,19,512	10.00	INR	111.22	111.22
(ix)	Ultraviolette Automotive Private Limited, Bengaluru*	Associate	14,850	–	10.00	INR	11.00	–
	Total value of Equity Instruments (a) + (b)						**1,189.33**	**951.34**
(c)	**Investments in Preference Shares (Unquoted): (Valued at Amortised Cost)**							
(i)	TVS Motor Services Limited, Chennai	Subsidiary	61,30,10,000	61,30,10,000	10.00	INR	1,042.48	1,042.48
(ii)	Pinnacle Engines Inc., USA (face value 0.01 cent)		24,09,638	24,09,638	0.0001	USD	11.70	11.70
(iii)	Axiom Research Labs Private Limited, Delhi		82	82	10.00	INR	1.00	1.00
(iv)	TVS Lanka (Private) Limited, Colombo		37,00,00,000	–	1.00	LKR	14.75	–
	Total value of Preference shares (c)						**1,069.93**	**1,055.18**
(d)	**Other non-current Investments (Unquoted):**							
	Investments valued through OCI:							
(i)	Autotech Fund I, L.P. USA					USD	17.85	10.11
	Pension Funds / Government Securities (Valued at Amortised Cost):							
(ii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR	5.92	6.11
(iii)	Life Insurance Corporation Pension Policy, Mumbai					INR	17.64	12.64
	Total value of other non-current investments (d)						**41.41**	**28.86**
	Total (a) + (b) + (c) + (d)						**2,300.67**	**2,035.38**
	Aggregate amount of quoted investments and market value thereof						72.27	82.51
	Aggregate amount of unquoted investments						2,228.40	1,952.87
	Total						2,300.67	2,035.38

* Ultraviolette Automotive Private Limited became associate during the F.Y. 2018-19. Hence, equity holding in this company is disclosed under "equity investments valued at cost" as at 31st March 2019 (previous year shown under "investments in equity instruments fair valued through OCI" and disclosed suitably).

\# Pursuant to the order of the NCLT (Chennai), the automobile trading division of Sundaram Auto Components Limited (SACL), a wholly owned subsidiary, was demerged and merged with TVS Motor Services Ltd (TVS MS), a wholly owned subsidiary of the company with effect from 1st April 2018. As per the Scheme of Arrangement approved by the NCLT (Chennai), TVS MS allotted 36,33,814 equity shares of Rs.10/- each to the Company as consideration for the transfer of the automobile trading division of SACL on 27th February 2019. Accordingly, the carrying cost of the existing 3,59,25,000 equity shares held by the Company in SACL has been allocated as the cost of the 36,33,814 equity shares allotted by TVS MS, in the same proportion as the net book value of the assets transferred by SACL to TVS MS bears to the net worth of SACL immediately before the demerger.

All Investments are fully paid up.

Notes to the Financial Statements – *(continued)*

Rupees in crores

		As at 31-03-2019	As at 31-03-2018
4	**OTHER NON-CURRENT ASSETS**		
	Capital advances	41.90	37.32
	Advances other than capital advances:		
	Prepaid lease rent	2.60	2.71
	Deposits made	15.82	24.71
		60.32	64.74
5	**INVENTORIES**		
	Raw materials and components	623.61	470.19
	Goods-in-transit - Raw materials and components	99.23	121.64
	Work-in-progress	92.51	68.00
	Finished goods	244.96	209.75
	Stock-in-trade	73.05	57.40
	Stores and spares	42.58	37.41
		1,175.94	964.39
6	**TRADE RECEIVABLES**		
	Secured, considered good	18.90	16.62
	Unsecured, considered good*	1,406.87	961.33
		1,425.77	977.95
	Less: Loss allowance	11.63	9.58
		1,414.14	968.37
7	**CASH AND CASH EQUIVALENTS**		
	Balances with banks in current accounts	38.65	6.19
	Cash on hand	0.47	0.30
		39.12	6.49
	Cash and cash equivalents for the purpose of cash flow statement		
	Cash and cash equivalents as shown above	39.12	6.49
	Less : Over drafts utilised	(0.11)	(144.11)
	[Grouped under financial liabilities - borrowings (Refer Note 16)]		
		39.01	(137.62)
8	**OTHER BANK BALANCES**		
	Earmarked balances with banks (for unpaid dividend)	4.74	4.41
		4.74	4.41
9	**FINANCIAL ASSETS - OTHERS (CURRENT)**		
	Unsecured, considered good:		
	Employee advances	8.12	9.29
	Security deposits	4.65	4.78
	Claims receivable	1.70	0.16
		14.47	14.23
10	**OTHER CURRENT ASSETS**		
	GST/VAT/IT/Excise receivable	386.57	405.54
	Prepaid expense	22.35	17.49
	Vendor advance*	19.51	39.91
	Trade deposits	0.95	0.94
	Export incentive receivable	53.03	47.77
	Employee benefit assets (Refer Note 30)	1.14	–
		483.55	511.65

* Balances include balance with related parties [Refer Note 31(c)(i)].

Notes to the Financial Statements – *(continued)*

11 EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and fully paid up

Particulars	As at 31-03-2019		As at 31-03-2018	
	Number	Rupees in crores	Number	Rupees in crores
Authorised:				
Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully paid up:				
Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51
	47,50,87,114	47.51	47,50,87,114	47.51

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31-03-2019		As at 31-03-2018	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	47,50,87,114	47.51	47,50,87,114	47.51
Shares issued during the year	–	–	–	–
Shares outstanding at the end of the year	47,50,87,114	47.51	47,50,87,114	47.51

(c) (i) Rights and preferences attached to equity share:

Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

(ii) There are no restrictions attached to equity shares.

(d) Shares held by holding company at the end of the year

Name of shareholder	Class of share	As at 31-03-2019		As at 31-03-2018	
		Number of shares held	% of holding	Number of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40

(e) Shareholders holding more than five percent at the end of the year (other than (d))

Name of shareholder	Class of share	As at 31-03-2019		As at 31-03-2018	
		Number of shares held	% of holding	Number of shares held	% of holding
ICICI Mutual Fund	Equity	3,11,44,102	6.56	1,30,24,321	2.74

12 OTHER EQUITY

Rupees in crores

Particulars	As at 31-03-2019	As at 31-03-2018
General reserve	865.64	865.64
Capital reserve	6.43	6.43
Retained earnings	2,350.45	1,874.74
Other Reserves	77.29	86.10
	3,299.81	2,832.91

Notes to the Financial Statements – *(continued)*

Rupees in crores

13 NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Description	Frequency	No. of instal-ments due	Maturity	As at 31-03-2019	As at 31-03-2018
Secured:					
ECB Loan from Bank - I		–		–	130.16
ECB Loan from Bank - II	Quarterly	4	Feb 2023	206.09	–
FCNRB Loan from Bank	End of Tenure	1	Jul 2021	69.16	–
State owned corporation	Yearly	4	2022-27	157.08	157.08
Unsecured:					
ECB Loan from Bank - III	Half Yearly	6	Sep 2023	138.31	–
Sales Tax Deferral					
Phase-1	Yearly	3	2021-22	18.99	25.32
Phase-2	Yearly	9	2027-28	141.55	157.28
Total Borrowings :				731.18	469.84
Less : Current maturities of long-term borrowings				22.06	152.22
Total Long-term Borrowings				709.12	317.62

Details of securities created:

(i) ECB loan from Bank II - Exclusive charge over assets procured out of proceeds of the loan, charge creation is in the process.

(ii) FCNRB Loan from Bank - Exclusive charge over assets procured out of proceeds of the loan.

(iii) Soft loan - State owned corporation viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.

Amount payable in each instalments:

Description	Currency	Amount	Rate of Interest
ECB Loan from Bank - II	USD	4 Quarterly instalments of 7.5 mn between May 2022 and Feb 2023	3 Month USD LIBOR plus Margin
FCNRB Loan from Bank	USD	10 Mn at the end of term	3 Month USD LIBOR plus Margin
ECB Loan from Bank - III	USD	6 Half yearly instalments of 3.33 mn between Mar 2021 and Sep 2023	3 Month USD LIBOR plus Margin
Sales tax deferral Phase-1	INR	6.33 crores per annum	Nil
Sales tax deferral Phase-2	INR	15.73 crores per annum	Nil
State owned corporation	INR	10.00, 67.23, 75.40 and 4.45 crores (four instalments between 2022 and 2027)	0.10%

14 PROVISIONS

Particulars	As at 31-03-2019		As at 31-03-2018	
	Current	Non-current	Current	Non-current
Provision for employee benefits				
(a) Pension	27.45	39.09	33.18	32.41
(b) Leave salary	3.05	19.52	1.88	21.35
(c) Gratuity	–	–	2.56	–
Others:				
(a) Warranty	29.15	–	24.40	–
	59.65	58.61	62.02	53.76

Notes to the Financial Statements – *(continued)*

Rupees in crores

15 DEFERRED TAX LIABILITIES (NET)

Particulars		As at 31-03-2019	As at 31-03-2018
The balance comprises temporary differences attributable to:			
Depreciation		318.23	299.67
Total deferred tax liability	(A)	318.23	299.67
Deferred tax asset consists of:			
- tax on employee benefit expenses		36.78	35.39
- tax on warranty provision		12.64	10.98
- tax on others		5.27	6.17
- unused tax credits (MAT credit entitlement)		50.91	98.96
Total deferred tax assets	(B)	105.60	151.50
Net deferred tax liability	(A)-(B)	212.63	148.17

Movement in deferred tax:

Particulars	Depreciation	Others	Total
As at 01-04-2017			125.70
Charged / (credited):			
- to profit or loss	47.89	(24.16)	23.73
- to other comprehensive income	–	(3.99)	(3.99)
- unused tax credits (MAT credit entitlement of earlier period)	–	(4.74)	(4.74)
- unused tax credits (MAT credit entitlement)	–	7.47	7.47
As at 31-03-2018			148.17
Charged / (credited):			
- to profit or loss	18.56	(4.50)	14.06
- to other comprehensive income	–	2.35	2.35
- to utilisation of tax credits (MAT credit entitlement)	–	48.05	48.05
As at 31-03-2019			212.63

16 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

	As at 31-03-2019	As at 31-03-2018
Borrowings repayable on demand from banks		
Secured*	120.00	48.38
Unsecured#	250.11	329.73
Short term loans from banks (Unsecured)	298.71	341.24
	668.82	719.35
* Includes overdraft utilisation	–	48.38
# Includes overdraft utilisation	0.11	95.73
Total overdraft utilisation	0.11	144.11

Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.

Notes to the Financial Statements – *(continued)*

Rupees in crores

	As at 31-03-2019	As at 31-03-2018
17 TRADE PAYABLES		
Dues to Micro and Small Enterprises **	74.57	71.70
Dues to enterprises other than Micro and Small Enterprises#	2,849.33	2,414.26
	2,923.90	2,485.96

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

Balances include balances due to related parties [Refer Note 31(c)(ii)].

	As at 31-03-2019	As at 31-03-2018
18 OTHER FINANCIAL LIABILITIES		
Current Maturities of long term borrowings	22.06	152.22
Interest accrued but not due on loans	2.41	1.69
Trade deposits received	27.44	25.40
Unclaimed dividends (Not due for transfer to Investor Education and Protection Fund)	4.74	4.41
Payables against capital goods	23.25	22.70
Derivative instruments - payable	–	1.38
Hedge liability	14.47	2.60
	94.37	210.40
19 OTHER CURRENT LIABILITIES		
Statutory dues	142.83	133.17
Employee related	89.83	85.77
Advance received from customers	57.83	53.14
Deferred income	–	4.99
Money held under trust	4.45	1.47
	294.94	278.54

	Year ended 31-03-2019	Year ended 31-03-2018
20 REVENUE FROM OPERATIONS		
Sale of products	17,879.12	15,233.95 *
Sale of raw materials	–	58.20
Sale of services	33.39	17.85
Other operating revenue#	297.41	208.63
	18,209.92	15,518.63

* Includes excise duty upto June 2017.

Includes Government Grants (export incentives) of Rs.176.60 crores (Last year Rs.119.05 crores).

Notes to the Financial Statements – *(continued)*

Rupees in crores

		Year ended 31-03-2019	Year ended 31-03-2018
21 OTHER INCOME			
Dividend income			
(i) From subsidiaries		2.34	5.21
(ii) From other investments designated as Fair Value through OCI		0.94	0.60
Interest income		3.29	1.97
Profit on sale of investments (Net)		–	18.97
Profit on sale of fixed assets (Net)		–	2.72
Change in fair value of investments (Net)*		–	58.70
Government grant		–	9.67
Other non-operating income		0.97	1.19
		7.54	99.03

* Increase in fair value of investments represents changes in fair value of preference shares held in TVS Motor Services Limited and Other non-current investments.

		Year ended 31-03-2019	Year ended 31-03-2018
22 MATERIAL COST			
Cost of Material consumed:			
Opening stock of raw materials and components		470.19	509.85
Add: Purchases		13,826.22	10,870.26
		14,296.41	11,380.11
Less: Closing stock of raw materials and components		623.61	470.19
		13,672.80	10,909.92
Purchases of stock-in-trade:			
Spare parts		152.75	116.89
Engine oil		92.09	79.32
Raw materials		–	58.20
		244.84	254.41
Changes in inventories of finished goods, work-in-progress and stock-in-trade:			
Opening stock:			
Work-in-progress		68.00	93.57
Stock-in-trade		57.40	53.03
Finished goods (last year Includes excise duty of Rs.27.47 crores)		209.75	157.21
	(A)	335.15	303.81
Closing stock:			
Work-in-progress		92.51	68.00
Stock-in-trade		73.05	57.40
Finished goods		244.96	209.75
	(B)	410.52	335.15
	(A) - (B)	(75.37)	(31.34)

	Year ended 31-03-2019	Year ended 31-03-2018
23 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	798.56	745.92
Contribution to provident and other funds	49.57	44.22
Staff welfare expenses	74.50	77.87
	922.63	868.01

Notes to the Financial Statements – *(continued)*

Rupees in crores

		Year ended 31-03-2019	Year ended 31-03-2018
24 FINANCE COSTS			
Interest		80.87	55.98
Exchange differences		(0.31)	0.64
		80.56	56.62
25 OTHER EXPENSES			
(a) Consumption of stores, spares and tools		71.03	71.48
(b) Power and fuel		110.08	107.17
(c) Rent		32.33	27.39
(d) Repairs - buildings		11.21	10.09
(e) Repairs - plant and equipment		54.64	54.94
(f) Insurance		15.16	12.97
(g) Rates and taxes (excluding taxes on income)		6.03	6.61
(h) Audit fees		0.90	0.90
(i) Cost audit fees		0.05	0.05
(j) Packing and freight charges		391.60	637.09
(k) Advertisement and publicity		391.84	301.49
(l) Other marketing expenses		359.56	322.25
(m) Loss on sale of fixed assets (Net)		1.91	–
(n) Foreign exchange loss (Net)		21.75	–
(o) Corporate Social Responsibility expenditure*		13.25	10.98
(p) Contributions to electoral trust		9.00	0.53
(q) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.10 lakh, whichever is higher)		521.43	435.51
		2,011.77	1,999.45

* Refer Note 41 for details on Corporate Social Responsibility expenditure.

		Year ended 31-03-2019	Year ended 31-03-2018
26 TAX EXPENSE AND RECONCILIATION			
(a) Tax expense			
Current tax:			
Current tax on profits for the year		276.46	203.41
Adjustments for current tax of prior periods		0.30	(6.35)
	(A)	276.76	197.06
Deferred tax:			
Decrease / (increase) in deferred tax assets		(4.50)	(10.97)
(Decrease) / increase in deferred tax liabilities		18.56	34.70
Unused tax (credit) / reversal [MAT credit entitlement] of prior periods		–	(4.74)
	(B)	14.06	18.99
	(A) + (B)	290.82	216.05

Notes to the Financial Statements – *(continued)*

Rupees in crores

	Year ended 31-03-2019	Year ended 31-03-2018
26 TAX EXPENSE AND RECONCILIATION - *(continued)*		
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	960.96	878.64
Tax at the Indian tax rate of 34.944% (previous year – 34.61%)	335.80	304.10
Additional deduction towards Research & Development expenses	(40.39)	(65.09)
Fair valuation gains not subjected to tax	–	(20.32)
Capital receipts	(8.30)	(3.57)
Exempted income	(1.00)	(1.94)
Partially allowed deductions	4.99	4.74
Others	(0.58)	4.48
Tax relating to earlier years	0.30	(6.35)
Income tax expense	290.82	216.05

27 FAIR VALUE MEASUREMENTS

Particulars	As at 31-03-2019			As at 31-03-2018		
	FVTPL*	FVOCI*	Amortised cost	FVTPL*	FVOCI*	Amortised cost
Financial assets						
Investments						
- Equity instruments	–	88.22	–	–	101.45	–
- Preference shares	1,042.48	–	27.45	1,042.48	–	12.70
- Other non-current investments	–	17.85	–	–	10.11	–
- Debt Instruments	–	–	23.56	–	–	18.75
Trade receivables	–	–	1,414.14	–	–	968.37
Cash and cash equivalents	–	–	39.12	–	–	6.49
Other financial assets	–	–	14.47	–	–	14.23
	1,042.48	106.07	1,518.74	1,042.48	111.56	1,020.54
Financial liabilities						
Borrowings	–	–	1,400.00	–	–	1,189.19
Trade payables	–	–	2,923.90	–	–	2,485.96
Derivative financial liability	–	14.47	–	1.38	2.60	–
Other financial liability	–	–	57.84	–	–	54.20
	–	14.47	4,381.74	1.38	2.60	3,729.35

*FVTPL - Fair Valued Through Profit and Loss; FVOCI - Fair Valued through Other Comprehensive Income.

