TVS MOTOR COMPANY LIMITED

26th Annual Report 2017-2018

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Board of Directors

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN

T. KANNAN

C. R. DUA

R. RAMAKRISHNAN

Dr. LAKSHMI VENU

PRINCE ASIRVATHAM

HEMANT KRISHAN SINGH

RAJESH NARASIMHAN

Audit Committee

T. KANNAN
Chairman
C.R. DUA
R. RAMAKRISHNAN
PRINCE ASIRVATHAM

Risk Management Committee

T. KANNAN
Chairman
R. RAMAKRISHNAN
SUDARSHAN VENU
K.N. RADHAKRISHNAN

Stakeholders' Relationship Committee

R. RAMAKRISHNAN
Chairman
VENU SRINIVASAN
SUDARSHAN VENU

Nomination and Remuneration Committee

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

Corporate Social Responsibility Committee

VENU SRINIVASAN
Chairman
H. LAKSHMANAN
PRINCE ASIRVATHAM

President & CEO

K.N. RADHAKRISHNAN

Chief Financial Officer

K. GOPALA DESIKAN

Company Secretary

K.S. SRINIVASAN

Statutory Auditors

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

Cost Auditor

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

Secretarial Auditors

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

Shares listed with

BSE Ltd., Mumbai.
National Stock Exchange of India Ltd., Mumbai.

Bankers

STATE BANK OF INDIA
Corporate Accounts Group Branch, Chennai.

Registered Office

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

Share Transfer Agent

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

Plant Locations

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

Subsidiary Companies

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

CONTENTS

Financial Highlights

Rupees in crores

Details								Ind AS		
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Sales & other income including Excise Duty	4,079	4,801	6,857	7,749	7,875	8,694	10,788	12,195	13,363	15,618
Profit before interest, depreciation, amortisation and tax*	247	304	491	520	461	532	669	914	1,030	1,274
Profit before tax*	31	76	248	316	254	355	456	629	699	879
Exceptional / Extraordinary Items	-	-	-	-	(91)	(3)	-	-	-	-
Profit after tax	31	88	195	249	116	262	348	489	558	663
Net fixed assets	1,036	983	995	1,078	1,048	1,174	1,419	1,751	2,046	2,503
Share capital	24	24	48	48	48	48	48	48	48	48
Reserves and surplus	786	842	952	1,122	1,177	1,368	1,598	1,911	2,361	2,833
Net worth	735	835	999	1,170	1,225	1,415	1,645	1,958	2,408	2,880
Total borrowings	906	1,003	768	831	634	528	970	924	1,107	1,189
Earnings per share (Rs.) #	0.66	1.86	4.10	5.24	2.44	5.51	7.32	10.30	11.75	13.95
Dividend per share (Rs.)	0.70	1.20	1.10	1.30	1.20	1.40	1.90	2.50	2.50	3.30
Book value per share (Rs.) #	15.47	17.58	21.04	24.62	25.78	29.79	34.63	41.22	50.69	60.63
EBITDA / turnover (%)	6.06	6.32	7.16	6.71	5.85	6.12	6.20	7.49	7.71	8.16
Profit before tax / turnover (%)	0.76	1.59	3.62	4.08	3.23	4.09	4.23	5.16	5.23	5.63
Return on capital employed (%)	5.60	8.01	16.48	18.96	14.68	18.88	20.27	23.24	21.67	23.40
Return on net worth (%)	4.13	11.21	21.21	22.97	9.69	19.82	22.73	27.15	25.56	25.06

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 in 2010-11.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 26th Annual General Meeting of the Company (AGM) will be held on Tuesday, the 7th August 2018 at 10.35 a.m. at 'The Music Academy', New No. 168 (Old No. 306) T.T.K. Road, Royapettah, Chennai 600 014 to transact the following business:

ORDINARY BUSINESS

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

   RESOLVED THAT the audited balance sheet as at 31st March, 2018, the statement of profit and loss, notes forming part thereof, the cash flow statement for the year ended on that date and the consolidated financial statements, together with the Directors' Report and the Auditors' Report thereon as circulated to the Members and presented to the meeting be and the same are hereby approved and adopted.

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

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

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

   RESOLVED THAT the re-appointment of 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, for the second term of five consecutive years from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 31st AGM, as recommended by the Audit Committee and approved by the Board of Directors of the Company, in terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 on such remuneration, as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors during their tenure, in addition to reimbursement of travelling, out-of-pocket expenses and all applicable taxes, be and is hereby approved.

SPECIAL BUSINESS

4. To consider passing the following resolution as a special resolution:

   RESOLVED THAT subject to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 (the Act, 2013) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended), Mr H Lakshmanan (holding DIN 00057973), a Non-Executive Director, aged 84 years, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company.

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 Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Regulation 17 of SEBI (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 Rajesh Narasimhan (holding DIN 07824276) who was appointed as an Additional Non-Executive Non-Independent Director effective 1st November 2017 and who holds office upto the date of this Annual General Meeting, 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 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 Rs. 5,00,000 (Rupees five 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 2018-19 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
16th May 2018

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 business 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 3rd July 2018 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 duly filled in 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.

    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 along with Attendance Slip and Proxy Form are being sent in the permitted mode.

Voting

18. The business 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 SEBI (LODR) Regulations, the Company has provided facility to exercise votes through electronic voting system, to Members holding shares as on 31st July 2018 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 e-Voting process through the e-Voting 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 31st July 2018. 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 sriram.krishnamurthy@rediffmail.com, with a copy marked to evoting@nsdl.co.in;
- (xii) Members can cast their vote online from 4th August 2018 (Saturday) (9 a.m.) till 6th August 2018 (Monday) (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 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 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) Members holding shares as on the "Cut-off date" will be entitled to vote through remote e-Voting or at the venue of AGM through Ballot Paper;

(ii) 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 3rd July 2018;

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 along with the Notice;

Shareholders who become Members of the Company, after despatch of Notice and hold shares as on 31st July 2018 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;

(iii) 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;

(iv) 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 at least 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

(v) 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 along with 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 7th August 2018;

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

25. In terms of the Regulation 36(3) of SEBI (LODR) Regulations, 2015, 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. Dr. Lakshmi Venu

Dr. Lakshmi Venu, aged 35 years, a graduate of Yale University, holds a Doctorate in Engineering Management from the University of Warwick.

She underwent her initial training for three years as a Management Trainee in Sundaram Auto Components Limited, a wholly owned subsidiary of the Company, beginning from 2003 and when she was deputed to work in Sundaram-Clayton Limited (SCL), the holding company, she underwent an extensive in-depth induction and worked in the areas of business strategy, corporate affairs, product design and sales & marketing of SCL.

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

She does not hold any share in the Company.

She has attended four Board meetings out of five Board meetings held during the year 2017-18.

She is related to Mr Venu Srinivasan, Chairman & Managing Director and Mr Sudarshan Venu, Joint Managing Director of the Company.

Details of her other Directorships and Memberships of Committees are given below:

S.No	Name of the Company	Position held	Committee Membership
1.	Sundaram-Clayton Limited	Joint Managing Director	Stakeholders' Relationship Committee Corporate Social Responsibility Committee
2.	TAFE Motors and Tractors Limited	Deputy Managing Director	-
3.	Sundram Non-Conventional Energy Systems Limited	Director	-
4.	Sundaram Auto Components Limited	Director	Corporate Social Responsibility Committee
5.	WABCO India Limited	Independent Director	Corporate Social Responsibility Committee
6.	LV Trustee Private Limited	Director	-
7.	Sundaram-Clayton (USA) Limited	Director	-
8.	Sundaram Holding USA Inc.	Director	-

II. Mr H Lakshmanan

Mr H Lakshmanan, aged 84 years, joined TVS Group in 1953 and raised to the position as Executive Director of Sundaram-Clayton Limited (SCL), the holding Company, in 1982.

He plays a vital role in the management of SCL Group Companies and has contributed to the phenomenal growth of the Companies with his untiring efforts since its inception.

The following are some of his core functional areas -

- facilitating the proper working of the Board;
- acting as the leading representative of the Company in all its dealings with the Stakeholders like Members, Financial Institutions, Regulators, Government, Vendors, Dealers etc.;
- maintaining good shareholder relations;
- assisting the existence of an effective strategic planning system and the appropriate consideration of future development possibilities;
- enabling the Board to play an active role in strategic review and that development proposals and planning issues are referred to the Board for discussion and approval;
- establishing the basic priorities, ethical values, policies, attitudes and culture for the Company;
- ensuring that probity is maintained in accounting, reporting and all other aspects;
- monitoring the Senior Management Personnel's performance against established criteria/measures of financial and operating performance, in conjunction with the Board;
- with six decades of experience mostly devoted to human resource development, he played an important role in inter personnel relationship with workers' union, employees representatives and had a unique distinction of performing exemplary work on industrial relations of companies in SCL group; and
- acting as counsellor, adviser and listener to the Chief Executive and to other Members of the Board.

He is not related to any other Director or Key Managerial Personnel of the Company.

He holds 55,870 Equity Shares of Re.1/- each of the Company.

He has attended all the five Board meetings held during the year 2017-18.

He is a member of the Nomination and Remuneration Committee and Corporate Social Responsibility Committee of the Company.

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

S.No	Name of the Company	Position held	Committee Membership/ Chairmanship
1.	Harita Seating Systems Limited	Chairman	Audit Committee *
			Stakeholders' Relationship Committee*
			Nomination and Remuneration Committee
			Corporate Social Responsibility Committee*
2.	Sundaram Auto Components Limited	Chairman	Audit Committee *
			Nomination and Remuneration Committee
			Corporate Social Responsibility Committee*
3.	TVS Capital Funds Private Limited	Director	Governance Committee (Audit Committee)
			Nomination and Remuneration Committee
4.	Harita Fehrer Limited	Director	Audit Committee
			Corporate Social Responsibility Committee*
5.	Harita NTI-Limited	Director	Corporate Social Responsibility Committee

S.No	Name of the Company	Position held	Committee Membership/ Chairmanship
6.	Chennai Business Consulting Services Limited	Director	-
7.	Harita Techserv Limited	Director	-
8.	TVS Training and Services Limited	Director	-
9.	TVS Investments Private Limited	Director	-
10.	Lakson Technology Private Limited	Director	-
11.	TVS Agro Products Private Limited	Director	-
12.	VS Trustee Private Limited	Director	-
13.	VS Investment and Consultancy Services Private Limited	Director	-
14.	Cheema Investments and Holdings Private Limited	Director	-
15.	TVS Motor (Singapore) Pte Limited	Director	-
16.	TVS Motor Company (Europe) B.V.	Director	-

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

III. 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 with Sundaram-Clayton Ltd., TVS Whirlpool and TVS Electronics.

He holds the position as Director in Parrot Solutions Pte Limited, Singapore a digital start up incorporated in Singapore. He does not hold any share in the Company and is not related to any Director and Key Managerial Personnel of the Company.

He has attended three Board meetings held during the year 2017-18, after his appointment.

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

The following Explanatory statement sets out all material facts relating to the special business mentioned in the accompanying Notice dated 16th May 2018 and shall be taken as forming part of the Notice.

Item No. 4

As per the recent amendment to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from 1st April 2019, appointment or continuation by a person as a non-executive Director who has attained the age of seventy five years, requires a special resolution to that effect and the explanatory statement annexed to the Notice for such motion shall indicate the justification for appointing such a person.

Mr H Lakshmanan, aged 84 years, is a Non-Executive Non-Independent Director (NE-NID) of the Company, who is liable to retire by rotation at this AGM as he has been the longest in office since his last appointment. His tenure on re-appointment as NE-NID at this AGM, continues beyond 1st April 2019.

In view of this, Nomination and Remuneration Committee (NRC) considered and reviewed his brief profile for re-appointment on retirement by rotation, and the Committee was satisfied with the appropriate mix of skills, experience and his competency. The Independent Directors at their meeting evaluated his performance and also acknowledged -

- His everlasting contribution to the administration of the Company through his overall team work;
- His role in building consensus in a pleasant manner for the administration of the Company; and
- His six decades of experience mostly devoted to human resource development, he played an important role in inter personnel relationship with workers' union, employees representatives and had a unique distinction of performing exemplary work on industrial relations of companies in SCL group.

Therefore, NRC and Board considered that it will be prudent to appoint him as NE-NID and recommend the proposal of his re-appointment to the Shareholders, by way of special resolution.

Except Mr H Lakshmanan, Director, none of the other 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.4 of this Notice.

The Board, therefore, recommends the special resolution, as set out in item No.4, for re-appointment of Mr H Lakshmanan, as a Director of the Company, to be approved by the Shareholders.

Item No. 5

Mr Rajesh Narasimhan, who was earlier appointed as an Independent Director (ID) of the Company at the AGM held on 11th August 2017, was appointed as the Chief Executive Officer of the wholly owned subsidiary company viz., TVS Motor (Singapore) Pte Limited (TVSM Singapore) with remuneration.

Upon such appointment, Mr Rajesh Narasimhan holds a place of profit and therefore could not fulfil the criteria of independence in terms of Section 149(6) read with Schedule IV to the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and tendered his resignation as an Independent Director of the Company.

Considering that his services will be of immense benefit to the Company, the NRC at its meeting held on 31st October 2017 recommended his appointment as an additional Director of the Company, liable to retire by rotation, subject to approval of the shareholders of the Company at the next AGM.

Based on the recommendations of NRC, Mr Rajesh Narasimhan (holding DIN 07824276) was appointed as an additional Non-Executive Non Independent Director of the Company (NE-NID), by the Board at its meeting held on 1st November 2017 in terms of Section 161 of the Companies Act, 2013 (the Act, 2013).

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

Except Mr Rajesh Narasimhan, none of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the resolution as set out in Item No.5 of this Notice.

The Board, therefore, recommends the ordinary resolution, as set out in Item No.5, for appointment of Mr Rajesh Narasimhan, as NE-NID of the Company, to be approved by the Shareholders.

Item No. 6

As recommended by the Audit Committee, the Board at its meeting held on 16th May 2018, 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 Rs.5 lakhs as remuneration payable to him for the financial year 2018-19, 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.6 of this Notice.

The Directors, therefore, recommend the ordinary resolution, as set out in Item No.6 for ratification of remuneration payable to the Cost Auditor of the Company.

By order of the Board of Directors

Chennai
16th May 2018
Registered Office:
"Jayalakshmi Estates"
29, Haddows Road,
Chennai - 600 006.

K S Srinivasan
Company Secretary

DIRECTORS' REPORT TO THE SHAREHOLDERS

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

1. COMPANY PERFORMANCE

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

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

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

2. FINANCIAL HIGHLIGHTS

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

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

Includes Excise Duty upto June 2017.

3. DIVIDEND

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

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

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

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

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Two-wheeler

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

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

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

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

Three-wheeler

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

BUSINESS OUTLOOK AND OVERVIEW

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

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

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

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

New Product Launches and Initiatives

The Company has a strategic partnership with BMW Motorrad to develop and manufacture sub-500cc bikes both for domestic and global markets. The Company manufactured and supplied 26,471 units of G 310 R and G 310 GS in the year 2017-18 for BMW Motorrad Company.

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

TVS Apache RR 310:

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

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

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

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

TVS Apache RTR 160 4V:

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

TVS NTORQ 125:

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

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

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

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

TVS Jupiter Classic:

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

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

TVS XL100 HD:

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

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

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

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

Domestic Sales

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

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

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

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

Exports sales – two-wheeler and three-wheeler

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

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

Implementation of Goods and Services Tax Act (GST)

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

Opportunities and Threats

Proposed thrust in rural India, efficient implementation of various Government schemes such as minimum support price of 1.5 times of the production cost and improved rural economy will aid improvement of two-wheeler penetration.

Growing middle class, aspirational life style, need for mobility and increased penetration levels will continue to trigger growth of two-wheeler industry. Impetus from 7th pay commission and payment of related arrears are further expected to boost the two-wheeler industry.

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

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

RISKS AND CONCERNS

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

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

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

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

RISK MANAGEMENT

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

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

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

The Board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. The Company has constituted a separate Risk Management Committee on 16th May 2018 for overseeing all the risks that the Organization faces such as strategic, financial, marketing, IT, legal, regulatory, reputational and other risks and recommends suitable action. Risk mitigation policy has already been approved by the Board.

OPERATIONS REVIEW

Total Quality Management (TQM)

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

This year, primary focus was on problem solving for recurrence prevention through systemic root-cause analysis. The Company has enhanced its executives and managers' problem-solving competency by certifying 111 of them in Green belt and Black belt in the current year. On the whole, 518 employees are now Green belt and Black belt certified. All employees have been involved towards achieving business goals. Significant contributions from the highly committed workmen through suggestion schemes and Quality Control Circle (QCC) projects have yielded significant results in achieving Quality Cost Delivery (QCD) targets and eliminating unsafe incidents.

Cost Management

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

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

Research & Development (R&D)

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

The team is continuously working on many advanced engine technologies to improve fuel efficiency, performance and to meet future emission norms for international and domestic markets. The team is working towards timely readiness of the Company's product portfolio compliant with BSVI emission norms. It continues to work on hybrid technology, which has reached a mature state and advanced brake systems technology for improved safety.

The R&D team continues their efforts in developing cutting-edge technologies that are relevant for the near and long term future requirements of the Company's business plans. These developments are centered on customers, emerging needs of environment, safety and sustainability. The Company also collaborates with leading research establishments and educational institutions, both within and outside the Country to explore and develop breakthrough opportunities. The R&D team has so far published 110 technical papers in national and international conferences.

TVS Racing continues to add valuable inputs to the new product development by leveraging its advanced capabilities and racing experience. In the last year, the Company's racing team had 93% winning positions in the events that it participated. TVS Racing has won 14 out of 16 National championships.

Information Technology (IT)

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

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

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

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

INTERNAL CONTROL AND THEIR ADEQUACY

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

Internal Financial Control

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

Occupational Health & Safety (OHS)

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

Reducing environment footprint is the prime focus of the Company. Hosur and Mysuru plants have achieved Zero-Liquid Discharge (ZLD) by recycling and reusing of treated trade effluent. Following conservation measures have been adopted towards water conservation viz., water accounting, waterless urinals, dish washer in canteen and fully automatic vehicle wash system. The Company is continuously increasing the share of renewable energy. It was 64% during 2017-18 compared to 29% during 2016-17. These initiatives helped the Company to reduce its Carbon foot print.

Hazardous wastes viz., paint sludge and chemical sludge are co-generated in cement factory and onsite storage of hazardous waste in secured landfill is nil. Towards abatement of Volatile Organic Compounds (VOC), Regenerative Thermal Oxidizer (RTO) has been commissioned in Hosur & Mysuru plants.

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

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

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

HUMAN RESOURCE DEVELOPMENT (HRD)

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

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

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

CAUTIONARY STATEMENT

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

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

i. that in the preparation of annual accounts for the financial year ended 31st March 2018, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;

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

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

iv. that the Directors had prepared the annual accounts for the financial year ended 31st March 2018 on a "going concern basis";

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

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

6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Over 22 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

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

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

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

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

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

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

Achievements in 3,772 villages are:

Economic development:

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

Women empowerment:

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

Health care:

- 76,945 children in the age group below 5 are not malnourished.
- 4,52,930 women are freed from anaemia.
- 4,04,589 households made access to toilet facilities.
- The morbidity percentage reduced from 9% to 5%.
- Enrolment in anganwadis increased from 86% to 100% and attendance is 99%.
- 1,688 anganwadis have met all the Integrated Child Development Services Scheme (ICDS) standards.

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

Quality education:

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

Environment and Infrastructure:

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

Community takes care of their development needs. 11,639 social leaders are active in this effort.

As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on CSR, containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the Board for the financial year 2017-18 are given by way of Annexure-IV attached to this Report.

7. PERFORMANCE OF SUBSIDIARIES & ASSOCIATE

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

Subsidiaries

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

Associate

- Emerald Haven Realty Limited, Chennai and its subsidiaries.

SUBSIDIARIES

Sundaram Auto Components Limited (SACL)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PT. TVS Motor Company Indonesia (PT TVSM)

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

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

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

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

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

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

TVS Motor Services Limited (TVS MS)

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

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

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

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

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

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

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

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

TVS Credit Services Limited (TVS CS)

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

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

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

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

Sundaram Holding USA Inc. (SHUI) & its subsidiaries

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

SHUI's wholly owned subsidiaries are:

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

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

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

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

8. CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Independent Directors (IDs)

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

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

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

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

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

Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 26th February 2018 and all the IDs were present at the Meeting.

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

a) Non-Independent Directors (Non-IDs)

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

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

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

b) Chairman

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

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

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

c) Board

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

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

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

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

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

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

Directors appointment / re-appointment

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

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

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

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

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

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

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

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

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

Key Managerial Personnel (KMP)

Joint Managing Director:

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

Change in Chief Financial Officer:

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

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

Nomination and Remuneration Policy

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

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

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

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

Remuneration payable to Non-Executive Independent Directors

The Shareholders, at the 20th AGM of the Company, held on 12th September 2012, approved the remuneration, by way of commission not exceeding 1% of the Net profits, in aggregate, payable to the Non-Executive Independent Directors of the Company (NE-IDs) for every year, for a period of 5 years commencing from 1st April 2013 to 31st March 2018.

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

In view of the increased involvement and participation by such NE-IDs and having regard to their contribution and involvement in policy issues concerning the Company's operations, the Company, based on the recommendations of NRC and the Board, at the AGM held on 11th August 2017, the Shareholders, by way of a special resolution, have renewed the payment of commission to NE-IDs, on similar terms for each financial year effective 1st April 2018.

Evaluation of the Independent Directors and Committees of Directors

In terms of Section 134 of the Act, 2013 and the Corporate Governance requirements as prescribed under SEBI (LODR) Regulations, 2015, the Board reviewed and evaluated Independent Directors and its Committees viz., Audit & Risk Management Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders' Relationship Committee, based on the evaluation criteria laid down by the NRC.

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

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

Independent Directors

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

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

Committees

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

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

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

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

Risk Management Committee

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

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

Number of Board meetings held

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

10. AUDITORS

Statutory Auditors

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

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

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

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

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

Secretarial Auditors

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

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

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

Cost Auditor

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

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

The Company has also received necessary certificate under Section 141 of the Act, 2013 from him conveying his eligibility to act as a Cost Auditor. A sum of Rs.5 lakhs has been fixed by the Board as remuneration in addition to reimbursement of travelling and out-of-pocket expenses and all applicable taxes for the year 2018-19, which is required to be ratified by the Members, at the ensuing AGM as per Section 148(3) of the Act, 2013.

The Company has filed the Cost Audit Report of 2016-17 on 7th September 2017 in XBRL format.

11. CORPORATE GOVERNANCE

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

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

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

12. BUSINESS RESPONSIBILITY REPORT

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

13. POLICY ON VIGIL MECHANISM

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

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

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

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

14. PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act, 2013, for the year ended 31st March 2018.

15. STATUTORY STATEMENTS

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

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

Material changes and commitments:

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

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

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

Annual Return:

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

Employee's remuneration:

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

Comparative analysis of remuneration paid:

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

Details of material related party transactions:

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

Details of loans / guarantees / investments made:

The details of loans and guarantees under Section 186 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2017-18 are given as Annexure-VII to this Report. On loans granted to the Employees, the Company has charged interest as per its remuneration policy, in compliance with Section 186 of the Act, 2013.

Please refer note No. 3 to Notes on accounts for the financial year 2017-18, for details of investments made by the Company.

Reporting of fraud:

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

Other laws:

During the year under review, the Company has not received any complaints in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

16. ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board of Directors

Chennai
16th May 2018

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 2017-18:

(i) Optimal utilization of plant and equipments.

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

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

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

(v) Implementation of planned energy saving projects.

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

2. Proposed measures during the year 2018-19:

(i) Optimal utilization of plant and equipments.

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

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

(iv) Implementation of other planned energy efficient projects.

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

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

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

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

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

4. Capital investment in energy conservation equipment:

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

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

B. TECHNOLOGY ABSORPTION FOR THE YEAR 2017-18

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

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

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

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

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

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

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

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

Future plan of action

i. Meeting BSVI Regulatory Norms in 2020.

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

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

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

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

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

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

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

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

Data relating to imported technology

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

Expenditure on Research & Development - Rs. 268.53 Cr.