Notes to the Financial Statements – *(continued)*

Rupees in crores

27 FAIR VALUE MEASUREMENTS - *(continued)*

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31-03-2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVTPL	3	–	–	1,042.48	1,042.48
Financial investments at FVOCI	3	72.27	17.85	15.95	106.07
		72.27	17.85	1,058.43	1,148.55
Financial liabilities					
Derivatives	18	–	14.47	–	14.47
		–	14.47	–	14.47

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31-03-2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3	–	–	27.45	27.45
Debt instruments	3	–	–	23.56	23.56
		–	–	51.01	51.01
Financial liabilities					
Borrowings	13, 16, 18	–	–	1,400.00	1,400.00
		–	–	1,400.00	1,400.00

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31-03-2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	–	–	1,042.48	1,042.48
Financial Investments at FVOCI	3	82.51	10.11	18.94	111.56
		82.51	10.11	1,061.42	1,154.04
Financial liabilities					
Derivatives	18	–	3.98	–	3.98
		–	3.98	–	3.98

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31-03-2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3	–	–	12.70	12.70
Debt instruments	3	–	–	18.75	18.75
		–	–	31.45	31.45
Financial liabilities					
Borrowings	13, 16, 18	–	–	1,189.19	1,189.19
		–	–	1,189.19	1,189.19

Notes to the Financial Statements – *(continued)*

27 FAIR VALUE MEASUREMENTS – *(continued)*

Rupees in crores

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the end of the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers among the three levels.

The company's policy is to recognise transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principal only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value measurements using significant unobservable inputs (level 3)

Particulars	Unlisted Preference Shares	Unlisted Equity Shares	Total
As at 01-04-2017	871.78	87.82	959.60
Additions	105.43	(58.36)	47.07
Gains / (losses) recognised in profit or loss	65.27	–	65.27
Gains / (losses) recognised in other comprehensive income	–	(10.52)	(10.52)
As at 31-03-2018	1,042.48	18.94	1,061.42
Additions / (Deletions)	–	(3.10)	(3.10)
Gains / (losses) recognised in profit or loss	–	–	–
Gains / (losses) recognised in other comprehensive income	–	0.11	0.11
As at 31-03-2019	1,042.48	15.95	1,058.43

(iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended		Sensitivity
	31-03-2019	31-03-2018		31-03-2019	31-03-2018	
Preference shares	1,042.48	1,042.48	a) Earnings growth rate	20-30%	20-30%	If the growth rate increases by 5% and the reduction in discount rate by 50 bps, the value of preference shares will increase by 2% and vice versa.
			b) Risk adjusted discount rate	20.10%	20.10%	
Unquoted Equity shares	15.95	18.94	a) Earnings growth rate	1-3%	1-3%	Not significant
			b) Risk adjusted discount rate	8%	8%	

Notes to the Financial Statements – *(continued)*

27 FAIR VALUE MEASUREMENTS – *(continued)*

Rupees in crores

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies. Risk adjustments have been derived based on the market risk premium adjusted for companies relevered financial data.

(vi) Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31-03-2019		As at 01-04-2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Preference shares	27.45	27.45	12.70	12.70
Debt instruments	23.56	23.56	18.75	18.75
	51.01	51.01	31.45	31.45
Financial liabilities				
Borrowings	1,400.00	1,400.00	1,189.19	1,189.19
	1,400.00	1,400.00	1,189.19	1,189.19

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

28 FINANCE RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit Risk	Cash, Cash equivalents and Trade receivables	Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forwarding-looking information (more specifically described below) . In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days, when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Notes to the Financial Statements – *(continued)*

28 FINANCE RISK MANAGEMENT - *(continued)*

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit Risk (continued)	a. Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
	b. Domestic Trade Receivables	Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. The Company extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. The Company has extensive reporting and review system to constantly monitor the outstandings.
	c. Export Trade Receivables	The Company's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with ECGC Limited.
Liquidity Risk	INR denominated borrowings [other than soft loans given by Govt. Authorities]	The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company works out a detailed annual operating plans to assess the fund requirements - both short term and long term. Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
Market Risk	(i) Foreign exchange	The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
	a. Export trade receivables and Import payables	The Company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
	b. Foreign currency denominated borrowings	The Company has hedged its borrowings by covering the principal repayments.
	(ii) Interest rate - Foreign currency denominated borrowings	The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Notes to the Financial Statements – *(continued)*

28 FINANCE RISK MANAGEMENT - *(continued)*

(A) Credit risk

Basis of recognition of expected credit loss provision

<table>
<tr><th>Rating</th><th>Category</th><th>Description of category</th><th>Investments</th><th>Loans and deposits</th><th>Trade receivables</th></tr>
<tr><td>1</td><td>High Quality assets, negligible credit risk</td><td>Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.</td><td rowspan="3">12 month expected credit losses</td><td rowspan="3">12 month expected credit losses</td><td rowspan="5">Life time expected credit losses (simplified approach)</td></tr>
<tr><td>2</td><td>Quality assets, low credit risk</td><td>Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.</td></tr>
<tr><td>3</td><td>Standard Assets, moderate credit risk</td><td>Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.</td></tr>
<tr><td>4</td><td>Substandard Assets, relatively high credit risk</td><td>Assets where there has been a significant increase in credit risk since initial recognition.</td><td colspan="2" rowspan="2">Life time expected credit losses</td></tr>
<tr><td>5</td><td>Low quality assets, very high credit risk</td><td>Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.</td></tr>
<tr><td>6</td><td>Doubtful assets, credit impaired</td><td>Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.</td><td colspan="3">Asset is written off</td></tr>
</table>

Notes to the Financial Statements – *(continued)*

Rupees in crores

28 FINANCE RISK MANAGEMENT - *(continued)*

As at 31-03-2019

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	51.01	0%	–	51.01
	1	Other financial assets	14.47	0%	–	14.47

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,398.58	27.19	1,425.77
Expected loss rate	–	43%	–
Expected credit losses	–	11.63	11.63
Carrying amount of trade receivables	1,398.58	15.56	1,414.14

As at 31-03-2018

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	31.45	0%	–	31.45
	1	Other financial assets	14.23	0%	–	14.23

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	962.73	15.22	977.95
Expected loss rate	–	63%	–
Expected credit losses	–	9.58	9.58
Carrying amount of trade receivables	962.73	5.64	968.37

Reconciliation of loss allowance provision - Loans and deposits

Loss allowance on 01-04-2017	–
Write offs	–
Recoveries	–
Loss allowance on 31-03-2018	–
Write offs	–
Recoveries	–
Loss allowance on 31-03-2019	–

Notes to the Financial Statements – *(continued)*

Rupees in crores

28 FINANCE RISK MANAGEMENT - *(continued)*

Reconciliation of loss allowance provision - Trade receivables

Loss allowance on 01-04-2017	5.22
Changes in loss allowance	4.36
Loss allowance on 31-03-2018	9.58
Changes in loss allowance	2.05
Loss allowance on 31-03-2019	11.63

(B) Liquidity risk

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31-03-2019	As at 31-03-2018
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	875.01	626.82
- Expiring beyond one year (bank loans)	–	–

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging from 30 to 180 days.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

As at 31-03-2019

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	513.55	177.34	–	633.62	75.49	1,400.00
Trade payables	2,923.90					2,923.90
Other financial liabilities	57.84					57.84
Derivatives	14.47					14.47

As at 31-03-2018

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	672.74	87.14	111.69	191.69	125.93	1,189.19
Trade payables	2,485.96					2,485.96
Other financial liabilities	54.20					54.20
Derivatives	2.60	0.26	1.12			3.98

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the Financial Statements – *(continued)*

Rupees in crores

28 FINANCE RISK MANAGEMENT - *(continued)*

(C) Market risk

(i) Foreign exchange risk

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	As at 31-03-2019		As at 31-03-2018	
Exposure in foreign currency	USD	EUR	USD	EUR
Financial assets:				
Trade receivables	419.95	23.47	234.05	80.00
Derivative assets:				
Foreign exchange forward contracts				
Sell foreign currency	(442.15)	(97.64)	(188.64)	(94.15)
Financial liabilities:				
Foreign currency loan	413.56		158.91	7.84
Trade payables	194.96	6.69	218.04	4.33
Derivative liabilities:				
Foreign exchange forward contracts				
Buy foreign currency			(28.45)	
Principal swap				
Buy foreign currency	(413.56)			

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	As at 31-03-2019	As at 31-03-2018	As at 31-03-2019	As at 31-03-2018
USD sensitivity				
INR/USD increases by 10%	15.53	(10.57)	(1.97)	(11.85)
INR/USD decreases by 10%	(15.53)	10.57	1.97	11.85
EURO sensitivity				
INR/EURO increases by 10%	1.16	5.02	(6.73)	(6.97)
INR/EURO decreases by 10%	(1.16)	(5.02)	6.73	6.97

* Holding all other variables constant

(ii) Interest rate risk

Domestic INR borrowings are based on fixed rate of interest. Normally, for short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, Company resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

Particulars	As at 31-03-2019	As at 31-03-2018
Variable rate borrowings	413.67	303.03
Fixed rate borrowings	986.33	886.16

Sensitivity	Impact on profit after tax	
	As at 31-03-2019	As at 31-03-2018
Increase in interest rates by 100 bps	(2.85)	(2.24)
Decrease in interest rates by 100 bps	2.85	2.24

Notes to the Financial Statements – *(continued)*

Rupees in crores

28 FINANCE RISK MANAGEMENT - *(continued)*

(iii) Price Risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

(i) Disclosure of effects of hedge accounting on financial position

(a) Disclosure of effects of hedge accounting on financial position as at 31-03-2019

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	564.82	–	577.32	–	Apr'19 to Jun'19	9.90	(9.90)
Foreign currency loan	–	403.56	–	413.56	Jul'21 to Sep'23	10.00	(10.00)

(b) Disclosure of effects of hedge accounting on financial position as at 31-03-2018

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	254.35	–	256.95	–	Apr'18 to Jun'18	(1.84)	1.84

(ii) Disclosure of effects of hedge accounting on financial performance:

for the year ended 31-03-2019:

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge: Foreign exchange risk	(1.63)	–	(1.94)	Revenue

for the year ended 31-03-2018:

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge: Foreign exchange risk	(2.60)	–	(0.10)	Revenue

Notes to the Financial Statements – *(continued)*

Rupees in crores

29 CAPITAL MANAGEMENT

(a) Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet). The company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	As at 31-03-2019	As at 31-03-2018
Net debt	1,360.88	1,182.70
Total equity	3,347.32	2,880.42
Net debt to equity ratio	40.66%	41.06%

The Company also monitors Interest coverage ratio :

Company's earnings before interest and taxes (EBIT) divided by interest

The Company's strategy is to maintain a optimum interest coverage ratio The Interest coverage ratio were as follows:

Particulars	Year ended 31-03-2019	Year ended 31-03-2018
EBIT	1,041.52	935.26
Interest	80.56	56.62
Interest coverage ratio (Times)	12.93	16.52

(b) Dividends

Particulars	Year ended 31-03-2019	Year ended 31-03-2018
(i) Equity shares Interim dividends for the year ended 31-03-2019 of Rs.3.50 (31-03-2018 of Rs.3.30) per fully paid share	199.98	187.63
(ii) Dividends not recognised at the end of the reporting period	–	–

Rupees in crores

30 EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plans as per actuarial valuation

Particulars	Funded plan			Unfunded plans	
	Gratuity			Pension	Leave salary
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Present value of obligation
As at 01-04-2017	82.52	(73.16)	9.36	61.66	19.19
Current service cost	6.06	–	6.06	3.15	3.02
Interest expense / (income)	6.03	(5.36)	0.67	4.37	1.37
Total amount recognised in profit or loss	12.09	(5.36)	6.73	7.52	4.39
Remeasurements					
Return on plan assets, excluding amounts included in interest expense / (income)	–	0.34	0.34	–	–
(Gain) / loss from change in financial assumptions	(6.18)	–	(6.18)	0.08	(1.74)
Experience (gains) / losses	11.78		11.78	(3.67)	5.22
Total amount recognised in other comprehensive income	5.60	0.34	5.94	(3.59)	3.48
Employer contributions	–	(19.47)	(19.47)	–	–
Benefit payments	(5.52)	5.52	–	–	(3.83)
As at 31-03-2018	94.69	(92.13)	2.56	65.59	23.23
Current service cost	16.20	–	16.20	0.90	–
Interest expense / (income)	7.40	(7.27)	0.13	4.90	1.70
Total amount recognised in profit or loss	23.60	(7.27)	16.33	5.80	1.70
Remeasurements					
Return on plan assets, excluding amounts included in interest expense / (income)	–	2.40	2.40	–	–
(Gain) / loss from change in financial assumptions	(3.94)	–	(3.94)	(0.94)	(0.89)
Experience (gains) / losses	(8.07)	–	(8.07)	0.52	2.19
Total amount recognised in other comprehensive income	(12.01)	2.40	(9.61)	(0.42)	1.30
Employer contributions	–	(10.42)	(10.42)	–	–
Benefit payments	(9.49)	9.49	–	(4.43)	(3.66)
As at 31-03-2019	96.79	(97.93)	(1.14)	66.54	22.57

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Statement of Profit and Loss.

Notes to the Financial Statements – *(continued)*

30 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

Rupees in crores

The significant actuarial assumptions were as follows:

Particulars	As at 31-03-2019	As at 31-03-2018
Discount rate (Gratuity)	7.7%	7.7%
Discount rate (Leave salary)	7.6%	7.7%
Discount rate (Pension)	7.0%	7.0%
Salary growth rate	5.5%	6.0%
Pre-retirement mortality rate	IALM (2006-08) Ultimate	
Post retirement mortality rate	LIC Ann (1996-98)	
Attrition rate (For Leave salary & Gratuity)	3.0%	3.0%
Attrition rate (For Pension)	0.0%	0.0%

Assumptions regarding future mortality for pension are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 58.

(i) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Impact on defined benefit obligation - Gratuity					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018
Discount rate	0.50%	0.50%	92.74	90.73	101.16	98.97
Salary growth rate	0.50%	0.50%	101.23	99.02	92.64	90.65
Mortality	5.00%	5.00%	96.81	94.71	96.76	94.67

Particulars	Impact on defined benefit obligation - Pension					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018
Discount rate	1.00%	1.00%	59.19	60.29	75.38	67.39
Salary growth rate	1.00%	1.00%	75.81	64.57	58.76	62.83
Mortality	5.00%	5.00%	66.03	63.69	67.08	63.67

Particulars	Impact on defined benefit obligation - Leave salary					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018
Discount rate	0.50%	0.50%	21.78	22.13	23.43	24.43
Salary growth rate	0.50%	0.50%	23.45	24.45	21.76	22.10
Mortality	5.00%	5.00%	22.58	23.24	22.57	23.23

Notes to the Financial Statements – *(continued)*

30 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

Rupees in crores

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(ii) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Company intends to maintain the above investment mix in the continuing years.

Changes in bond: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yield increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

(iii) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of Rs.15.06 crores (previous year Rs.14.25 crores) has been recognised in the Statement of Profit and Loss.

On 28th February 2019 Supreme Court (SC) gave a judgement on components / allowances paid to employees that need to be taken into account while computing an employer's contribution of provident fund under the EPF Act. There are numerous interpretative issues relating to the components needs to be considered for the above calculation. The Company is in the process of evaluating the method of computation of its PF contribution and would record any further effect in its financial statements, on receiving further clarification on the subject.

Notes to the Financial Statements – *(continued)*

31 RELATED PARTY DISCLOSURE

(a) (i) Related parties and their relationship where control exists

Holding company:

Sundaram-Clayton Limited, Chennai

Ultimate holding company:

T V Sundram Iyengar & Sons Private Limited, Madurai

Subsidiaries:

Sundaram Auto Components Limited, Chennai
TVS Housing Limited, Chennai
TVS Motor Services Limited, Chennai
TVS Credit Services Limited, Chennai
Harita Collection Services Private Limited, Chennai
Harita ARC Private Limited, Chennai
TVS Micro Finance Private Limited, Chennai
TVS Commodity Financial Solutions Private Limited, Chennai
TVS Two Wheeler Mall Private Limited, Chennai
TVS Housing Finance Private Limited, Chennai
TVS Motor (Singapore) Pte. Limited, Singapore
TVS Motor Company (Europe) B.V, Amsterdam
PT. TVS Motor Company Indonesia, Jakarta
Sundaram Holding USA Inc, USA
Green Hills Land Holding LLC, USA
Component Equipment Leasing LLC, USA
Sundaram-Clayton USA LLC, USA (Formerly known as Workspace Project LLC)
Premier Land Holding LLC, USA

Associate companies:

Emerald Haven Realty Limited, Chennai
Ultraviolette Automotive Private Limited, Bengaluru

(ii) Other related parties and their relationship where transaction exists:

Fellow subsidiaries:

TVS Electronics Limited, Chennai
Southern Roadways Limited, Madurai
Sundaram Industries Private Limited, Madurai
Lucas-TVS Limited, Chennai
Lucas Indian Service Limited, Chennai
TVS Auto Assist (India) Limited, Chennai
TVS Training and Services Limited, Chennai
TVS Lanka Private Limited, Colombo
Autosense Private Limited, Chennai

Associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:

Brakes India Private Limited, Chennai
TVS Srichakra Limited, Madurai
Wheels India Limited, Chennai
Sundram Fasteners Limited, Chennai
India Nippon Electricals Limited, Chennai
Sundaram Brake Linings Limited, Chennai

Notes to the Financial Statements – *(continued)*

31 RELATED PARTY DISCLOSURE - *(continued)*

Rupees in crores

Associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company: - *(continued)*

TVS Auto Bangladesh Limited, Dhaka
TVS Logistics Services Limited, Chennai
Harita Techserv Limited, Chennai

Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company::

Upasana Engineering Limited, Chennai
TVS Dynamic Global Freight Services Limited, Chennai
TVS Commutation Solutions Limited, Chennai

Enterprises in which directors are interested:

TVS Organics Private Limited
Designo Lifestyle Solutions Private Limited
Dua Associates
Dua Consulting Private Limited
McCann-Erickson (India) Private Limited

Key Management personnel:

Executive Directors:

Mr. Venu Srinivasan, Chairman & Managing Director
Mr. Sudarshan Venu, Joint Managing Director
Mr. K.N.Radhakrishnan, Director and CEO

Non-executive Directors:

Independent Directors:

Mr. T.Kannan
Mr. C.R.Dua
Mr. Prince Asirvatham
Mr. R.Ramakrishnan
Mr. Hemant Krishan Singh
Mrs. Lalita D. Gupte

Non-Independent Directors:

Mr. H.Lakshmanan
Dr. Lakshmi Venu
Mr. Rajesh Narasimhan

Enterprise in which key management personnel and their relative have significant influence:

Harita-NTI Limited, Chennai

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
(b) Transactions with related parties:		
(i) Purchase of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.42	0.36
- holding company (Sundaram-Clayton Limited, Chennai)	515.91	437.90
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	462.83	474.52
PT.TVS Motor Company Indonesia, Jakarta	0.35	0.27

Notes to the Financial Statements – *(continued)*

31 RELATED PARTY DISCLOSURE - *(continued)*

Rupees in crores

			As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
	-	fellow subsidiaries		
		TVS Electronics Limited, Chennai	0.30	0.19
		Sundaram Industries Private Limited, Madurai	0.05	0.10
		Lucas-TVS Limited, Chennai	169.69	121.40
		Lucas Indian Service Limited, Chennai	7.16	7.97
	-	associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
		Brakes India Private Limited, Chennai	27.40	16.95
		TVS Srichakra Limited, Madurai	527.76	418.43
		Wheels India Limited, Chennai	14.89	8.22
		Sundram Fasteners Limited, Chennai	65.40	57.71
		India Nippon Electricals Limited, Chennai	332.74	288.23
		Sundaram Brake Linings Limited, Chennai	13.90	12.05
	-	subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
		Upasana Engineering Limited, Chennai	22.42	16.40
	-	enterprises in which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)	1.44	1.73
	-	enterprises in which directors are interested		
		TVS Organics Private Limited	1.25	1.07
		Designo Lifestyle Solutions Private Limited	–	0.10
(ii)		Sale of goods		
	-	ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	67.31	6.24
	-	subsidiary companies		
		Sundaram Auto Components Limited, Chennai	0.28	462.53
		PT. TVS Motor Company Indonesia, Jakarta	110.15	81.50
	-	fellow subsidiary company (TVS Lanka Private Limited, Colombo)	234.63	155.43
	-	associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
		TVS Auto Bangladesh Limited, Dhaka	686.67	465.48
(iii)		Purchase of assets		
	-	associate of ultimate holding company (TVS Logistics Services Limited, Chennai)	3.94	–
(iv)		Sale of assets		
	-	subsidiary company (TVS Credit Services Limited, Chennai)	0.06	–
(v)		Rendering of services (including interest received)		
	-	holding company (Sundaram-Clayton Limited, Chennai)	2.16	2.07
	-	subsidiary companies		
		Sundaram Auto Components Limited, Chennai	1.00	0.83
		PT. TVS Motor Company Indonesia, Jakarta	0.55	0.55
		TVS Credit Services Limited, Chennai	8.25	1.78

Notes to the Financial Statements – *(continued)*

31 RELATED PARTY DISCLOSURE - *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
- associate / joint venture (Emerald Haven Realty Limited, Chennai)	–	0.24
- fellow subsidiaries		
Southern Roadways Limited, Madurai	0.01	0.01
Lucas-TVS Limited, Chennai	–	0.01
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	0.63	0.54
Wheels India Limited	0.01	–
Sundram Fasteners Limited, Chennai	0.05	0.01
(vi) Availing of services (includes sub-contract charges paid)		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	–	0.54
- holding company (Sundaram-Clayton Limited, Chennai)	42.12	47.88
- subsidiary company (TVS Credit Services Limited, Chennai)	11.78	0.57
- fellow subsidiaries:		
TVS Electronics Limited, Chennai	1.47	1.17
Southern Roadways Limited, Madurai	2.72	2.96
TVS Auto Assist (India) Limited, Chennai	4.99	3.30
TVS Training and Services Limited, Chennai	–	0.03
Autosense Private Limited, Chennai	3.05	4.36
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	110.08	95.96
Harita Techserv Limited, Chennai	2.84	2.60
Brakes India Private Limited, Chennai	–	0.18
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Dynamic Global Freight Services Limited, Chennai	77.81	45.20
- enterprises in which directors are interested		
Dua Associates	0.96	0.79
Dua Consulting Private Limited	4.97	4.44
McCann-Erickson (India) Private Limited	5.43	6.43
(vii) Investments made during the year		
- subsidiary companies		
TVS Motor (Singapore) Pte. Limited, Singapore	72.37	6.37
PT. TVS Motor Company Indonesia, Jakarta	47.85	51.51
Sundaram Auto Components Limited, Chennai	–	171.00
TVS Motor Services Limited, Chennai	–	4.62
TVS Credit Services Limited, Chennai	120.00	25.00
- fellow subsidiary company (TVS Lanka Private Limited)	14.75	–
- associate / joint venture		
Emerald Haven Realty Limited, Chennai	–	31.22
Ultraviolette Automotive Private Limited, Bengaluru	6.00	–
(viii) Trade advance given		
- Subsidiary Company [TVS Motor (Singapore) Pte. Limited, Singapore]	2.26	2.74

Notes to the Financial Statements – *(continued)*

31 RELATED PARTY DISCLOSURE - *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
(ix) Remuneration to key management personnel:		
Short-term employee benefits	47.28	38.36
Post-employment benefits	0.13	0.18
(x) Dividend received from:		
subsidiary company (Sundaram Auto Components Limited, Chennai)	2.34	5.21
Fellow subsidiary company (TVS Lanka Private Limited, Colombo)	0.42	0.20
(xi) Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	95.44	89.99
(c) Balances with related parties:		
(i) Trade receivables / Other current assets		
- ultimate holding company (T V Sundram Iyengar & Sons Private Limited, Madurai)	37.28	6.27
- subsidiary companies		
TVS Motor (Singapore) Pte Limited, Singapore	2.26	2.74
PT. TVS Motor Company Indonesia, Jakarta	84.74	28.16
TVS Motor Services Limited, Chennai	–	0.07
TVS Credit Services Limited, Chennai	7.05	–
- fellow subsidiary company (TVS Lanka Private Limited, Colombo)	25.62	11.32
- associate company (Emerald Haven Realty Limited, Chennai)	1.44	–
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Auto Bangladesh Limited, Dhaka	66.45	67.48
(ii) Trade payables		
- holding company (Sundaram-Clayton Limited, Chennai)	20.20	33.53
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	11.74	24.55
TVS Credit Services Limited, Chennai	–	3.96
- fellow subsidiaries		
Lucas-TVS Limited, Chennai	28.57	18.96
Lucas Indian Service Limited, Chennai	1.11	0.80
Southern Roadways Limited, Madurai	0.16	–
Sundaram Industries Private Limited, Madurai	0.01	0.01
TVS Auto Assist (India) Limited, Chennai	0.58	–
TVS Electronics Limited, Chennai	0.04	0.12
TVS Training and Services Limited, Chennai	–	0.01
Autosense Private Limited, Chennai	–	0.40
- associate company (Emerald Haven Realty Limited, Chennai)	–	1.27
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	6.45	3.26
TVS Srichakra Limited, Madurai	71.55	42.74

Notes to the Financial Statements – *(continued)*

31 RELATED PARTY DISCLOSURE - *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
Wheels India Limited, Chennai	2.78	1.72
Harita Techserv Limited, Chennai	0.52	0.24
India Nippon Electricals Limited, Chennai	51.65	45.97
Sundaram Brake Linings Limited, Chennai	2.61	2.21
Sundram Fasteners Limited, Chennai	11.21	9.79
TVS Logistics Services Limited, Chennai	10.15	8.53
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Dynamic Global Freight Services Limited, Chennai	9.20	5.90
Upasana Engineering Limited, Chennai	3.23	2.24
- enterprises in which directors are interested		
Dua Consulting Private Limited	0.14	0.10
McCann-Erickson (India) Private Limited	–	1.06
TVS Organics Private Limited	0.03	0.04
- enterprise over which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)	0.13	0.16
(iii) Obligation arising out of agreements facilitating credit		
- subsidiary companies		
PT. TVS Motor Company Indonesia, Jakarta	110.72	104.28
TVS Credit Services Limited, Chennai	12.50	25.00

Notes to the Financial Statements – *(continued)*

Rupees in crores

32 REVENUE FROM CONTRACTS WITH CUSTOMERS

A Disaggregated revenue:

Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company identifies the product lines, amongst others to indicate the factors as mentioned above. The details of revenue from contracts with customers on the basis of various product lines are as under :

Sl. No.	Particulars	For the year ended 31-03-2019
(a)	**Type of goods or service**	
(i)	Two wheelers	14,763.31
(ii)	Three wheelers	1,394.84
(iii)	Parts and accessories	1,720.97
(iv)	IT Services	16.72
(v)	Royalty	16.67
		17,912.51
(b)	**Geographical markets**	
(i)	Domestic	13,592.95
(ii)	Exports	4,319.56
		17,912.51

B The operations of the Company relate to only one segment viz., automotive vehicle and parts. Thus, the information on the relationship between disaggregated revenue under Ind AS 115 and for reportable segment under Ind AS 108 is not required.

C Reconciliation of contracts with customers:

Movement of contract liabilities for the reporting period given below:

Particulars	For the year ended 31-03-2019
Contract Liabilities at the beginning of the period	53.14
Add / (Less):	
Consideration received during the year as advance	57.83
Revenue recognized from contract liability	53.14
Contract Liabilities at the end of the period	57.83

Payment is received in advance towards contracts entered with customers, and is recognised as a contract liability. As and when the performance obligation is met, the same is recognized as revenue.

D Transaction price allocated to the remaining performance obligations:

The Company's contracts with customers are short term (i.e., the performance obligations are expected to be met within one year or less). Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed.

E Reconciliation of revenue with contract price:

Sl.No.	Particulars	For the year ended 31-03-2019
(i)	Contract price	18,585.82
(ii)	Adjustments :	
	Incentive schemes	262.95
	Transport cost	410.36
(iii)	Revenue from sale of products and services	17,912.51

F Impact of following earlier standard against Ind AS 115

On adoption of Ind AS 115 as compared to Ind AS 18, "Revenue from operations" is reduced by Rs.410.36 crores due to freight charges being netted off against revenue, which leads to an equivalent reduction in "Other expenses", during the year.

Notes to the Financial Statements – *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
33 EARNINGS PER SHARE		
Profit after tax	670.14	662.59
Number of equity shares	47,50,87,114	47,50,87,114
Face value of the share (in rupees)	1.00	1.00
Weighted average number of equity shares	47,50,87,114	47,50,87,114
Basic and diluted earnings per share for continued operations (in rupees)	14.11	13.95
Basic and diluted earnings per share for discontinued operations (in rupees)	–	–
Basic and diluted earnings per share for continued and discontinued operations (in rupees)	14.11	13.95
34 WARRANTY PROVISION (CURRENT)		
Opening balance	24.40	23.46
Add: Provision for the year (net)	29.15	24.40
	53.55	47.86
Less: Payments / debits (net)	24.40	23.46
Closing balance	29.15	24.40
35 MICRO SMALL AND MEDIUM ENTERPRISES DISCLOSURE		
Trade payables includes amount due to Micro Small and Medium Enterprises	75.25	76.11
Disclosure under Micro, Small and Medium Enterprises Development Act, 2006.		
(i) The principal amount and interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year:		
(a) Principal (all are within agreed credit period and not due for payment)	75.25	76.11
(b) Interest (as no amount is overdue)	Nil	Nil
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
36 PAYMENT TO AUDITORS COMPRISES		
As statutory auditors	0.72	0.72
Taxation matters	0.15	0.15
Certification matters	0.03	0.03
	0.90	0.90
Miscellaneous expenses include travel and stay expenses of auditors	0.13	0.12
	1.03	1.02

Notes to the Financial Statements – *(continued)*

		Rupees in crores	
		As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
37	**CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR**		
(a)	Claims against the company not acknowledged as debts:		
	(i) Excise	57.57	70.85
	(ii) Service tax	1.96	1.96
	(iii) Customs	1.36	1.36
	(iv) Sales tax	2.38	2.38
	(v) Income tax	40.53	41.33
	(vi) Others	2.62	3.50
	The future cash flows on the above items are determinable only on receipt of the decisions / judgments that are pending at various forums / authorities. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
(b)	Other money for which the company is contingently liable:		
	(i) On bills discounted with banks	181.89	105.06
	(ii) On factoring arrangements	0.98	0.82
(c)	Commitments:		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	264.23	232.83
(d)	Other commitments:		
	On import of capital goods under Export Promotion Capital Goods Scheme	14.92	40.75
38	**EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT** (claimed under Income Tax Act, 1961)		
	R&D Expenditure eligible for weighted deduction - claimed U/s.35 (2AB)		
(a)	Revenue Expenditure	178.78	162.54
(b)	Capital Expenditure (including WIP)	48.58	46.41
	R&D Expenditure not eligible for weighted deduction - claimed U/s.35 (2AB)		
(a)	Revenue Expenditure	32.12	22.39
(b)	Capital Expenditure		
	(i) Land and Building	1.24	16.86
	(ii) Others	46.76	20.33
		307.48	268.53

39 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2019	Amount outstanding as at 31-03-2018
(a)	Investments by the Company				
(i)	In subsidiary companies	Sundaram Auto Components Limited, Chennai [3,59,25,000 (last year-3,59,25,000) Equity shares of Rs.10/- each fully paid up]		253.22	255.90
		Maximum amount held at any time			
		During the year	255.90		
		During the previous year	255.90		

Notes to the Financial Statements – *(continued)*

39 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS - *(continued)*

Rupees in crores

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2019	Amount outstanding as at 31-03-2018
(a)	Investments by the Company				
(i)	In subsidiary companies - *(continued)*	TVS Housing Limited, Chennai [50,000 (last year - 50,000) Equity shares of Rs.10/- each fully paid up]		0.05	0.05
		Maximum amount held at any time			
		During the year	0.05		
		During the previous year	0.05		
		TVS Motor Services Limited, Chennai [86,33,814 (last year - 50,00,000) Equity shares of Rs.10/- each fully paid up]		7.68	5.00
		Maximum amount held at any time			
		During the year	7.68		
		During the previous year	5.00		
		[61,30,10,000 (last year - 61,30,10,000) Preference shares of Rs.10/- each fully paid up]		1,042.48	1,042.48
		Maximum amount held at any time			
		During the year	1,042.48		
		During the previous year	1,042.48		
		TVS Credit Services Limited, Chennai [1,83,29,753 (last year - 70,09,753) Equity shares of Rs.10/- each fully paid up]		173.53	53.53
		Maximum amount held at any time			
		During the year	173.53		
		During the previous year	129.92		
		TVS Motor Company (Europe) B.V., Amsterdam [2,25,301 (last year- 2,25,301) Ordinary shares of Euro 100/- each fully paid up]		1.80	1.80
		Maximum amount held at any time			
		During the year	1.80		
		During the previous year	1.80		
		TVS Motor (Singapore) Pte. Limited, Singapore [9,14,80,287 (last year 7,75,90,002) Ordinary shares of Singapore $ 1/- each fully paid up]		225.86	153.49
		Maximum amount held at any time			
		During the year	225.86		
		During the previous year	153.49		
		PT. TVS Motor Company Indonesia, Jakarta [75,97,000 Equity shares (last year - 68,97,000) of Indonesian Rp.97,400/- each fully paid up]		316.75	268.90
		Maximum amount held at any time			
		During the year	316.75		
		During the previous year	268.90		

Notes to the Financial Statements – *(continued)*

39 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS - *(continued)*

Rupees in crores

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2019	Amount outstanding as at 31-03-2018
(ii)	in associate companies	Emerald Haven Realty Limited, Chennai, [11,12,19,512 (last year - 11,12,19,512) Equity shares of Rs.10/- each fully paid up]		111.22	111.22
		Maximum amount held at any time			
		During the year	111.22		
		During the previous year	111.22		
		Ultraviolette Automotive Private Limited, Bengaluru [14,850 Equity shares of Rs.10/- each fully paid up]		11.00	–
		Maximum amount held at any time			
		During the year	11.00		
		During the previous year	–		
(b)	Investments by the holding company	Sundaram-Clayton Limited, Chennai holds 27,26,82,786 (last year 27,26,82,786) Equity shares of Re.1/- each fully paid up		13.63	13.63
		Maximum amount held at any time			
		During the year	13.63		
		During the previous year	13.63		

40 DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEES GIVEN

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
(a) Investments made - Refer Note No.3		
(b) Guarantee given by the Company:		
(i) Guarantee given to Financial Institution / Bank to facilitate credit to PT. TVS Motor Company Indonesia, Jakarta	110.72	104.28
(ii) Guarantee given to Financial Institution / Bank to facilitate credit to TVS Credit Services Limited, Chennai	12.50	25.00

Notes to the Financial Statements – *(continued)*

41 CORPORATE SOCIAL RESPONSIBILITY

Expenditure incurred on Corporate Social Responsibility (CSR) activities:

(a) Gross amount required to be spent during the year is Rs.13.09 crores (last year Rs.10.70 crores)

(b) Amount spent during the year:

Rupees in crores

Sl. No.	Particulars	In cash	Yet to be paid in cash	Year ended 31-03-2019	Year ended 31-03-2018
1	Construction / acquisition of any asset	–	–	–	–
2	Expenses incurred through trusts	13.25	–	13.25	10.98

42 BORROWING COST CAPITALISED

Borrowing cost capitalised during the year Rs. 5.86 crores (last year Nil).

43 NON-ADJUSTING EVENTS AFTER BALANCE SHEET DATE

Pursuant to NCLT's Order dated 16.4.2019 TVS Motor Services Limited (TVS MS) will be transferring its investment in TVS Credit Services Limited (TVS CS) equity shares to the Non-cumulative Redeemable Preference Shares holder viz., the Company towards redemption. After such transfer of TVS CS equity shares, the Company will directly hold 85.3% of equity shares in TVS CS and consequently, the Preference Shares held in TVS MS shall stand cancelled.

44 PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED WHEREVER NECESSARY TO CONFORM TO THE CURRENT YEAR'S CLASSIFICATION.

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

Place : Chennai
Date : 30th April 2019

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATRAMAN
Partner
Membership No.: 34319

TVS


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HEAVY DUTY
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CONSOLIDATED FINANCIAL STATEMENTS OF
TVS MOTOR COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2019

To the members of TVS Motor Company Limited

Report on the Audit of Consolidated Financial Statements

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, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow 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 and its associates as at March 31, 2019, 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 (SA) 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 ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, 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 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
Carrying Value of Goodwill The group has recognised a goodwill on consolidation of Rs.186.11 crores in its Consolidated Financial Statements in the year ended 31st March 2018, pursuant to a business combination in the said accounting year. 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.	Management has obtained a valuation 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 'Multiple Method'. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied (WACC) as well as the Comparable Companies considered in arriving at the fair value. We consider that the management conclusions concerning the absence of impairment in the goodwill are adequately supported and consistent with the information currently available.
Evaluation of Uncertain Tax positions The Company has material uncertain tax positions, including matters under dispute, which involve significant management judgement to determine the possible outcome of these uncertain tax positions.	We obtained an understanding of the Key uncertain positions relating to direct and indirect tax from the management. We considered legal precedence and other rulings as well as external opinions obtained by management in evaluating management's position on these uncertain tax positions.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders, but does not include the consolidated financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the 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 basis 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 part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the 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 cast 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 matter 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 charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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 statement of seven subsidiaries, whose financial statements reflect total assets of Rs.718.66 crores as at 31st March 2019, total revenues of Rs.239.05 crores and net cashflows of Rs.(23.07) crores for the year ended on that date, as considered in the consolidated financial statements. 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, insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to aforesaid subsidiaries, is based solely on the reports of the other auditors.