C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

1. Export activities:

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

2. Total foreign exchange earned and used:

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

For and on behalf of the Board of Directors

Chennai
16th May 2018

Venu Srinivasan
Chairman

Annexure - II to Directors' Report to the shareholders

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
for the financial year ended 31st March 2018

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl.No	Name and Description of main products / services	NIC code of the product / service	% to total turnover of the Company
1	Motorcycles, Scooters, Mopeds	30911	83.21%
2	Three-wheeler	30912	5.10%
3	Parts & Accessories	30913	8.98%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

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

S.No	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Section of the Companies Act, 2013
5.	TVS Credit Services Limited	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006.	U65920TN2008PLC069758	80.74% held by S.No 4 4.20% held by the Company and 1.31% held by S No. 1	2(87)
6.	TVS Two Wheeler Mall Private Limited		U65923TN2017PTC118211	100% held by S. No 5	2(87)
7.	TVS Micro Finance Private Limited		U65929TN2017PTC118238	100% held by S. No 5	2(87)
8.	Harita ARC Private Limited		U65999TN2017PTC118296	100% held by S. No 5	2(87)
9.	Harita Collection Services Private Limited		U65100TN2017PTC118290	100% held by S. No 5	2(87)
10.	TVS Commodity Financial Solutions Private Limited		U65929TN2017PTC118316	100% held by S. No 5	2(87)
11.	TVS Housing finance Private Limited		U65999TN2017PTC118512	100% held by S. No 5	2(87)
12.	PT. TVS Motor Company Indonesia	Gedung Wirausaha 3rd Floor, Jalan, H.R. Rasuna Said, Kav. C5, Jakarta 12920 Indonesia	NA	46.01% by the Company; 19.14% by TVSM Europe; and 34.85% by TVSM Singapore	2(87)
13.	TVS Motor Company (Europe) B.V. (TVSM Europe)	Claude Debussylaan 24 1082 MD, Amsterdam, Netherlands	NA	100%	2(87)
14.	TVS Motor (Singapore) Pte. Limited (TVSM Singapore)	17, Phillip Street, # 05-01, Grand Building, Singapore - 048 695	NA	100%	2(87)
15.	Sundaram Holding USA Inc.,	2711, Centerville Road, #400 Wilmington, New Castle - 19808 State of Delaware, USA.	NA	75% held by S.No.2 25% held by S.No.1	2(87)
16.	Green Hills Land Holding LLC,	1703, Laurel Street, Columbia, South Carolina - 29201, USA	NA	100% held by S. No. 15	2(87)
17.	Component Equipment LLC		NA		
18.	Sundaram-Clayton LLC (Formerly known as Workspace Projects LLC)		NA		
19.	Premier Land Holding LLC,		NA		
Associate Company					
20.	Emerald Haven Realty Limited	1st Floor, Greenways Towers, No. 119, St. Mary's Road, Abhiramapuram, Chennai 600 018.	U45200TN2010PLC075953	49%	2(6)

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

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2017)				No. of Shares held at the end of the year (as on 31st March 2018)				change in % of shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corporate	27,26,82,786	-	27,26,82,786	57.40	27,26,82,786	-	27,26,82,786	57.40	-
Total Shareholding of Promoter (A)	27,26,82,786	-	27,26,82,786	57.40	27,26,82,786	-	27,26,82,786	57.40	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	4,69,74,458	2,428	4,69,76,886	9.89	3,87,01,879	-	3,87,01,879	8.15	(1.74)
b) Banks / Financial Institution	4,79,064	67,216	5,46,280	0.11	11,03,805	63,360	11,67,165	0.24	0.13
c) Insurance Companies	1,18,40,455	-	1,18,40,455	2.49	1,04,65,734	-	1,04,65,734	2.20	(0.29)
d) Foreign Portfolio Investors	8,78,66,583	6,000	8,78,72,583	18.49	9,58,66,052	-	9,58,66,052	20.18	1.69
Sub-total (B)(1)	14,71,60,560	75,644	14,72,36,204	30.98	14,61,37,470	63,360	14,62,00,830	30.77	(0.21)
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	46,77,255	65,856	47,43,111	1.00	70,34,742	61,860	70,96,602	1.49	0.49
ii) Overseas	68	68	136	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	3,50,46,637	54,20,018	4,04,66,655	8.52	3,38,97,374	47,51,283	3,86,48,657	8.14	(0.38)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	44,04,186	-	44,04,186	0.93	47,77,012	-	47,77,012	1.00	0.07
c) Directors and their relatives	28,45,966	5,000	28,50,966	0.60	28,45,966	5,000	28,50,966	0.60	-
d) Others	25,45,490	1,57,580	27,03,070	0.57	28,03,251	27,010	28,30,261	0.60	0.03
Sub-total (B)(2):-	4,95,19,602	56,48,522	5,51,68,124	11.62	5,13,58,345	48,45,153	5,62,03,498	11.83	0.21
Total Public Shareholding (B)=(B)(1)+(B)(2)	**19,66,80,162**	**57,24,166**	**20,24,04,328**	**42.60**	**19,74,95,815**	**49,08,513**	**20,24,04,328**	**42.60**	**-**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**46,93,62,948**	**57,24,166**	**47,50,87,114**	**100.00**	**47,01,78,601**	**49,08,513**	**47,50,87,114**	**100.00**	**-**

(ii) Shareholding of Promoters

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

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

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

Opening Balance (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
JWALAMUKHI INVESTMENT HOLDINGS								
2,07,25,563	01-04-2017	Opening Balance						
(4.36)	31-03-2018	Closing Balance					2,07,25,563	4.36
CARTICA CAPITAL LTD								
1,94,70,115	01-04-2017	Opening Balance						
(4.10)	07-04-2017	Transfer / Purchase	4,74,000	0.10	1,99,44,115	4.20		
	14-04-2017	Transfer / Purchase	2,50,000	0.05	2,01,94,115	4.25		
	21-04-2017	Transfer / Purchase	1,84,038	0.04	2,03,78,153	4.29		
	28-04-2017	Transfer / Purchase	3,33,980	0.07	2,07,12,133	4.36		
	05-05-2017	Transfer / Purchase	3,80,000	0.08	2,10,92,133	4.44		
	12-05-2017	Transfer /Sale	9,12,082	0.19	2,01,80,051	4.25		
	31-03-2018	Closing Balance					2,01,80,051	4.25
RELIANCE CAPITAL TRUSTEE CO. LTD.								
2,14,02,358	01-04-2017	Opening Balance						
(4.50)	07-04-2017	Transfer / Purchase	11,98,000	0.25	2,26,00,358	4.76		
	14-04-2017	Transfer /Sale	1,10,000	0.02	2,24,90,358	4.73		
	28-04-2017	Transfer /Sale	3,60,000	0.08	2,21,30,358	4.66		
	05-05-2017	Transfer /Sale	2,46,000	0.05	2,18,84,358	4.61		
	12-05-2017	Transfer /Sale	1,00,000	0.02	2,17,84,358	4.59		
	26-05-2017	Transfer /Sale	2	0.00	2,17,84,356	4.59		
	02-06-2017	Transfer / Purchase	1,00,000	0.02	2,18,84,356	4.61		
	23-06-2017	Transfer /Sale	3,40,244	0.07	2,15,44,112	4.53		
	30-06-2017	Transfer / Purchase	14	0.00	2,15,44,126	4.53		
	14-07-2017	Transfer /Sale	2,20,000	0.05	2,13,24,126	4.49		
	04-08-2017	Transfer / Purchase	19	0.00	2,13,24,145	4.49		
	11-08-2017	Transfer /Sale	1,93,867	0.04	2,11,30,278	4.45		
	01-09-2017	Transfer /Sale	5,40,000	0.11	2,05,90,278	4.33		
	08-09-2017	Transfer /Sale	1,01,933	0.02	2,04,88,345	4.31		
	15-09-2017	Transfer /Sale	16,76,400	0.35	1,88,11,945	3.96		
	15-09-2017	Transfer / Purchase	1,50,000	0.03	1,89,61,945	3.99		
	22-09-2017	Transfer /Sale	3,14,460	0.07	1,86,47,485	3.93		
	29-09-2017	Transfer / Purchase	1,80,000	0.04	1,88,27,485	3.96		
	29-09-2017	Transfer /Sale	7	0.00	1,88,27,478	3.96		
	06-10-2017	Transfer /Sale	6,45,551	0.14	1,81,81,927	3.83		
	13-10-2017	Transfer /Sale	1,80,000	0.04	1,80,01,927	3.79		
	20-10-2017	Transfer / Purchase	8	0.00	1,80,01,935	3.79		
	01-12-2017	Transfer / Purchase	183	0.00	1,80,02,118	3.79		
	08-12-2017	Transfer / Purchase	1,80,000	0.04	1,81,82,118	3.83		
	15-12-2017	Transfer /Sale	4,209	0.00	1,81,77,909	3.83		

Opening Balance (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	22-12-2017	Transfer /Sale	9,00,000	0.19	1,72,77,909	3.64		
	22-12-2017	Transfer / Purchase	12,609	0.00	1,72,90,518	3.64		
	29-12-2017	Transfer /Sale	5,48,103	0.12	1,67,42,415	3.52		
	05-01-2018	Transfer /Sale	3,82,160	0.08	1,63,60,255	3.44		
	12-01-2018	Transfer /Sale	2,06,000	0.04	1,61,54,255	3.40		
	19-01-2018	Transfer /Sale	37	0.00	1,61,54,218	3.40		
	19-01-2018	Transfer / Purchase	3,60,000	0.08	1,65,14,218	3.48		
	26-01-2018	Transfer / Purchase	2,40,000	0.05	1,67,54,218	3.53		
	02-02-2018	Transfer /Sale	2,00,000	0.04	1,65,54,218	3.48		
	02-02-2018	Transfer / Purchase	6,60,000	0.14	1,72,14,218	3.62		
	09-02-2018	Transfer / Purchase	90,000	0.02	1,73,04,218	3.64		
	16-02-2018	Transfer / Purchase	90,000	0.02	1,73,94,218	3.66		
	02-03-2018	Transfer / Purchase	1,35,000	0.03	1,75,29,218	3.69		
	07-03-2018	Transfer / Purchase	90,037	0.02	1,76,19,255	3.71		
	16-03-2018	Transfer / Purchase	1,73,747	0.04	1,77,93,002	3.75		
	23-03-2018	Transfer / Purchase	90,000	0.02	1,78,83,002	3.76		
	30-03-2018	Transfer / Purchase	1,35,000	0.03	1,80,18,002	3.79		
	31-03-2018	Closing Balance					1,80,18,002	3.79
ICICI PRUDENTIAL MUTUAL FUND								
72,38,842	01-04-2017	Opening Balance						
(1.52)	07-04-2017	Transfer / Purchase	12,670	0.00	72,51,512	1.53		
	21-04-2017	Transfer /Sale	3,62,853	0.08	68,88,659	1.45		
	28-04-2017	Transfer /Sale	3,76,988	0.08	65,11,671	1.37		
	05-05-2017	Transfer /Sale	4,42,000	0.09	60,69,671	1.28		
	12-05-2017	Transfer /Sale	28,000	0.01	60,41,671	1.27		
	02-06-2017	Transfer /Sale	3,83,720	0.08	56,57,951	1.19		
	09-06-2017	Transfer /Sale	2,33,924	0.05	54,24,027	1.14		
	23-06-2017	Transfer / Purchase	19,600	0.00	54,43,627	1.15		
	07-07-2017	Transfer / Purchase	8,33,928	0.18	62,77,555	1.32		
	14-07-2017	Transfer / Purchase	21,602	0.00	62,99,157	1.33		
	14-07-2017	Transfer /Sale	2,00,000	0.04	60,99,157	1.28		
	04-08-2017	Transfer / Purchase	16,39,804	0.35	77,38,961	1.63		
	11-08-2017	Transfer / Purchase	1,51,642	0.03	78,90,603	1.66		
	18-08-2017	Transfer / Purchase	8,17,933	0.17	87,08,536	1.83		
	01-09-2017	Transfer /Sale	3,00,000	0.06	84,08,536	1.77		
	22-09-2017	Transfer / Purchase	5,334	0.00	84,13,870	1.77		
	29-09-2017	Transfer / Purchase	1,36,768	0.03	85,50,638	1.80		
	06-10-2017	Transfer / Purchase	28,082	0.01	85,78,720	1.81		
	20-10-2017	Transfer / Purchase	181	0.00	85,78,901	1.81		
	31-10-2017	Transfer /Sale	1,09,000	0.02	84,69,901	1.78		
	03-11-2017	Transfer /Sale	4,62,785	0.10	80,07,116	1.69		

Opening Balance (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	17-11-2017	Transfer /Sale	181	0.00	80,06,935	1.69		
	24-11-2017	Transfer / Purchase	1,26,548	0.03	81,33,483	1.71		
	01-12-2017	Transfer / Purchase	181	0.00	81,33,664	1.71		
	22-12-2017	Transfer /Sale	1,87,000	0.04	79,46,664	1.67		
	29-12-2017	Transfer /Sale	4,87,000	0.10	74,59,664	1.57		
	29-12-2017	Transfer / Purchase	6,74,000	0.14	81,33,664	1.71		
	12-01-2018	Transfer /Sale	74,708	0.02	80,58,956	1.70		
	12-01-2018	Transfer / Purchase	181	0.00	80,59,137	1.70		
	19-01-2018	Transfer / Purchase	181	0.00	80,59,318	1.70		
	02-02-2018	Transfer / Purchase	10,87,014	0.23	91,46,332	1.93		
	09-02-2018	Transfer / Purchase	4,00,348	0.08	95,46,680	2.01		
	09-02-2018	Transfer /Sale	1,14,784	0.02	94,31,896	1.99		
	23-02-2018	Transfer / Purchase	14,76,936	0.31	1,09,08,832	2.30		
	02-03-2018	Transfer / Purchase	10,58,777	0.22	1,19,67,609	2.52		
	07-03-2018	Transfer /Sale	2,56,112	0.05	1,17,11,497	2.47		
	07-03-2018	Transfer / Purchase	2,10,000	0.04	1,19,21,497	2.51		
	09-03-2018	Transfer / Purchase	3,55,316	0.07	1,22,76,813	2.58		
	16-03-2018	Transfer / Purchase	63,799	0.01	1,23,40,612	2.60		
	23-03-2018	Transfer / Purchase	3,01,526	0.06	1,26,42,138	2.66		
	23-03-2018	Transfer /Sale	354	0.00	1,26,41,784	2.66		
	30-03-2018	Transfer / Purchase	3,82,537	0.08	1,30,24,321	2.74		
	31-03-2018	Closing Balance					1,30,24,321	2.74
EUROPACIFIC GROWTH FUND								
Nil	01-04-2017	Opening Balance						
	13-10-2017	Transfer / Purchase	10,32,605	0.22	10,32,605	0.22		
	20-10-2017	Transfer / Purchase	24,23,309	0.51	34,55,914	0.73		
	09-11-2017	Transfer / Purchase	7,50,090	0.16	42,06,004	0.89		
	17-11-2017	Transfer / Purchase	14,13,457	0.30	56,19,461	1.18		
	24-11-2017	Transfer / Purchase	7,36,086	0.15	63,55,547	1.34		
	01-12-2017	Transfer / Purchase	9,15,840	0.19	72,71,387	1.53		
	08-12-2017	Transfer / Purchase	20,49,546	0.43	93,20,933	1.96		
	15-12-2017	Transfer / Purchase	11,80,198	0.25	1,05,01,131	2.21		
	22-12-2017	Transfer / Purchase	22,16,821	0.47	1,27,17,952	2.68		
	19-01-2018	Transfer / Purchase	2,92,048	0.06	1,30,10,000	2.74		
	31-03-2018	Closing Balance					1,30,10,000	2.74
NEW WORLD FUND INC								
Nil	01-04-2017	Opening Balance						
	07-04-2017	Transfer / Purchase	1,82,083	0.04	1,82,083	0.04		
	14-04-2017	Transfer / Purchase	1,00,502	0.02	2,82,585	0.06		
	21-04-2017	Transfer / Purchase	62,454	0.01	3,45,039	0.07		
	28-04-2017	Transfer / Purchase	7,82,632	0.16	11,27,671	0.24		

Opening Balance (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	05-05-2017	Transfer / Purchase	28,77,336	0.61	40,05,007	0.84		
	12-05-2017	Transfer / Purchase	9,82,128	0.21	49,87,135	1.05		
	19-05-2017	Transfer / Purchase	117,361	0.02	51,04,496	1.07		
	26-05-2017	Transfer / Purchase	8,58,643	0.18	59,63,139	1.26		
	02-06-2017	Transfer / Purchase	30,183	0.01	59,93,322	1.26		
	30-06-2017	Transfer / Purchase	84,479	0.02	60,77,801	1.28		
	25-08-2017	Transfer / Purchase	6,33,811	0.13	67,11,612	1.41		
	01-09-2017	Transfer / Purchase	6,57,729	0.14	73,69,341	1.55		
	08-09-2017	Transfer / Purchase	4,74,192	0.10	78,43,533	1.65		
	01-12-2017	Transfer/Sale	1,12,564	0.02	77,30,969	1.63		
	08-12-2017	Transfer/Sale	1,15,436	0.02	76,15,533	1.60		
	31-03-2018	Closing Balance					76,15,533	1.60
TREE LINE ASIA MASTER FUND (SINGAPORE) PTE LTD								
69,00,000	01-04-2017	Opening Balance						
(1.45)	26-05-2017	Transfer/Sale	3,00,000	0.06	66,00,000	1.39		
	31-03-2018	Closing Balance					66,00,000	1.39
LIFE INSURANCE CORPORATION OF INDIA								
53,27,945	01-04-2017	Opening Balance						
(1.12)	31-03-2018	Closing Balance					53,27,945	1.12
WF ASIAN SMALLER COMPANIES FUND LIMITED								
38,48,506	01-04-2017	Opening Balance						
(0.81)	14-04-2017	Transfer / Purchase	8,38,219	0.18	46,86,725	0.99		
	31-03-2018	Closing Balance					46,86,725	0.99
SMALLCAP WORLD FUND, INC								
Nil	01-04-2017	Opening Balance						
	07-04-2017	Transfer / Purchase	2,69,768	0.06	2,69,768	0.06		
	14-04-2017	Transfer / Purchase	2,03,019	0.04	4,72,787	0.10		
	21-04-2017	Transfer / Purchase	1,26,159	0.03	5,98,946	0.13		
	28-04-2017	Transfer / Purchase	7,37,157	0.16	13,36,103	0.28		
	05-05-2017	Transfer / Purchase	14,20,547	0.30	27,56,650	0.58		
	12-05-2017	Transfer / Purchase	4,84,876	0.10	32,41,526	0.68		
	19-05-2017	Transfer / Purchase	57,946	0.01	32,99,472	0.69		
	26-05-2017	Transfer / Purchase	4,23,915	0.09	37,23,387	0.78		
	02-06-2017	Transfer / Purchase	14,901	0.00	37,38,288	0.79		
	30-06-2017	Transfer / Purchase	41,708	0.01	37,79,996	0.80		
	31-03-2018	Closing Balance					37,79,996	0.80

(v) Shareholding of Directors and Key Managerial Personnel

Name of the Director / KMP (M/s.)	Opening Balance (% of the total share capital)	Date of Dealing	Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Venu Srinivasan	25,69,726 (0.54)	-	-	-	-	-	-	25,69,726	0.54
Sudarshan Venu	Nil	-	-	-	-	-	-	Nil	-
Dr. Lakshmi Venu	Nil	-	-	-	-	-	-	Nil	-
H Lakshmanan	55,870 (0.01)	-	-	-	-	-	-	55,870	0.01
T Kannan	5000	-	-	-	-	-	-	5,000	0.00
C R Dua	Nil	-	-	-	-	-	-	Nil	
Prince Asirvatham	1000	-	-	-	-	-	-	1,000	-
R Ramakrishnan	1,08,000 (0.02)	-	-	-	-	-	-	1,08,000	0.02
Hemant Krishan Singh	Nil	-	-	-	-	-	-	Nil	-
Rajesh Narasimhan	Nil	-	-	-	-	-	-	Nil	-
K N Radhakrishnan	3,000	-	-	-	-	-	-	3,000	0.00
K Gopala Desikan	220	-	-	-	-	-	-	220	-
K S Srinivasan	Nil	-	-	-	-	-	-	Nil	-

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	444.38	662.82	1107.20
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	0.78	1.30	2.08
Total (i+ii+iii)	**445.16**	**664.12**	**1109.28**
Change in Indebtedness during the financial year			
· Addition	-	191.47	191.47
· Reduction	109.14	-	109.14
Net Change	109.14	191.47	82.33
Indebtedness at the end of the financial year			
i) Principal Amount	335.56	854.36	1189.92
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	0.46	1.23	1.69
Total (i+ii+iii)	**336.02**	**855.59**	**1191.61**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

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

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

Particulars of Remuneration	Name of Directors					Total Amount
	TK	CRD	PA	RK	HKS	
Independent Directors Fee for attending board / committee meetings	3.00	3.00	2.40	2.40	1.20	12.00
Commission	18.00	18.00	18.00	18.00	15.00	87.00
Others, please specify	-	-	-	-	-	-
Total (1)	21.00	21.00	20.40	20.40	16.20	99.00

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

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

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

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

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

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

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

Chennai
16th May 2018

VENU SRINIVASAN
Chairman

Annexure - IV to Directors' Report to the shareholders

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

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

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

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

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

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

4. Composition of the CSR Committee.

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

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

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

7. Details of CSR spent during the financial year
   (a) Total amount spent for the financial year — Rs. 10.98 Cr
   (b) Amount unspent, if any — Not Applicable

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

1	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road Chennai - 600 006 Tamil Nadu Phone No: 044-28332115 Mail ID: aj@scl.co.in	Sri Sathya Sai Central Trust, Prasanthi Nilayam – 515 134 Anantapur District, Andhra Pradesh, India. Telefax: +91–8555-287390 Email: finance@sssct.org	National Institute of Mental Health & Neuro Sciences, (NIMHANS) Hosur Road, Lakkasandra, Bengaluru, Karnataka – 560 029 Phone No: 080 – 26995001 Mail ID: dirstaff@nimhans.ac.in	Voluntary Health Services Rajiv Gandhi IT Expy, Tharamani, Chennai - 600013 Phone No: 044-22541972 Mail ID: secyvhs.1958@gmail.com
2	CSR Project or activity identified as mentioned in Schedule VII to the Act, 2013	•- Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; •- Promotion of Education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects; •- Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; •- ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; •- Rural development projects	Promoting free medical care is one of the objects of the Trust	Promoting education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects;	Health care activities
3	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure	Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge.	Mental health and neuro sciences	Health Care activities Stroke Project – Centre for Advanced Rehabilitation Specialties
4	Areas in which Projects / Programmes undertaken:				
	Local Area / Others:	• Hosur, Padavedu, Thirukkurungudi, Navatirupati and Javadhu Hills • Mysuru and Chamrajanagar • Himachal Pradesh	Sri Sathya Sai Institute of Higher Medical Sciences at Prasanthi Gram, Andhra Pradesh and at Whitefield, Bengaluru, Sri Sathya Sai General Hospital at Prasanthi Nilayam and at Whitefield, Bengaluru and Sri Sathya Sai Mobile Hospital. Prasanthi Nilayam, Puttaparthi and Whitefield, Bengaluru	Bengaluru	Hospitals and 14 Mini Health Care Centers in Chennai and Kancheepuram Districts

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

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

   - Not applicable

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

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

For and on behalf of the Board

Venu Srinivasan
Chairman and Managing Director and
Chairman of CSR Committee

Chennai
16th May 2018

Annexure - V to Directors' Report to the shareholders

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

Sl. No.	Name of the Directors / Officials (M/s.)	Designation	Ratio to Median Remuneration	% increase in remuneration
1	Venu Srinivasan	CMD	1:311	61%
	Sudarshan Venu	JMD	1:186	36%
	H Lakshmanan	NENID	–	–
	Dr. Lakshmi Venu	NENID	–	–
	T Kannan	NEID	1:2	NIL
	C R Dua	NEID	1:2	NIL
	Prince Asirvatham	NEID	1:2	NIL
	R Ramakrishnan	NEID	1:2	NIL
	Hemant Krishan Singh	NEID	1:2	NIL
	Rajesh Narasimhan*	NENID	–	–
	K N Radhakrishnan	President & CEO	NA	1%
	S G Murali	CFO	NA	#
	K S Srinivasan	CS	NA	20%

* NEID - Non-Executive Independent Director from 11th August 2017 to 31st October 2017. From 1st November 2017 he is a NENID - Non-Executive Non-Independent Director

Mr K Gopala Desikan, appointed as CFO of the Company effective 1st November 2017 and receiving remuneration from the holding company.

S G Murali retired as CFO upon superannuation on 26th September 2017.

Sl. No.		
2	The percentage increase in the median remuneration of employees in the financial year; $ *On account of long term wage settlement entered during the year in Hosur Plant (once in four years)*	28% $
3	The number of permanent employees on the rolls of company;	5184
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2017-18	14%
	b. Average percentile increase in the managerial remuneration in the financial year 2017-18	42%
	There are no exceptional circumstances for increase in the managerial remuneration.	
5	Affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration paid during the year 2017-18 is as per the Remuneration Policy of the Company

For and on behalf of the Board

Chennai
16th May 2018

VENU SRINIVASAN
Chairman

Annexure - VI to Directors' Report to the shareholders

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013.