These subsidiaries are 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 these 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 one subsidiary included in the consolidated financial statement, whose financial statement / financial information reflect total assets of Rs.1.79 crores as at 31st March 2019, total revenues of Rs. Nil and net cash flows of Rs.(0.52) crores for the year ended on that date, as considered in the consolidated financial statement. The consolidated financial statement also includes the groups share of net loss of Rs.(0.40) crores for the year ended 31st March 2019, as considered in the consolidated financial statements, in respect of one associate, whose financial statement / 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 statement, insofar as it relates to the amounts and disclosures included in respect of this subsidiary / associate and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to this subsidiary / associate, is based solely on such unaudited financial statement / financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statement / 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

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 purpose 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, 2019, 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 company, incorporated in India, none of the directors of the Group companies and its associate company incorporated in India is disqualified as on 31st March 2019, from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of 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 this Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, 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 and its associates – Refer Note 42(a) to the consolidated financial statements.

ii. The Group and its associates did not have any material foreseeable losses 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 Holding Company and its subsidiary companies and associate companies incorporated in India.

For V. SANKAR AIYAR & CO
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATRAMAN
Partner
Membership No.: 34319

Place: Chennai
Date : 30th April 2019

Annexure to the Independent Auditor's Report of even date on the Consolidated Financial Statements 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, 2019, 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 control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V. Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATRAMAN
Partner
Membership No.: 34319

Place: Chennai
Date : 30th April 2019

Balance Sheet as at 31st March 2019

Rupees in crores

	Notes	As at 31-03-2019	As at 31-03-2018
ASSETS			
Non-current assets			
Property, plant and equipment	2	2,978.81	2,708.59
Capital work-in-progress	2	603.92	273.87
Investment properties	3	137.70	138.40
Goodwill		2.20	2.20
Goodwill on consolidation		186.11	186.11
Other intangible assets	2	61.98	58.55
Intangible assets under development		140.59	39.39
Financial assets			
i. Investments	4	309.80	294.04
ii. Loans (receivable from financing activity)	5	3,624.80	2,826.25
iii. Other financial assets	6	16.52	17.08
Investments accounted using equity method	7	129.93	126.98
Non-current tax assets (Net)		28.06	31.68
Other non-current assets	8	144.40	162.42
		8,364.82	6,865.56
Current assets			
Inventories	9	1,291.57	1,056.15
Financial assets			
i. Trade receivables	10	1,546.07	1,070.88
ii. Loans (receivable from financing activity)	5	4,599.83	3,305.45
iii. Cash and cash equivalents	11	163.04	102.10
iv. Bank balances other than (iii) above	12	43.27	70.83
v. Other financial assets	13	101.50	83.63
Current tax assets (Net)		21.53	61.08
Other current assets	14	564.86	574.62
		8,331.67	6,324.74
Total assets		16,696.49	13,190.30
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	47.51	47.51
Other equity	16	3,122.66	2,629.69
Equity attributable to owners		3,170.17	2,677.20
Non-controlling interest		245.77	181.08
		3,415.94	2,858.28
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	4,909.16	2,360.93
Provisions	18	89.64	86.53
Deferred tax liabilities (Net)	19	96.96	54.71
		5,095.76	2,502.17
Current liabilities			
Financial liabilities			
i. Borrowings	20	3,253.81	3,192.46
ii. Trade payables	21		
a. Total outstanding dues of micro and small enterprises		79.24	74.96
b. Total outstanding dues of other than (ii) (a) above		3,080.44	2,575.88
iii. Other financial liabilities	22	1,316.32	1,527.23
Provisions	18	65.06	65.20
Other current liabilities	23	389.92	394.12
		8,184.79	7,829.85
Total liabilities		13,280.55	10,332.02
Total equity and liabilities		16,696.49	13,190.30
Significant accounting policies	1		
See accompanying notes to the financial statements			

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Chennai
Date : 30th April 2019

Statement of Profit and Loss for the year ended 31st March 2019

Rupees in crores

		Notes	Year ended 31-03-2019	Year ended 31-03-2018
I	Revenue from operations	24	20,159.99	16,701.75
II	Other income	25	25.44	99.61
III	Total Income (I +II)		20,185.43	16,801.36
IV	Expenses:			
	Cost of material consumed	26	13,788.43	11,003.04
	Purchase of stock-in-trade	26	244.84	254.56
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	(78.95)	33.96
	Excise duty		–	361.50
	Employee benefits expense	27	1,432.15	1,149.79
	Finance costs	28	663.40	338.22
	Depreciation and amortisation expense	2	441.71	373.60
	Other expenses	29	2,612.70	2,356.45
	Total expenses		19,104.28	15,871.12
V	Profit before exceptional items, share of net profit of investment and tax (III - IV)		1,081.15	930.24
VI	Share of net profit from associates using equity method		1.70	0.57
VII	Profit before exceptional items and tax (V + VI)		1,082.85	930.81
VIII	Exceptional items		–	–
IX	Profit before tax (VII + VIII)		1,082.85	930.81
X	Tax expense	30		
	i) Current tax		363.18	248.40
	ii) Deferred tax		(5.73)	17.63
XI	Profit for the year (IX - X)		725.40	664.78
XII	(Profit) / Loss attributable to non-controlling Interest		(20.73)	(12.43)
XIII	Profit for the year attributable to owners (XI + XII)		704.67	652.35
XIV	Other comprehensive income			
	A. Items that will not be reclassified to profit or loss:			
	Remeasurements of post employment benefit obligations		8.31	(6.36)
	Change in fair value of equity instruments		(10.04)	(2.04)
	Share of other comprehensive income of an associate		(0.13)	–
	Income tax relating to these items		(1.65)	3.79
	B. Items that will be reclassified to profit or loss:			
	Fair value changes on cash flow hedges		(2.11)	(3.67)
	Foreign currency translation adjustments		11.14	4.95
	Income tax relating to these items		0.74	1.27
	Other comprehensive income for the year, net of tax (XIV)		6.26	(2.06)
XV	Other comprehensive income attributable to non-controlling interest		(0.15)	(0.08)
XVI	Other comprehensive income attributable to owners (XIV - XV)		6.41	(1.98)
XVII	Total comprehensive income attributable to owners (XIII +XVI)		711.08	650.37
XVIII	Earnings per equity share (Face value of Re.1/- each)			
	Basic & Diluted earnings per share (in rupees)	39	14.83	13.73
	See accompanying notes to the financial statements			

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Chennai
Date : 30th April 2019

Statement of Changes in Equity

Rupees in crores

a Equity Share Capital

As at 01-04-2017	47.51
Changes in equity share capital	–
As at 31-03-2018	47.51
Changes in equity share capital	–
As at 31-03-2019	47.51

b Other Equity

Particulars	Reserves & Surplus				Other Reserves			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 01-04-2017	876.24	6.51	–	1,234.29	84.60	(33.01)	(0.10)	8.78	2,177.31
Add : Profit for the year 2017-18				652.35				12.43	664.78
Other comprehensive income for the year 2017-18				(5.01)	0.48	4.95		(0.08)	0.34
Less : Reclassification to profit or loss, net of tax							(0.10)		(0.10)
Less : Change in fair value of hedging instruments, net of tax							2.50		2.50
Transfer from Retained earnings to Statutory reserve			17.81	(17.81)					–
Transaction in capacity as owners:									
Transactions with non-controlling interest				(0.52)				159.95	159.43
Less : Distribution to shareholders :									
2017-18 First Interim dividend paid				95.02					95.02
2017-18 Second Interim dividend paid				61.76					61.76
Less : Dividend Tax				31.91					31.91
Balance as at 31-03-2018	876.24	6.51	17.81	1,674.61	85.08	(28.06)	(2.50)	181.08	2,810.77
Add : Profit for the year 2018-19				704.67				20.73	725.40
Other comprehensive income for the year 2018-19				5.29	(8.53)	11.14		(0.15)	7.75
Share of OCI of an associate, net of tax				(0.12)					(0.12)
Share of associate adjustment as per Ind AS 115 , net of tax (Retrospective application with cumulative effect)				(8.66)					(8.66)
Less : Reclassification to profit or loss, net of tax							(2.50)		(2.50)
Less : Change in fair value of hedging instruments, net of tax							3.87		3.87
Transfer from Retained earnings to Statutory reserve			22.42	(22.42)					–
Transaction in capacity as owners:									
Transactions with non-controlling interest			5.74	(14.73)				44.11	35.12
Less : Distribution to shareholders :									
2018-19 First Interim dividend paid				99.77					99.77
2018-19 Second Interim dividend paid				66.51					66.51
Less : Dividend Tax				34.18					34.18
Balance as at 31-03-2019	876.24	6.51	45.97	2,138.18	76.55	(16.92)	(3.87)	245.77	3,368.43

Nature and purpose of Other Reserves

1. General reserve is part of retained earnings. This is available for distribution to shareholders.
2. Capital reserve

i. On shares forfeited (Rs.55,200)	–
ii. On surplus arising out of amalgamation	6.51
	6.51

3. 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.
4. Hedging Reserve - Refer Note No. 32(D)

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
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S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Chennai
Date : 30th April 2019

Cash flow Statement

Rupees in crores

			Year ended 31-03-2019		Year ended 31-03-2018
A. Cash flow from operating activities					
Net profit before tax			1,081.15		930.24
Add: Depreciation and amortisation for the year		441.71		373.60	
(Profit) / Loss on sale of fixed assets		2.22		(2.63)	
Net (profit) / loss on sale of investments		(1.01)		–	
Unrealised exchange (gain) / loss		(4.08)		(4.64)	
Increase in fair value of investments		–		(58.71)	
Dividend income		(0.94)		(0.60)	
Interest income		(4.36)		(2.54)	
Finance cost [excluding relatable to financial enterprise]		105.58		78.32	
Provisions		45.53		18.58	
			584.65		401.38
Operating profit before working capital changes			1,665.80		1,331.62
Adjustments for:					
Loans given by a financial enterprise (Net)		(2,127.18)		(839.22)	
Trade receivables		(482.54)		(348.46)	
Inventories		(235.42)		105.71	
Other current assets		49.31		(187.01)	
Other financial assets		(17.31)		(12.84)	
Trade payables		508.89		577.86	
Other financial liabilities (excluding current maturity of non-current borrowings)		18.69		(12.14)	
Other current liabilities		(4.20)		(12.31)	
Other non-current assets		22.74		76.73	
			(2,267.02)		(651.68)
Cash generated from operations			(601.22)		679.94
Direct taxes paid			(316.72)		(325.53)
Net cash from operating activities	(A)		(917.94)		354.41
B. Cash flow from investing activities					
Purchase of property, plant and equipment		(685.92)		(788.59)	
Purchase of intangible assets		(34.72)		(31.28)	
Sale of fixed assets		9.76		24.50	
Payments for capital work-in-progress		(323.53)		(204.36)	
Payments for intangible assets under development		(95.34)		(39.39)	
Payments for capital Advances		20.79		(42.44)	
Purchase of investments		(31.77)		(40.67)	
Purchase of investments in associate		(6.00)		(31.22)	
Sale of investments		1.98		–	
Contribution from non-controlling Interest		35.12		23.38	
Consideration paid on acquisition of subsidiary		–		(1.62)	
Cash and cash equivalents pursuant to acquisition		–		34.19	
Interest received		4.36		2.54	
(Purchase) / Sale of investment property		0.70		(0.81)	
Dividends received		0.94		0.60	
			(1,103.63)		(1,095.17)
Net cash from / (used in) investing activities	(B)		(1,103.63)		(1,095.17)

Cash flow Statement – *(continued)*

Rupees in crores

			Year ended 31-03-2019		Year ended 31-03-2018
C. Cash flow from financing activities					
Borrowings:					
Non-current borrowings availed / (repaid)		2,318.34		447.04	
Current borrowings availed / (repaid)		188.98		693.99	
Other bank balances		27.56		6.43	
Finance cost paid		(124.65)		(62.23)	
Dividend and dividend tax paid		(200.46)		(188.69)	
			2,209.77		896.54
Net cash from / (used in) financing activities	(C)		2,209.77		896.54
Total	(A)+(B)+(C)		188.20		155.78
Cash and cash equivalents at the beginning of the year			(49.31)		(205.09)
Cash and cash equivalents at the end of the year			138.89		(49.31)
D. Net increase / (decrease) in cash and cash equivalents			188.20		155.78

Note : The above statement of cash flow is prepared using indirect method.

Change in liability arising from financing activities

Particulars	As at 01-04-2018	Cash flow	Foreign exchange movement	As at 31-03-2019
Non-current borrowings (Including current maturities)	3,735.08	2,318.34	(9.18)	6,044.24
Current borrowings	3,041.05	188.98	(0.37)	3,229.66

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
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Company Secretary

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Chennai
Date : 30th April 2019

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the 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 "Jayalakshmi Estates", 29, Haddows 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.

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 equity-accounted investment 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 equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in Note 1(k) below.

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
			2018-19	2017-18	
1	**Subsidiary Companies:**				
a.	Sundaram Auto Components Limited, Chennai	India	100	100	31-03-2019
b.	TVS Housing Limited, Chennai	India	100	100	31-03-2019
c.	TVS Motor Services Limited, Chennai	India	100	100	31-03-2019
d.	TVS Credit Services Limited, Chennai	India	10.3% direct holding and 75.6% by (c)	4.2% direct holding and 80.7% by (c)	31-03-2019
e.	Harita Collection Services Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2019
f.	Harita ARC Services Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2019
g.	TVS Micro Finance Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2019
h.	TVS Commodity Financial Solutions Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2019
i.	TVS TwoWheeler Mall Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2019
j.	TVS Housing Finance Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2019
k.	TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	100	100	31-03-2019
l.	TVS Motor Company (Europe) B.V. Amsterdam	Netherlands	100	100	31-03-2019
m.	PT. TVS Motor Company Indonesia, Jakarta	Indonesia	49% direct holding, 33% by (k) and 18% by (l)	46% direct holding, 35% by (k) and 19% by (l)	31-03-2019
n.	Sundaram Holding USA Inc., Delaware, USA	USA	75% by (a)	75% by (a)	31-03-2019
o.	Green Hills Land holding LLC, South Carolina, USA	USA	100% by (n)	100% by (n)	31-03-2019
p.	Component Equipment Leasing LLC, South Carolina, USA	USA	100% by (n)	100% by (n)	31-03-2019
q.	Sundaram-Clayton USA LLC, South Carolina, USA	USA	100% by (n)	100% by (n)	31-03-2019
r.	Premier Land Holding LLC, South Carolina, USA	USA	100% by (n)	100% by (n)	31-03-2019
2	**Associate Companies:**				
a.	Emerald Haven Realty Limited, Chennai	India	48.80	48.80	31-03-2019
b.	Ultraviolette Automotive Private Limited, Bengaluru	India	25.33	–	31-03-2019

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

d) Significant Estimates and judgments

The areas involving critical estimates or judgments are:

i) Estimation of fair value of unlisted securities- (Refer Note 31)

ii) Defined benefit obligation - (Refer Note 36)

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

v) Estimation of impairment of goodwill.

e) Revenue recognition

The Group has adopted Ind AS 115 from 1st April, 2018 and opted for retrospective application with the cumulative effect of initially applying this standard recognised at the date of initial application. The standard has been applied to all open contracts as on 1st April, 2018, and subsequent contracts with customers from that date.

Sale of automotive vehicles, parts and automotive components

Revenue is recognised when the performance obligations are satisfied and the control of the product is transferred, being when the goods are delivered as per the relevant terms of the contract at which point in time,the Group has a right to payment for the asset, customer has possession and legal title of the asset, customer bears significant risk and rewards of ownership and the customer has accepted the asset 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 do 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 40.

Sale of services

The Group also earns revenue from providing IT services and Royalty on usage of Group's technical knowhow.

In respect of IT service, the revenue is recognised on a time proportion basis as the customer simultaneously receives and consumes the benefits as the obligations are performed. Payment 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.

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

Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date the asset is ready for its intended use. However, cost excludes Goods and Services Tax to the extent credit of tax is availed of.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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 or loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

g) Depreciation and amortization

i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shift) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

ii) Keeping in mind the rigorous and periodic maintenance programme followed by the Group, the estimated useful life of the tangible fixed assets 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 to10
Computers and information systems	3 to 4
Material handling equipment	5
Mobile phone	2
Vehicles	5 to 6

iii) Tools and dies used for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for three wheeler operations are depreciated at 11.31 per cent.

iv) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

v) On tangible fixed assets added / disposed of during the year, depreciation is charged on pro-rata basis from the date of addition / till the date of disposal.

vi) Depreciation in respect of tangible assets costing less than Rs.5,000/- is provided at 100%.

h) 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 and 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.

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

Expenses incurred during research phase are expensed in the year in which they are incurred. Expenses incurred during development phase are recognized as intangible assets under development and capitalized as intangible assets on completion of the development phase and are amortised on straight line basis over its useful life, viz., 2 years in the case of software and 6 to 10 years in the case of Design, Development and Technical knowhow.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

j) Loans (receivable from financing activity)

The loans to borrowers are stated at the contract value after netting off un-matured interest income, un-matured upfront income and advance EMIs and adding unamortized portion of upfront expenses wherever applicable, installments appropriated upto the year end and amount written off.

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.

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 as follows:

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.

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.

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 31. Movements in the hedging reserve in shareholders' equity are shown in Note 32. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that 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 or 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 or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to 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 employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Other long term employee benefit:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, measured at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

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 annually by Actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the Government Bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net-off deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Provident fund:

The eligible employees of the 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. The Group 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 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 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 substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

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 the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Where the 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 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.

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 or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in statement of profit and loss on completion of export obligation as approved by 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. 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.

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 has identified the following business segments as reportable segments, (on the basis of products and production process) viz., (1) Automotive vehicles and parts, (2) Automotive components, (3) Financial services and (4) Others.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

t) Leases

Leases of property, plant and equipment where the Group, as a lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of lease at fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating lease. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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) 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 other comprehensive income, or through profit or loss), and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement

At Initial recognition, the Group measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments.

Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises.Interest income from these financial assets is included in other income.

Equity instruments:

The Group subsequently measures all investments in equity (except of the subsidiaries/associate) 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 subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the 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 32 and Note 33 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 33 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.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Dividends:

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

x) Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gain/(loss).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

y) 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.

z) 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.

aa) Recent accounting pronouncements

The Ministry of Corporate Affairs has notified Ind AS 116 Leases, which is applicable to the Group from accounting periods beginning 1st April 2019. This Standard changes the classification and accounting for leases and also provides transition guidance. The Group expects the Standard to affect the accounting for assets that are taken on operating lease and is currently in the process of assessing the impact of this Standard on its transactions.

Notes to the Financial Statements - *(continued)*

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total intangible assets
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2018	285.70	763.30	3,743.15	80.80	22.88	150.72	5,046.55	82.15	89.28	171.43
Additions	3.89	129.56	474.77	25.32	9.17	48.08	690.79	26.29	8.43	34.72
Foreign exchange translation reserve adjustments	3.96	1.08	2.56	0.01	0.08	0.24	7.93	–	–	–
Sub-total	293.55	893.94	4,220.48	106.13	32.13	199.04	5,745.27	108.44	97.71	206.15
Sales / deletion	–	7.59	94.32	1.20	1.36	8.28	112.75	0.94	-	0.94
Total	293.55	886.35	4,126.16	104.93	30.77	190.76	5,632.52	107.50	97.71	205.21
Depreciation / Amortisation										
Upto 31-03-2018	–	195.32	1,991.60	37.81	13.48	99.75	2,337.96	69.19	43.69	112.88
For the year	–	31.53	332.60	12.84	3.39	30.06	410.42	15.01	16.28	31.29
Foreign exchange translation reserve adjustments	–	0.54	5.42	–	0.03	0.11	6.10	–	–	–
Sub-total	–	227.39	2,329.62	50.65	16.90	129.92	2,754.48	84.20	59.97	144.17
Withdrawn on assets sold / deleted	–	7.54	83.38	0.43	1.36	8.06	100.77	0.94	–	0.94
Total	–	219.85	2,246.24	50.22	15.54	121.86	2,653.71	83.26	59.97	143.23
Carrying value										
As at 31-03-2019	293.55	666.50	1,879.92	54.71	15.23	68.90	2,978.81	24.24	37.74	61.98

Capital work-in-progress (at cost) as at 31-03-2019

(a)	Building	7.43
(b)	Plant & equipment	247.64
(c)	Pre-operative expenses	348.85
Total		603.92

a) Cost of buildings includes Rs.6.71 crores pertaining to buildings constructed on leasehold lands.

b) Land includes lease hold land of Rs.0.51 crores, whose ownership is transferrable at the end of the lease term.

Notes to the Financial Statements - *(continued)*

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS - *(continued)*

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total intangible assets
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2017	229.08	638.03	3,321.07	58.33	20.30	89.49	4,356.30	61.19	70.58	131.77
Incumbent subsidiary	–	–	–	14.26	0.03	31.80	46.09	8.38	-	8.38
Additions	60.55	127.52	551.12	9.25	4.08	36.07	788.59	12.58	18.70	31.28
Foreign Currency translation reserve difference	(3.25)	(1.20)	(2.94)	0.01	(0.01)	(0.16)	(7.55)	–	–	–
Sub-total	286.38	764.35	3,869.25	81.85	24.40	157.20	5,183.43	82.15	89.28	171.43
Sales / deletion	0.68	1.05	126.10	1.05	1.52	6.48	136.88	–	–	–
Total	285.70	763.30	3,743.15	80.80	22.88	150.72	5,046.55	82.15	89.28	171.43
Depreciation / Amortisation										
Upto 31-03-2017	–	167.51	1,818.13	20.20	12.53	64.16	2,082.53	49.43	28.81	78.24
Incumbent subsidiary	–	–	–	8.72	0.01	22.57	31.30	6.65	–	6.65
For the year	–	29.46	284.63	9.60	2.44	19.48	345.61	13.11	14.88	27.99
Foreign Currency translation reserve difference	–	(0.62)	(5.69)	–	(0.01)	(0.15)	(6.47)	–	–	–
Sub-total	–	196.35	2,097.07	38.52	14.97	106.06	2,452.97	69.19	43.69	112.88
Withdrawn on assets sold / deleted	–	1.03	105.47	0.71	1.49	6.31	115.01	–	–	–
Total	–	195.32	1,991.60	37.81	13.48	99.75	2,337.96	69.19	43.69	112.88
Carrying value										
As at 31-03-2018	285.70	567.98	1,751.55	42.99	9.40	50.97	2,708.59	12.96	45.59	58.55

Capital work-in-progress (at cost) as at 31-03-2018	
(a) Building	145.21
(b) Plant & equipment	116.77
(c) Pre-operative expenses	11.89
Total	273.87

a) Cost of buildings includes Rs.7.12 crores pertaining to buildings constructed on leasehold lands.

b) Land includes lease hold land of Rs.0.51 crores, whose ownership is transferrable at the end of the lease term.

		As at 31-03-2019	As at 31-03-2018
3 INVESTMENT PROPERTIES			
Gross carrying amount		138.45	32.56
Incumbent subsidiary additions		–	102.42
Additions		–	3.47
Deletions		(0.75)	–
Closing gross carrying amount	(A)	137.70	138.45
Opening accumulated depreciation		0.05	–
Incumbent subsidiary additions		–	0.05
Deletions		(0.05)	–
Closing accumulated depreciation	(B)	–	0.05
Total investment properties	(A) - (B)	137.70	138.40

Notes to the Financial Statements - *(continued)*

4 NON CURRENT INVESTMENTS

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31-03-2019	As at 31-03-2018			As at 31-03-2019	As at 31-03-2018
1	2	3	4	5	6	7	8
(a)	**Investment in Equity Instruments Fair valued through OCI:**						
	Quoted :						
(i)	Suprajit Engineering Limited, Bengaluru	28,92,000	28,92,000	1.00	INR	70.80	80.35
(ii)	Ucal Fuel Systems Limited, Chennai	91,760	91,760	10.00	INR	1.47	2.16
	Unquoted :						
(iii)	Green Infra BTV Limited, New Delhi	32,50,000	32,50,000	10.00	INR	1.29	1.19
(iv)	TVS Lanka (Private) Limited, Colombo	50,00,000	50,00,000	10.00	LKR	10.52	10.52
(v)	Green Infra Wind Power Projects Limited, New Delhi	1,11,600	1,11,600	10.00	INR	0.06	0.05
(vi)	Green Infra Wind Energy Theni Limited, New Delhi	30,00,000	30,00,000	10.00	INR	1.37	1.26
(vii)	Green Infra Wind Power Generation Limited, New Delhi	2,16,000	2,16,000	10.00	INR	0.13	0.13
(viii)	Suryadev Alloys & Power Private Limited, Chennai	–	2,500	10.00	INR	–	0.03
(ix)	Condivision Solutions Pvt. Limited, Bengaluru	6,760	6,760	10.00	INR	2.00	2.00
(x)	Ultraviolette Automotive Private Limited, Bengaluru	–	6,750	10.00	INR	–	5.00
(xi)	Mulanur Renewable Energy Pvt. Limited, Chennai	15,000	15,000	10.00	INR	0.02	0.02
(xii)	PHI Research Pvt. Limited, New Delhi	3,50,000	3,50,000	10.00	INR	3.00	3.00
(xiii)	Atria Wind Power Bijapur 1 Limited, Bengaluru	1,01,217	–	10.00	INR	1.93	–
	Total value of Equity Instruments (a)					92.59	105.71
(b)	**Investments in Preference Shares: (Unquoted) (Valued at Amortised Cost)**						
(i)	Pinnacle Engines Inc., USA (face value 0.01 cent)	24,09,638	24,09,638	0.0001	USD	11.70	11.70
(ii)	Axiom Research Labs Private Limited, Delhi	82	82	10.00	INR	1.00	1.00
(iii)	TVS Lanka (Private) Limited, Colombo	37,00,00,000	–	1.00	LKR	14.75	–
	Total value of Preference shares (b)					27.45	12.70
(c)	**Other non–current Investments (Unquoted):**						
	Investments valued through OCI:						
(i)	Autotech Fund I, L.P., USA				USD	17.85	10.11
(ii)	Harita Accessories LLP				INR	0.96	–
	Pension Funds / Government Securities (Valued at Amortised Cost):						
(iii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	5.92	6.11
(iv)	Life Insurance Corporation Pension Policy, Mumbai				INR	18.00	12.98
(v)	Investment in Mutual Funds				INR	0.46	0.94
	Debt Instruments:						
(vi)	Investment in Zero coupon bonds				INR	–	145.49
(vii)	Investment in 6% Non Cumulative Redeemable Preference shares				INR	146.57	–
	Total value of other non-current investments (c)					189.76	175.63
	Total (a) + (b) + (c)					309.80	294.04
Aggregate amount of quoted investments and market value thereof						72.27	82.51
Aggregate amount of unquoted investments						237.53	211.53
Total						309.80	294.04

All Investments are fully paid up.

Notes to the Financial Statements - *(continued)*

Rupees in crores

5 LOANS (RECEIVABLE FROM FINANCING ACTIVITY)

Particulars	As at 31-03-2019		As at 31-03-2018	
	Current	Non-current	Current	Non-current
Secured:				
Automobile financing				
Considered good	3,896.36	3,041.01	2,965.77	2,543.49
Considered doubtful	118.30	101.94	99.96	85.74
Less: Loss allowance				
Provision for expected credit loss (Refer Note 33)	(82.86)	(16.75)	(55.68)	(17.56)
Unsecured:				
Financing (Others)				
Considered good	552.18	481.34	238.06	204.18
Considered doubtful	25.75	22.69	17.21	14.76
Less: Loss allowance				
Provision for expected credit loss (Refer Note 33)	(31.46)	(5.43)	(24.85)	(4.36)
Unsecured and considered good:				
Trade advance and term loan	124.09	–	67.31	–
Provision for expected credit loss (Refer Note 33)	(2.53)	–	(2.33)	–
	4,599.83	3,624.80	3,305.45	2,826.25

	As at 31-03-2019	As at 31-03-2018
6 NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS		
Deposits	9.73	8.04
Loans given to employees	0.76	1.75
Deposits with banks*	0.15	0.13
Other financial assets#	5.88	7.16
	16.52	17.08

* Pledged with electrical authorities.

Receivable towards recoverable expenses.

	As at 31-03-2019	As at 31-03-2018
7 INVESTMENTS ACCOUNTED USING EQUITY METHOD		
11,12,19,512 Equity shares of Emerald Haven Realty Limited, Chennai	119.33	126.98
14,850 Equity shares of Ultraviolette Automotive Private Limited, Bengaluru	10.60	–
	129.93	126.98
8 OTHER NON-CURRENT ASSETS		
Capital advances	83.19	103.98
Advances other than capital advances:		
Prepaid lease rent	22.14	13.41
Deposits made	18.97	27.41
IT/GST/VAT/Excise receivable	20.10	17.62
	144.40	162.42

Notes to the Financial Statements - *(continued)*

Rupees in crores

		As at 31-03-2019	As at 31-03-2018
9	INVENTORIES		
	Raw materials and components	712.96	541.05
	Goods-in-transit - Raw materials and components	101.33	121.64
	Work-in-progress	99.05	74.05
	Finished goods	258.88	220.58
	Stock-in-trade	75.48	59.83
	Stores and spares	43.87	39.00
		1,291.57	1,056.15
10	TRADE RECEIVABLES		
	Secured, considered good	18.90	16.62
	Unsecured, considered good*	1,544.45	1,063.93
		1,563.35	1,080.55
	Less: Provision for impairment	17.28	9.67
		1,546.07	1,070.88
11	CASH AND CASH EQUIVALENTS		
	Balances with banks in current accounts	130.28	70.85
	Deposits with maturity of less than three months	–	2.34
	Cash on hand	32.76	28.91
		163.04	102.10
	Cash and cash equivalents for the purpose of cash flow statement		
	Cash and cash equivalents as shown above	163.04	102.10
	Less : Over drafts utilised	(24.15)	(151.41)
	[Grouped under financial liabilities - Borrowings (Refer Note 20)]		
		138.89	(49.31)
12	BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
	Fixed deposits (maturing between 3 to 12 months)	38.53	66.42
	Earmarked balances with banks (for unpaid dividend)	4.74	4.41
		43.27	70.83
13	FINANCIAL ASSETS - OTHERS (CURRENT)		
	Unsecured, considered good :		
	Employee advances	14.74	13.59
	Security deposits	4.92	4.78
	Claims receivable	3.83	2.47
	Receivable towards sale of fixed assets	62.98	62.79
	Derivative financial instruments - receivable	15.03	–
		101.50	83.63
14	OTHER CURRENT ASSETS		
	IT/GST/VAT/Excise receivable	414.28	448.48
	Prepaid expense	30.00	25.90
	Vendor advance*	33.06	49.79
	Trade deposits	28.75	0.96
	Export incentive receivable	53.03	47.77
	Others	4.56	1.72
	Employee benefit assets (Refer Note 36)	1.18	–
		564.86	574.62

* Balances include balance with related parties [Refer Note 37(c)(i)].

Notes to the Financial Statements - *(continued)*

15 EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and fully paid up

Particulars	As at 31-03-2019		As at 31-03-2018	
	Number	Rupees in crores	Number	Rupees in crores
Authorised: Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully paid up: Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51
	47,50,87,114	47.51	47,50,87,114	47.51

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31-03-2019		As at 31-03-2018	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	47,50,87,114	47.51	47,50,87,114	47.51
Shares issued during the year	–	–	–	–
Shares outstanding at the end of the year	47,50,87,114	47.51	47,50,87,114	47.51

(c) (i) Rights and preferences attached to equity share:

Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

(ii) There are no restrictions attached to equity shares.

(d) Shares held by holding company at the end of the year

Name of shareholder	Class of share	As at 31-03-2019		As at 31-03-2018	
		Number of shares held	% of holding	Number of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40

(e) Shareholders holding more than five percent at the end of the year (other than (d))

Name of shareholder	Class of share	As at 31-03-2019		As at 31-03-2018	
		Number of shares held	% of holding	Number of shares held	% of holding
ICICI Mutual Fund	Equity	3,11,44,102	6.56	1,30,24,321	2.74

16 OTHER EQUITY

Rupees in crores

Particulars	As at 31-03-2019	As at 31-03-2018
General reserve	876.24	876.24
Capital reserve	6.51	6.51
Statutory reserve	45.97	17.81
Retained earnings	2,138.18	1,674.61
Other Reserves	55.76	54.52
	3,122.66	2,629.69

Notes to the Financial Statements - *(continued)*

Rupees in crores

17 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Nature	Lenders	As at 31-03-2019	As at 31-03-2018	Status as at 31-03-2019			
				Interest rate	Frequency	No. of instalments due	Maturity
Secured Borrowings:							
ECB Loan 1 (4 tranches)	Bank	–	130.16				
ECB Loan 2	Bank	68.76	64.66	3 Month USD LIBOR plus Margin	Half Yearly	7	Mar–2023
ECB Loan 3	Bank	206.09	–	3 Month USD LIBOR plus Margin	Quarterly	4	Feb–2023
FCNRB Loan	Bank	69.16	–	3 Month USD LIBOR plus Margin	Bullet	1	Jul–2021
Term Loan	Bank	100.00	–	1 Year MCLR plus Margin	Quarterly	12	Jun–2023
Term Loan	Bank	80.60	65.00	3 Month USD LIBOR plus Margin	Half Yearly	1	Jul–2019
Term Loan	Bank	199.97	200.00	8.3%	Bullet	1	Oct–2019
Term Loan	Bank	39.67	87.05	8.2%	Quarterly	3	Dec–2019
Term Loan	Bank	10.08	20.00	8.8%	Quarterly	4	Mar–2020
Term Loan	Bank	30.31	90.00	8.4%	Quarterly	2	Sep–2019
Term Loan	Bank	–	21.21				
Term Loan	Bank	–	33.33				
Term Loan	Bank	–	40.00				
Term Loan	Bank	–	15.00				
Term Loan	Bank	–	74.90				
Term Loan	Bank	8.38	41.97	8.4%	Quarterly	1	Jun–2019
Term Loan	Bank	–	40.00				
Term Loan	Bank	–	20.00				
Term Loan	Bank	–	8.33				
Term Loan	Bank	10.00	30.00	8.5%	Quarterly	2	Jul–2019
Term Loan	Bank	12.50	37.50	8.9%	Half Yearly	1	Aug–2019
Term Loan	Bank	8.33	25.00	8.5%	Quarterly	2	Sep–2019
Term Loan	Bank	28.66	64.67	8.5%	Monthly	9	Jan–2020
Term Loan	Bank	24.99	58.33	8.4%	Quarterly	3	Dec–2019
Term Loan	Bank	–	50.00				
Term Loan	Bank	75.58	174.88	8.4%	Quarterly	3	Dec–2019
Term Loan	Bank	39.99	80.00	8.5%	Quarterly	4	Mar–2020
Term Loan	Bank	16.67	33.33	8.4%	Quarterly	4	Mar–2020
Term Loan	Bank	12.50	62.50	8.3%	Quarterly	1	Jun–2019
Term Loan	Bank	37.50	87.50	8.4%	Quarterly	3	Dec–2019
Term Loan	Bank	–	38.23				
Term Loan	Bank	60.00	100.00	8.4%	Quarterly	6	Aug–2020
Term Loan	Bank	140.94	200.00	8.2%	Quarterly	7	Nov–2020
Term Loan	Bank	99.98	100.00	8.3%	Annual	2	Sep–2020
Term Loan	Bank	126.67	190.00	8.4%	Quarterly	8	Mar–2021
Term Loan	Bank	214.43	200.36	8.0%	Bullet	1	Nov–2019
Term Loan	Bank	58.32	91.67	8.1%	Quarterly	7	Nov–2020
Term Loan	Others	70.00	100.00	8.1%	Quarterly	7	Dec–2020
Term Loan	Bank	150.00	–	8.4%	Half Yearly	4	Sep–2021
Term Loan	Bank	208.32	–	8.8%	Monthly	30	Sep–2021
Term Loan	Bank	83.33	–	8.4%	Quarterly	10	Jun–2021
Term Loan	Bank	100.00	–	9.1%	Quarterly	1	May–2021