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contract, arrangement or transaction at arm's length basis:

(a)	Name of the related party	Sundaram Auto Components Limited
(b)	Nature of relationship	Wholly Owned Subsidiary
(c)	Duration of the contracts/ arrangements/ transactions	April 1, 2017 to March 31, 2018
(d)	Date(s) of approval by the Board, if any:	April 27, 2017

Nature of contracts/ arrangements/ transactions	Goods / Services	Salient terms of the contracts or arrangements or transactions	Amount of contract or arrangement (Rs. In Cr)
Sale	Two wheelers and Three wheelers Raw material	Based on dealer price Based on list price	462.47 0.06
Purchase	Plastic Components and Dies & Moulds	Mark-up on cost of raw materials and conversion cost	474.52
Rendering of Services	Share of SAP maintenance charges, Salary, Training expenses, RT/ Segregation Exp.	At Cost	0.83
Investments	Subscription of Equity shares	As per valuation report	171.00
Dividend	-	-	5.21

For and on behalf of the Board

Chennai
16th May 2018

VENU SRINIVASAN
Chairman

Annexure - VII to Directors' Report to the shareholders

DETAILS OF LOANS AND GUARANTEES UNDER SECTION 186 OF THE COMPANIES ACT, 2013 FOR THE FINANCIAL YEAR 2017-2018

S. No.	Name of the body corporate	Nature of relationship	Purpose of loan/ acquisition / guarantee/ security	Amount of loan/ security/ /guarantee (Rs. In Cr)	% to Free Reserves as on 31.03.2018	Purpose for which the loan / guarantee utilised by the recipient
1.	PT TVS Motor Company Indonesia	Wholly owned subsidiary	Guarantee	104.28	3.82%	To facilitate for availing credit facilities
2.	TVS Credit Services Limited	Subsidiary	Guarantee	25.00	0.91%	

For and on behalf of the Board

Chennai
16th May 2018

VENU SRINIVASAN
Chairman

Annexure - VIII to Directors' Report to the shareholders

BUSINESS RESPONSIBILITY REPORT

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

Introduction

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

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

Section A: General Information about the company

1.	Corporate Identity Number (CIN) of the Company	L35921TN1992PLC022845
2.	Name of the Company	TVS Motor Company Limited
3.	Address of the Company	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006.
4.	Website	www.tvsmotor.com
5.	E-mail id	contactus@tvsmotor.com
6.	Financial Year reported	2017-18
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture of two-wheelers and three-wheelers
8.	Three key products/ services that the Company manufactures/ provides	1. Two-wheeler 2. Three-wheeler 3. Parts & Accessories (Please refer to Company's website for complete list of its products)
9.	Total number of locations where business activity is undertaken by the Company:	
	i. Number of International Locations :	TVS Motor does not have any manufacturing unit outside India. However, its overseas subsidiary viz., PT TVS Motor Company Indonesia has a manufacturing facility in Karawang at Indonesia.

Item 7 NIC codes:

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

ii. Number of National Locations –

A. The Company has three manufacturing locations as under:

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

B. The Company has Area Offices across pan India.

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

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

Section B: Financial Details of the Company

1.	Paid up Capital	Rs. 47.51 Crores
2.	Total Revenue	Rs. 15,618 Crores (Standalone figure)
3.	Profit after tax	Rs. 662.59 Crores (Standalone)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of net profit	Rs. 10.98 Crores (Being more than 2% of the average net profits for the three immediately preceding financial years)
5.	List of activities in which expenditure in 4 above has been incurred: -	• Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; • Promoting education, including special education and employment enhancing vocational skills especially among children, women and livelihood enhancement projects; • Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; • Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; • Rural development projects; and • Health care activities.

Section C: Other Details

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

3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Suppliers, distributors are critical to Company's operations and supply chain sustainability issues can impact the operations. The Company engages with suppliers through various channels for operational issues and also focuses on emerging and futuristic technologies. The suppliers and vendors are provided awareness on environmental and social issues. The vendor meets are used as a platform to raise awareness on health & safety, environmental and community initiatives of the Company. Special emphasis is laid on skill development and up-gradation of the dealer and channel partner resources.

Section - D: BR Information

1. Details of Director / Official responsible for BR

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

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

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

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

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

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

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

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

P5 Businesses should respect and promote human rights.

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

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

P8 Businesses should support inclusive growth and equitable development.

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

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

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

2a If answer to S.No.1 against any of the Principle is 'No', please explain:

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

3. Governance Related to BR

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

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

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

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

Section E: Principle-wise Performance

Principle 1: Ethics, Transparency and Accountability

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

Yes.

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

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

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

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

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

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

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

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

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

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

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

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

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

Principle 2: Product Life Cycle Sustainability

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

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

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

c) Company's approach towards climate change mitigation focuses on product innovation to improve fuel efficiency and reducing the environmental footprint during product life cycle. Valuable fossil fuel resources have been conserved by using fuel efficient oil and extending oil drain interval of its vehicles

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

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

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

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

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

   - By development and use of lubricating oils (TRU4 premium and synthetic), and extending oil drain intervals from 3000 km to 6000 km, both fuel and oil consumption have been reduced. About 11 million litres of petrol fuel and 6 million litres of oil have been conserved annually. This amounts to reduction of about 34,500 metric tonnes of CO_2eq GWP annually.
   - TVS Motor continuously work on improvement of fuel economy which helps in conservation of fuel during the use phase and reduces the impact on the environment

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

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

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

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

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

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

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

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

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

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

   Products-

   In the product design, efforts have been taken to increase product recyclability and currently it is about 90%. This enables the use of recycled input materials, reducing the demand for virgin material and contributing to the conservation of the global resource base.

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

Recycled rubbers are implemented in two components of 3 Wheelers.

Process-

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

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

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

Packaging-

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

Waste

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

Principle 3: Employee Wellbeing

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

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

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

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

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

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

1	Total number of employees	5,184 as at 31st March, 2018
2	Total number of employees hired on temporary/ contractual/casual basis.	10,297 as at 31st March, 2018
3	Number of permanent women employees	267 as at 31st March, 2018
4	Number of permanent employees with disabilities	Nil

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

Principle 4: Stakeholder Engagement

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

   Yes.

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

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

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

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

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

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

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

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

Principle 5: Human Rights

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

   TVS Motor does not have a stated Human Rights Policy.

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

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

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

Principle 6: Environmental

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

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

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

   - Towards achieving this commitment, TVS Motor is continuously encouraging and supporting to its suppliers to obtain EHS certification. The same is tracked and monitored on regular intervals through SAP. The online system triggers were sent to suppliers on re-certification.
   - Dealers are encouraged to use authorised recycling agency for disposal of waste oil/ battery.
   - To conserve the natural resource water, automation is being implemented for vehicle washing at dealer end.

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

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

   - TVS Motor has its own captive power plant (CPP) and towards reducing fossil fuel consumption, implemented "Waste Heat recovery system" in CPP between 2002-2012. Total emission reduction due to this implementation at Hosur and Mysuru along with other energy efficient initiatives is 11,410 ton of CO2eq per annum.
   - TVS Motor has switched over from fossil fuel to EB power during 2013. At this juncture as an alternate to EB power, TVS Motor invested in 7.2 MW wind power. Over the years, TVS Motor has invested in group captive mode to the tune of 32 MW and gradually improved the share of wind power from 19% (2013), 30% (2016) to 60% (2017).
   - Through sustained efforts towards renewable energy, TVS Motor has implemented Roof top Solar power 3.5 MW, Heat pumps 400 tons, Solar water heating 225 KW for engine preheating, solar air heating 46 KW and compressor waste heat recovery for its various process applications.
   - With all these clean development mechanism (CDM) initiatives, the share of renewable energy usage increased from 29% during 2016-17 to 64% during 2017-18.
   - Plant optimal utilization, improvement & other Energy saving projects have contributed in reduction of specific power consumption.
   - The Company has started "Life cycle assessment" of its products and services using Gabi Software through tracking and monitoring Global Warming Potential (GWP), energy consumptions, acidification etc. For a typical motorcycle, the GWP is estimated to be 8.5 tonnes (cradle-to-grave).

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

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

   Risk Identification and Assessment

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

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

Risk Mitigation and Monitoring

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

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

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

TVS Motor has its own Captive power plant and towards reducing fossil fuel consumption, implemented "Waste Heat recovery system" in CPP between 2002- 2012. Total emission reduction due to this implementation at Hosur and Mysuru along with other energy efficient initiatives is 11,410 ton of CO2eq every year.

Towards the Company's commitment of combating climate change by improving energy efficiency and use of renewable energy, TVS Motor switched over from fossil fuel to EB power during 2013. At this juncture as an alternate to EB power, TVSM invested in 7.2 MW wind power. Over the years, the Company has invested in group captive mode to the tune of 20 MW and gradually improved the share of wind power 19% (2013), 30% (2016) & 60% (2017).

Through sustained efforts towards renewable energy, the Company has implemented Roof top Solar power 3.5 MW, Heat pumps 400 tons, Solar water heating 225 KW for engine preheating, solar air heating 46 KW and compressor waste heat recovery for its various process applications.

Consequent to the use of renewable energy (e.g., wind & solar) & EB power, the in-house captive power plant operation is restricted to one day in a month. This has also resulted in drastic reduction of waste oil generation from captive power plant.

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

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

Clean technology:

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

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

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

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

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

Energy efficiency:

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

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

Renewable energy:

Details as mentioned in Principle 6 Question 4

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

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

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

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

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

Principle 7: Policy Advocacy

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

   TVS Motor is member of:

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

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

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

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

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

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

Principle 8: Inclusive Growth

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

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

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

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

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

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

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

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

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

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

Yes.

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

Principle 9: Customer Value

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For and on behalf of the Board of Directors

Chennai
16th May 2018

VENU SRINIVASAN
Chairman

Report on Corporate Governance

1. Company's philosophy on code of governance

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

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

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

2. Board of Directors

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

2.1 Composition and category of Directors:

As on 31st March 2018, the total strength of the Board was ten. As the Company has an Executive Chairman Mr Venu Srinivasan who is the Chairman and managing Director, the Board is required, in terms of the Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations), to have fifty per cent of its Directors as independent directors and at least one Woman Director.

Accordingly, the Board has five Non-Executive Independent Directors (NE-ID) viz., M/s T Kannan, C R Dua, R Ramakrishnan, Prince Asirvatham and Hemant Krishan Singh and three Non-Executive Non-Independent Directors (NE- NID), viz., M/s H Lakshmanan, Dr. Lakshmi Venu, Rajesh Narasimhan. Mr Sudarshan Venu, Joint Managing Director is the Executive and Non-Independent Director. Thus, the composition of the Company's Board is in conformity with SEBI (LODR) Regulations.

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

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

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

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

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

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

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

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

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

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

2.2 Board Meetings:

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

The Act, 2013 read with the relevant rules made thereunder, now facilitates the participation of a Director in the Board / Committee meetings through video conferencing or other audio visual means. Accordingly, the option to participate in the meetings through video conferencing was made available for the directors, except in respect of restricted items which are not permitted to be transacted through the said means. As per the Companies (Amendment) Act, 2017, Directors attending through VC participated in the discussions, for the restricted items, wherever necessary quorum of Directors was physically present at the meeting.

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

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

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

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

During the year 2017-18, the board met five times viz., 27th April 2017, 11th August 2017, 1st November 2017, 30th January 2018 and 26th February 2018, and the gap between two meetings did not exceed one hundred and twenty days. Besides, the NE-IDs held a separate meeting in compliance with the provisions of the Act, 2013 and Regulation 25(3) of SEBI (LODR) Regulations.

2.3 Attendance and other directorships:

The details of attendance of the directors at the board meetings during the year and at the last AGM held on 11th August 2017 and other directorships and committee memberships / chairmanships as on 31st March 2018 are as follows:

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

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

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

2.4 Access to information and updation to Directors:

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

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

2.5 Familiarization program

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

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

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

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

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

All the Members of the Board and Senior Management Personnel have confirmed compliance with the Code for the year ended 31st March 2018. The Annual Report contains a declaration to this effect signed by the Chairman and Managing Director.

2.7 Appointment / Re-appointment of Directors:

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

2.8 Committees of the Board:

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

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

3. Audit Committee

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

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

3.1 Brief description of terms of reference:

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

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

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

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

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

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

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

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

g. Scrutinizing the inter-corporate loans and investments;

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

i. Evaluating internal financial controls and risk management systems;

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

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

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

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

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

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

p. Reviewing the functioning of the Whistle Blower Mechanism;

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

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

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

3.2 Composition, name of the Chairman and Members:

As at 31st March 2018, the Committee consists of the following non-executive independent directors viz., M/s T Kannan, C R Dua, R Ramakrishnan and Prince Asirvatham.

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

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

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

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

4. Subsidiary companies

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

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

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

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

Material Subsidiaries Policy

The Board has duly formulated a policy for determining ‘material subsidiaries’. A subsidiary is considered as “a material subsidiary”, if its income or networth exceeds 20% of the consolidated income or networth of the Company during the previous financial year.

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

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

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

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

5. Disclosures

5.1 Materially significant related party transactions:

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

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

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

Details of material related party transactions are enclosed as Annexure-VI to the Directors’ Report for the year ended 31st March 2018.

Related Party Transactions Policy

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

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

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

5.2 Disclosure of accounting treatment:

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

5.3 Risk Management:

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

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

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

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

Risk Management Committee

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

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

Scope:

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

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

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

Role:

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

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

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

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

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

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

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

5.4 Instances of non-compliances, if any:

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

5.5 Disclosure by Senior Management Personnel:

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

5.6 CEO and CFO Certification:

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

5.7 Compliance with mandatory / non-mandatory requirements:

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

5.8 Code of Conduct for Prevention of Insider Trading:

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

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

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

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

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

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

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

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

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

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

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

6.3 The role / scope of NRC is as follows:

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

6.4 Evaluation Criteria

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

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

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

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

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

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

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

6.5 Remuneration Policy

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

NRC formulates policy to ensure that-

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

6.6 Remuneration to Directors:

Executive Directors:

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

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

(Rs. in lakhs)

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

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

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

The Directors are paid commission within the permissible limits approved by the Members and determined by the Board every year depending upon the performance of the Company.

Non-Executive Directors:

Sitting fees

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

Commission

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

As approved by the Shareholders at AGM held on 12th September 2012, Non-Executive and Independent Directors (NE-IDs) are being paid commission, not exceeding 1% of the net profits of the Company, in aggregate, subject to a maximum, as determined by the board, for each such director for every financial year for a period of five years commencing from 1st April 2013 to 31st March 2018. At AGM held on 11th August 2017, the Shareholders of the Company have renewed the payment of commission to NE-IDs, on similar terms for each financial year effective 1st April 2018.

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

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

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

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

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

(Rs.in lakhs)

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

* for part of the year.

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

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

7. Stakeholders' Relationship Committee (SRC):

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

7.2 As required by SEBI (LODR) Regulations, Mr K S Srinivasan, Company Secretary is the Compliance Officer of the Company, who oversees the redressal of investor grievances. For any clarification / complaint, the Shareholders may contact the Company Secretary.

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

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

7.4 SRC oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. SRC also looks into redressal of investors' grievances pertaining to the transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc. The Company, in order to expedite the process of share transfers delegated the power of share transfers to an officer of the Share Transfer Agent (STA). The Company, as a matter of policy, disposes of investors' complaints within a span of seven days.

7.5 Complaints received and redressed during the year 2017-18:

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

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

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

7.7 Reconciliation of Share Capital Audit:

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

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

8. Corporate Social Responsibility Committee:

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

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

During the year, the Committee met on 27th April 2017 and all the members were present at the meeting.

9. Administrative Committee:

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

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

<table>
<tr><th>Date of the Meetings</th><th>Members present (M/s)</th></tr>
<tr><td>19.07.2017</td><td>Venu Srinivasan and H Lakshmanan</td></tr>
<tr><td>28.09.2017</td><td rowspan="2">Venu Srinivasan, T Kannan and H Lakshmanan</td></tr>
<tr><td>17.01.2018</td></tr>
</table>

10. General body meeting

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

<table>
<tr><th>Year</th><th>Venue of the meeting</th><th>Date</th><th>Time</th></tr>
<tr><td>2014-15</td><td rowspan="3">The Music Academy, New No.168, (Old No.306), T.T.K. Road, Royapettah, Chennai 600 014</td><td>29.07.2015</td><td>10.00 AM</td></tr>
<tr><td>2015-16</td><td>02.08.2016</td><td>10.35 AM</td></tr>
<tr><td>2016-17</td><td>11.08.2017</td><td>10.00 AM</td></tr>
</table>

10.2 Special resolutions passed in the previous three AGMs:

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

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

10.3 Postal Ballot:

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

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

2. Approving the re-appointment of Mr Sudarshan Venu as Joint Managing Director of the Company for a further period of five years commencing from 1st February 2018; and

3. Approving the appointment of Mr Rajesh Narasimhan, Director for holding office or place of profit

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

The result of the Postal Ballot is given below:

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

10.4 Person who conducted the Postal Ballot exercise:

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

10.5 Procedure for Postal Ballot:

1. The Board of Directors, vide resolution dated 1st November 2017, had appointed Ms B Chandra, Practising Company Secretary as the scrutinizer.

2. The despatch of the Postal Ballot Notice dated 1st November 2017 together with Explanatory Statement was completed on 18th November 2017 along with forms and postage prepaid business envelopes to all the shareholders whose name(s) appeared on the Registers of Members/list of beneficiaries as on 9th November 2017.

   The said notice of Postal Ballot has been sent on 18th November 2017 in electronic mode to the Members, whose e-mail IDs were registered with the Company or the Depository Participants.

3. The voting under the Postal Ballot was kept open from Wednesday, 22nd November, 2017 at 9.00 A.M. (IST) to Thursday, 21st December, 2017 at 5.00 P.M. (IST). (either physically or electronic mode).

4. Particulars of Postal Ballot forms received from the members using the electronic platform of NSDL were entered in a register separately maintained for the purpose.

5. The Postal Ballot forms were kept under the safe custody of the Scrutinizer in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.

6. All Postal Ballot forms received by the scrutinizer upto 5.00 p.m. on 21st December, 2017 had been considered for scrutiny.

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

11. Means of communication to shareholders

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

11.1 Quarterly results:

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

11.2 Newspapers wherein results are normally published:

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

11.3 Website:

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

12. General shareholder information

12.1 Annual General Meeting

Date and time	: Tuesday 7th August 2018, 10.35 A.M.
Venue	: The Music Academy, New No.168, (Old No.306), T.T.K. Road, Royapettah, Chennai 600 014

12.2 Financial year : 1st April to 31st March

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

12.3 Particulars of dividend payment:

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

Dividend distribution policy

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

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

12.4 Listing on Stock Exchanges:

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

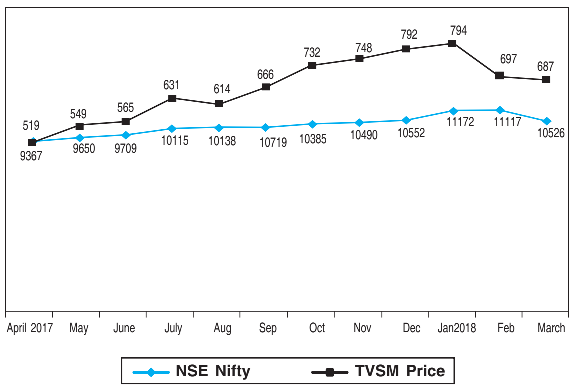
(Note: Annual listing fees and custodial charges for the year 2018-19 were duly paid to the above Stock Exchanges and Depositories)

12.5 Market Price Data: (in Rs.)

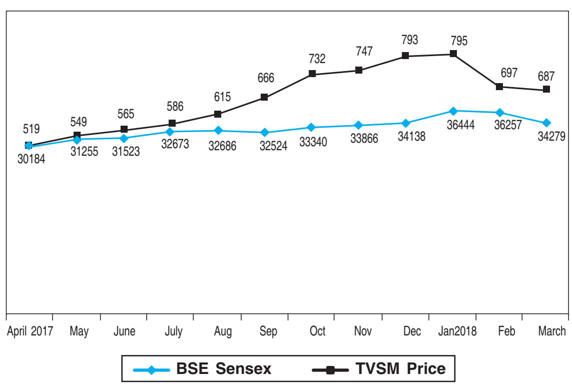
Month	NSE		BSE	
	High Price	Low Price	High Price	Low Price
April 2017	518.55	430.60	518.95	430.00
May 2017	549.00	490.60	549.00	490.30
June 2017	564.55	524.50	565.00	524.70
July 2017	630.75	543.15	586.00	544.10
August 2017	614.45	527.65	614.70	528.20
September 2017	666.30	605.50	666.35	605.75
October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

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

SHARE PRICE MOVEMENT - NSE



SHARE PRICE MOVEMENT - BSE



12.7 Share Transfer Agents and Share Transfer System:

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

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

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

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

e. Certificates are being obtained and submitted to the Stock Exchanges, on half-yearly basis, from a company secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Regulation 40(9) of SEBI (LODR) Regulations.

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

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

h. A certificate signed by the Compliance Officer of STA and the Company Secretary towards maintenance of share transfer facility by STA in compliance with the Regulation 7(3) of the SEBI (LODR) Regulations have been obtained and the same have been submitted to the Stock Exchanges.

i. Shareholders are, therefore, requested to correspond with STA for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend, etc., at their address given in this Report.

12.8 Shareholding pattern of the Company as on 31st March 2018:

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

12.9 Distribution of Shareholding as on 31st March 2018:

Shareholding (Range)	No. of members	%	No. of Shares	%
Upto 5000	1,24,775	99.09	3,01,12,901	6.34
5001-10000	657	0.52	48,30,237	1.02
10001-20000	234	0.19	34,77,873	0.73
20001-50000	115	0.09	36,87,808	0.78
50001-100000	37	0.03	27,14,530	0.57
100001 & above	104	0.08	43,02,63,765	90.56
Total	1,25,922	100.00	47,50,87,114	100.00

12.10 Dematerialization of shares and liquidity:

The promoter holding consisting of 27,26,82,786 Equity shares of Re.1/- each has been fully dematerialized. Out of 20,24,04,328 Equity Shares of Re.1/- each held by persons other than promoters 19,74,95,815 Equity Shares have been dematerialized as on 31st March, 2018 accounting for 97.57%.

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

12.12 Other Disclosures

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

b) During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large.

c) Company is a net exporter. Company has a forex hedging policy and covers are appropriately taken to cover the currency risk. The exposure and cover taken are reviewed by the Audit Committee on regular basis.

d) Company is not a dealer in Commodities. Prices payable to vendors for raw materials and components are negotiated based on internationally available data. Cost of manufacture of all products are reviewed at regular intervals and wherever required suitable price changes in two-wheeler and three-wheeler are done based on market conditions. Company has not entered into any commodity derivatives with any of the bankers.

12.13 Plant Locations:

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

12.14 Address for investor correspondence:

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

13. Non-mandatory disclosures

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

13.1 The Board:

As the Company has an Executive Chairman, disclosure under this head is not mandatory. The Non-Independent directors of the Company are liable to retire by rotation and if eligible, offer themselves for re-appointment. Specific tenure has been fixed for the independent directors in terms of Section 149 of the Act, 2013 and during this period, they will not be liable to 'retire by rotation' as per Sections 150(2), 152(2) read with Schedule IV to the Act, 2013.

13.2 Shareholder rights:

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

13.3 Audit qualifications:

The financial statements of the Company are unmodified.

14. Request to the Shareholders

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

Demat of Shares:

Shareholders are requested to convert their physical holding to demat/ electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.

Registration of Electronic Clearing Service (ECS) mandate:

SEBI has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through ECS to investors wherever ECS and bank details are available. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of / change in such bank details. Members who wish to change such bank account details are therefore requested to advise their DPs about such change, with complete details of bank account.

ECS helps in quick remittance of dividend without possible loss/delay in postal transit. Shareholders, who have not earlier availed this facility, are requested to register their ECS details with the STA or their respective DPs.

Transfer of shares in physical mode:

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

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

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

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

Consolidation of multiple folios:

Shareholders, who have multiple folios in identical names, are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.

Registration of nominations:

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

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

Updation of address:

Shareholders are requested to update their addresses registered with the Company, directly through the STA, to receive all communications promptly.

Shareholders, holding shares in electronic form, are requested to deal only with their DPs in respect of change of address and furnishing bank account number, etc.

SMS Alerts:

Shareholders are requested to note that NSDL and CDSL have announced the launch of SMS alert facility for demat account holders whereby shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the transaction. These alerts will be sent to those account holders who have provided their mobile numbers to their DPs. No charge will be levied by NSDL / CDSL on DPs providing this facility to investors. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely www.nsdl.co.in and www.cdslindia.com respectively.

Timely encashment of dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation.

As required by SEBI, shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons.

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

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

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

Particulars of unclaimed dividend of the Company

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to the IEPF
2010-2011 2nd Interim	29.07.2011	28.08.2011	28.08.2018
2011-2012 1st Interim	14.03.2012	13.04.2012	13.04.2019
2011-2012 2nd Interim	24.05.2012	23.06.2012	23.06.2019
2012-2013 1st Interim	01.02.2013	03.03.2013	03.03.2020
2012- 2013 2nd Interim	30.04.2013	30.05.2013	30.05.2020
2013-2014 1st Interim	25.10.2013	24.11.2013	24.11.2020
2013-2014 2nd Interim	29.04.2014	29.05.2014	29.05.2021
2014-2015 1st Interim	03.02.2015	05.03.2015	05.03.2022
2014-2015 2nd Interim	29.04.2015	29.05.2015	29.05.2022
2015-2016 1st Interim	29.01.2016	28.02.2016	28.02.2023
2015-2016 2nd interim	12.03.2016	11.04.2016	11.04.2023
2016-2017 1st Interim	27.10.2016	26.11.2016	26.11.2023
2016-2017 2nd interim	06.03.2017	05.04.2017	05.04.2024
2017-2018 1st Interim	01.11.2017	01.12.2017	01.12.2024
2017-2018 2nd interim	26.02.2018	28.03.2018	28.03.2025

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GREEN INITIATIVE IN CORPORATE GOVERNANCE:

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

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

Compliance with Code of Business Conduct and Ethics

To,

The shareholders of TVS Motor Company Limited,
Chennai

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

Place : Chennai
Date : 16th May 2018

Venu Srinivasan
Chairman and Managing Director

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

To

The shareholders of TVS Motor Company Limited, Chennai

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

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

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

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

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

S VENKATRAMAN
Partner
(Membership Number: F34319)

Place: Chennai
Date : 16th May 2018

Chief Executive Officer and Chief Financial Officer Certification

To

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

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

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

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

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

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

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

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

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

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

Venu Srinivasan
Chairman & Managing Director

K Gopala Desikan
Chief Financial Officer

Place : Chennai
Date : 16th May 2018

Form No. MR-3
Secretarial Audit Report

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

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

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by TVS MOTOR COMPANYLIMITED ("the Company") during the financial year from 1st April 2017 to 31st March 2018 ("the year"/ "audit period"/ "period under review").

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

We are issuing this report based on:

(i) Our verification of the books, papers, minute books, registers and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the year as well as after 31st March 2018 but before the issue of this audit report;

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

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

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

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

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

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

1. Compliance with specific statutory provisions

We further report that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Board processes:

We further report that:

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

2.2 As on 31st March 2018 the Board has:

(i) Two Executive Directors;

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

(iii) Five Independent Directors.

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Majority decisions were carried through; and

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

3. Compliance mechanism

We further report that:

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

4. Specific events/ actions

   We further report that:

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

For S Krishnamurthy & Co.,
Company Secretaries,

K SRIRAM,
Partner.

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

Annexure – A to Secretarial Audit Report of even date

To the Members of

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

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

1. The Company's management is responsible for maintenance of secretarial records and compliance with the relevant provisions of corporate and other applicable laws, rules, regulations, guidelines and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2018 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal/ professional opinion / certification obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S Krishnamurthy & Co.,
Company Secretaries,

K SRIRAM,
Partner.

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

Apache RR 310
RACING DNA UNLEASHED
TVS Racing
RR 310
Apache
TVS

Scooty Zest 110

LIVE FULL. BE YOU.

Scooty Pep+

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT

To the Members of TVS Motor Company Limited

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of TVS Motor Company Limited, ('the Company'), which comprises the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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

Auditors' Responsibility

4. Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

9. As required by section 143(3) of the Act, we report that:
   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

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

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

(e) on the basis of written representations received from the directors as on 31st March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, from being appointed as a director in terms of section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 36(a) to the Standalone Ind AS financial statements.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note No. 28(D) to the Standalone Ind AS financial statements.

iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

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

S VENKATRAMAN
Partner
(Membership Number: 34319)

Chennai
16th May 2018

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

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

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

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

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

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Act. Accordingly, the provisions of clause (iii) of para 3 of the Order are not applicable to the Company.

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

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

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

(vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Goods and Service Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company, the dues of sales tax / income-tax / customs duty / wealth tax / service tax / excise duty / value added tax / cess which have not been deposited on account of any dispute are as follows:

Name of the Statute / (Nature of dues)	Period of dues	Amount (Rs. in crores)	Forum where dispute is pending
Central Excise Act,1944 (Cenvat/Excise Duty)	1998-2015	51.98	Central Excise and Service Tax Appellate Tribunal, Chennai
	1999-2016	8.60	Assistant/Deputy/ Commissioner of Central Excise, Hosur and Mysore
Finance Act,1994 (Service Tax)	2007-2016	0.04	Assistant/Deputy/ Commissioner of Central Excise, Hosur and Mysore
	2002-2014	1.45	Central Excise and Service Tax Appellate Tribunal, Chennai/Bangalore
Customs Act,1962 (Customs Duty)	1999-2001	1.36	Hon'ble High Court of Judicature, Chennai
Sales Tax/VAT Laws (Sales Tax)	1998-2016	1.41	Assessing officer
	2004-2005	0.04	Joint Commissioner (Appeals)
	1998-2010	0.33	Tribunals
	2006-2015	0.05	Hon'ble High Court of Orissa
Income Tax Act,1961 – TDS (Income Tax and Interest thereon)	2007-2017	0.64	Department Authorities
Wealth Tax Act,1957	2007-2009	0.98	Commissioner Appeal
Income Tax Act,1961 – (Income Tax and Interest thereon)	2014-2015	11.67	Commissioner Appeal

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

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

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

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

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

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, the provisions of clause (xiv) of para 3 of the Order are not applicable to the Company.

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

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

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

S VENKATRAMAN
Partner
(Membership Number: 34319)

Chennai
16th May 2018

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

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

1. We have audited the internal financial controls over financial reporting of TVS Motor Company Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

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

S VENKATRAMAN
Partner
(Membership Number: 34319)

Chennai
16th May 2018

Balance Sheet as at 31st March 2018

Rupees in crores

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

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

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

Place : Chennai
Date : 16th May 2018

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

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

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

Rupees in crores

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

VENU SRINIVASAN
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As per our report annexed
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Chief Financial Officer

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Company Secretary

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

Statement of changes in Equity

Rupees in crores

a Equity Share Capital

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

b Other Equity

Particulars	Reserves & Surplus			Other Reserves		
	General reserve	Capital reserve	Retained earnings	Equity Instruments Fair Valued through Other Comprehensive Income	Hedging reserve	Total
Balance as at 01-04-2016	865.64	6.43	993.90	42.49	2.37	1,910.83
Add : Profit for the year 2016-17			558.08			558.08
Other comprehensive income for the year 2016-17			(6.44)	42.11		35.67
Less : Change in fair value of hedging instruments, net of tax					2.37	2.37
Less : Reclassification to profit or loss, net of tax					0.10	0.10
Less : Distribution to shareholders :						
2016-17 First Interim dividend paid			59.39			59.39
2016-17 Second Interim dividend paid			59.39			59.39
Less : Dividend Tax			22.51			22.51
Balance as at 31-03-2017	865.64	6.43	1,404.25	84.60	(0.10)	2,360.82
Add : Profit for the year 2017-18			662.59			662.59
Other comprehensive income for the year 2017-18			(4.47)	3.44		(1.03)
Less : Reclassification to profit or loss, net of tax					(0.10)	(0.10)
Less : Change in fair value of hedging instruments, net of tax					1.94	1.94
Less : Distribution to shareholders :						
2017-18 First Interim dividend paid			95.02			95.02
2017-18 Second Interim dividend paid			61.76			61.76
Less : Dividend Tax			30.85			30.85
Balance as at 31-03-2018	865.64	6.43	1,874.74	88.04	(1.94)	2,832.91

Nature and purpose of Other Reserves

1. General reserve is available for distribution to share holders.
2. Capital reserve
   i. On Shares Forfeited (Rs.55,200) –
   ii. On surplus arising out of amalgamation 6.43

   6.43
3. Hedge Reserve - Refer Note No. 28(D)

VENU SRINIVASAN
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K. GOPALA DESIKAN
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K.S. SRINIVASAN
Company Secretary

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

Cash Flow Statement

Rupees in crores

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

Cash Flow Statement – *(continued)*

Rupees in crores

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

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

Change in liability arising from financing activities

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

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

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

Place : Chennai
Date : 16th May 2018

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

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

Notes on accounts

1 SIGNIFICANT ACCOUNTING POLICIES

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

a) Brief description of the Company

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

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

b) Basis of preparation

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

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

c) Use of estimates

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

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

d) Significant Estimates and judgments

The areas involving critical estimates or judgments are:

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

ii) Defined benefit obligation - Refer Note 30

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

iv) Estimation and evaluation of provisions and contingencies relating to tax litigations – Refer Note 36(a).

e) Revenue recognition

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

Sale of products:

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

Sale of services:

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

f) Property, Plant and Equipment

Freehold Land is carried at historical cost. All other items of Property Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date the

Notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

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

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

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

g) Depreciation and amortization

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

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

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

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

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

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

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

h) Intangible assets

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

i) Impairment

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

j) Foreign currency translation

(i) Functional and presentation currency

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

Notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

(ii) Transactions and balances

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

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

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

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

k) Hedge accounting

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

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

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

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

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

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

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

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

l) Inventories

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

i) Cost of raw materials, components, stores and spares are ascertained on a moving average basis.

Notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

ii) Cost of finished goods and work-in-progress comprise of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

m) Employee benefits

i) Short term obligations:

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

ii) Other long term employee benefit:

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

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

iii) Post-employment obligation:

The Company operates the following post-employment schemes:

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

b) Defined contribution plans such as provident fund.

Pension and gratuity obligation:

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

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

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

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

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

Notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Provident fund:

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

iv) Bonus plans:

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

n) Taxes on income

Tax expense comprises of current and deferred taxes.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Where the Companyis entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Company accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

o) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Government grants relating to the purchase of property, plant and equipment are included in current / non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in "Other Income" on completion of export obligation as approved by the Regulatory Authorities.

p) Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liabilities. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

r) Leases

Leases of property, plant and equipment where the Company, as a lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of lease at fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

s) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

t) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

u) Investments and Other financial assets

i) Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement

At Initial recognition, the Company measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains/(losses) in the period in which it arises.Interest income from these financial assets is included in other income.

Equity instruments:

The Company subsequently measures all investments in equity (except of the subsidiaries/associate) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Investment in subsidiaries / associates:

Investment in subsidiaries/ associates are measured at cost less provision for impairment.

iii) Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 28 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

Notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

iv) De recognition of financial assets

A financial asset is derecognised only when:

a) the Company has transferred the rights to receive cash flows from the financial asset or

b) the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

v) Income recognition

Interest Income:

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends:

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

v) Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gain/(loss).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

w) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

Notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

x) Recent accounting pronouncements

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - "Revenue from Contract with Customers" and also made certain amendments to the existing Ind AS. The notification shall be effective from 1st April 2018.

The management believes that adoption of The Indian Accounting Standard (Ind AS) 115 - "Revenue from Contracts with Customers" does not have any significant impact on the financial statements of the Company.

The management believes that adoption of amendment to Ind AS 21, Foreign currency transactions and advance consideration and Ind AS 12 Income Taxes, do not have any significant impact on the financial statements of the Company.

The amendment to Ind AS 40 viz., Investment Property, is not applicable to the Company.

Notes on accounts - *(continued)*

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rupees In crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2017	109.24	538.91	2,999.11	52.78	18.79	79.56	3,798.39	60.03	70.58	130.61
Additions	53.61	118.77	507.96	6.29	2.85	28.80	718.28	11.52	18.70	30.22
Sub-total	162.85	657.68	3,507.07	59.07	21.64	108.36	4,516.67	71.55	89.28	160.83
Sales / deletion	0.68	1.05	125.31	0.95	1.34	2.74	132.07	-	-	-
Total	162.17	656.63	3,381.76	58.12	20.30	105.62	4,384.60	71.55	89.28	160.83
Depreciation / Amortisation										
Upto 31-03-2017	-	137.02	1,643.19	19.09	11.69	56.76	1,867.75	48.57	28.81	77.38
For the year	-	25.33	262.29	7.42	2.16	14.49	311.69	12.16	14.88	27.04
Sub-total	-	162.35	1,905.48	26.51	13.85	71.25	2,179.44	60.73	43.69	104.42
Withdrawn on assets sold / deleted	-	1.03	104.59	0.66	1.31	2.71	110.30	-	-	-
Total	-	161.32	1,800.89	25.85	12.54	68.54	2,069.14	60.73	43.69	104.42
Carrying value As at 31-03-2018	162.17	495.31	1,580.87	32.27	7.76	37.08	2,315.46	10.82	45.59	56.41

Capital work-in-progress (at cost) as at 31-03-2018

(a)	Building	10.66
(b)	Plant & equipment	81.08
Total		91.74

a) Cost of buildings includes Rs.7.12 crores pertaining to buildings constructed on leasehold lands.

b) Land includes leasehold land of Rs.0.51 crores, whose ownership is transferrable at the end of the lease term.

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2016	98.26	473.53	2,675.80	30.90	14.57	74.28	3,367.34	52.15	45.65	97.80
Additions	10.99	70.07	407.39	23.16	4.37	13.39	529.37	7.88	24.97	32.85
Sub-total	109.25	543.60	3,083.19	54.06	18.94	87.67	3,896.71	60.03	70.62	130.65
Sales / deletion	0.01	4.69	84.08	1.28	0.15	8.11	98.32	-	0.04	0.04
Total	109.24	538.91	2,999.11	52.78	18.79	79.56	3,798.39	60.03	70.58	130.61
Depreciation / Amortisation										
Upto 31-03-2016	-	122.73	1,490.69	16.61	9.98	54.66	1,694.67	33.84	17.04	50.88
For the year	-	18.15	227.56	3.75	1.84	10.01	261.31	14.73	11.77	26.50
Sub-total	-	140.88	1,718.25	20.36	11.82	64.67	1,955.98	48.57	28.81	77.38
Withdrawn on assets sold / deleted	-	3.86	75.06	1.27	0.13	7.91	88.23	-	-	-
Total	-	137.02	1,643.19	19.09	11.69	56.76	1,867.75	48.57	28.81	77.38
Carrying value As at 31-03-2017	109.24	401.89	1,355.92	33.69	7.10	22.80	1,930.64	11.46	41.77	53.23

Capital work-in-progress (at cost) as at 31-03-2017

(a)	Building	5.96
(b)	Plant & equipment	56.32
Total		62.28

a) Cost of buildings includes Rs. 7.12 crores pertaining to buildings constructed on leasehold lands.

b) Land includes leasehold land of Rs. 0.51 Crores, whose ownership is transferrable at the end of the lease term.

Notes on accounts - *(continued)*

3 NON CURRENT INVESTMENTS

Sl. No.	Particulars	Subsidiary /associate	No. of shares / units		Face Value	Currency	Rupees in crores	
			As at 31-03-2018	As at 31-03-2017			As at 31-03-2018	As at 31-03-2017
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(a)	**Investment in Equity Instruments Fair valued through OCI:**							
	Quoted :							
(i)	Suprajit Engineering Limited, Bengaluru		28,92,000	28,92,000	1.00	INR	80.35	69.54
(ii)	Ucal Fuel Systems Limited, Chennai		91,760	91,760	10.00	INR	2.16	1.99
	Unquoted :							
(iii)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited)		32,50,000	32,50,000	10.00	INR	1.19	1.10
(iv)	TVS Lanka (Private) Limited, Colombo		50,00,000	50,00,000	10.00	LKR	10.52	9.48
(v)	TVS Motor Services Limited, Chennai*		-	3,80,000	10.00	INR	-	0.38
(vi)	Green Infra Wind Power Projects Limited, New Delhi		1,11,600	1,11,600	10.00	INR	0.05	0.03
(vii)	TVS Credit Services Limited, Chennai*		-	1,06,55,700	10.00	INR	-	76.70
(viii)	Green Infra Wind Power Generation Limited, New Delhi		2,16,000	2,16,000	10.00	INR	0.13	0.11
(ix)	Suryadev Alloys & Power Private Limited, Chennai		2,500	2,500	10.00	INR	0.03	0.02
(x)	Ultraviolette Automotive Private Limited, Bengaluru		6,750	-	10.00	INR	5.00	-
(xi)	Condivision Solutions Pvt. Limited, Bengaluru		6,760	-	10.00	INR	2.00	-
(xii)	Mulanur Renewable Energy Pvt. Limited, Chennai		15,000	-	10.00	INR	0.02	-
(b)	**Investment in Equity Instruments valued at Cost (Unquoted):**							
(i)	Sundaram Auto Components Limited, Chennai	Subsidiary	3,59,25,000	1,45,50,000	10.00	INR	255.90	84.90
(ii)	TVS Motor Company (Europe) B.V., Amsterdam	Subsidiary	2,25,301	2,25,301	100.00	EUR	1.80	1.80
(iii)	TVS Motor (Singapore) Pte. Limited, Singapore	Subsidiary	7,75,90,002	7,62,84,702	1.00	SGD	153.49	147.13
(iv)	PT.TVS Motor Company Indonesia, Jakarta	Subsidiary	68,97,000	60,97,000	97,400.00	IDR	268.90	217.39
(v)	TVS Housing Limited, Chennai	Subsidiary	50,000	50,000	10.00	INR	0.05	0.05
(vi)	TVS Motor Services Limited, Chennai*	Subsidiary	50,00,000	-	10.00	INR	5.00	-
(vii)	TVS Credit Services Limited, Chennai*	Subsidiary	70,09,753	-	10.00	INR	53.53	-
(viii)	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	Associate	11,12,19,512	8,00,00,000	10.00	INR	111.22	80.00
	Total value of Equity Instruments (a) + (b)						951.34	690.62
(c)	**Investments in Preference Shares (Unquoted): (Valued at Amortised Cost)**							
(i)	TVS Motor Services Limited, Chennai	Subsidiary	61,30,10,000	55,10,10,000	10.00	INR	1,042.48	871.78
(ii)	Pinnacle Engines Inc., USA (face value 0.01 cent)		24,09,638	24,09,638	0.0001	USD	11.70	11.70
(iii)	Axiom Research Labs Private Limited, Delhi		82	82	10.00	INR	1.00	1.00
	Total value of Preference shares (c)						1,055.18	884.48
(d)	**Other non-current Investments (Unquoted):**							
	Investments valued through OCI:							
(i)	Autotech Fund L.L.P. USA					USD	10.11	-
	Pension Funds / Government Securities (Valued at Amortised Cost):							
(ii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR	6.11	6.14
(iii)	Life Insurance Corporation Pension Policy, Mumbai					INR	12.64	6.66
(iv)	National Savings Certificates (Rs.37100/- deposited with Sales Tax authorities)					INR	-	-
	Total value of other investments (d)						28.86	12.80
	Total (a) + (b) + (c) + (d)						2,035.38	1,587.90
	Aggregate amount of quoted investments and market value thereof						82.51	71.53
	Aggregate amount of unquoted investments						1,952.87	1,516.37
	Total						2,035.38	1,587.90

* TVS Motor Services Limited and TVS Credit Services Limited became subsidiaries w.e.f. 7th September 2017. Hence, equity holding in these companies are disclosed under "equity investments valued at cost" as at 31st March 2018 (previous year "investments in equity instruments fair valued through OCI" and disclosed suitably).

All Investments are fully paid up.

Notes on accounts - *(continued)*

Rupees in crores

		As at 31-03-2018	As at 31-03-2017
4	OTHER NON-CURRENT ASSETS		
	Capital advances	12.41	35.51
	Advances other than capital advances:		
	Prepaid lease rent	2.71	2.81
	Deposits made	24.71	20.62
		39.83	58.94
5	INVENTORIES		
	Raw materials and components	470.19	509.85
	Goods-in-transit - Raw materials and components	121.64	113.65
	Work-in-progress	68.00	93.57
	Finished goods	209.75	157.21
	Stock-in-trade	57.40	53.03
	Stores and spares	37.41	39.64
		964.39	966.95
6	TRADE RECEIVABLES		
	Secured, considered good	16.62	14.80
	Unsecured, considered good	951.75	708.97
	Doubtful	9.58	5.22
		977.95	728.99
	Less: Allowance for doubtful debts	9.58	5.22
		968.37	723.77
7	CASH AND CASH EQUIVALENTS		
	Balances with banks in current accounts	6.19	4.11
	Cheques / drafts on hand	-	0.02
	Cash on hand	0.30	0.24
		6.49	4.37
	Cash and cash equivalents for the purpose of cash flow statement		
	Cash and cash equivalents as shown above	6.49	4.37
	Less: Over drafts utilised	(144.11)	(233.21)
	[Grouped under financial liabilities - borrowings (Note No.16)]		
		(137.62)	(228.84)
8	OTHER BANK BALANCES		
	Earmarked balances with banks (for unpaid dividend)	4.41	4.14
		4.41	4.14
9	FINANCIAL ASSETS - OTHERS (CURRENT)		
	Unsecured, considered good :		
	Employee advances	9.29	9.18
	Security deposits	4.78	4.23
	Claims receivable	0.16	0.10
		14.23	13.51
10	OTHER CURRENT ASSETS		
	GST/VAT/IT/Excise receivable	405.54	379.70
	Prepaid expense	17.49	16.10
	Vendor advance	88.05	38.40
	Trade deposits	0.94	0.72
	Export incentive receivable	47.77	37.35
		559.79	472.27

Notes on accounts - *(continued)*

11 EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and fully paid up

Particulars	As at 31-03-2018		As at 31-03-2017	
	Number	Rupees in crores	Number	Rupees in crores
Authorised:				
Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully paid up:				
Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51
	47,50,87,114	47.51	47,50,87,114	47.51

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31-03-2018		As at 31-03-2017	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	47,50,87,114	47.51	47,50,87,114	47.51
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	47,50,87,114	47.51	47,50,87,114	47.51

(c) (i) Rights and preferences attached to equity share:

Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

(ii) There are no restrictions attached to equity shares.

(d) Shares held by holding company at the end of the year

Name of shareholder	Class of share	As at 31-03-2018		As at 31-03-2017	
		No. of shares held	% of holding	No. of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40

(e) Shareholders holding more than five percent at the end of the year (other than (d)) - Nil

12 OTHER EQUITY

Rupees in crores

Particulars	As at 31-03-2018	As at 31-03-2017
General reserve	865.64	865.64
Capital reserve	6.43	6.43
Retained earnings	1,874.74	1,404.25
Other reserves	86.10	84.50
	2,832.91	2,360.82

Notes on accounts - *(continued)*

13 NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Rupees in crores

Description	Frequency	No. of instalments due	Maturity	As at 31-03-2018	As at 31-03-2017
Secured:					
ECB Loan from Bank (4 Tranches)	End of Tenure	4	Jul 2018 - Dec 2018	130.16	129.09
State owned corporation	Yearly	4	2022-27	157.08	157.08
Unsecured:					
Sales Tax Deferral					
Phase-1	Yearly	4	2020-21	25.32	31.65
Phase-2	Yearly	10	2027-28	157.28	173.00
Total Borrowings :				469.84	490.82
Less : Current maturities of long-term borrowings (Refer Note No. 18)				152.22	22.06
Total Long-term Borrowings				317.62	468.76

Details of securities created:

(i) ECB loan from Bank - Exclusive charge over assets procured out of proceeds of the loan.

(ii) Soft loan - State owned corporation viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.

Amount payable in each instalments:

Description	Currency	Amount	Rate of Interest
ECB Loan from Bank	USD	5 Million USD each between Jul 2018 and Dec 2018.	3 Month USD LIBOR plus Margin
Sales tax deferral Phase-1	INR	6.33 crores per annum	Nil
Sales tax deferral Phase-2	INR	15.73 crores per annum	Nil
State owned corporation	INR	10.00, 67.23, 75.40 and 4.45 crores (four instalments between 2022 and 2027)	0.10%

14 PROVISIONS

Particulars	As at 31-03-2018		As at 31-03-2017	
	Current	Non-current	Current	Non-current
Provision for employee benefits:				
(a) Pension	33.18	32.41	28.09	33.57
(b) Leave salary	1.88	21.35	1.96	17.23
(c) Gratuity	2.56	-	9.36	-
Others:				
(a) Warranty	24.40	-	23.46	-
	62.02	53.76	62.87	50.80

Notes on accounts - *(continued)*

15 DEFERRED TAX LIABILITIES (NET)

Rupees in crores

Particulars		As at 31-03-2018	As at 31-03-2017
The balance comprises temporary differences attributable to:			
Depreciation		299.67	251.78
Others		-	17.18
Total deferred tax liability	(A)	299.67	268.96
Deferred tax asset consists of :			
- tax on employee benefit expenses		35.39	29.21
- tax on warranty provision		10.98	10.55
- tax on others		6.17	1.81
- Unused tax credits (MAT credit entitlement)		98.96	101.69
Total deferred tax assets	(B)	151.50	143.26
Net deferred tax liability	(A)-(B)	148.17	125.70

Movement in deferred tax :

Particulars	Depreciation	Others	Total
As at 01-04-2016			143.74
Charged/(credited):			
- to profit or loss	34.61	10.46	45.07
- to other comprehensive income	-	1.14	1.14
- Unused tax credits (MAT credit entitlement)	-	(64.25)	(64.25)
As at 31-03-2017			125.70
Charged/(credited):			
- to profit or loss	47.89	(24.16)	23.73
- to other comprehensive income	-	(3.99)	(3.99)
- Unused tax credits (MAT credit entitlement of earlier period)	-	(4.74)	(4.74)
- to Utilisation of tax credits (MAT credit entitlement)	-	7.47	7.47
As at 31-03-2018			148.17

16 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

	As at 31-03-2018	As at 31-03-2017
Borrowings repayable on demand from banks		
Secured*	48.38	158.21
Unsecured#	329.73	190.00
Short term loans from banks (Unsecured)	341.24	268.17
	719.35	616.38
* Includes overdraft utilisation	48.38	108.21
# Includes overdraft utilisation	95.73	125.00
Total overdraft utilisation	144.11	233.21

Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.