Notes to the Financial Statements - *(continued)*

Rupees in crores

17 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - *(continued)*

Nature	Lenders	As at 31-03-2019	As at 31-03-2018	Status as at 31-03-2019			
				Interest rate rate	Frequency	No. of instalments due	Maturity
Term Loan	Bank	136.00	–	8.8%	Quarterly	9	Mar–2021
Term Loan	Bank	209.69	–	9.5%	Quarterly	8	Apr–2021
Term Loan	Bank	140.00	–	9.8%	Quarterly	8	May–2021
Term Loan	Bank	201.34	–	9.8%	Quarterly	10	Dec–2021
Term Loan	Bank	150.00	–	9.4%	Half Yearly	6	Dec–2021
Term Loan	Bank	456.09	–	9.5%	Quarterly	11	Dec–2021
Term Loan	Bank	99.89	–	9.1%	Quarterly	10	Feb–2022
Term Loan	Bank	601.06	–	9.4%	Quarterly	10	Feb–2022
Term Loan	Bank	499.89	–	8.8%	Quarterly	10	Feb–2022
Term Loan	Others	62.85	158.10				
Term Loan (4 tranches)	State owned corporation	157.08	157.08	0.1%	Bullet	4	2022–27
Unsecured Borrowings:							
ECB Loan	Bank	138.31	-	3 Month USD LIBOR plus Margin	Half Yearly	6	Sep-2023
Sub Debt	Bank	12.50	18.75	10.1%	Annual	2	Jun-2020
Sub Debt	Others	24.92	25.00	9.7%	Bullet	1	Sep-2022
Sub Debt	Bank	50.39	49.95	9.5%	Bullet	1	May-2023
Sub Debt	Bank	50.00	50.00	9.3%	Bullet	1	Jul-2023
Sub Debt	Bank	25.00	25.00	9.7%	Bullet	1	Sep-2022
Sub Debt	Bank	49.94	49.84	10.0%	Bullet	1	Apr-2022
Sub Debt	Others	29.00	43.50	8.0%	Annual	2	Jan-2020
Sub Debt	Others	49.94	50.00	11.5%	Bullet	1	Sep-2020
Sub Debt	Others	50.00	50.00	11.0%	Bullet	1	Jul-2021
Sub Debt	Others	49.88	50.00	10.8%	Bullet	1	Sep-2021
Sub Debt	Bank	50.00	49.92	10.5%	Bullet	1	May-2022
Sub Debt	Bank	98.41	-	10.9%	Bullet	1	Aug-2024
Perpetual Debt	Others	99.79	99.76	11.5%	Bullet	1	Nov-2027
Sales Tax Deferral Phase I	Others	18.99	25.32	0.0%	Annual	3	2020-21
Sales Tax Deferral Phase II	Others	141.55	157.28	0.0%	Annual	9	2027-28
Total		6,044.24	3,735.08				
Less: Current Maturities of long term borrowings		1,135.08	1,374.15				
Total non current financial liabilities (borrowings)		4,909.16	2,360.93				

Details of securities created:

ECB Loan 2 - Exclusive charge over assets procured out of proceeds of the loan.

ECB Loan 3 - Hypothecation of movable fixed assets, charge creation is under process.

FCNRB Loan - Exclusive charge over assets procured out of proceeds of the loan.

Term loan received from bank of Rs.100 crores - charge created on land and building and *pari passu* charge on plant and machinery.

Holding company has given guarantee in the form of put option amounting to Rs.12.50 crores (previous year Rs.18.75 crores) towards sub-ordinated debt.

Term loan received from banks and other parties of Rs.4436.11 crores (previous year Rs.2573.86 crores) inclusive of current and non current dues is secured against hypothecation of receivables from the financing activity of the Company.

Loan from 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.

Term loans received from bank for an amount of Rs.80.60 crores is secured over a lien on collection account held at a foreign country.

Notes to the Financial Statements - *(continued)*

Rupees in crores

18 PROVISIONS

Particulars	As at 31-03-2019		As at 31-03-2018	
	Current	Non-current	Current	Non-current
Provision for employee benefits:				
(a) Pension	28.54	61.88	33.18	54.75
(b) Leave salary	7.37	27.76	5.06	27.89
(c) Gratuity	–	–	2.56	3.89
Others:				
(a) Warranty	29.15	–	24.40	–
	65.06	89.64	65.20	86.53

19 DEFERRED TAX LIABILITIES (NET)

Particulars		As at 31-03-2019	As at 31-03-2018
The balance comprises temporary differences attributable to:			
Depreciation		333.21	312.45
Total deferred tax liability	(A)	333.21	312.45
Deferred tax asset consists of:			
- tax on employee benefit expenses		44.80	42.44
- tax on warranty provision		12.64	10.98
- tax on expected credit losses provision		35.47	23.78
- tax on investment property		18.24	13.91
- tax on finance cost provision		50.02	50.02
- tax on investments		5.35	5.46
- tax on others		15.75	9.01
- unused tax credits (MAT credit entitlement)		53.98	102.14
Total deferred tax assets	(B)	236.25	257.74
Net deferred tax liability	(A)-(B)	96.96	54.71

Movement in deferred tax :

Particulars	Depreciation	Others	Total
As at 01-04-2017			128.70
Charged / (credited):			
- to profit or loss	48.22	(22.02)	26.20
- to other comprehensive income	–	(3.70)	(3.70)
- to incumbent subsidiaries deferred tax assets	–	(95.39)	(95.39)
- unused tax credits (MAT credit entitlement)	–	(8.57)	(8.57)
- utilization of tax credits (MAT credit utilization)	–	7.47	7.47
As at 31-03-2018			54.71
Charged / (credited):			
- to profit or loss	20.76	(26.47)	(5.71)
- to other comprehensive income	–	0.91	0.91
- to share of associate adjustment as per Ind AS 115 (Tax on retrospective application with cumulative effect)	–	(0.96)	(0.96)
- utilization of tax credits (MAT credit utilization)	–	48.03	48.03
- unused tax credits (MAT credit entitlement)	–	(0.02)	(0.02)
As at 31-03-2019			96.96

Notes to the Financial Statements - *(continued)*

Rupees in crores

	As at 31-03-2019	As at 31-03-2018
20 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)		
Borrowings repayable on demand from banks		
Secured*	2,192.55	1,528.98
Unsecured#	270.11	329.73
Short term loans:		
From banks :		
Secured	–	540.00
Unsecured	791.15	735.25
From others (secured)	–	58.50
	3,253.81	3,192.46
* Includes overdraft utilisation	24.04	55.68
# Includes overdraft utilisation	0.11	95.73
	24.15	151.41

Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.

Short term borrowings from banks of a subsidiary include :

a) A loan of Rs.78.76 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India.

b) A loan of Rs.11.54 crores in IDR, Rs.14.64 crores in USD and Rs.0.56 crores in CNH obtained from another bank secured by subsidiary inventories and trade account receivable.

c) Working capital loan and cash credit of Rs.1,546.58 crores obtained by a subsidiary company are secured by hypothecation of receivables under the financing activity of the Company.

21 TRADE PAYABLES

Dues to Micro and Small Enterprises **	79.24	74.96
Dues to enterprises other than Micro and Small Enterprises#	3,080.44	2,575.88
	3,159.68	2,650.84

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

Balances include balances due to related parties [Refer Note 37(c)(ii)].

22 OTHER FINANCIAL LIABILITIES

Current Maturities of long term borrowings	1,135.08	1,374.15
Interest accrued but not due on loans	17.53	19.35
Trade deposits received	75.27	51.82
Unclaimed dividends (Not due for transfer to Investor Education and Protection Fund)	4.74	4.41
Payables against capital goods	56.33	48.31
Derivative instruments - payable	–	1.69
Hedge liability	13.89	2.60
Collections in respect of de-recognised assets	3.56	18.15
Others	9.92	6.75
	1,316.32	1,527.23

23 OTHER CURRENT LIABILITIES

Statutory dues	181.27	173.85
Employee related	132.10	122.88
Advance received from customers	64.49	90.93
Deferred income	7.61	4.99
Money held under trust	4.45	1.47
	389.92	394.12

Notes to the Financial Statements - *(continued)*

Rupees in crores

		Year ended 31-03-2019	Year ended 31-03-2018
24 REVENUE FROM OPERATIONS			
Sale of products		18,230.59	15,669.43 *
Sale of raw materials		–	58.20
Sale of services		28.02	16.55
Interest income of financial enterprise		1,457.46	669.70
Other operating revenue#		443.92	287.87
		20,159.99	16,701.75

*Includes excise duty upto June 2017.
Includes Government Grants (export incentives) of Rs.176.60 crores (last year Rs.119.05 crores)

		Year ended 31-03-2019	Year ended 31-03-2018
25 OTHER INCOME			
Dividend income - from investments designated as Fair Valued through OCI		0.94	0.60
Interest income		4.36	2.54
Profit on sale of investments (Net)		1.01	–
Profit on sale of fixed assets (Net)		–	2.63
Changes in fair value of investments (Net)		–	58.71 *
Fair value changes on derivatives not designated as hedges		–	19.04
Bad debts recovered		9.16	4.42
Government grant		–	9.67 #
Other non-operating income		9.97	2.00
		25.44	99.61

* Increase in fair value of investments represents changes in fair value of preference shares held in TVS Motor Services Limited and Other non-current investments.
# Relatable to operations of the Company.

		Year ended 31-03-2019	Year ended 31-03-2018
26 MATERIAL COST			
Cost of materials consumed			
Opening stock of raw materials and components		541.05	569.16
Add: Purchases		13,960.34	10,974.93
		14,501.39	11,544.09
Less: Closing stock of raw materials and components		712.96	541.05
		13,788.43	11,003.04
Purchases of stock-in-trade		244.84	254.56
Changes in inventories of finished goods, work-in-progress and stock-in-trade:			
Opening stock:			
Work-in-progress		74.05	97.28
Stock-in-trade		59.83	152.97
Finished goods (Last year includes excise duty of Rs.27.55 crores)		220.58	138.17
	(A)	354.46	388.42
Closing stock:			
Work-in-progress		99.05	74.05
Stock-in-trade		75.48	59.83
Finished goods		258.88	220.58
	(B)	433.41	354.46
	(A)-(B)	(78.95)	33.96

Notes to the Financial Statements - *(continued)*

Rupees in crores

		Year ended 31-03-2019	Year ended 31-03-2018
27	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, wages and bonus	1,253.42	989.31
	Contribution to provident and other funds	70.98	63.11
	Staff welfare expenses	107.75	97.37
		1,432.15	1,149.79
28	**FINANCE COSTS**		
	Interest	636.18	321.05
	Other borrowing cost	20.96	11.09
	Exchange differences	6.26	6.08
		663.40	338.22
29	**OTHER EXPENSES**		
	(a) Consumption of stores, spares and tools	75.51	75.87
	(b) Power and fuel	136.59	128.63
	(c) Rent	61.75	44.18
	(d) Repairs - buildings	13.75	14.37
	(e) Repairs - plant and equipment	65.77	66.33
	(f) Insurance	18.14	15.54
	(g) Rates and taxes (excluding taxes on income)	9.06	11.32
	(h) Audit fees	2.02	1.88
	(i) Cost audit fees	0.05	0.05
	(j) Packing and freight charges	419.91	667.68
	(k) Advertisement and publicity	399.06	307.45
	(l) Other marketing expenses	359.94	322.61
	(m) Loss on sale of fixed assets (Net)	2.22	–
	(n) Loss on sale of investments (Net)	–	29.03
	(o) Foreign exchange loss (Net)	22.90	31.46
	(p) Loss allowance for expected credit losses relating to loans	183.71	80.86
	(q) Corporate social responsibility expenditure*	16.47	13.43
	(r) Contributions to electoral trust	9.00	0.53
	(s) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.10 lakh, whichever is higher)	816.85	545.23
		2,612.70	2,356.45

* Refer Note 43 for details on Corporate Social Responsibility expenditure.

			Year ended 31-03-2019	Year ended 31-03-2018
30	**TAX EXPENSE AND RECONCILIATION**			
	(a) Tax expense			
	Current tax:			
	Current tax on profits for the year		362.93	253.70
	Adjustments for current tax of prior periods		0.25	(5.30)
		(A)	363.18	248.40
	Deferred tax:			
	Decrease / (increase) in deferred tax assets		(26.47)	(3.33)
	(Decrease) / increase in deferred tax liabilities		20.76	29.53
	Unused tax (credit) [MAT credit entitlement]		(0.02)	(3.83)
	Unused tax (credit) / reversal [MAT credit entitlement] of prior periods		–	(4.74)
		(B)	(5.73)	17.63
		(A) + (B)	357.45	266.03

Notes to the Financial Statements - *(continued)*

Rupees in crores

	Year ended 31-03-2019	Year ended 31-03-2018
30 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	1,082.85	930.81
Tax at the Indian tax rate of 34.944% (previous year – 34.61%)	378.39	322.15
Additional deduction towards Research & Development expenses	(40.39)	(65.09)
Fair valuation gains not subjected to current tax	–	(20.32)
Capital receipts	(8.30)	(3.57)
Exempted income	(1.00)	(1.94)
Partially allowed deductions	4.99	4.74
Others	(0.58)	4.48
Tax differences due to subsidiary adjustments	24.09	30.88
Tax relating to earlier years	0.25	(5.30)
	357.45	266.03

31 FAIR VALUE MEASUREMENTS

Particulars	As at 31-03-2019			As at 31-03-2018		
	FVTPL*	FVOCI*	Amortised cost	FVTPL*	FVOCI*	Amortised cost
Financial assets						
Investments						
- Equity instruments	–	92.59	–	–	105.71	–
- Preference shares	–	–	27.45	–	–	12.70
- Other non current investments	0.46	18.81	–	0.94	10.11	–
- Debt Instruments	–	–	170.49	–	–	164.58
Trade receivables	–	–	1,546.07	–	–	1,070.88
Fixed deposit with banks	–	–	38.53	–	–	66.42
Cash and cash equivalents	–	–	163.04	–	–	102.10
Derivative financial assets	15.03	–	–	–	–	–
Other financial assets	–	–	86.47	–	–	83.63
Total financial assets	15.49	111.40	2,032.05	0.94	115.82	1,500.31
Financial liabilities						
Borrowings	–	–	9,298.05	–	–	6,927.54
Trade payables	–	–	3,159.68	–	–	2,650.84
Derivative financial liability	–	13.89	–	1.69	2.60	–
Other financial liability	–	–	167.35	–	–	148.79
Total financial liabilities	–	13.89	12,625.08	1.69	2.60	9,727.17

* FVTPL - Fair Valued Through Profit and Loss   FVOCI - Fair Valued Through Other Comprehensive Income

Notes to the Financial Statements - *(continued)*

Rupees in crores

31 FAIR VALUE MEASUREMENTS - *(continued)*

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31-03-2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	4	0.46	–	–	0.46
Financial Investments at FVOCI	4	72.27	18.81	20.32	111.40
Derivatives	13	–	15.03	–	15.03
		72.73	33.84	20.32	126.89
Financial liabilities					
Derivatives	22	–	13.89	–	13.89
		–	13.89	–	13.89

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31-03-2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	4			27.45	27.45
Debt instruments	4			170.49	170.49
		–	–	197.94	197.94
Financial liabilities					
Borrowings	17, 20, 22			9,298.05	9,298.05
		–	–	9,298.05	9,298.05

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31-03-2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	4	0.94	–	–	0.94
Financial Investments at FVOCI	4	82.51	10.11	23.20	115.82
		83.45	10.11	23.20	116.76
Financial liabilities					
Derivatives	22	–	4.29	–	4.29
		–	4.29	–	4.29

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31-03-2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	4	–	–	12.70	12.70
Debt instruments	4	–	–	164.58	164.58
		–	–	177.28	177.28
Financial liabilities					
Borrowings	17, 20, 22	–	–	6,927.54	6,927.54
		–	–	6,927.54	6,927.54

Notes to the Financial Statements - *(continued)*

31 FAIR VALUE MEASUREMENTS – *(continued)*

Rupees in crores

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the end of the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers among three levels.

The Company's policy is to recognise transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value measurements using significant unobservable inputs (level 3)

Particulars	Unlisted Equity Shares
As at 01-04-2017	90.82
Additions / (deletions)	(65.58)
Gains / (losses) recognised in profit or loss	–
Gains / (losses) recognised in other comprehensive income	(2.04)
As at 31-03-2018	23.20
Additions / (deletions)	(3.07)
Gains / (losses) recognised in profit or loss	–
Gains / (losses) recognised in other comprehensive income	0.19
As at 31-03-2019	20.32

(iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended	
	31-03-2019	31-03-2018		31-03-2019	31-03-2018
Unquoted Equity shares*	20.32	23.20	a) Earnings growth rate	1-3%	1-3%
			b) Risk adjusted discount rate	8%	8%

* Sensitivity is not significant.

Notes to the Financial Statements - *(continued)*

31 FAIR VALUE MEASUREMENTS - *(continued)*

Rupees in crores

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies. Risk adjustments have been derived based on the market risk premium adjusted for companies relevered financial data.

(vi) Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31-03-2019		As at 31-03-2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Preference shares	27.45	27.45	12.70	12.70
Debt instruments	170.49	170.49	164.58	164.58
	197.94	197.94	177.28	177.28
Financial liabilities				
Borrowings	9,298.05	9,298.05	6,927.54	6,927.54
	9,298.05	9,298.05	6,927.54	6,927.54

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.