Notes on accounts - *(continued)*

Rupees in crores

	As at 31-03-2018	As at 31-03-2017
17 TRADE PAYABLES		
Dues to Micro and Small Enterprises **	71.70	34.39
Dues to enterprises other than Micro and Small Enterprises	2,446.29	1,824.97
	2,517.99	1,859.36

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

18 OTHER FINANCIAL LIABILITIES		
Current Maturities of long term borrowings		
(i) ECB Loan	130.16	-
(ii) Sales tax deferral loan from Karnataka Government - Phase 1	6.33	6.33
(iii) Sales tax deferral loan from Karnataka Government - Phase 2	15.73	15.73
	152.22	22.06
Interest accrued but not due on loans	1.69	3.26
Trade deposits received	25.40	23.62
Unclaimed dividends	4.41	4.14
(Not due for transfer to Investor Education and Protection Fund)		
Payables against capital goods	22.70	24.39
Derivative instruments - payable	1.38	1.99
Hedge liability	2.60	0.15
	210.40	79.61
19 OTHER CURRENT LIABILITIES		
Statutory dues	156.40	134.68
Employee related	53.74	47.42
Advance received from customers	53.14	48.76
Deferred income	4.99	-
Money held under trust	1.47	2.00
	269.74	232.86

	Year Ended 31-03-2018	Year Ended 31-03-2017
20 REVENUE FROM OPERATIONS		
Sale of products*	15,233.95	12,932.96
Sale of raw materials	58.20	107.17
Sale of services	17.85	23.69
Other operating revenue	162.88	126.24
	15,472.88	13,190.06

* Includes excise duty upto June 2017.

Notes on accounts - *(continued)*

Rupees in crores

		Year Ended 31-03-2018	Year Ended 31-03-2017
21 OTHER INCOME			
Dividend income			
(i) From subsidiaries		5.21	8.21
(ii) From other investments designated as Fair Value through OCI		0.60	0.70
Interest income		47.72	49.35
Profit on sale of investments		18.97	0.05
Profit on sale of fixed assets		2.72	-
Change in fair value of investments (net)*		58.70	81.85
Government grant#		9.67	31.56
Other non-operating income		1.19	1.65
		144.78	173.37

* Increase in fair value of investments represents changes in fair value of preference shares held in TVS Motor Services Limited and Other non-current investments.

Relatable to operations of the Company.

		Year Ended 31-03-2018	Year Ended 31-03-2017
22 MATERIAL COST			
Cost of materials consumed :			
Opening stock of raw materials and components		509.85	310.95
Add: Purchases		10,870.26	8,819.78
		11,380.11	9,130.73
Less: Closing stock of raw materials and components		470.19	509.85
		10,909.92	8,620.88
Purchases of stock-in-trade :			
Spare parts		116.89	95.35
Engine oil		79.32	81.57
Raw materials		58.20	107.17
Finished goods		-	7.13
		254.41	291.22
Changes in inventories of finished goods, work-in-progress and stock-in-trade:			
Opening stock:			
Work-in-progress		93.57	63.55
Stock-in-trade		53.03	50.73
Finished goods (Includes excise duty of Rs.27.47 crores; last year Rs.9.43 crores)		157.21	130.80
	(A)	303.81	245.08
Closing stock:			
Work-in-progress		68.00	93.57
Stock-in-trade		57.40	53.03
Finished goods		209.75	157.21
	(B)	335.15	303.81
	(A)-(B)	(31.34)	(58.73)

		Year Ended 31-03-2018	Year Ended 31-03-2017
23 EMPLOYEE BENEFITS EXPENSE			
Salaries, wages and bonus		745.92	648.09
Contribution to provident and other funds		44.22	37.76
Staff welfare expenses		77.87	59.79
		868.01	745.64

Notes on accounts - *(continued)*

Rupees in crores

		Year Ended 31-03-2018	Year Ended 31-03-2017
24 FINANCE COSTS			
Interest		55.98	42.64
Exchange differences		0.64	1.31
		56.62	43.95
25 OTHER EXPENSES			
(a) Consumption of stores, spares and tools		71.48	57.19
(b) Power and fuel		107.17	90.62
(c) Rent		27.39	18.29
(d) Repairs - buildings		10.09	10.03
(e) Repairs - plant and equipment		54.94	54.18
(f) Insurance		12.97	8.87
(g) Rates and taxes (excluding taxes on income)		6.61	8.53
(h) Audit fees		0.90	0.75
(i) Cost audit fees		0.05	0.05
(j) Packing and freight charges		637.09	461.53
(k) Advertisement and publicity		301.49	288.81
(l) Other marketing expenses		322.25	266.75
(m) Loss on sale of fixed assets		-	2.34
(n) Foreign exchange loss		-	5.36
(o) Corporate Social Responsibility expenditure*		10.98	9.20
(p) Contributions to electoral trust		0.53	6.58
(q) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.10 lakh, whichever is higher)		435.51	390.15
		1,999.45	1,679.23

* Refer Note No. 40 for details on Corporate Social Responsibility expenditure.

26 INCOME TAX EXPENSES			
(a) Income tax expense			
Current tax:			
Current tax on profits for the year		203.41	157.64
Adjustments for current tax of prior periods		(6.35)	2.14
	(A)	197.06	159.78
Deferred tax:			
Decrease / (increase) in deferred tax assets		(10.97)	(0.07)
(Decrease) / increase in deferred tax liabilities		34.70	45.14
Unused tax (credit) [MAT credit entitlement]		-	(57.94)
Unused tax (credit) / reversal [MAT credit entitlement] of prior periods		(4.74)	(6.31)
	(B)	18.99	(19.18)
	(A)+(B)	216.05	140.60

Notes on accounts - *(continued)*

Rupees in crores

	Year Ended 31-03-2018	Year Ended 31-03-2017
26 INCOME TAX EXPENSES - *(continued)*		
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	878.64	698.68
Tax at the Indian tax rate of 34.61% (2016-17 – 21.34%)	304.10	149.10
(Last year Company paid tax under Sec 115 JB [Minimum Alternate Tax] of Income Tax Act, 1961)		
Additional deduction towards Research & Development expenses	(65.09)	
Additional deduction towards Depreciation / Amortisation	(18.30)	
Fair valuation gains not subjected to tax	(20.32)	
Capital receipts	(3.57)	
Others	6.59	
Ind AS transition adjustments, [1/5th of the opening adjustments are considered for calculation]	-	9.48
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Dividend income	-	(1.82)
Other items	-	0.88
Tax Relating to earlier years	(6.35)	2.14
Deferred tax liability	23.73	45.07
MAT credit entitlement	(4.74)	(64.25)
Income tax expense	216.05	140.60

27 FAIR VALUE MEASUREMENTS

Particulars	As at 31-03-2018			As at 31-03-2017		
	FVTPL*	FVOCI *	Amortised cost	FVTPL*	FVOCI *	Amortised cost
Financial assets						
Investments						
- Equity instruments	-	101.45	-	-	159.35	-
- Preference shares	1,042.48	-	12.70	871.78	-	12.70
- Other non-current investments	-	10.11	-	-	-	-
- Debt instruments	-	-	18.75	-	-	12.80
Trade receivables	-	-	968.37	-	-	723.77
Cash and cash equivalents	-	-	6.49	-	-	4.37
Other financial assets	-	-	14.23	-	-	13.51
	1,042.48	111.56	1,020.54	871.78	159.35	767.15
Financial liabilities						
Borrowings	-	-	1,189.19	-	-	1,107.20
Trade payables	-	-	2,517.99	-	-	1,859.36
Derivative financial liability	1.38	2.60	-	1.99	0.15	-
Other financial liability	-	-	54.20	-	-	55.41
	1.38	2.60	3,761.38	1.99	0.15	3,021.97

* FVTPL - Fair Valued Through Profit and Loss FVOCI - Fair Valued Through Other Comprehensive Income

Notes on accounts - *(continued)*

Rupees in crores

27 FAIR VALUE MEASUREMENTS - *(continued)*

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31-03-2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	-	-	1,042.48	1,042.48
Financial Investments at FVOCI	3	82.51	10.11	18.94	111.56
		82.51	10.11	1,061.42	1,154.04
Financial liabilities					
Derivatives	18	-	3.98	-	3.98
		-	3.98	-	3.98

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31-03-2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3	-	-	12.70	12.70
Debt instruments	3	-	-	18.75	18.75
		-	-	31.45	31.45
Financial liabilities					
Borrowings	13, 16, 18	-	-	1,189.19	1,189.19
		-	-	1,189.19	1,189.19

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31-03-2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVTPL	3	-	-	871.78	871.78
Financial investments at FVOCI	3	71.53	-	87.82	159.35
		71.53	-	959.60	1,031.13
Financial liabilities					
Derivatives	18	-	2.14	-	2.14
		-	2.14	-	2.14

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31-03-2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3	-	-	12.70	12.70
Debt instruments	3	-	-	12.80	12.80
		-	-	25.50	25.50
Financial liabilities					
Borrowings	13, 16, 18	-	-	1,107.20	1,107.20
		-	-	1,107.20	1,107.20

Notes on accounts - *(continued)*

Rupees in crores

27 FAIR VALUE MEASUREMENTS - *(continued)*

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the end of the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers among the three levels.

The company's policy is to recognise transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value measurements using significant unobservable inputs (level 3)

Particulars	Unlisted Preference Shares	Unlisted Equity Shares	Debt Instruments	Total
As at 01-04-2016	788.76	10.65	7.81	807.22
Additions	5.00	65.30	2.25	72.55
Gains/(losses) recognised in profit or loss	78.02	-	2.74	80.76
Gains/(losses) recognised in other comprehensive income	-	11.87	-	11.87
As at 31-03-2017	871.78	87.82	12.80	972.40
Additions / (Deletions)	105.43	(58.36)	12.52	59.59
Gains/(losses) recognised in profit or loss	65.27	-	(6.57)	58.70
Gains/(losses) recognised in other comprehensive income	-	(10.52)	-	(10.52)
As at 31-03-2018	1,042.48	18.94	18.75	1,080.17

(iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended		Sensitivity
	31-03-2018	31-03-2017		31-03-2018	31-03-2017	
Preference shares	1,042.48	871.78	a) Earnings growth rate b) Risk adjusted discount rate	20-30% 20.10%	20-30% 18.32%	If the growth rate increases by 5% and the reduction in discount rate by 50 bps, the value of preference shares will increase by 2% and vice versa.
Unquoted Equity shares	18.94	87.82	a) Earnings growth rate b) Risk adjusted discount rate	1-3% 8%	1-3% 8%	Not significant

Notes on accounts - *(continued)*

Rupees in crores

27 FAIR VALUE MEASUREMENTS - *(continued)*

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies. Risk adjustments have been derived based on the market risk premium adjusted for companies relevered financial data.

(vi) Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31-03-2018		As at 31-03-2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Preference shares	12.70	12.70	12.70	12.70
Debt instruments	18.75	18.75	12.80	12.80
	31.45	31.45	25.50	25.50
Financial liabilities				
Borrowings	1,189.19	1,189.19	1,107.20	1,107.20
	1,189.19	1,189.19	1,107.20	1,107.20

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counter party credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

28 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit risk	Cash, Cash equivalents and Trade receivables	Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forwarding-looking information (more specifically described below). In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counter party fails to make contractual payments within 60 days, when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Notes on accounts - *(continued)*

Rupees in crores

28 FINANCIAL RISK MANAGEMENT - *(continued)*

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit risk (continued)	a. Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
	b. Domestic Trade Receivables	Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. The Company extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. The Company has extensive reporting and review system to constantly monitor the outstandings.
	c. Export Trade Receivables	The Company's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with ECGC Limited.
Liquidity risk	INR denominated borrowings (other than soft loans given by Govt. Authorities)	The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company works out a detailed annual operating plans to assess the fund requirements - both short term and long term. Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
Market risk	(i) Foreign exchange	The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
	a. Export trade receivables and Import payables	The company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
	b. Foreign currency denominated borrowings	The Company has hedged its borrowings by covering the principal repayments.
	(ii) Interest rate - Foreign currency denominated borrowings	The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Notes on accounts - *(continued)*

28 FINANCIAL RISK MANAGEMENT - *(continued)*

(A) Credit risk

Basis of recognition of expected credit loss provision

<table>
<tr><th>Rating</th><th>Category</th><th>Description of category</th><th>Investments</th><th>Loans and deposits</th><th>Trade receivables</th></tr>
<tr><td>1</td><td>High Quality assets, negligible credit risk</td><td>Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.</td><td rowspan="3">12 month expected credit losses</td><td rowspan="3">12 month expected credit losses</td><td rowspan="5">Life time expected credit losses (simplified approach)</td></tr>
<tr><td>2</td><td>Quality assets, low credit risk</td><td>Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past</td></tr>
<tr><td>3</td><td>Standard Assets, moderate credit risk</td><td>Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.</td></tr>
<tr><td>4</td><td>Substandard Assets, relatively high credit risk</td><td>Assets where there has been a significant increase in credit risk since initial recognition.</td><td colspan="2" rowspan="2">Life time expected credit losses</td></tr>
<tr><td>5</td><td>Low quality assets, very high credit risk</td><td>Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.</td></tr>
<tr><td>6</td><td>Doubtful assets, credit impaired</td><td>Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.</td><td colspan="3">Asset is written off</td></tr>
</table>

Notes on accounts - *(continued)*

Rupees in crores

28 FINANCIAL RISK MANAGEMENT - *(continued)*

As at 31-03-2018

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Assets/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	31.45	0%	-	31.45
	1	Other financial assets	14.23	0%	-	14.23

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	962.73	15.22	977.95
Expected loss rate	-	63%	
Expected credit losses	-	9.58	9.58
Carrying amount of trade receivables	962.73	5.64	968.37

As at 31-03-2017

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Assets/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	25.50	0%	-	25.50
	1	Other financial assets	13.51	0%	-	13.51

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	722.08	6.91	728.99
Expected loss rate	-	76%	
Expected credit losses	-	5.22	5.22
Carrying amount of trade receivables	722.08	1.69	723.77

Reconciliation of loss allowance provision - Loans and deposits

Loss allowance on 01-04-2016	-
Write offs	-
Recoveries	-
Loss allowance on 31-03-2017	-
Write offs	-
Recoveries	-
Loss allowance on 31-03-2018	-

Notes on accounts - *(continued)*

Rupees in crores

28 FINANCIAL RISK MANAGEMENT - *(continued)*

Reconciliation of loss allowance provision - Trade receivables

Loss allowance on 01-04-2016	4.69
Changes in loss allowance	0.53
Loss allowance on 31-03-2017	5.22
Changes in loss allowance	4.36
Loss allowance on 31-03-2018	9.58

(B) Liquidity risk

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31-03-2018	As at 31-03-2017
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	626.82	665.73
- Expiring beyond one year (bank loans)	-	-

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging 30 to 180 days.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

As at 31-03-2018

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	672.74	87.14	111.69	191.69	125.93	1,189.19
Trade payables	2,517.99					2,517.99
Other financial liabilities	54.20					54.20
Derivatives	2.60	0.26	1.12			3.98

As at 31-03-2017

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	616.38	6.33	15.73	239.39	229.37	1,107.20
Trade payables	1,859.36					1,859.36
Other financial liabilities	55.41					55.41
Derivatives	0.15			1.99		2.14

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes on accounts - *(continued)*

Rupees in crores

28 FINANCIAL RISK MANAGEMENT - *(continued)*

(C) Market risk

i) Foreign exchange risk

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	As at 31-03-2018		As at 31-03-2017	
Exposure in foreign currency	USD	EUR	USD	EUR
Financial assets:				
Trade receivables	234.05	80.00	182.94	10.51
Derivatives	-	-	-	-
Exposure to foreign currency risk (assets) (A)	234.05	80.00	182.94	10.51
Financial liabilities:				
Foreign currency loan	158.91	7.84	129.09	70.55
Trade payables	218.04	4.33	195.48	1.40
Derivatives	3.98	-	2.14	-
Exposure to foreign currency risk (liabilities) (B)	380.93	12.17	326.71	71.95
Net exposure to foreign currency risk asset / (liabilities) (A)-(B)	(146.88)	67.83	(143.77)	(61.44)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	As at 31-03-2018	As at 31-03-2017	As at 31-03-2018	As at 31-03-2017
USD sensitivity				
INR/USD increases by 10%	(10.87)	(10.64)	10.87	10.64
INR/USD decreases by 10%	10.87	10.64	(10.87)	(10.64)
EURO sensitivity				
INR/EURO increases by 10%	5.02	(4.54)	(5.02)	4.54
INR/EURO decreases by 10%	(5.02)	4.54	5.02	(4.54)

* Holding all other variables constant

ii) Interest rate risk

Domestic INR borrowings are based on fixed rate of interest. Normally, for short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, Company resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

Particulars	As at 31-03-2018	As at 31-03-2017
Variable rate borrowings	303.03	488.28
Fixed rate borrowings	886.16	618.92

Sensitivity	Impact on profit after tax	
	As at 31-03-2018	As at 31-03-2017
Increase in interest rates by 100 bps	(2.24)	(3.61)
Decrease in interest rates by 100 bps	2.24	3.61

Notes on accounts - *(continued)*

Rupees in crores

28 FINANCIAL RISK MANAGEMENT - *(continued)*

iii) Price risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

i) Disclosure of effects of hedge accounting on financial position

a) Disclosure of effects of hedge accounting on financial position as at 31-03-2018

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	254.35	-	256.95	-	Apr'18 to Jun'18	(1.84)	1.84

b) Disclosure of effects of hedge accounting on financial position as at 31-03-2017

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	150.86	-	151.01	-	Apr'17 to Aug'17	(3.72)	3.72

ii) Disclosure of effects of hedge accounting on financial performance :

for the year ended 31-03-2018 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC	(2.60)	-	(2.45)	Revenue

for the year ended 31-03-2017 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC	(0.15)	-	(3.62)	Revenue

Notes on accounts - *(continued)*

Rupees in crores

29 CAPITAL MANAGEMENT

(a) Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet). The company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	As at 31-03-2018	As at 31-03-2017
Net debt	1,182.70	1,102.83
Total equity	2,880.42	2,408.33
Net debt to equity ratio	41.06%	45.79%

The company also monitors Interest coverage ratio :

Company's earnings before interest and taxes (EBIT) divided by Interest

The Company's strategy is to maintain an optimum interest coverage ratio. The Interest coverage ratio were as follows:

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
EBIT	935.26	742.63
Interest	56.62	43.95
Interest coverage ratio (Times)	16.52	16.90

(b) Dividends

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
(i) Equity shares		
Interim dividends for the year ended 31-03-2018 of Rs.3.30 (31-03-2017 of Rs.2.50) per fully paid share	187.63	141.29
(ii) Dividends not recognised at the end of the reporting period	-	-

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Notes on accounts - *(continued)*

30 EMPLOYEE BENEFIT OBLIGATIONS

Rupees in crores

Defined benefit plans as per actuarial valuation

Particulars	Gratuity			Pension			Leave salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
As at 01-04-2016	62.65	(68.13)	(5.48)	55.78	-	55.78	15.72	-	15.72
Current service cost	4.28	-	4.28	2.87	-	2.87	3.30	-	3.30
Interest expense/(income)	4.96	(5.41)	(0.45)	4.11	-	4.11	1.19	-	1.19
Total amount recognised in profit or loss	9.24	(5.41)	3.83	6.98	-	6.98	4.49	-	4.49
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.24	0.24	-		-	-		-
(Gain)/loss from change in demographic assumptions	-		-			-			-
(Gain)/loss from change in financial assumptions	4.34		4.34			-			-
Experience (gains)/losses	11.21		11.21	(1.10)		(1.10)	(1.02)		(1.02)
Total amount recognised in other comprehensive income	15.55	0.24	15.79	(1.10)	-	(1.10)	(1.02)	-	(1.02)
Employer contributions	-	(4.78)	(4.78)			-			-
Benefit payments	(4.92)	4.92	-			-			-
As at 31-03-2017	82.52	(73.16)	9.36	61.66	-	61.66	19.19	-	19.19
Current service cost	6.06	-	6.06	3.15		3.15	3.02		3.02
Interest expense/(income)	6.03	(5.36)	0.67	4.37		4.37	1.37		1.37
Total amount recognised in profit or loss	12.09	(5.36)	6.73	7.52	-	7.52	4.39	-	4.39
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.34	0.34	-		-	-		-
(Gain)/loss from change in demographic assumptions	-		-			-			-
(Gain)/loss from change in financial assumptions	(6.18)		(6.18)	0.08		0.08	(1.74)		(1.74)
Experience (gains)/losses	11.78		11.78	(3.67)		(3.67)	5.22		5.22
Total amount recognised in other comprehensive income	5.60	0.34	5.94	(3.59)	-	(3.59)	3.48	-	3.48
Employer contributions	-	(19.47)	(19.47)	-		-	-		-
Benefit payments	(5.52)	5.52	-	-		-	(3.83)		(3.83)
As at 31-03-2018	94.69	(92.13)	2.56	65.59	-	65.59	23.23	-	23.23

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees.The Company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Profit and Loss Statement.

Notes on accounts - *(continued)*

30 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

Rupees in crores

Details of funded / unfunded plans:

Particulars	As at 31-03-2018	As at 31-03-2017
Present value of funded obligations	94.69	82.52
Fair value of plan assets	(92.13)	(73.16)
Deficit of funded plan	2.56	9.36
Unfunded plans	88.82	80.85
Deficit before asset ceiling	91.38	90.21

The significant actuarial assumptions:

Particulars	As at 31-03-2018	As at 31-03-2017
Discount rate (Gratuity & Leave salary)	7.7%	7.0%
Discount rate (Pension)	7.0%	7.0%
Salary growth rate	6.0%	6.0%
Mortality rate	IALM (2006-08) Ultimate	
Attrition rate (Gratuity & Leave salary)	3.0%	3.0%
Attrition rate (Pension)	0.0%	0.0%

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 58.

(i) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions:

Particulars	Impact on defined benefit obligation - Gratuity					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017
Discount rate	0.50%	0.50%	90.73	79.15	98.97	86.17
Salary growth rate	0.50%	0.50%	99.02	86.19	90.65	79.10
Mortality	5.00%	5.00%	94.71	82.53	94.67	82.51

Particulars	Impact on defined benefit obligation - Pension					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017
Discount rate	0.50%	0.50%	60.29	58.21	67.39	65.46
Salary growth rate	0.50%	0.50%	64.57	62.70	62.83	60.66
Mortality	5.00%	5.00%	63.69	61.67	63.67	61.65

Particulars	Impact on defined benefit obligation - Leave salary					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017
Discount rate	0.50%	0.50%	22.13	18.29	24.43	20.17
Salary growth rate	0.50%	0.50%	24.45	20.17	22.10	18.28
Mortality	5.00%	5.00%	23.24	19.19	23.23	19.19

Notes on accounts - *(continued)*

30 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet.

(ii) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets under perform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

Changes in bond: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yield increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy. The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, The Company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2018 consists of Government and Corporate bonds, although the Company invests in equities, cash and mutual funds. The Company believes that equities offer the best returns over the long term with an acceptable level of risk.

(iii) Defined contribution plans:

The Company's contribution to defined contribution plan viz., provident fund, of Rs. 14.25 crores (previous year Rs.11.47 crores) has been recognised in the Statement of Profit and Loss.

Notes on accounts - *(continued)*

31 RELATED PARTY DISCLOSURE

(a) (i) Related parties and their relationship where control exists

Holding company:
Sundaram-Clayton Limited, Chennai

Ultimate holding company:
T V Sundram Iyengar & Sons Private Limited, Madurai

Subsidiaries:
Sundaram Auto Components Limited, Chennai
TVS Housing Limited, Chennai
TVS Motor Services Limited, Chennai
TVS Credit Services Limited, Chennai
Harita Collection Services Private Limited, Chennai
Harita ARC Services Private Limited, Chennai
TVS Micro Finance Private Limited, Chennai
TVS Commodity Financial Solutions Private Limited, Chennai
TVS Two Wheeler Mall Private Limited, Chennai
TVS Housing Finance Private Limited, Chennai
TVS Motor (Singapore) Pte. Limited, Singapore
TVS Motor Company (Europe) B.V, Amsterdam
PT. TVS Motor Company Indonesia, Jakarta
Sundaram Holding USA Inc, USA
Green Hills Land Holding LLC, USA
Component Equipment Leasing LLC, USA
Sundaram-Clayton USA LLC, USA (Formerly known as Workspace Project LLC)
Premier Land Holding LLC, USA

Associate company:
Emerald Haven Realty Limited, Chennai
(Formerly known as Green Earth Homes Limited)

(ii) Other related parties and their relationship where transaction exists
Fellow subsidiaries:
TVS Electronics Limited, Chennai
Southern Roadways Limited, Madurai
Sundaram Industries Private Limited, Madurai
Lucas-TVS Limited, Chennai
Lucas Indian Service Limited, Chennai
TVS Auto Assist (India) Limited, Chennai
TVS Training and Services Limited, Chennai

Associate / Joint venture of holding / subsidiary / fellow subsidiary company:
Brakes India Private Limited, Chennai
TVS Srichakra Limited, Madurai
Wheels India Limited, Chennai
Sundram Fasteners Limited, Chennai
India Nippon Electricals Limited, Chennai
Sundaram Brake Linings Limited, Chennai
TVS Auto Bangladesh Limited, Dhaka
TVS Lanka Private Limited, Colombo

Notes on accounts - *(continued)*

Rupees in crores

	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
31 RELATED PARTY DISCLOSURE - *(continued)*		
TVS Logistics Services Limited, Chennai		
Harita Techserv Limited, Chennai		
Subsidiaries of associate / joint venture:		
Upasana Engineering Limited, Chennai		
TVS Dynamic Global Freight Services Limited, Chennai		
TVS Commutation Solutions Limited, Chennai		
Enterprises in which directors are interested:		
TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)		
Designo Lifestyle Solutions Private Limited		
Dua Associates		
Dua Consulting Private Limited		
McCann-Erickson (India) Private Limited		
Key Management personnel		
Mr Venu Srinivasan, Chairman & Managing Director		
Mr Sudarshan Venu, Joint Managing Director		
Relative(s) of the Key Management personnel		
Dr. Lakshmi Venu, Director		
Enterprise over which key management personnel and their relative have significant influence :		
Harita-NTI Limited, Chennai		
(b) Transactions with related parties:		
(i) Purchase of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.36	0.42
- holding company (Sundaram-Clayton Limited, Chennai)	437.90	304.30
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	474.52	362.41
PT.TVS Motor Company Indonesia, Jakarta	0.27	0.46
- fellow subsidiaries		
TVS Electronics Limited, Chennai	0.19	0.13
Sundaram Industries Private Limited, Madurai	0.10	0.07
Lucas-TVS Limited, Chennai	121.40	79.01
Lucas Indian Service Limited, Chennai	7.97	6.45
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	16.95	13.24
TVS Srichakra Limited, Madurai	418.43	272.47
Wheels India Limited, Chennai	8.22	4.42
Sundram Fasteners Limited, Chennai	57.71	51.95
India Nippon Electricals Limited, Chennai	288.23	209.00
Sundaram Brake Linings Limited, Chennai	12.05	9.60
- subsidiaries of associate / joint venture		
Upasana Engineering Limited, Chennai	16.40	14.94
- enterprises over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	1.73	1.18
- enterprises in which directors are interested		
TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)	1.07	0.73
Designo Lifestyle Solutions Private Limited	0.10	0.09

Notes on accounts - *(continued)*

Rupees in crores

31 RELATED PARTY DISCLOSURE - *(continued)*	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
(ii) Sale of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	6.24	-
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	462.53	2,347.54
PT. TVS Motor Company Indonesia, Jakarta	81.50	58.88
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Sundram Fasteners Limited, Chennai	-	3.06
TVS Auto Bangladesh Limited, Dhaka	465.48	262.46
TVS Lanka Private Limited, Colombo	155.43	224.08
(iii) Purchase of assets		
- subsidiary company (Sundaram Auto Components Limited, Chennai)	-	10.02
(iv) Purchase of preference shares of TVS Motor Services Limited, Chennai *		
- holding company (Sundaram-Clayton Limited, Chennai)	17.01	-
- fellow subsidiary company (Lucas-TVS Limited, Chennai)	88.43	-
(v) Sale of equity shares of TVS Credit Services Limited, Chennai *		
- holding company (Sundaram-Clayton Limited, Chennai)	17.01	-
- fellow subsidiary company (Lucas-TVS Limited, Chennai)	88.43	-
(vi) Rendering of services (including interest and reimbursements received)		
- holding company (Sundaram-Clayton Limited, Chennai)	2.07	2.43
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	0.83	0.66
TVS Motor (Singapore) Pte. Limited, Singapore	-	2.34
PT. TVS Motor Company Indonesia, Jakarta	0.55	1.29
TVS Credit Services Limited, Chennai	1.78	-
- associate / joint venture (Emerald Haven Realty Limited, Chennai)	0.24	-
- fellow subsidiaries		
Southern Roadways Limited, Madurai	0.01	0.01
Lucas-TVS Limited, Chennai	0.01	-
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	0.54	0.53
Sundaram Fasteners Limited, Chennai	0.01	-
- subsidiaries of associate / joint venture		
TVS Dynamic Global Freight Services Limited, Chennai	0.10	-
(vii) Availing of services (includes sub-contract charges paid)		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.54	0.45
- holding company (Sundaram-Clayton Limited, Chennai)	47.88	64.62
- subsidiary company (TVS Credit Services Limited, Chennai)	0.57	-
- fellow subsidiaries:		
TVS Electronics Limited, Chennai	1.17	1.11
Southern Roadways Limited, Madurai	2.96	2.23
TVS Auto Assist (India) Limited, Chennai	3.30	1.81
TVS Training and Services Limited, Chennai	0.03	-

Notes on accounts - *(continued)*

Rupees in crores

	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
31 RELATED PARTY DISCLOSURE - *(continued)*		
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	95.96	75.29
Harita Techserv Limited, Chennai	2.60	2.43
Brakes India Private Limited, Chennai	0.18	-
- subsidiaries of associate / joint venture		
TVS Dynamic Global Freight Services Limited, Chennai	45.30	22.42
TVS Commutation Solutions Limited, Chennai	-	0.03
* The Company exchanged part of equity shares held in TVS Credit Services Limited for preference shares of TVS Motor Services Limited, thereby total holding in preference shares of TVS Motor Services Limited becomes 100%. Gain on exchange shown under "Other Income".		
- enterprises in which directors are interested		
Dua Associates	0.79	3.19
Dua Consulting Private Limited	4.44	3.60
McCann-Erickson (India) Private Limited	6.43	6.99
(viii) Investments made during the year		
- subsidiary companies		
TVS Motor (Singapore) Pte. Limited, Singapore	6.37	56.91
PT. TVS Motor Company Indonesia, Jakarta	51.51	53.45
Sundaram Auto Components Limited, Chennai	171.00	24.00
TVS Motor Services Limited, Chennai	4.62	-
TVS Credit Services Limited, Chennai	25.00	-
- associate / joint venture (Emerald Haven Realty Limited, Chennai)	31.22	40.00
(ix) Remuneration to key management personnel:		
Short-term employee benefits	37.08	24.56
Post-employment benefits	0.18	0.17
(x) Dividend received from:		
subsidiary company (Sundaram Auto Components Limited, Chennai)	5.21	8.21
Associate of ultimate holding company (TVS Lanka Private Limited, Colombo)	0.20	0.37
(xi) Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	89.99	68.17
(c) Balances with related parties:		
(i) Trade receivables		
- ultimate holding company (T V Sundram Iyengar & Sons Private Limited, Madurai)	6.27	0.03
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	-	150.21
TVS Motor (Singapore) Pte Limited, Singapore	2.74	-
PT. TVS Motor Company Indonesia, Jakarta	28.16	14.12
TVS Motor Services Limited, Chennai	0.07	-
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Auto Bangladesh Limited, Dhaka	67.48	36.78
TVS Lanka Private Limited, Colombo	11.32	37.44
- enterprises in which directors are interested		
Designo Lifestyle Solutions Private Limited	-	0.02

Notes on accounts - *(continued)*

Rupees in crores

31 RELATED PARTY DISCLOSURE - *(continued)*	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
(ii) Trade payables		
- holding company (Sundaram-Clayton Limited, Chennai)	33.53	25.73
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	24.55	-
TVS Credit Services Limited, Chennai	3.96	-
- fellow subsidiaries		
Lucas-TVS Limited, Chennai	18.96	12.40
Lucas Indian Service Limited, Chennai	0.80	0.91
Sundaram Industries Private Limited, Madurai	0.01	0.01
TVS Auto Assist (India) Limited, Chennai	-	0.28
TVS Electronics Limited, Chennai	0.12	0.06
TVS Training and Services Limited, Chennai	0.01	0.01
- associate company (Emerald Haven Realty Limited, Chennai)	1.27	1.26
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	3.26	2.06
TVS Srichakra Limited, Madurai	42.74	31.99
Wheels India Limited, Chennai	1.72	0.86
Harita Techserv Limited, Chennai	0.24	0.21
India Nippon Electricals Limited, Chennai	45.97	31.57
Sundaram Brake Linings Limited, Chennai	2.21	1.73
Sundram Fasteners Limited, Chennai	9.79	7.34
TVS Logistics Services Limited, Chennai	8.53	2.20
- subsidiaries of associate / joint venture		
TVS Dynamic Global Freight Services Limited, Chennai	5.90	1.98
TVS Commutation Solutions Limited, Chennai	-	0.02
Upasana Engineering Limited, Chennai	2.24	1.71
- enterprises in which directors are interested		
Dua Consulting Private Limited	0.10	0.10
McCann-Erickson (India) Private Limited	1.06	0.81
TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)	0.04	0.04
- enterprise over which key management personnel and their relatives have significant influence (Harita-NTI Limited, Chennai)	0.16	0.22
(iii) Obligation arising out of agreements facilitating credit		
- subsidiary companies		
PT. TVS Motor Company Indonesia, Jakarta	104.28	117.96
TVS Credit Services Limited, Chennai	25.00	-

Notes on accounts - *(continued)*

Rupees in crores

		As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
32	**EARNINGS PER SHARE**		
	Profit after tax	662.59	558.08
	Number of equity shares	47,50,87,114	47,50,87,114
	Face value of the share (in rupees)	1.00	1.00
	Weighted average number of equity shares	47,50,87,114	47,50,87,114
	Basic and diluted earnings per share for continued operations (in rupees)	13.95	11.75
	Basic and diluted earnings per share for discontinued operations (in rupees)	-	-
	Basic and diluted earnings per share for continued and discontinued operations (in rupees)	13.95	11.75
33	**WARRANTY PROVISION (CURRENT)**		
	Opening balance	23.46	26.96
	Add: Provision for the year (net)	24.40	23.46
		47.86	50.42
	Less: Payments / debits (net)	23.46	26.96
	Closing balance	24.40	23.46
34	**MICRO SMALL AND MEDIUM ENTERPRISES DISCLOSURE**		
	Trade Payables includes amount due to Micro Small and Medium Enterprises	76.11	34.88
	Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:		
	(i) The principal amount and interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year:		
	(a) Principal (all are within agreed credit period and not due for payment)	76.11	34.88
	(b) Interest (as no amount is overdue)	Nil	Nil
	(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
	(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
	(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
	(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
35	**PAYMENT TO AUDITORS COMPRISES**		
	As statutory auditors	0.72	0.60
	Taxation matters	0.15	0.10
	Certification matters	0.03	0.05
		0.90	0.75
	Miscellaneous expenses include travel and stay expenses of auditors	0.12	0.09
		1.02	0.84

Notes on accounts - *(continued)*

Rupees in crores

	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
36 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR		
(a) Claims against the company not acknowledged as debts:		
(i) Excise	70.85	29.64
(ii) Service tax	1.96	6.49
(iii) Customs	1.36	1.87
(iv) Sales tax	2.38	1.73
(v) Income tax	41.33	20.24
(vi) Others	3.50	3.50
The future cash flows on the above items are determinable only on receipt of the decisions / judgments that are pending at various forums/ authorities. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
(b) Other money for which the company is contingently liable:		
(i) On bills discounted with banks	105.06	48.14
(ii) On factoring arrangements	0.82	1.90
(c) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	232.83	463.70
(d) Other commitments:		
On import of capital goods under Export Promotion Capital Goods Scheme	40.75	45.48
37 EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT (CLAIMED UNDER INCOME TAX ACT, 1961)		
R&D Expenditure eligible for weighted deduction - claimed U/s.35(2AB)		
(a) Revenue expenditure	162.54	150.31
(b) Capital expenditure (including WIP)	46.41	46.12
R&D Expenditure not eligible for weighted deduction - claimed U/s.35		
(a) Revenue expenditure	22.39	18.90
(b) Capital expenditure		
(i) Land and Building	16.86	-
(ii) Others	20.33	29.39
	268.53	244.72

38 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2018	Amount outstanding as at 31-03-2017
(a)	Investments by the Company				
(i)	In subsidiary companies	Sundaram Auto Components Limited, Chennai [3,59,25,000 (last year-1,45,50,000) Equity shares of Rs.10/- each fully paid up]		255.90	84.90
		Maximum amount held at any time			
		During the year	255.90		
		During the previous year	84.90		

Notes on accounts - *(continued)*

Rupees in crores

38 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015 - *(continued)*

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2018	Amount outstanding as at 31-03-2017
(a)	Investments by the Company	TVS Housing Limited, Chennai			
(i)	In subsidiary companies - *(continued)*	[50,000 (last year - 50,000) Equity shares of Rs.10/- each fully paid up]		0.05	0.05
		Maximum amount held at any time			
		During the year	0.05		
		During the previous year	0.05		
		TVS Motor Services Limited, Chennai [50,00,000 (last year - Nil) Equity shares of Rs.10/- each fully paid up]		5.00	-
		Maximum amount held at any time			
		During the year	5.00		
		During the previous year	-		
		[61,30,10,000 (last year - Nil) Preference shares of Rs.10/- each fully paid up]		1,042.48	-
		Maximum amount held at any time			
		During the year	1,042.48		
		During the previous year	-		
		TVS Credit Services Limited, Chennai [70,09,753 (last year - Nil) Equity shares of Rs.10/- each fully paid up]		53.53	-
		Maximum amount held at any time			
		During the year	129.92		
		During the previous year	-		
		TVS Motor Company (Europe) B.V., Amsterdam [2,25,301 (last year-2,25,301) Ordinary shares of Euro 100/- each fully paid up]		1.80	1.80
		Maximum amount held at any time			
		During the year	1.80		
		During the previous year	1.80		

Notes on accounts - *(continued)*

Rupees in crores

38 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015 - *(continued)*

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2018	Amount outstanding as at 31-03-2017
(a)	Investments by the Company	TVS Motor (Singapore) Pte. Limited, Singapore [7,75,90,002 (last year 7,62,84,702) Ordinary shares of Singapore $ 1/- each fully paid up]		153.49	147.13
(i)	In subsidiary companies - *(continued)*	Maximum amount held at any time			
		During the year	153.49		
		During the previous year	147.13		
		PT. TVS Motor Company Indonesia,			
		Jakarta		268.90	217.39
		[68,97,000 Equity shares (Last year - 60,97,000) of Indonesian Rp.97,400/- each fully paid up]			
		Maximum amount held at any time			
		During the year	268.90		
		During the previous year	217.39		
(ii)	in associate companies	Emerald Haven Realty Limited, Chennai, (Formerly known as Green Earth Homes Limited) [11,12,19,512 (Last year - 8,00,00,000) Equity shares of Rs. 10/- each fully paid up]		111.22	80.00
		Maximum amount held at any time			
		During the year	111.22		
		During the previous year	80.00		
(b)	Investments by the holding company	Sundaram-Clayton Limited, Chennai holds 27,26,82,786 (Last year 27,26,82,786) Equity shares of Re.1/- each fully paid up		13.63	13.63
		Maximum amount held at any time			
		During the year	13.63		
		During the previous year	13.63		

	As at 31-03-2018	As at 31-03-2017
39 DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEES GIVEN		
(a) Investments made - Refer Note No.3		
(b) Guarantee given by the Company:		
(i) Guarantee given to Financial Institution / Bank to facilitate credit to PT. TVS Motor Company Indonesia, Jakarta	104.28	117.96
(ii) Guarantee given to Financial Institution / Bank to facilitate credit to TVS Credit Services Limited, Chennai	25.00	29.17

Notes on accounts - *(continued)*

Rupees in crores

40 CORPORATE SOCIAL RESPONSIBILITY

Expenditure incurred on Corporate Social Responsibility (CSR) activities:

(a) Gross amount required to be spent during the year is Rs.10.70 crores (last year Rs.9.06 crores)

(b) Amount spent during the year:

Sl. No.	Particulars	In cash	Yet to be paid in cash	Year ended 31.3.2018	Year ended 31.3.2017
1	Construction/acquisition of any asset	-	-	-	-
2	Expenses incurred through trusts	10.98	-	10.98	9.20

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

Place : Chennai
Date : 16th May 2018

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner (M. No.: 34319)

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CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

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INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2018

To

The Members of TVS Motor Company Limited

Report on the Consolidated Ind AS financial statements

1. We have audited the accompanying consolidated Ind AS financial statements of TVS Motor Company Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associate, comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS financial statements

2. The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements, in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including Other Comprehensive Income), consolidated cash flows and consolidated Statement of Changes in Equity of the Group, including its associate, in accordance with accounting principles generally accepted in India, including Indian Accounting Standards, specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other Auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (financial position) of the Group and its associate as at 31st March 2018, their consolidated profit (financial performance including Other Comprehensive Income), their consolidated cash flows and consolidated Statement of Changes in Equity for the year ended on that date.

Other Matters

8 (a) We did not audit the financial statements / Consolidated financial statements of eight subsidiaries, whose financial statements reflect total assets of Rs.836.03 Crores, and net assets of Rs.560.63 Crores as at March 31, 2018, total revenues of Rs.184.21 Crores and net cash inflows amounting to Rs.14.12 Crores for the year then ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements

also include the Group's share of net loss of Rs.54.88 Crores for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of subsidiaries, whose financial statements have not been audited by us. 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 Ind AS financial statements, insofar as it related 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 the aforesaid subsidiaries is based solely on the reports of the other auditors.

These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other Auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of certain subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company'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 Company and audited by us.

(b) Our opinion above on the consolidated Ind AS 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

9. As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other Auditors on separate financial statements and the other financial information of subsidiaries, as noted in the "Other Matter", paragraph, 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 Ind AS financial statements;

(b) in our opinion proper books of account as required by law relating to the preparation of the aforesaid consolidated Ind AS 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 Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) in our opinion, the aforesaid consolidated Ind AS financial statements, comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of written representations received from the Directors of the Holding Company, subsidiary companies and its associate, incorporated in India, as on 31 March 2018 and taken on record by the Board of Directors of the Holding Company, subsidiary companies and its associate, incorporated in India, none of the Directors of the Group and its associate, incorporated in India, is disqualified as on 31 March 2018, from being appointed as a director of that Company in terms of section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate report in "Annexure A", which is based on the Auditors' Report of the Holding Company, subsidiary companies and its associate, incorporated in India.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries as noted in the paragraph 8(a) on "Other Matters",

(i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and associate – refer note 41(a) to the consolidated Ind AS financial statements.

(ii) The Group and its associate 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, incorporated in India, during the year ended March 31, 2018. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies and its associate, incorporated in India, during the year ended March 31, 2018.

For V Sankar Aiyar & Co
Chartered Accountants
FRN: 109208W

S VENKATRAMAN
Partner
(Membership Number: 34319)

Chennai
16th May 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS 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, 2018, we have audited the internal financial controls over financial reporting of TVS Motor Company Ltd ("the Holding Company"), the subsidiary companies and its associate incorporated in India.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies and its associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that -

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies and its associate, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V Sankar Aiyar & Co
Chartered Accountants
FRN: 109208W

S VENKATRAMAN
Partner
(Membership Number: 34319)

Chennai
16th May 2018

Consolidated Balance Sheet as at 31st March 2018

Rupees in crores

	Notes	As at 31-03-2018	As at 31-03-2017
ASSETS			
Non-current assets			
Property, plant and equipment	2	2,708.59	2,273.77
Capital work-in-progress	2	273.87	63.81
Investment properties	3	138.40	32.56
Goodwill		2.20	2.20
Goodwill on consolidation		186.11	-
Other intangible assets	2	58.55	53.53
Intangible assets under development		39.39	-
Financial assets			
i. Investments	4	294.04	1,060.00
ii. Loans (receivable from financing activity)	5	2,826.25	-
iii. Others	6	17.08	0.22
Investments accounted using equity method	7	126.98	95.19
Non-current tax assets (Net)		31.68	26.51
Other non-current assets	8	137.50	85.90
		6,840.64	3,693.69
Current assets			
Inventories	9	1,056.15	1,161.86
Financial assets			
i. Trade receivables	10	1,070.88	701.81
ii. Loans (receivable from financing activity)	5	3,305.45	-
iii. Cash and cash equivalents	11	102.10	47.12
iv. Bank balances other than (iii) above	12	70.83	4.14
v. Others	13	83.63	16.88
Current tax assets (Net)		61.08	3.06
Other current assets	14	622.77	499.40
		6,372.89	2,434.27
Total assets		13,213.53	6,127.96
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	47.51	47.51
Other equity	16	2,629.69	2,168.53
Equity attributable to owners		2,677.20	2,216.04
Non-controlling interest		181.08	8.78
		2,858.28	2,224.82
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	2,360.93	501.23
Provisions	18	86.53	64.59
Deferred tax liabilities (Net)	19	54.71	128.70
		2,502.17	694.52
Current liabilities			
Financial liabilities			
i. Borrowings	20	3,192.46	740.85
ii. Trade payables	21	2,682.87	1,953.69
iii. Other payables (payable towards investment property)		-	32.56
iv. Other financial liabilities	22	1,527.23	130.32
Provisions	18	65.20	62.91
Other current liabilities	23	385.32	288.29
		7,853.08	3,208.62
Total liabilities		10,355.25	3,903.14
Total equity and liabilities		13,213.53	6,127.96
Significant accounting policies	1		

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

Place : Chennai
Date : 16th May 2018

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner (M. No.: 34319)

Consolidated statement of profit and loss for the year ended 31st March 2018

Rupees in crores

		Notes	Year Ended 31-03-2018	Year Ended 31-03-2017
I	Revenue from operations	24	16,656.00	13,573.89
II	Other income	25	145.36	165.44
III	Total income (I + II)		16,801.36	13,739.33
IV	Expenses :			
	Cost of material consumed	26	11,003.04	8,692.53
	Purchase of stock in trade	26	254.56	292.70
	Changes in inventories of finished goods, Stock-in -trade and work-in-progress	26	33.96	(48.77)
	Excise duty		361.50	1,111.27
	Employee benefits expense	27	1,149.79	828.05
	Finance costs	28	338.22	59.62
	Depreciation and amortisation expense	2	373.60	316.82
	Other expenses	29	2,356.45	1,829.35
	Total expenses		15,871.12	13,081.57
V	Profit before exceptional items, share of net profit of investment and tax (III - IV)		930.24	657.76
VI	Share of net profit / (loss) from associates using equity method		0.57	0.20
VII	Profit before exceptional items and tax (V + VI)		930.81	657.96
VIII	Exceptional items		-	-
IX	Profit before tax (VII + VIII)		930.81	657.96
X	Tax expense	30		
	i) Current tax		248.40	167.10
	ii) Deferred tax		17.63	(18.43)
XI	Profit for the year (IX - X)		664.78	509.29
XII	(Profit) / Loss attributable to non-controlling interest		(12.43)	1.95
XIII	Profit for the year attributable to owners (XI + XII)		652.35	511.24
XIV	Other comprehensive income			
	A. Items that will not be reclassified to profit or loss:			
	Remeasurements of post employment benefit obligations		(6.36)	(9.12)
	Change in fair value of equity instruments		(2.04)	44.55
	Income tax relating to these items		3.79	(0.41)
	B. Items that will be reclassified to profit or loss:			
	Fair value changes on cash flow hedges		(2.82)	(3.77)
	Change in fair value of debt instruments		(0.85)	-
	Foreign currency translation adjustments		4.95	(23.96)
	Income tax relating to these items		1.27	1.30
	Other comprehensive income for the year, net of tax (XIV)		(2.06)	8.59
XV	Other comprehensive income attributable to non-controlling interest		(0.08)	(0.34)
XVI	Other comprehensive income attributable to owners (XIV - XV)		(1.98)	8.93
XVII	Total comprehensive income attributable to owners (XIII +XVI)		650.37	520.17
XVIII	Earnings per equity share (Face value of Re.1/- each)			
	Basic & Diluted earnings per share (in rupees)	38	13.73	10.76

VENU SRINIVASAN *Chairman & Managing Director*	SUDARSHAN VENU *Joint Managing Director*	H. LAKSHMANAN *Director*	As per our report annexed For V. Sankar Aiyar & Co. *Chartered Accountants* *Firm Regn. No.: 109208W*
Place : Chennai Date : 16th May 2018	K. GOPALA DESIKAN *Chief Financial Officer*	K.S. SRINIVASAN *Company Secretary*	S. VENKATRAMAN *Partner (M. No.: 34319)*