32 FINANCE RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit Risk	Cash, Cash equivalents and Trade receivables	Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forwarding-looking information (more specifically described below) . In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days, when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Notes to the Financial Statements - *(continued)*

32 FINANCE RISK MANAGEMENT - *(continued)*

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit Risk (continued)	a. Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
	b. Domestic Trade Receivables	Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. The Company extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. The Company has extensive reporting and review system to constantly monitor the outstandings.
	c. Export Trade Receivables	The Company's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with ECGC Limited.
Liquidity Risk	INR denominated borrowings [other than soft loans given by Govt. Authorities]	The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company works out a detailed annual operating plans to assess the fund requirements - both short term and long term. Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
Market Risk	(i) Foreign exchange	The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
	a. Export trade receivables and Import payables	The Company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
	b. Foreign currency denominated borrowings	The Company has hedged its borrowings by covering the principal repayments.
	(ii) Interest rate - Foreign currency denominated borrowings	The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Notes to the Financial Statements - *(continued)*

32 FINANCE RISK MANAGEMENT - *(continued)*

(A) Credit risk

Basis of recognition of expected credit loss provision

<table>
<tr><th>Rating</th><th>Category</th><th>Description of category</th><th>Investments</th><th>Loans and deposits</th><th>Trade receivables</th></tr>
<tr><td>1</td><td>High Quality assets, negligible credit risk</td><td>Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.</td><td rowspan="3">12 month expected credit losses</td><td rowspan="3">12 month expected credit losses</td><td rowspan="5">Life time expected credit losses (simplified approach)</td></tr>
<tr><td>2</td><td>Quality assets, low credit risk</td><td>Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.</td></tr>
<tr><td>3</td><td>Standard Assets, moderate credit risk</td><td>Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.</td></tr>
<tr><td>4</td><td>Substandard Assets, relatively high credit risk</td><td>Assets where there has been a significant increase in credit risk since initial recognition.</td><td rowspan="2" colspan="2">Life time expected credit losses</td></tr>
<tr><td>5</td><td>Low quality assets, very high credit risk</td><td>Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.</td></tr>
<tr><td>6</td><td>Doubtful assets, credit impaired</td><td>Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.</td><td colspan="3">Asset is written off</td></tr>
</table>

Notes to the Financial Statements - *(continued)*

Rupees in crores

32 FINANCE RISK MANAGEMENT - *(continued)*

As at 31-03-2019

a) Expected credit loss for investments, loans and other financial assets

Rupees in crores

Particulars	Internal rating	Asset / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	197.94	0%	–	197.94
	1	Other financial assets	86.47	0%	–	86.47

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,536.08	27.27	1,563.35
Expected loss rate	–	63%	–
Expected credit losses	–	17.28	17.28
Carrying amount of trade receivables	1,536.08	9.99	1,546.07

As at 31-03-2018

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	177.28	0%	–	177.28
	1	Other financial assets	83.63	0%	–	83.63

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	1,065.16	15.39	1,080.55
Expected loss rate	–	63%	–
Expected credit losses	–	9.67	9.67
Carrying amount of trade receivables	1,065.16	5.72	1,070.88

Reconciliation of loss allowance provision - Loans and deposits

Loss allowance on 01-04-2017	–
Write offs	–
Recoveries	–
Loss allowance on 31-03-2018	–
Write offs	–
Recoveries	–
Loss allowance on 31-03-2019	–

Notes to the Financial Statements - *(continued)*

32 FINANCE RISK MANAGEMENT - *(continued)*

Rupees in crores

Reconciliation of loss allowance provision - Trade receivables

Loss allowance 01-04-2017	5.39
Changes in loss allowance	4.28
Loss allowance 31-03-2018	9.67
Changes in loss allowance	7.61
Loss allowance 31-03-2019	17.28

(B) Liquidity risk

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31-03-2019	As at 31-03-2018
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	1,539.06	850.92
- Expiring beyond one year (bank loans)	–	–

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging from 30 to 180 days.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

As at 31-03-2019

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	1,636.02	561.76	2,765.44	3,361.16	973.67	9,298.05
Trade payables	3,159.68					3,159.68
Other financial liabilities	167.35					167.35
Derivatives	13.89					13.89

As at 31-03-2018

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	1,911.51	662.89	2,141.28	1,810.38	401.48	6,927.54
Trade payables	2,650.84					2,650.84
Other financial liabilities	148.79					148.79
Derivatives	2.60	0.26	1.43			4.29

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the Financial Statements - *(continued)*

32 FINANCE 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 31-03-2019		As at 31-03-2018	
Exposure in foreign currency	USD	EUR	USD	EUR
Financial assets:				
Trade receivables	419.95	23.47	234.05	80.00
Derivative assets:				
Foreign exchange forward contracts				
Sell foreign currency	(442.15)	(97.64)	(188.64)	(94.15)
Financial liabilities:				
Foreign currency loan	482.32		158.91	7.84
Trade payables	201.00	6.76	222.71	4.33
Derivative liabilities:				
Foreign exchange forward contracts				
Buy foreign currency			(28.45)	
Principal swap				
Buy foreign currency	(482.32)		(64.66)	

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	As at 31-03-2019	As at 31-03-2018	As at 31-03-2019	As at 31-03-2018
USD sensitivity				
INR/USD increases by 10%	14.89	(10.92)	(30.07)	(11.85)
INR/USD decreases by 10%	(14.89)	10.92	30.07	11.85
EURO sensitivity				
INR/EURO increases by 10%	1.14	5.02	(6.64)	(6.97)
INR/EURO decreases by 10%	(1.14)	(5.02)	6.64	6.97

* Holding all other variables constant

(ii) Interest rate risk

Domestic INR borrowings are based on fixed rate of interest. Normally, for short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, Company resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

Particulars	As at 31-03-2019	As at 31-03-2018
Variable rate borrowings	6,791.61	5,617.30
Fixed rate borrowings	2,506.44	1,310.24

Sensitivity	Impact on profit after tax	
	As at 31-03-2019	As at 31-03-2018
Increase in interest rates by 100 bps	(46.18)	(41.57)
Decrease in interest rates by 100 bps	46.18	41.57

Notes to the Financial Statements - *(continued)*

Rupees in crores

32 FINANCE RISK MANAGEMENT - (continued)

(iii) Price Risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

(i) Disclosure of effects of hedge accounting on financial position

(a) Disclosure of effects of hedge accounting on financial position as at 31-03-2019

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
Foreign exchange forward contracts, PCFC	564.82	–	577.32	–	Apr'19 to Jun'19	9.90	(9.90)
Foreign currency loan	–	403.56	–	413.56	Jul'21 to Sep'23	10.00	(10.00)

(b) Disclosure of effects of hedge accounting on financial position as at 31-03-2018

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
Foreign exchange forward contracts, PCFC	254.35	–	256.95	–	Apr'18 to Jun'18	(1.84)	1.84

(ii) Disclosure of effects of hedge accounting on financial performance:

for the year ended 31-03-2019:

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge: Foreign exchange risk	(1.63)	–	(2.50)	Revenue

for the year ended 31-03-2018:

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge: Foreign exchange risk	(2.60)	–	(0.10)	Revenue

Notes to the Financial Statements - *(continued)*

Rupees in crores

33 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY

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.

Receivable from Finance Activity:

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	As at 31-03-2019	As at 31-03-2018
Gross carrying value of loan Assets:		
Stage-1 (less than 30 days)	7,773.50	5,738.38
Stage-2 (30-90 days)	321.98	169.24
Stage-3 (more than 90 days)	268.17	328.86
Total gross carrying value on reporting date	8,363.65	6,236.48

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 Expected Credit Loss (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. Effective Interest Rate (EIR) has been taken as discount rate for all loans.

Estimation Technique

The financial services business has applied the following estimation technique in its ECL model:

- Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals.

There is no change in estimation techniques or significant assumptions during the reporting period.

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analyses based on the business historical experience,

Notes to the Financial Statements - *(continued)*

Rupees in crores

33 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY - *(continued)*

including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

Definition of default

The definition of default used for internal credit risk management purposes is based on RBI Guidelines. Under Ind AS, financial asset to be in default when it is more than 90 days past due. The financial services business considers a financial asset under default as 'credit impaired'.

Impairment loss

The expected credit loss allowance provision is determined as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross balance as at 31st March 2019	7,773.50	321.98	268.17	8,363.65
Expected Credit Loss	30.99	3.42	104.61	139.02
Expected Credit Loss Rate	0.40%	1.06%	39.01%	1.66%
Net of impairment provision	7,742.51	318.56	163.56	8,224.63

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross Balance as at 31st March 2018	5,738.38	169.24	328.86	6,236.48
Expected Credit Loss	19.76	2.08	82.94	104.78
Expected Credit Loss Rate	0.34%	1.23%	25.22%	1.68%
Net of impairment provision	5,718.62	167.16	245.92	6,131.70

34 CAPITAL MANAGEMENT

(a) Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet). The company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	As at 31-03-2019	As at 31-03-2018
Net debt	9,135.01	6,825.44
Total equity	3,415.94	2,858.28
Net debt to equity ratio	267.42%	238.80%

Notes to the Financial Statements - *(continued)*

Rupees in crores

34 CAPITAL MANAGEMENT - *(continued)*

The Company also monitors Interest coverage ratio :

Company's earnings before interest and taxes (EBIT) divided by interest

The Company's strategy is to maintain a optimum interest coverage ratio The Interest coverage ratio were as follows:

Particulars	Year ended 31-03-2019	Year ended 31-03-2018
EBIT	1,746.25	1,269.03
Interest	663.40	338.22
Interest coverage ratio (Times)	2.63	3.75

(b) Dividends

Particulars	Year ended 31-03-2019	Year ended 31-03-2018
(i) Equity shares Interim dividends for the year ended 31-03-2019 of Rs.3.50 (31-03-2018 of Rs.3.30) per fully paid share	200.46	188.69
(ii) Dividends not recognised at the end of the reporting period	–	–

35 BUSINESS COMBINATION

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.

Details of the purchase consideration and goodwill are follows:

The purchase consideration of Rs. 1.62 Crores for this business combination is paid by cash.

Calculation of goodwill

Particulars	Rupees in crores
Consideration transferred	1.62
Non-controlling interest in the acquired entity	136.05
Acquisition date fair value of previously held equity interest	0.38
Less : Net identifiable assets acquired	(48.06)
Goodwill on consolidation	186.11

The goodwill is attributable to the expected synergies on acquisition of the financial services 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.

Company assessed impairment of goodwill based on the expected earnings growth of the acquired business.

Revenue and profit contribution

The acquired business contributed revenues of Rs.770.13 crores and profit before tax of Rs.85.15 crores for the period between 7th September 2017 and 31st March 2018.

If the acquisition had occurred on 1st April 2017, consolidated pro-forma revenue and profit before tax for the year ended 31st March 2018 would have been Rs.17,340.83 crores and Rs.937.57 crores, respectively.

Notes to the Financial Statements - *(continued)*

Rupees in crores

36 EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plans as per actuarial valuation

Particulars	Funded plan			Unfunded plans	
	Gratuity			Pension	Leave salary
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Present value of obligation
As at 01-04-2017	86.25	(76.40)	9.85	62.99	20.14
Incumbent subsidiary	6.99	(5.97)	1.02	9.16	5.20
Current service cost	7.96	–	7.96	3.75	3.23
Interest expense / (income)	6.79	(6.00)	0.79	4.79	1.76
Total amount recognised in profit or loss	14.75	(6.00)	8.75	8.54	4.99
Remeasurements					
Return on plan assets, excluding amounts included in interest expense / (income)	–	0.44	0.44	–	–
(Gain) / loss from change in financial assumptions	(6.49)	–	(6.49)	0.08	(1.82)
Experience (gains) / losses	12.92	–	12.92	(3.64)	9.23
Total amount recognised in other comprehensive income	6.43	0.44	6.87	(3.56)	7.41
Employer contributions	–	(20.22)	(20.22)	–	–
Benefit payments	(5.52)	5.70	0.18	–	(4.79)
As at 31-03-2018	108.90	(102.45)	6.45	77.13	32.95
Current service cost	18.27	–	18.27	1.10	-
Interest expense / (income)	8.39	(8.21)	0.18	5.05	2.33
Total amount recognised in profit or loss	26.66	(8.21)	18.45	6.15	2.33
Remeasurements					
Return on plan assets, excluding amounts included in interest expense / (income)	–	2.80	2.80	–	–
(Gain) / loss from change in financial assumptions	(4.34)	–	(4.34)	(0.95)	(0.90)
Experience (gains) / losses	(7.48)	–	(7.48)	0.08	6.27
Total amount recognised in other comprehensive income	(11.82)	2.80	(9.02)	(0.87)	5.37
Employer contributions	–	(17.06)	(17.06)	–	–
Benefit payments	(10.45)	10.45	–	(4.43)	(5.52)
As at 31-03-2019	113.29	(114.47)	(1.18)	77.98	35.13

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Statement of Profit and Loss.

Notes to the Financial Statements - *(continued)*

36 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

Rupees in crores

The significant actuarial assumptions were as follows:

Particulars	As at 31-03-2019	As at 31-03-2018
Discount rate (Gratuity)	7.7%	7.7%
Discount rate (Leave salary)	7.6%	7.7%
Discount rate (Pension)	7.0%	7.0%
Salary growth rate	5.5%	6.0%
Pre-retirement mortality rate	IALM (2006-08) Ultimate	
Post retirement mortality rate	LIC Ann (1996-98)	
Attrition rate (For Leave salary & Gratuity)	3.0%	3.0%
Attrition rate (For Pension)	0.0%	0.0%

Assumptions regarding future mortality for pension are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 58.

(i) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Impact on defined benefit obligation - Gratuity					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018
Discount rate	0.50%	0.50%	108.90	104.35	118.03	113.82
Salary growth rate	0.50%	0.50%	118.10	113.88	108.80	104.26
Mortality	5.00%	5.00%	113.31	108.92	113.26	108.88

Particulars	Impact on defined benefit obligation - Pension					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018
Discount rate	1.00%	1.00%	68.82	70.90	88.67	79.25
Salary growth rate	1.00%	1.00%	89.19	75.93	68.31	73.88
Mortality	5.00%	5.00%	77.23	74.89	78.41	74.87

Particulars	Impact on defined benefit obligation - Leave salary					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018
Discount rate	0.50%	0.50%	33.19	31.40	35.08	34.66
Salary growth rate	0.50%	0.50%	35.10	34.69	33.17	31.36
Mortality	5.00%	5.00%	34.11	32.97	34.10	32.96

Notes to the Financial Statements - *(continued)*

36 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(ii) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets under perform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

Changes in bond: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yield increase in the value of the plans’ bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans’ liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

(iii) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of Rs.17.04 crores (previous year Rs.16.93 crores) has been recognised in the Statement of Profit and Loss.

Notes to the Financial Statements - *(continued)*

37 RELATED PARTY DISCLOSURE

(a) (i) Related parties and their relationship where control exists

Holding company:

Sundaram-Clayton Limited, Chennai

Ultimate holding company:

T V Sundram Iyengar & Sons Private Limited, Madurai

Subsidiaries:

Sundaram Auto Components Limited, Chennai

TVS Housing Limited, Chennai

TVS Motor Services Limited, Chennai

TVS Credit Services Limited, Chennai

Harita Collection Services Private Limited, Chennai

Harita ARC Private Limited, Chennai

TVS Micro Finance Private Limited, Chennai

TVS Commodity Financial Solutions Private Limited, Chennai

TVS Two Wheeler Mall Private Limited, Chennai

TVS Housing Finance Private Limited, Chennai

TVS Motor (Singapore) Pte. Limited, Singapore

TVS Motor Company (Europe) B.V, Amsterdam

PT. TVS Motor Company Indonesia, Jakarta

Sundaram Holding USA Inc, USA

Green Hills Land Holding LLC, USA

Component Equipment Leasing LLC, USA

Sundaram-Clayton USA LLC, USA

Premier Land Holding LLC, USA

Associate companies:

Emerald Haven Realty Limited, Chennai

Ultraviolette Automotive Private Limited, Bengaluru

(ii) Other related parties and their relationship where transaction exists:

Fellow subsidiaries:

TVS Electronics Limited, Chennai

Southern Roadways Limited, Madurai

Sundaram Industries Private Limited, Madurai

Lucas-TVS Limited, Chennai

Lucas Indian Service Limited, Chennai

TVS Auto Assist (India) Limited, Chennai

TVS Training and Services Limited, Chennai

TVS Lanka Private Limited, Colombo

Autosense Private Limited, Chennai

Notes to the Financial Statements - *(continued)*

37 RELATED PARTY DISCLOSURE - *(continued)*

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 Logistics Services Limited, Chennai
- Harita Techserv Limited, Chennai

Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:

- Upasana Engineering Limited, Chennai
- TVS Dynamic Global Freight Services Limited, Chennai
- TVS Commutation Solutions Limited, Chennai

Enterprises in which directors are interested:

- TVS Organics Private Limited
- Designo Lifestyle Solutions Private Limited
- Dua Associates
- Dua Consulting Private Limited
- McCann-Erickson (India) Private Limited

Key Management personnel:

Executive Directors:

- Mr. Venu Srinivasan, Chairman & Managing Director
- Mr. Sudarshan Venu, Joint Managing Director
- Mr. K.N.Radhakrishnan, Director and CEO

Non-executive Directors:

Independent Directors:

- Mr. T.Kannan
- Mr. C.R.Dua
- Mr. Prince Asirvatham
- Mr. R.Ramakrishnan
- Mr. Hemant Krishan Singh
- Mrs. Lalita D. Gupte

Non-Independent Directors:

- Mr. H.Lakshmanan
- Dr. Lakshmi Venu
- Mr. Rajesh Narasimhan

Relative of key management personnel:

- Dr. Malini Srinivasan

Enterprise in which key management personnel and their relative have significant influence:

- Harita-NTI Limited, Chennai

Notes to the Financial Statements - *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
37 RELATED PARTY DISCLOSURE – *(continued)*		
(b) Transactions with related parties:		
(i) Purchase of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.48	0.42
- holding company (Sundaram-Clayton Limited, Chennai)	515.91	437.90
- fellow subsidiaries		
TVS Electronics Limited, Chennai	0.30	0.19
Sundaram Industries Private Limited, Madurai	0.05	0.10
Lucas-TVS Limited, Chennai	169.74	121.40
Lucas Indian Service Limited, Chennai	7.16	7.97
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	27.96	17.35
TVS Srichakra Limited, Madurai	527.76	418.43
Wheels India Limited, Chennai	14.89	8.22
Sundram Fasteners Limited, Chennai	65.40	57.71
India Nippon Electricals Limited, Chennai	332.74	288.23
Sundaram Brake Linings Limited, Chennai	13.90	12.05
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:		
Upasana Engineering Limited, Chennai	22.42	16.40
- enterprises over which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)	1.44	1.73
- enterprises in which directors are interested		
TVS Organics Private Limited	1.25	1.07
Designo Lifestyle Solutions Private Limited	–	0.10
(ii) Sale of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	67.31	6.24
- fellow subsidiary		
Lucas -TVS Limited, Chennai	0.16	0.13
TVS Lanka Private Limited, Colombo	234.63	155.43
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Auto Bangladesh Limited, Dhaka	686.67	465.48
(iii) Purchase of asset		
- associate of ultimate holding company (TVS Logistics Services Limited, Chennai)	3.94	–
(iv) Rendering of services (including interest received)		
- holding company (Sundaram-Clayton Limited, Chennai)	7.17	5.85
- fellow subsidiary		
Southern Roadways Limited, Madurai	0.01	0.01
Lucas-TVS Limited, Chennai	–	0.01

Notes to the Financial Statements - *(continued)*

37 RELATED PARTY DISCLOSURE – *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	0.63	0.54
Wheels India Limited, Chennai	0.01	–
Sundram Fasteners Limited, Chennai	0.05	0.01
- associate company (Emerald Haven Realty Limited, Chennai)	0.23	0.35
(v) Availing of services (includes sub-contract charges paid)		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	–	0.54
- holding company (Sundaram-Clayton Limited, Chennai)	49.68	50.70
- fellow subsidiaries:		
TVS Electronics Limited, Chennai	1.54	1.21
Southern Roadways Limited, Madurai	2.72	2.96
TVS Auto Assist (India) Limited, Chennai	4.99	3.30
Lucas-TVS Limited, Chennai	0.22	0.14
TVS Training and Services Limited, Chennai	–	0.03
Autosense Private Limited, Chennai	3.05	–
- associate company (Emerald Haven Realty Limited, Chennai)	0.01	0.01
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	110.10	96.11
Harita Techserv Limited, Chennai	2.84	2.60
Brakes India Private Limited, Chennai	–	0.18
Delphi-TVS Diesel System Limited, Chennai	0.13	0.01
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Dynamic Global Freight Services Limited, Chennai	77.81	45.20
- enterprises in which directors are interested		
Dua Associates	0.96	0.79
Dua Consulting Private Limited	4.97	4.44
McCann-Erickson (India) Private Limited	5.43	6.43
(vi) Investments made		
- fellow subsidiary company (TVS Lanka Private Limited, Colombo)	14.75	–
- associate companies		
Emerald Haven Realty Limited, Chennai	–	31.22
Ultraviolette Automotive Private Limited, Bengaluru	6.00	42.33
(vii) Remuneration to key management personnel:		
- Short-term employee benefits	55.64	41.73
- Post-employment benefits	0.22	0.18
Remuneration to Relative to key management personnel (Short-term employee benefits)	0.38	0.33
(viii) Dividend received from:		
fellow subsidiary company (TVS Lanka Private Limited, Colombo)	0.42	0.20
(ix) Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	95.44	89.99

Notes to the Financial Statements - *(continued)*

Rupees in crores

37 RELATED PARTY DISCLOSURE – *(continued)*

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
(c) Balances with related parties (unsecured):		
(i) Trade receivables		
- ultimate holding company (T V Sundram Iyengar & Sons Private Limited, Madurai)	37.28	6.27
- fellow subsidiary company (TVS Lanka Private Limited, Colombo)	25.62	11.32
- associate company (Emerald Haven Realty Limited, Chennai)	1.47	–
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Auto Bangladesh Limited, Dhaka	66.45	67.48
(ii) Trade payables		
- holding company (Sundaram-Clayton Limited, Chennai)	20.30	32.92
- fellow subsidiaries		
Lucas-TVS Limited, Chennai	28.49	19.08
Lucas Indian Service Limited, Chennai	1.11	0.80
Southern Roadways Limited, Madurai	0.16	–
Sundaram Industries Private Limited, Madurai	0.01	0.01
TVS Auto Assist (India) Limited, Chennai	0.58	–
TVS Electronics Limited, Chennai	0.04	0.12
TVS Training and Services Limited, Chennai	–	0.01
Autosense Private Limited, Chennai	–	0.40
- associate company (Emerald Haven Realty Limited, Chennai)	3.49	4.80
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	6.53	3.32
TVS Srichakra Limited, Madurai	71.55	42.74
Wheels India Limited, Chennai	2.78	1.72
Harita Techserv Limited, Chennai	0.52	0.24
India Nippon Electricals Limited, Chennai	51.65	45.97
Sundaram Brake Linings Limited, Chennai	2.61	2.21
Sundram Fasteners Limited, Chennai	11.21	9.79
TVS Logistics Services Limited, Chennai	10.15	8.53
Delphi-TVS Diesel System Limited, Chennai	0.05	–
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Dynamic Global Freight Services Limited, Chennai	9.20	5.90
Upasana Engineering Limited, Chennai	3.23	2.24
- enterprises in which directors are interested		
Dua Consulting Private Limited	0.14	0.10
McCann-Erickson (India) Private Limited	–	1.06
TVS Organics Private Limited	0.03	0.04
- enterprise over which key management personnel and their relatives have significant influence (Harita-NTI Limited, Chennai)	0.13	0.16

Notes to the Financial Statements - *(continued)*

Rupees in crores

38 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 31-03-2019
(a)	**Type of goods or service**	
(i)	Automobiles	16,285.67
(ii)	Parts and accessories	1,720.97
(iii)	Automotive components	223.95
(iv)	IT Services	10.92
(v)	Royalty	16.67
(vi)	Others	1,457.89
		19,716.07
(b)	**Geographical markets**	
(i)	Domestic	15,507.21
(ii)	Exports	4,208.86
		19,716.07

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 44.

C Reconciliation of contracts with customers:

Movement of contract liabilities for the reporting period given below:

Particulars	For the year ended 31-03-2019
Contract Liabilities at the beginning of the period	90.93
Add / (Less) :	
Consideration received during the year as advance	64.49
Revenue recognized from contract liability	90.93
Contract Liabilities at the end of the period	64.49

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 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 31-03-2019
(i)	Contract price	20,389.38
(ii)	Adjustments:	
	Incentive schemes	262.95
	Transport cost	410.36
(iii)	Revenue from sale of products and services	19,716.07

F Impact of following earlier standard against Ind AS 115:

On adoption of Ind AS 115 as compared to Ind AS 18, "Revenue from operations" is reduced by Rs.410.36 crores due to freight charges being netted off against revenue, which leads to an equivalent reduction in "Other expenses", during the year.

Notes to the Financial Statements - *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
39 EARNINGS PER SHARE		
Profit after tax	704.67	652.35
Number of equity shares	47,50,87,114	47,50,87,114
Face value of the share (in rupees)	1.00	1.00
Weighted average number of equity shares	47,50,87,114	47,50,87,114
Basic and diluted earnings per share for continued operations (in rupees)	14.83	13.73
Basic and diluted earnings per share for discontinued operations (in rupees)	–	–
Basic and diluted earnings per share for continued and discontinued operations (in rupees)	14.83	13.73
40 WARRANTY PROVISION (CURRENT)		
Opening balance	24.40	23.46
Add: Provision for the year (Net)	29.15	24.40
	53.55	47.86
Less: Payments / debits (Net)	24.40	23.46
Closing balance	29.15	24.40
41 PAYMENT TO AUDITORS COMPRISES		
As statutory auditors	1.69	1.58
Taxation matters	0.19	0.18
Certification matters	0.14	0.12
	2.02	1.88
Miscellaneous expenses include travel and stay expenses of auditors	0.19	0.17
	2.21	2.05
42 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR		
(a) Claims against the company not acknowledged as debts:		
(i) Excise	57.57	70.85
(ii) Service tax	2.13	6.21
(iii) Customs	1.61	1.36
(iv) Sales tax	3.07	3.32
(v) Income tax	41.33	43.20
(vi) Others	2.62	5.46
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	212.03	129.78
(ii) On factoring arrangements	0.98	0.82

Notes to the Financial Statements - *(continued)*

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
	Rupees in crores	
42 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR: – *(continued)*		
(c) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	285.17	412.05
(d) Other commitments:		
On import of capital goods under Export Promotion Capital Goods Scheme	14.92	40.75

43 CORPORATE SOCIAL RESPONSIBILITY

(a) Gross amount required to be spent during the year is Rs.16.27 crores (last year Rs.13.08 crores)

(b) Amount spent during the year:

Sl.No.	Particulars	in cash	Yet to be paid in cash	31-03-2019	31-03-2018
1	Construction / acquisition of any asset	–	–	–	–
2	Expenses incurred through trusts	16.47	–	16.47	13.43

44 SEGMENT INFORMATION

For the year ended 31-03-2019

Particulars	Business Segment				
	Automotive vehicles & parts	Automotive components	Financial services	Others	Total
Revenue					
External sales- domestic	13,950.60	225.76	1,601.65	0.07	15,778.08
- exports	4,381.91	–	–	–	4,381.91
Inter segment sales	–	373.94	–	–	373.94
Total sales	18,332.51	599.70	1,601.65	0.07	20,533.93
Less: Inter segment sales	–	373.94	–	–	373.94
Net revenue	18,332.51	225.76	1,601.65	0.07	20,159.99
Segment-wise results before interest and tax	957.40	28.45	758.70	–	1,744.55
Less: Interest	99.87	5.71	557.82	–	663.40
Profit before tax	857.53	22.74	200.88	–	1,081.15
Less: Tax expenses	291.00	8.04	58.41	–	357.45
Profit after tax	566.53	14.70	142.47	–	723.70
Share of profit of Associates	–	–	–	1.70	1.70
Profit / Loss for the period	566.53	14.70	142.47	1.70	725.40
Segment assets	6,727.52	920.91	9,043.70	4.36	16,696.49
Segment liabilities	5,265.13	493.61	7,518.30	3.51	13,280.55
Segment depreciation / amortisation	409.09	17.40	15.22	–	441.71

Notes: The Company and its Indian subsidiaries cater mainly to the needs of the domestic market.
There are no reportable geographical segments.

Notes to the Financial Statements - *(continued)*

Rupees in crores

44 SEGMENT INFORMATION – *(continued)*

For the year ended 31-03-2018

Particulars	Business Segment				
	Automotive vehicles & parts	Automotive components	Financial services	Others	Total
Revenue					
External sales- domestic	12,653.33	225.69	746.67	1.39	13,627.08
- exports	3,074.67	–	–	–	3,074.67
Inter segment sales	–	376.25	–	–	376.25
Total sales	15,728.00	601.94	746.67	1.39	17,078.00
Less: Inter segment sales	–	376.25	–	–	376.25
Net revenue	15,728.00	225.69	746.67	1.39	16,701.75
Segment- wise results before interest and tax	897.69	25.65	345.05	0.07	1,268.46
Less: Interest	74.21	4.11	259.90	–	338.22
Profit before tax	823.48	21.54	85.15	0.07	930.24
Less: Tax expenses	218.55	7.35	40.11	0.02	266.03
Profit after tax	604.93	14.19	45.04	0.05	664.21
Share of profit of Associates	–	–	–	0.57	0.57
Profit / Loss for the period	604.93	14.19	45.04	0.62	664.78
Segment assets	5,741.49	648.35	6,819.26	4.43	13,213.53
Segment liabilities	4,494.05	252.61	5,605.01	3.58	10,355.25
Segment depreciation / amortisation	349.75	17.40	6.45	–	373.60

Notes: The Company and its Indian subsidiaries cater mainly to the needs of the domestic market.
There are no reportable geographical segments.

Notes to the Financial Statements - *(continued)*

45 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31-03-2019

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 Rs. in crores	As % of consolidated profit or loss	Amount Rs. in crores	As % of consolidated other comprehensive income	Amount Rs. in crores	As % of consolidated total comprehensive income	Amount Rs. in crores
1	2	3	4	5	6	7	8	9
Parent								
TVS Motor Company Limited	33.61%	1,147.84	94.75%	667.71	-50.86%	(3.26)	93.44%	664.45
Subsidiaries - Indian								
Sundaram Auto Components Limited	2.38%	81.22	2.23%	15.73	-13.88%	(0.89)	2.09%	14.84
TVS Motor Services Limited	36.44%	1,244.51	20.22%	142.47	-9.52%	(0.61)	19.95%	141.86
TVS Housing Limited	0.02%	0.85	0.00%	–	0.00%	–	0.00%	–
Subsidiaries - Foreign								
TVS Motor (Singapore) Pte Limited	0.78%	26.54	-7.26%	(51.19)	-10.30%	(0.66)	-7.29%	(51.85)
TVS Motor Company Europe B.V.	0.05%	1.79	-0.09%	(0.64)	2.50%	0.16	-0.07%	(0.48)
PT. TVS Motor Company Indonesia	5.60%	191.41	-7.00%	(49.35)	-16.07%	(1.03)	-7.09%	(50.38)
Sundaram Holding USA Inc.	10.13%	346.08	-0.15%	(1.03)	197.66%	12.67	1.64%	11.64
Non-controlling Interest in all subsidiaries	7.19%	245.77	-2.94%	(20.73)	2.34%	0.15	-2.89%	(20.58)
Associates - Indian (Investment as per the equity method)								
Emerald Haven Realty Limited	3.49%	119.33	0.30%	2.10	-1.87%	(0.12)	0.28%	1.98
Ultraviolette Automotive Private Limited	0.31%	10.60	-0.06%	(0.40)	0.00%	–	-0.06%	(0.40)
Total	100.00%	3,415.94	100.00%	704.67	100.00%	6.41	100.00%	711.08

46 BORROWING COST CAPITALISED

Borrowing cost capitalised during the year Rs.17.25 crores (last year - Nil).

47 COMPARISON WITH PREVIOUS YEAR

TVS Motor Services Limited and its subsidiaries became subsidiary of the Company effective 7.9.2017. Consolidated financial results of the Company for the year include twelve months period, whereas previous year figures include transactions only from the date they became subsidiary. Hence, not comparable.

48 PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED WHEREVER NECESSARY TO CONFORM TO THE CURRENT YEAR'S CLASSIFICATION.

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Chennai
Date : 30th April 2019

Annexure

Form AOC - I

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

Information in respect of each subsidiary

Rupees in crores

Sl.No.	Particulars	Indian Subsidiaries									
		Sundaram Auto Components Limited	TVS Housing Limited	TVS Motor Services Limited	TVS Credit Services Limited	TVS Two-Wheeler Mall Private Limited	TVS Micro Finance Private Limited	Harita ARC Private Limited	Harita Collection Services Private Limited	TVS Commodity Financial Solutions Private Limited	TVS Housing Finance Private Limited
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	Date on which subsidiary was acquired	01-04-2003	21-06-2010	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	08-09-2017
2.	Reporting period	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019
3.	Reporting currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
	Closing Exchange rate	–	–	–	–	–	–	–	–	–	–
4.	Share capital	35.93	0.05	8.63	178.21	0.0025	0.0025	0.0025	0.0025	0.0025	12.00
5.	Reserves & Surplus	312.43	0.80	(398.41)	972.94	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	0.60
6.	Total assets	664.95	4.36	823.99	8749.65	0.0025	0.0025	0.0025	0.0025	0.0025	12.81
7.	Total Liabilities	664.95	4.36	823.99	8749.65	0.0025	0.0025	0.0025	0.0025	0.0025	12.81
8.	Investments	253.96	–	584.09	12.01	–	–	–	–	–	–
9.	Turnover	601.16	0.07	–	1634.78	–	–	–	–	–	0.75
10.	Profit before taxation	17.37	–	(15.84)	215.97	(0.0016)	(0.0016)	(0.0016)	(0.0016)	(0.0016)	0.75
11.	Provision for taxation	8.04	–	(9.51)	67.67	–	–	–	–	–	0.25
12.	Profit after taxation	9.33	–	(6.33)	148.30	(0.0016)	(0.0016)	(0.0016)	(0.0016)	(0.0016)	0.50
13.	Proposed Dividend	–	–	–	–	–	–	–	–	–	–
14.	% of shareholding	100	100	100	85.90	85.90	85.90	85.90	85.90	85.90	85.90

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

Information in respect of each subsidiary

Rupees in crores

Sl.No.	Particulars	Foreign Subsidiaries			
		PT TVS Motor Company Indonesia	TVS Motor Company (Europe) B.V.	TVS Motor (Singapore) Pte. Ltd	Sundaram Holding USA Inc#
		(11)	(12)	(13)	(14)
1.	Date on which subsidiary was acquired	05-09-2005	21-07-2005	21-10-2005	09-09-2015
2.	Reporting period	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019
3.	Reporting currency	IDR	USD	SGD	USD
	Closing Exchange rate	INR 0.485 / IDR 100	INR 69.155/USD	INR 51.0375/SGD	INR 69.155/USD
4.	Share capital	826.52	126.52	338.85	337.28
5.	Reserves & Surplus	(717.63)	(124.73)	(68.64)	2.28
6.	Total assets	430.56	1.99	282.71	516.87
7.	Total Liabilities	430.56	1.99	282.71	516.87
8.	Investments	–	–	245.93	–
9.	Turnover	239.05	–	–	–
10.	Profit before taxation	(49.35)	(0.64)	(51.19)	(1.03)
11.	Provision for taxation	–	–	–	–
12.	Profit after taxation	(49.35)	(0.64)	(51.19)	(1.03)
13.	Proposed Dividend	–	–	–	–
14.	% of shareholding	100	100	100	75

The figures 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.

Notes:

1. Subsidiaries which are yet to commence operations:(1) TVS Two Wheeler Mall Private Ltd, (2) TVS Micro Finance Private Ltd, (3) Harita ARC Private Ltd, (4) Harita Collection Services Private Ltd, (5) TVS Commodity Financial Solutions Private Ltd, (6) TVS Housing Finance Private Ltd and (7) Sundaram Holding USA Inc.
2. Subsidiaries which have been liquidated or sold during the year - Nil.

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

Rupees in crores

Sl.No.	Particulars	Emerald Haven Realty Limited	Ultraviolette Automotive Private Limited
1.	Latest audited Balance Sheet Date	31-03-2019	31-03-2019
2.	Date on which the Associate was acquired	26-03-2012	09-08-2018
3.	Shares of Associate held by the company on the year end		
(i)	No. of shares	11,12,19,512	14,850
(ii)	Amount of investment in Associates/Joint Venture	111.22	11.00
(iii)	Extent of holding %	48.80	25.33
3.	Description of how there is significant influence	Holding more than 20% of share capital	Holding more than 20% of share capital
4.	Reason why the associate/joint venture is not consolidated	–	–
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	119.33	10.60
6.	Profit / Loss for the year:		
(i)	Considered in consolidation	2.10	(0.40)
(ii)	Not considered in consolidation	2.20	(1.17)

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.

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

Place : Chennai
Date : 30th April 2019

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATRAMAN
Partner
Membership No.: 34319

TVS

TVS

Jupiter

ZYADA KA FAYDA

GRANDE


Apache
RR
310
RACING DNA UNLEASHED