Statement of changes in Equity

Rupees in crores

a Equity Share Capital

As at 01-04-2016	47.51
Changes in equity share capital	-
As at 31-03-2017	47.51
Changes in equity share capital	-
As at 31-03-2018	47.51

b Other Equity

Particulars	Reserves & Surplus				Other Reserves				Non Controlling Interest	Total
	General reserve	Capital reserve	Statutory Reserve	Retained earnings	Equity Instruments Fair Valued through Other Comprehensive Income	Debt Instruments Fair Valued through Other Comprehensive Income	Foreign currency translation reserve	Hedging reserve		
Balance as at 01-04-2016	876.24	6.51	-	852.41	42.49	-	(9.05)	2.37	(0.51)	1,770.46
Add : Profit for the year 2016-17				511.24					(1.95)	509.29
Other comprehensive income for the year 2016-17				(7.09)	42.11		(23.96)		(0.33)	10.73
Add : Exchange differences				19.19						19.19
Less : Reclassification to profit or loss, net of tax								2.37		2.37
Less: Change in fair value of hedging instruments, net of tax								0.10		0.10
Transaction in capacity as owners:										
Transactions with non-controlling interest									11.57	11.57
Add : Transaction in the capacity as owners in associate				1.50						1.50
Less : Distribution to shareholders :										
2016-17 First Interim dividend paid				59.39						59.39
2016-17 Second Interim dividend paid				59.39						59.39
Less : Dividend Tax				24.18						24.18
Balance as at 31-03-2017	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	(0.56)	4.95		(0.08)	(0.22)
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
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	(0.56)	(28.06)	(1.94)	181.08	2,810.77

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	6.51
	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. Hedge Reserve - Refer Note No. 32(D)

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

Place : Chennai
Date : 16th May 2018

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner (M. No.: 34319)

Consolidated Cash Flow Statement

Rupees in crores

		Year ended 31-03-2018		Year ended 31-03-2017
A. Cash flow from operating activities:				
Net profit before tax		930.24		657.76
Add: Depreciation and amortisation for the year	373.60		316.82	
(Profit) / Loss on sale of fixed assets	(2.63)		2.50	
Net (profit)/loss on sale of investments	-		(0.05)	
Unrealised exchange (gain) / loss	(4.64)		5.75	
Increase in fair value of Investments	(58.71)		(81.85)	
Dividend income	(0.60)		(0.70)	
Interest income	(48.29)		(48.43)	
Finance cost [excluding relatable to Financial enterprise]	78.32		59.62	
Provisions	2.48		12.94	
		339.53		266.60
Operating profit before working capital changes		1,269.77		924.36
Adjustments for:				
Loans given by a financial enterprise (net)	(823.12)		-	
Trade receivables	(348.46)		(214.09)	
Inventories	105.71		(279.26)	
Other current assets	(187.01)		62.31	
Other financial assets	(12.84)		13.75	
Trade payables	577.86		328.42	
Other financial liabilities (excluding current maturity of non-current borrowings)	(12.14)		11.11	
Other current liabilities	(12.31)		9.40	
Other non-current assets	76.73		(29.63)	
		(635.58)		(97.99)
Cash generated from operations		634.19		826.37
Direct taxes paid		(325.53)		(137.01)
Net cash from operating activities (A)		308.66		689.36
B. Cash flow from investing activities:				
Purchase of property, plant and equipment	(788.59)		(589.81)	
Purchase of intangible assets	(31.28)		(33.03)	
Sale of fixed assets	24.50		8.28	
Payments for capital work-in-progress	(204.36)		(16.60)	
Payments for intangible assets under development	(39.39)		-	
Payments for capital advances	(42.44)		(26.02)	
Purchase of investments	(40.67)		(72.49)	
Purchase of investments in associate	(31.22)		(40.00)	
Contribution from non-controlling interest	23.38		11.57	
Consideration paid on acquisition of subsidiary	(1.62)		-	
Cash and cash equivalents pursuant to acquisition	34.19		-	
Interest received	48.29		48.43	
Purchase of investment property	(0.81)		-	
Dividends received	0.60		0.70	
		(1,049.42)		(708.97)
Net cash from / (used in) investing activities (B)		(1,049.42)		(708.97)

Consolidated Cash Flow Statement – *(continued)*

Rupees in crores

			Year ended 31-03-2018		Year ended 31-03-2017
C. Cash flow from financing activities :					
Borrowings:					
Non-current borrowings availed / (repaid)		447.04		(130.94)	
Current borrowings availed / (repaid)		693.99		273.78	
Other bank balances		6.43		0.25	
Finance cost paid		(62.23)		(59.06)	
Dividend and dividend tax paid		(188.69)		(142.96)	
			896.54		(58.93)
Net cash from / (used in) financing activities	(C)		896.54		(58.93)
Total	(A)+(B)+(C)		155.78		(78.54)
Cash and cash equivalents at the beginning of the year			(205.09)		(126.55)
Cash and cash equivalents at the end of the year			(49.31)		(205.09)
D. Net increase/(decrease) in cash and cash equivalents			155.78		(78.54)

Note : The above statement of cash flow is prepared using indirect method.

Change in liability arising from financing activities

Particulars	As at 01-04-2017	Cash flow	Impact due to business combination	Foreign exchange movement	As at 31-03-2018
Non-current borrowings (Including current maturities)	569.95	447.04	2,719.38	(1.29)	3,735.08
Current borrowings	488.64	693.99	1,858.05	0.37	3,041.05

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

Place : Chennai
Date : 16th May 2018

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner (M. No.: 34319)

Consolidated notes on accounts

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.

Consolidated notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 1(k) below.

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
			As at 31-03-2018	As at 31-03-2017	
1	**Subsidiary Companies:**				
a.	Sundaram Auto Components Limited, Chennai	India	100	100	31-03-2018
b.	TVS Housing Limited, Chennai	India	100	100	31-03-2018
c.	TVS Motor Services Limited, Chennai	India	100	19	31-03-2018
d.	TVS Credit Services Limited, Chennai	India	4.2% direct holding and 80.7% by (c)	6.8% direct holding	31-03-2018
e.	Harita Collection Services Private Limited, Chennai	India	100% by (d)	-	31-03-2018
f.	Harita ARC Services Private Limited, Chennai	India	100% by (d)	-	31-03-2018
g.	TVS Micro Finance Private Limited, Chennai	India	100% by (d)	-	31-03-2018
h.	TVS Commodity Financial Solutions Private Limited, Chennai	India	100% by (d)	-	31-03-2018
i.	TVS Two Wheeler Mall Private Limited, Chennai	India	100% by (d)	-	31-03-2018
j.	TVS Housing Finance Private Limited, Chennai	India	100% by (d)	-	31-03-2018
k.	TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	100	100	31-03-2018
l.	TVS Motor Company (Europe) B.V. Amsterdam	Netherlands	100	100	31-03-2018
m.	PT. TVS Motor Company Indonesia, Jakarta	Indonesia	46% direct holding, 35% by (k) and 19% by (l)	43% direct holding, 37% by (k) and 20% by (l)	31-03-2018
n.	Sundaram Holding USA Inc., Delaware, USA	USA	75% by (a)	68% by (a)	31-03-2018
o.	Green Hills Land holding LLC, South Carolina, USA	USA	100% by (n)	100% by (n)	31-03-2018
p.	Component Equipment Leasing LLC, South Carolina, USA	USA	100% by (n)	100% by (n)	31-03-2018
q.	Sundaram-Clayton USA LLC, South Carolina, USA (Formerly known as Workspace Project LLC)	USA	100% by (n)	100% by (n)	31-03-2018
r.	Premier Land Holding LLC, South Carolina, USA	USA	100% by (n)	100% by (n)	31-03-2018
2	**Associate Companies:**				
a.	Emerald Haven Realty Limited, Chennai (Formerly known as Green Earth Homes Limited)	India	48.80	48.80	31-03-2018

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.

Consolidated notes on accounts - *(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

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances rebates and amounts collected on behalf of third parties. It includes Excise Duty but excludes Value Added Tax, Sales Tax, Service tax until Goods & Services Tax was introduced. For the rest of the year, Revenue excludes Goods & Services Tax.

Sale of products:

i) Revenue from sale of products is recognised, when significant risks and rewards of ownership pass to the dealer / customer, as per terms of contract and it is probable that the economic benefits associated with the transaction will flow to the Group.

ii) Revenue from Real Estate:

The revenue from sale of land is recognised on transferring all significant risk and rewards of ownership on land to the buyers and group does not retain any effective control over the same.

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.

Sale of services:

Revenue from sale of services is recognised in the accounting period in which the services are rendered.

f) Property, Plant and Equipment

Freehold Land is carried at historical cost. All other items of Property Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date the asset is ready for its intended use. However, cost excludes Excise Duty, Value Added Tax, Service Tax and Goods & Services Tax (from the date of its introduction), to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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:

Consolidated notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

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

Intangible assets acquired are recorded at their acquisition cost and are amortised on straight line basis over its useful life, viz., 2 years in the case of software and 6-10 years in the case of Design, Development and Technical knowhow.

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 up to 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.

Consolidated notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

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.

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

Consolidated notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

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 expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

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.

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.

Consolidated notes on accounts - *(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 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.

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.

Consolidated notes on accounts - *(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 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 current / non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in “Other Income” on completion of export obligation as approved by 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.

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

Consolidated notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

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.

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 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

Consolidated notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

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 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.

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.

Consolidated notes on accounts - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

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) 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.

z) Recent accounting pronouncements

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - “Revenue from Contract with Customers” and also made certain amendments to the existing Ind AS. The notification shall be effective from 1st April 2018.

The management believes that adoption of The Indian Accounting Standard (Ind AS) 115 - “Revenue from Contracts with Customers” does not have any significant impact on the consolidated financial statements of the Group.

The management believes that adoption of amendment to Ind AS 21, Foreign currency transactions and advance consideration and Ind AS 12 Income Taxes, do not have any significant impact on the consolidated financial statements of the Group.

The amendment to Ind AS 40 viz., Investment Property, is not applicable to the Group.

Consolidated notes on accounts - *(continued)*

Rupees in crores

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2017	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 exchange translation reserve adjustments	(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 exchange translation reserve adjustments		(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.

Consolidated notes on accounts - *(continued)*

Rupees in crores

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS - *(continued)*

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2016	207.51	558.48	2,967.60	39.15	15.54	78.79	3,867.07	53.13	45.65	98.78
Additions	20.32	85.27	439.46	25.52	5.00	14.24	589.81	8.06	24.97	33.03
Foreign Currency translation reserve difference	1.62	(0.99)	(1.50)	(4.99)	(0.01)	4.86	(1.01)	-	-	-
Sub-total	229.45	642.76	3,405.56	59.68	20.53	97.89	4,455.87	61.19	70.62	131.81
Sales / deletion	0.37	4.73	84.49	1.35	0.23	8.40	99.57	-	0.04	0.04
Total	229.08	638.03	3,321.07	58.33	20.30	89.49	4,356.30	61.19	70.58	131.77
Depreciation / Amortisation										
Upto 31-03-2016	-	149.79	1,638.85	22.05	10.77	56.94	1,878.40	34.47	17.04	51.51
For the year	-	22.05	251.07	4.02	1.97	10.98	290.09	14.96	11.77	26.73
Foreign Currency translation reserve difference	-	(0.46)	3.50	(4.59)	(0.01)	4.43	2.87	-	-	-
Sub-total	-	171.38	1,893.42	21.48	12.73	72.35	2,171.36	49.43	28.81	78.24
Withdrawn on assets sold / deleted	-	3.87	75.29	1.28	0.20	8.19	88.83	-	-	-
Total	-	167.51	1,818.13	20.20	12.53	64.16	2,082.53	49.43	28.81	78.24
Carrying value										
As at 31-03-2017	229.08	470.52	1,502.94	38.13	7.77	25.33	2,273.77	11.76	41.77	53.53

Capital work-in-progress (at cost) as at 31-03-2017

(a) Building	7.06
(b) Plant & equipment	56.75
Total	63.81

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 31-03-2018	As at 31-03-2017
3 INVESTMENT PROPERTIES		
Gross carrying amount	32.56	28.12
Incumbent subsidiary additions	102.42	-
Additions	3.47	4.44
Closing gross carrying amount	138.45	32.56
Opening accumulated depreciation	-	-
Incumbent subsidiary additions	0.05	-
Depreciation charge for the period	-	-
Closing accumulated depreciation	0.05	-
Total investment properties	138.40	32.56

Consolidated notes on accounts - *(continued)*

4 NON CURRENT INVESTMENTS

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31-03-2018	As at 31-03-2017			As at 31-03-2018	As at 31-03-2017
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(a)	**Investment in Equity Instruments Fair valued through OCI:**						
	Quoted :						
(i)	Suprajit Engineering Limited, Bengaluru	28,92,000	28,92,000	1.00	INR	80.35	69.54
(ii)	Ucal Fuel Systems Limited, Chennai	91,760	91,760	10.00	INR	2.16	1.99
	Unquoted :						
(iii)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited)	32,50,000	32,50,000	10.00	INR	1.19	1.10
(iv)	TVS Lanka (Private) Limited, Colombo	50,00,000	50,00,000	10.00	LKR	10.52	9.48
(v)	TVS Motor Services Limited, Chennai	-	3,80,000	10.00	INR	-	0.38
(vi)	Green Infra Wind Power Projects Limited, New Delhi	1,11,600	1,11,600	10.00	INR	0.05	0.03
(vii)	Green Infra Wind Energy Theni Limited, New Delhi (formerly known as TVS Wind Energy Limited)	30,00,000	30,00,000	10.00	INR	1.26	3.00
(vii)	TVS Credit Services Limited, Chennai	-	1,06,55,700	10.00	INR	-	76.70
(ix)	Green Infra Wind Power Generation Limited, New Delhi	2,16,000	2,16,000	10.00	INR	0.13	0.11
(x)	Suryadev Alloys & Power Private Limited, Chennai	2,500	2,500	10.00	INR	0.03	0.02
(xi)	Condivision Solutions Pvt. Limited, Bengaluru	6,760	-	10.00	INR	2.00	-
(xii)	Ultraviolette Automotive Private Limited, Bengaluru	6,750	-	10.00	INR	5.00	-
(xiii)	Mulanur Renewable Energy Pvt. Limited, Chennai	15,000	-	10.00	INR	0.02	-
(xiv)	PHI Research Pvt. Limited, Chennai	3,50,000	-	10.00	INR	3.00	
	Total value of Equity Instruments (a)					105.71	162.35
(b)	**Investments in Preference Shares: (Unquoted)**						
(i)	TVS Motor Services Limited, Chennai	-	55,10,10,000	10.00	INR	-	871.78
(ii)	Pinnacle Engines Inc., USA (face value 0.01 cent)	24,09,638	24,09,638	0.0001	USD	11.70	11.70
(iii)	Axiom Research Labs Private Limited, Delhi	82	82	10.00	INR	1.00	1.00
	Total value of Preference shares (b)					12.70	884.48
(c)	**Other non-current Investments (Unquoted):**						
	Investments valued through OCI:						
(i)	Autotech Fund L.L.P. USA				USD	10.11	-
	Pension Funds / Government Securities (Unquoted) :						
(ii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	6.11	6.14
(iii)	Life Insurance Corporation Pension Policy, Mumbai				INR	12.98	7.02
(iv)	Investment in Mutual Funds				INR	0.94	0.01
	Debt Instruments						
(v)	Investment in Zero coupon bonds				INR	145.49	-
(vi)	National Savings Certificates (Rs.37100/- deposited with Sales Tax authorities)				INR	-	-
	Total value of other investments (c)					175.63	13.17
	Total (a) + (b) + (c)					294.04	1,060.00
	Aggregate amount of quoted investments and market value thereof					82.51	71.53
	Aggregate amount of unquoted investments					211.53	988.47
	Total					294.04	1,060.00

All Investments are fully paid up.

Consolidated notes on accounts - *(continued)*

5 LOANS - RECEIVABLE FROM FINANCING ACTIVITY

Rupees in crores

Particulars	As at 31-03-2018		As at 31-03-2017	
	Current	Non-current	Current	Non-current
Secured:				
Automobile financing				
Considered good	3,143.97	2,696.33	-	-
Considered doubtful	177.03	151.84		
Less: Loss allowance				
Provision for expected credit loss (Refer Note No. 33)	(80.53)	(21.92)	-	-
Unsecured and considered good:				
Trade advance and term loan	67.31	-	-	-
Provision for expected credit loss (Refer Note No. 33)	(2.33)	-	-	-
	3,305.45	2,826.25	-	-

	As at 31-03-2018	As at 31-03-2017
6 NON-CURRENT ASSETS - FINANCIAL ASSETS (OTHERS)		
Deposits	8.04	0.10
Loans given to employees	1.75	-
Deposits with banks	0.13	0.12
Loans to others	7.16	-
	17.08	0.22
7 INVESTMENTS ACCOUNTED USING EQUITY METHOD		
11,12,19,512 (As at 31st March 2017 - 8,00,00,000) Equity shares of Emerald Haven Realty Limited, Chennai)	111.22	80.00
Share of equity	15.76	15.19
	126.98	95.19
8 OTHER NON-CURRENT ASSETS		
Capital advances	79.06	36.62
Advances other than capital advances:		
Prepaid lease rent	13.41	12.37
Deposits made	27.41	26.97
VAT receivable	17.62	9.94
	137.50	85.90

Consolidated notes on accounts - *(continued)*

Rupees in crores

		As at 31-03-2018	As at 31-03-2017
9	INVENTORIES		
	Raw materials and components	541.05	569.16
	Goods-in-transit - Raw materials and components	121.64	113.65
	Work-in-progress	74.05	97.28
	Finished goods	220.58	138.17
	Stock-in-trade	59.83	152.97
	Goods-in-transit - Stock in trade	-	49.79
	Stores and spares	39.00	40.84
		1,056.15	1,161.86
10	TRADE RECEIVABLES		
	Secured, considered good	16.62	14.80
	Unsecured, considered good	1,054.26	687.01
	Doubtful	9.67	5.39
		1,080.55	707.20
	Less: Allowance for doubtful debts	9.67	5.39
		1,070.88	701.81
11	CASH AND CASH EQUIVALENTS		
	Balances with banks in current accounts	70.85	28.12
	Deposits with maturity of less than three months	2.34	12.06
	Cheques / drafts on hand	-	0.02
	Cash on hand	28.91	6.92
		102.10	47.12
	Cash and cash equivalents for the purpose of cash flow statement		
	Cash and cash equivalents as shown above	102.10	47.12
	Less: Over drafts utilised	(151.41)	(252.21)
	[Grouped under financial liabilities - borrowings (Note No.20)]		
		(49.31)	(205.09)
12	OTHER BANK BALANCES		
	Fixed deposits (maturing between 3 to 12 months)	66.42	-
	Earmarked balances with banks (for unpaid dividend)	4.41	4.14
		70.83	4.14
13	FINANCIAL ASSETS - OTHERS (CURRENT)		
	Unsecured, considered good :		
	Employee advances	13.59	9.53
	Security deposits	4.78	4.23
	Claims receivable	2.47	3.12
	Receivable towards sale of fixed assets	62.79	-
		83.63	16.88
14	OTHER CURRENT ASSETS		
	VAT/IT/Excise receivable	448.48	396.64
	Prepaid expense	25.90	16.74
	Vendor advance	97.94	45.93
	Trade deposits	0.96	0.72
	Export incentive receivable	47.77	37.35
	Others	1.72	2.02
		622.77	499.40

Consolidated notes on accounts - *(continued)*

15 EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and fully paid up

Particulars	As at 31-03-2018		As at 31-03-2017	
	Number	Rupees in crores	Number	Rupees in crores
Authorised:				
Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully paid up:				
Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51
	47,50,87,114	47.51	47,50,87,114	47.51

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31-03-2018		As at 31-03-2017	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	47,50,87,114	47.51	47,50,87,114	47.51
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	47,50,87,114	47.51	47,50,87,114	47.51

(c) (i) Rights and preferences attached to equity share:

Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

(ii) There are no restrictions attached to equity shares.

(d) Shares held by holding company at the end of the year

Name of shareholder	Class of share	As at 31-03-2018		As at 31-03-2017	
		No. of shares held	% of holding	No. of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40

(e) Shareholders holding more than five percent at the end of the year (other than (d)) - Nil

16 OTHER EQUITY

Rupees in crores

Particulars	As at 31-03-2018	As at 31-03-2017
General reserve	876.24	876.24
Capital reserve	6.51	6.51
Statutory reserve	17.81	-
Retained earnings	1,674.61	1,234.29
Other Reserves	54.52	51.49
	2,629.69	2,168.53

Consolidated notes on accounts - *(continued)*

Rupees in crores

17 NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Nature	Lenders	As at 31-03-2018	As at 31-03-2017	Status as at 31-03-2018			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Secured Borrowings:							
ECB Loan 1 (4 tranches)	Bank	130.16	129.09	3 Month USD LIBOR plus Margin	Bullet	4	Jul-2018 to Dec-2018
ECB Loan 2	Bank	64.66	-	3 Month USD LIBOR plus Margin	Half Yearly	7	Mar-2023
Term Loan	Financial Institution	-	14.19				
Term Loan (2 tranches)	Bank	65.00	-	3 Month USD LIBOR plus Margin	Half Yearly	3	Jul-2019
Term Loan	Bank	-	64.94				
Term Loan	Bank	200.00	-	8.3%	Bullet	1	Oct-2019
Term Loan	Bank	87.05	-	8.2%	Quarterly	7	Dec-2019
Term Loan	Bank	20.00	-	8.8%	Quarterly	8	Mar-2020
Term Loan	Bank	90.00	-	8.4%	Quarterly	6	Sep-2019
Term Loan	Bank	21.21	-	8.8%	Monthly	7	Oct-2018
Term Loan	Bank	33.33	-	8.8%	Quarterly	2	Sep-2018
Term Loan	Bank	40.00	-	8.4%	Quarterly	2	Aug-2018
Term Loan	Bank	15.00	-	8.4%	Quarterly	3	Nov-2018
Term Loan	Bank	74.90	-	8.4%	Quarterly	3	Nov-2018
Term Loan	Bank	41.97	-	8.4%	Quarterly	5	Jun-2019
Term Loan	Bank	40.00	-	8.7%	Quarterly	4	Mar-2019
Term Loan	Bank	20.00	-	8.5%	Quarterly	2	Sep-2018
Term Loan	Bank	8.33	-	8.5%	Quarterly	2	Sep-2018
Term Loan	Bank	30.00	-	8.5%	Quarterly	6	Jul-2019
Term Loan	Bank	37.50	-	8.9%	Half Yearly	3	Aug-2019
Term Loan	Bank	25.00	-	8.5%	Quarterly	6	Sep-2019
Term Loan	Bank	64.67	-	8.5%	Monthly	21	Jan-2020
Term Loan	Bank	58.33	-	8.4%	Quarterly	7	Dec-2019
Term Loan	Bank	50.00	-	8.3%	Quarterly	4	Jan-2019
Term Loan	Bank	174.88	-	8.4%	Quarterly	7	Dec-2019
Term Loan	Bank	80.00	-	8.5%	Quarterly	8	Mar-2020
Term Loan	Bank	33.33	-	8.4%	Quarterly	8	Mar-2020
Term Loan	Bank	62.50	-	8.3%	Quarterly	5	Jun-2019
Term Loan	Bank	87.50	-	8.4%	Quarterly	7	Dec-2019
Term Loan	Bank	38.23	-	8.6%	Quarterly	4	Mar-2019
Term Loan	Bank	100.00	-	8.4%	Quarterly	10	Aug-2020
Term Loan	Bank	200.00	-	8.2%	Quarterly	10	Nov-2020
Term Loan	Bank	100.00	-	8.3%	Annual	2	Sep-2020
Term Loan	Bank	190.00	-	8.4%	Quarterly	12	Mar-2021
Term Loan	Bank	200.36	-	8.0%	Bullet	1	Mar-2019
Term Loan	Bank	91.67	-	8.1%	Quarterly	11	Nov-2020
Term Loan	Others	100.00	-	8.1%	Quarterly	10	Dec-2020

Consolidated notes on accounts - *(continued)*

Rupees in crores

17 NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS- *(continued)*

Nature	Lenders	As at 31-03-2018	As at 31-03-2017	Status as at 31-03-2018			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Term Loan	Others	158.10	-				
Term Loan (4 tranches)	State owned corporation	157.08	157.08	0.1%	Bullet	4	2022-27
Unsecured Borrowings:							
Sub Debt	Bank	18.75	-	10.1%	Annual	3	Jun-2020
Sub Debt	Others	25.00	-	9.7%	Bullet	1	Sep-2022
Sub Debt	Bank	49.95	-	9.5%	Bullet	1	May-2023
Sub Debt	Bank	50.00	-	9.3%	Bullet	1	Jul-2023
Sub Debt	Bank	25.00	-	9.7%	Bullet	1	Sep-2022
Sub Debt	Bank	49.84	-	10.0%	Bullet	1	Apr-2022
Sub Debt	Others	43.50	-	8.0%	Annual	3	Jan-2020
Sub Debt	Others	50.00	-	11.5%	Bullet	1	Sep-2020
Sub Debt	Others	50.00	-	11.0%	Bullet	1	Jul-2021
Sub Debt	Others	50.00	-	10.8%	Bullet	1	Sep-2021
Sub Debt	Bank	49.92	-	10.5%	Bullet	1	May-2022
Perpetual Debt	Others	99.76	-	11.5%	Bullet	1	Nov-2027
Sales Tax Deferral Phase I	Others	25.32	31.65	0.0%	Annual	4	2020-21
Sales Tax Deferral Phase II	Others	157.28	173.00	0.0%	Annual	10	2027-28
Total		3,735.08	569.95				
Less: Current maturities of long term borrowings		1,374.15	68.72				
Total non-current financial liabilities (borrowings)		2,360.93	501.23				

Details of securities created:

ECB Loan I - Exclusive charge over assets procured out of proceeds of the loan.

ECB Loan from bank II - Hypothecation of movable fixed assets, charge creation is under process.

Holding company has given guarantee in the form of put option amounting to Rs.18.75 crores towards sub-ordinated debt.

Term loan received from banks and other parties of 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.65 crores is secured over a lien on collection account held at a foreign country.

18 PROVISIONS

Particulars	As at 31-03-2018		As at 31-03-2017	
	Current	Non-current	Current	Non-current
Provision for employee benefits				
(a) Pension	33.18	54.75	28.09	45.96
(b) Leave salary	5.06	27.89	2.00	18.14
(c) Gratuity	2.56	3.89	9.36	0.49
Others				
(a) Warranty	24.40	-	23.46	-
	65.20	86.53	62.91	64.59

Consolidated notes on accounts - *(continued)*

Rupees in crores

19 DEFERRED TAX LIABILITIES (NET)

Particulars		As at 31-03-2018	As at 31-03-2017
The balance comprises temporary differences attributable to:			
Depreciation		312.45	264.23
Others		-	18.69
Total deferred tax liability	(A)	312.45	282.92
Deferred tax asset consists of :			
- tax on employee benefit expenses		42.44	30.17
- tax on warranty provision		10.98	10.55
- tax on expected credit losses provision		23.78	-
- tax on investment property		13.91	-
- tax on finance cost provision		50.02	-
- tax on investments		5.46	-
- tax on others		9.01	11.81
- Unused tax credits (MAT credit entitlement)		102.14	101.69
Total deferred tax assets	(B)	257.74	154.22
Net deferred tax liability	(A)-(B)	54.71	128.70

Movement in deferred tax :

Particulars	Depreciation	Others	Total
As at 01-04-2016			146.11
Charged/(credited):			
- to profit or loss	36.95	8.87	45.82
- to other comprehensive income	-	0.86	0.86
- to profit recognised in reserves	-	0.16	0.16
- Unused tax credits (MAT credit entitlement)	-	(64.25)	(64.25)
As at 31-03-2017			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)
- Utilisation tax credits (MAT credit utilization)	-	7.47	7.47
As at 31-03-2018			54.71

20 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

	As at 31-03-2018	As at 31-03-2017
Borrowings repayable on demand from banks		
Secured*	1,528.98	281.25
Unsecured#	329.73	191.43
Short term loans:		
From banks :		
Secured	540.00	-
Unsecured	735.25	268.17
From others (secured)	58.50	-
	3,192.46	740.85
* Includes overdraft utilisation	55.68	109.64
# Includes overdraft utilisation	95.73	142.57
	151.41	252.21

Consolidated notes on accounts - *(continued)*

20 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)- *(continued)*

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.84.86 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India.

b) A loan of Rs.13.05 crores in IDR and Rs.13.87 crores in USD obtained from another bank secured by subsidiary inventories and trade account receivable.

c) Working capital loan and cash credit of Rs.1,346.49 crores obtained by a subsidiary company are secured by hypothecation of receivables under the financing activity of the Company.

Rupees in crores

	As at 31-03-2018	As at 31-03-2017
21 TRADE PAYABLES		
Dues to Micro and Small Enterprises **	74.96	35.25
Dues to enterprises other than Micro and Small Enterprises	2,607.91	1,918.44
	2,682.87	1,953.69

**Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

	As at 31-03-2018	As at 31-03-2017
22 OTHER FINANCIAL LIABILITIES		
Current Maturities of long term borrowings	1,374.15	68.72
Interest accrued but not due on loans	19.35	3.26
Trade deposits received	51.82	23.62
Unclaimed dividends	4.41	4.14
(Not due for transfer to Investor Education and Protection Fund)		
Payables against capital goods	48.31	28.27
Derivative instruments - payable	1.69	2.16
Hedge liability	2.60	0.15
Collections in respect of de-recognised assets	18.15	-
Others	6.75	-
	1,527.23	130.32
23 OTHER CURRENT LIABILITIES		
Statutory dues	197.08	156.20
Employee related	90.85	51.61
Advance received from customers	90.93	78.48
Deferred Income	4.99	-
Money held under trust	1.47	2.00
	385.32	288.29

Consolidated notes on accounts - *(continued)*

Rupees in crores

		Year ended 31-03-2018	Year ended 31-03-2017
24 REVENUE FROM OPERATIONS			
Sale of products*		15,669.43	13,317.19
Sale of raw materials		58.20	107.17
Sale of services		16.55	21.92
Interest income of financial enterprise		669.70	-
Other operating revenue		242.12	127.61
		16,656.00	13,573.89

*Includes excise duty upto June 2017.

		Year ended 31-03-2018	Year ended 31-03-2017
25 OTHER INCOME			
Dividend income - from other investments designated as Fair Valued through OCI		0.60	0.70
Interest income		48.29	48.43
Profit on sale of investments		-	0.05
Profit on sale of fixed assets		2.63	-
Changes in fair value of investments (net)*		58.71	81.85
Fair value changes on derivatives not designated as hedges		19.04	-
Bad debts recovered		4.42	-
Government grant#		9.67	31.56
Other non-operating income		2.00	2.85
		145.36	165.44

* Increase in fair value of investments represents changes in fair value of preference shares held in TVS Motor Services Limited and Other non-current investments.

Relatable to operations of the Company.

		Year ended 31-03-2018	Year ended 31-03-2017
26 MATERIAL COST			
Cost of materials consumed			
Opening stock of raw materials and components		569.16	368.56
Add: Purchases		10,974.93	8,893.13
		11,544.09	9,261.69
Less: Closing stock of raw materials and components		541.05	569.16
Consumption of raw materials and components		11,003.04	8,692.53
Purchases of stock-in-trade		254.56	292.70
Changes in inventories of finished goods, work-in-progress and stock-in-trade:			
Opening stock:			
Work-in-progress		97.28	68.20
Stock-in-trade		152.97	154.72
Finished goods		138.17	116.73
[Includes excise duty of Rs.27.55 crores (last year Rs.9.50 crores)]			
	(A)	388.42	339.65
Closing stock:			
Work-in-progress		74.05	97.28
Stock-in-trade		59.83	152.97
Finished goods		220.58	138.17
	(B)	354.46	388.42
	(A)-(B)	33.96	(48.77)

Consolidated notes on accounts - *(continued)*

Rupees in crores

	Year ended 31-03-2018	Year ended 31-03-2017
27 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	989.31	715.33
Contribution to provident and other funds	63.11	43.24
Staff welfare expenses	97.37	69.48
	1,149.79	828.05
28 FINANCE COSTS		
Interest	321.05	58.59
Other borrowing cost	11.09	0.10
Exchange differences	6.08	0.93
	338.22	59.62
29 OTHER EXPENSES		
(a) Consumption of stores, spares and tools	75.87	61.67
(b) Power and fuel	128.63	108.83
(c) Rent	44.18	30.56
(d) Repairs - buildings	14.37	14.26
(e) Repairs - plant and equipment	66.33	66.78
(f) Insurance	15.54	10.74
(g) Rates and taxes (excluding taxes on income)	11.32	12.26
(h) Audit fees	1.88	1.34
(i) Cost audit fees	0.05	0.05
(j) Packing and freight charges	667.68	518.99
(k) Advertisement and publicity	307.45	295.90
(l) Other marketing expenses	322.61	267.45
(m) Loss on sale of fixed assets	-	2.50
(n) Loss on sale of investments	29.03	-
(o) Foreign exchange loss	31.46	6.02
(p) Loss allowance for expected credit losses relating to loans	80.86	-
(q) Corporate social responsibility expenditure*	13.43	9.90
(r) Contributions to electoral trust	0.53	6.58
(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)	545.23	415.52
	2,356.45	1,829.35

* Refer Note No. 42 for details on Corporate social responsibility expenditure.

	Year ended 31-03-2018	Year ended 31-03-2017
30 INCOME TAX EXPENSES		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	253.70	164.96
Adjustments for current tax of prior periods	(5.30)	2.14
(A)	248.40	167.10
Deferred tax:		
Decrease / (increase) in deferred tax assets	(3.33)	1.96
(Decrease) / increase in deferred tax liabilities	29.53	43.86
Unused tax (credit) [MAT credit entitlement]	(3.83)	(57.94)
Unused tax (credit) / reversal [MAT credit entitlement] of prior periods	(4.74)	(6.31)
(B)	17.63	(18.43)
(A + B)	266.03	148.67

Consolidated notes on accounts - *(continued)*

Rupees in crores

	Year ended 31-03-2018	Year ended 31-03-2017
30 INCOME TAX EXPENSES - *(continued)*		
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	930.81	657.96
Tax at the Indian tax rate of 34.61% (2016-2017 – 21.34%)	322.15	140.37
(Last year Company paid tax under Section 115 JB [Minimum Alternate Tax] of Income Tax Act, 1961)		
Additional deduction towards Research & Development expenses	(65.09)	-
Additional deduction towards Depreciation / Amortisation	(18.30)	-
Fair valuation gains not subjected to current tax	(20.32)	-
Capital receipts	(3.57)	-
Others	6.31	-
Ind AS transition adjustments, [1/5th of the opening adjustments are considered for calculation]	-	9.48
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Dividend income	-	(1.82)
Other items	-	0.88
Tax differences due to subsidiary adjustments	32.52	16.05
Tax relating to earlier years	(5.30)	2.14
Deferred tax liability	26.20	45.82
MAT credit entitlement	(8.57)	(64.25)
	266.03	148.67

31 FAIR VALUE MEASUREMENTS

Particulars	As at 31-03-2018			As at 31-03-2017		
	FVTPL*	FVOCI *	Amortised cost	FVTPL*	FVOCI *	Amortised cost
Financial assets						
Investments						
- Equity instruments	-	105.71	-	-	162.35	-
- Preference shares	-	-	12.70	871.78	-	12.70
- Other non-current investments	0.94	10.11	-	0.01	-	-
- Debt Instruments	-	-	164.58	-	-	13.16
Trade receivables	-	-	1,070.88	-	-	701.81
Fixed deposit with banks	-	-	66.42	-	-	-
Cash and cash equivalents	-	-	102.10	-	-	47.12
Other Financial assets	-	-	83.63	-	-	16.88
Total financial assets	0.94	115.82	1,500.31	871.79	162.35	791.67
Financial liabilities						
Borrowings	-	-	6,927.54	-	-	1,310.80
Trade payables	-	-	2,682.87	-	-	1,953.69
Derivative financial liability	1.69	2.60	-	2.16	0.15	-
Other financial liability	-	-	148.79	-	-	59.29
Total financial liabilities	1.69	2.60	9,759.20	2.16	0.15	3,323.78

* FVTPL - Fair Valued Through Profit and Loss FVOCI - Fair Valued Through Other Comprehensive Income

Consolidated notes on accounts - *(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 31-03-2018	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

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31-03-2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	4	0.01	-	871.78	871.79
Financial Investments at FVOCI	4	71.53	-	90.82	162.35
		71.54	-	962.60	1,034.14
Financial liabilities					
Derivatives	22	-	2.31	-	2.31
		-	2.31	-	2.31

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31-03-2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	4	-	-	12.70	12.70
Debt instruments	4	-	-	13.16	13.16
		-	-	25.86	25.86
Financial Liabilities					
Borrowings	17, 20, 22	-	-	1,310.80	1,310.80
		-	-	1,310.80	1,310.80

Consolidated notes on accounts - *(continued)*

Rupees in crores

31 FAIR VALUE MEASUREMENTS - *(continued)*

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the end of the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers among the three levels.

The Company's policy is to recognise transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value measurements using significant unobservable inputs (level 3)

Particulars	Unlisted Preference Shares	Unlisted Equity Shares	Total
As at 01-04-2016	788.76	13.65	802.41
Additions	5.00	65.30	70.30
Gains/(losses) recognised in profit or loss	78.02	-	78.02
Gains/(losses) recognised in other comprehensive income	-	11.87	11.87
As at 31-03-2017	871.78	90.82	962.60
Additions / (deletions)	(871.78)	(65.58)	(937.36)
Gains/(losses) recognised in profit or loss	-	-	-
Gains/(losses) recognised in other comprehensive income	-	(2.04)	(2.04)
As at 31-03-2018	-	23.20	23.20

(iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended		Sensitivity
	31-03-2018	31-03-2017		31-03-2018	31-03-2017	
Preference shares	-	871.78	a) Earnings growth rate b) Risk adjusted discount rate	- -	20-30% 18.32%	If the growth rate increases by 5% and the reduction in discount rate by 50 bps, the value of preference shares will increase by 2% and vice versa.
Unquoted Equity shares	23.20	90.82	a) Earnings growth rate b) Risk adjusted discount rate	1-3% 8%	1-3% 8%	Not significant

Consolidated notes on accounts - *(continued)*

Rupees in crores

31 FAIR VALUE MEASUREMENTS - *(continued)*

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies. Risk adjustments have been derived based on the market risk premium adjusted for companies relevered financial data.

(vi) Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31-03-2018		As at 31-03-2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Preference shares	12.70	12.70	12.70	12.70
Debt instruments	164.58	164.58	13.16	13.16
	177.28	177.28	25.86	25.86
Financial liabilities				
Borrowings	6,927.54	6,927.54	1,310.80	1,310.80
	6,927.54	6,927.54	1,310.80	1,310.80

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.

Consolidated notes on accounts - *(continued)*

32 FINANCIAL RISK MANAGEMENT

The company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit risk	Cash, Cash equivalents and Trade receivables	Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forwarding-looking information (more specifically described below). In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counter party fails to make contractual payments within 60 days, when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.
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.

Consolidated notes on accounts - *(continued)*

32 FINANCIAL RISK MANAGEMENT - *(continued)*

<table>
<tr><th>Risk</th><th>Exposure arising from</th><th>Risk Parameters and Mitigation</th></tr>
<tr><td rowspan="3">Market risk - (continued)</td><td>a. Export trade receivables and Import payables</td><td>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.</td></tr>
<tr><td>b. Foreign currency denominated borrowings</td><td>The Company has hedged its borrowings by covering the principal repayments.</td></tr>
<tr><td>(ii) Interest rate
- Foreign currency denominated borrowings</td><td>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.</td></tr>
</table>

(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>
</table>

Consolidated notes on accounts - *(continued)*

Rupees in crores

32 FINANCIAL RISK MANAGEMENT - *(continued)*

Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is written off		

As at 31-03-2018

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Assets/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	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

As at 31-03-2017

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Assets/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	25.86	0%	-	25.86
	1	Other financial assets	16.88	0%	-	16.88

Consolidated notes on accounts - *(continued)*

Rupees in crores

32 FINANCIAL RISK MANAGEMENT - *(continued)*

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	700.29	6.91	707.20
Expected loss rate	-	78%	
Expected credit losses	-	5.39	5.39
Carrying amount of trade receivables	700.29	1.52	701.81

Reconciliation of loss allowance provision - Loans and deposits

Loss allowance on 01-04-2016	-
Write offs	-
Recoveries	-
Loss allowance on 31-03-2017	-
Write offs	-
Recoveries	-
Loss allowance on 31-03-2018	-

Reconciliation of loss allowance provision - Trade receivables

Loss allowance 01-04-2016	5.69
Changes in loss allowance	(0.30)
Loss allowance 31-03-2017	5.39
Changes in loss allowance	4.28
Loss allowance 31-03-2018	9.67

(B) Liquidity risk

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31-03-2018	As at 31-03-2017
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	850.92	673.16
- 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.

Consolidated notes on accounts - *(continued)*

Rupees in crores

32 FINANCIAL RISK MANAGEMENT - *(continued)*

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	2,682.87					2,682.87
Other financial liabilities	148.79					148.79
Derivatives	2.60	0.26	1.43			4.29

As at 31-03-2017

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	751.67	24.25	44.48	261.03	229.37	1,310.80
Trade payables	1,953.69					1,953.69
Other financial liabilities	59.29					59.29
Derivatives	0.15					0.15

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.

(C) Market risk

i) Foreign exchange risk

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	As at 31-03-2018		As at 31-03-2017	
Exposure in foreign currency	USD	EUR	USD	EUR
Financial assets				
Trade receivables	234.05	80.00	182.94	10.51
Exposure to foreign currency risk (assets) (A)	234.05	80.00	182.94	10.51
Financial liabilities				
Foreign currency loan	549.21	7.84	129.09	70.55
Trade payables	222.71	4.33	195.48	1.40
Derivatives	4.29		2.31	-
Exposure to foreign currency risk (liabilities) (B)	776.21	12.17	326.88	71.95
Net exposure to foreign currency risk asset (liabilities) (A)-(B)	(542.16)	67.83	(143.94)	(61.44)

Consolidated notes on accounts - *(continued)*

Rupees in crores

32 FINANCIAL RISK MANAGEMENT - *(continued)*

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	As at 31-03-2018	As at 31-03-2017	As at 31-03-2018	As at 31-03-2017
USD sensitivity				
INR/USD increases by 10%	(40.12)	(10.65)	40.12	10.65
INR/USD decreases by 10%	40.12	10.65	(40.12)	(10.65)
EURO sensitivity				
INR/EURO increases by 10%	5.02	(4.54)	(5.02)	4.54
INR/EURO decreases by 10%	(5.02)	4.54	5.02	(4.54)

* Holding all other variables constant

ii) Interest rate risk

Domestic INR borrowings are based on fixed rate of interest. Normally for short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, Company resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

Particulars	As at 31-03-2018	As at 31-03-2017
Variable rate borrowings	5,617.30	488.28
Fixed rate borrowings	1,310.24	822.52

Sensitivity	Impact on profit after tax	
	As at 31-03-2018	As at 31-03-2017
Increase in interest rates by 100 bps	(41.57)	(3.61)
Decrease in interest rates by 100 bps	41.57	3.61

iii) Price risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

i) Disclosure of effects of hedge accounting on financial position

a) Disclosure of effects of hedge accounting on financial position as at 31-03-2018

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	254.35	-	256.95	-	Apr'18 to Jun'18	(1.84)	1.84

Consolidated notes on accounts - *(continued)*

Rupees in crores

32 FINANCIAL RISK MANAGEMENT - *(continued)*

b) Disclosure of effects of hedge accounting on financial position as at 31-03-2017

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	150.86	-	151.01	-	Apr'17 to Aug'17	(3.72)	3.72

ii) Disclosure of effects of hedge accounting on financial performance :

for the year ended 31-03-2018 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC	(2.60)	-	(2.45)	Revenue

for the year ended 31-03-2017 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC	(0.15)	-	(3.62)	Revenue

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 31-03-2018	As at 31-03-2017
Gross Carrying value of loan Assets:		
Stage-1 (Less than 30 Days)	5,738.38	-
Stage-2 (30-90 Days)	169.24	-
Stage-3 (More than 90 Days)	328.86	-
Total Gross Carrying value on Reporting Date	6,236.48	-

Consolidated notes on accounts - *(continued)*

33 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY - *(continued)*

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, 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'

Consolidated notes on accounts - *(continued)*

Rupees in crores

33 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY - *(continued)*

Impairment loss

The expected credit loss allowance provision is determined as follows:

Particulars	Stage 1	Stage 2	Stage 3	Grand Total
Gross balance as at 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

Particulars	Stage 1	Stage 2	Stage 3	Grand Total
Gross balance as at 31st March 2017	-	-	-	-
Expected credit loss	-	-	-	-
Expected credit loss rate	-	-	-	
Net of impairment provision	-	-	-	-

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 31-03-2018	As at 31-03-2017
Net debt	6,825.44	1,263.68
Total equity	2,858.28	2,224.82
Net debt to equity ratio	238.80%	56.80%

The company also monitors Interest coverage ratio :

Company's earnings before interest and taxes (EBIT) divided by Interest

The Company's strategy is to maintain an optimum interest coverage ratio. The Interest coverage ratio were as follows:

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
EBIT	1,269.03	717.58
Interest	338.22	59.62
Interest coverage ratio (Times)	3.75	12.04

Consolidated notes on accounts - *(continued)*

Rupees in crores

34 CAPITAL MANAGEMENT - *(continued)*

(b) Dividends

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
(i) Equity shares		
Interim dividends for the year ended 31-03-2018 of Rs.3.30 (31-03-2017 of Rs.2.50) per fully paid share	188.69	142.96
(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 previous 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 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 acquisitions 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.

Consolidated notes on accounts - *(continued)*

Rupees in crores

36 EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plans as per actuarial valuation

Particulars	Gratuity			Pension			Leave salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
As at 01-04-2016	65.06	(70.85)	(5.79)	56.59	-	56.59	16.44	-	16.44
Current service cost	4.59	-	4.59	2.89	-	2.89	3.33	-	3.33
Interest expense/(income)	5.15	(5.60)	(0.45)	4.17	-	4.17	1.25	-	1.25
Total amount recognised in profit or loss	9.74	(5.60)	4.14	7.06	-	7.06	4.58	-	4.58
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.24	0.24	-	-	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	5.03	-	5.03	-	-	-	0.11	-	0.11
Experience (gains)/losses	11.34	-	11.34	(0.66)	-	(0.66)	(0.99)	-	(0.99)
Total amount recognised in other comprehensive income	16.37	0.24	16.61	(0.66)	-	(0.66)	(0.88)	-	(0.88)
Employer contributions	-	(5.11)	(5.11)			-			-
Benefit payments	(4.92)	4.92	-			-			-
As at 31-03-2017	86.25	(76.40)	9.85	62.99	-	62.99	20.14	-	20.14
Incumbent subsidiary	6.99	(5.97)	1.02	9.16	-	9.16	5.20	-	5.20
Current service cost	7.96	-	7.96	3.75	-	3.75	3.22	-	3.22
Interest expense/(income)	6.79	(6.01)	0.78	5.14	-	5.14	1.76	-	1.76
Total amount recognised in profit or loss	14.75	(6.01)	8.74	8.89	-	8.89	4.98	-	4.98
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.44	0.44	-	-	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	(6.48)	-	(6.48)	0.08	-	0.08	(1.82)	-	(1.82)
Experience (gains)/losses	12.92	-	12.92	(3.99)	-	(3.99)	9.23	-	9.23
Total amount recognised in other comprehensive income	6.44	0.44	6.88	(3.91)	-	(3.91)	7.41	-	7.41
Employer contributions	-	(20.22)	(20.22)	-	-	-	(0.96)		(0.96)
Benefit payments	(5.52)	5.70	0.18	-	-	-	(3.83)		(3.83)
As at 31-03-2018	108.90	(102.45)	6.45	77.13	-	77.13	32.95	-	32.95

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. Each company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. The Group's contributions are based on actuarial valuation arrived at the end of each year and charged to Profit and Loss Statement.

Consolidated notes on accounts - *(continued)*

Rupees in crores

36 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

Details of funded / unfunded plans:

Particulars	As at 31-03-2018	As at 31-03-2017
Present value of funded obligations	108.90	86.25
Fair value of plan assets	(102.45)	(76.40)
Deficit of funded plan	6.45	9.85
Unfunded plans	110.08	83.13
Deficit before asset ceiling	116.53	92.98

The significant actuarial assumptions:

Particulars	As at 31-03-2018	As at 31-03-2017
Discount rate (Gratuity & Leave salary)	7.7%	7.0%
Discount rate (Pension)	7.0%	7.0%
Salary growth rate	6.0%	6.0%
Mortality rate	IALM (2006-08) Ultimate	
Attrition rate (Gratuity & Leave salary)	3.0%	3.0%
Attrition rate (Pension)	0.0%	0.0%

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 58.

(i) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions:

Particulars	Impact on defined benefit obligation - Gratuity					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017
Discount rate	0.50%	0.50%	104.35	79.15	113.82	86.17
Salary growth rate	0.50%	0.50%	113.88	86.19	104.26	79.10
Mortality	5.00%	5.00%	108.92	82.53	108.88	82.51

Particulars	Impact on defined benefit obligation - Pension					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017
Discount rate	0.50%	0.50%	70.90	58.21	79.25	65.46
Salary growth rate	0.50%	0.50%	75.93	62.70	73.88	60.66
Mortality	5.00%	5.00%	74.89	61.67	74.87	61.65

Particulars	Impact on defined benefit obligation - Leave salary					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017
Discount rate	0.50%	0.50%	31.40	18.29	34.66	20.17
Salary growth rate	0.50%	0.50%	34.69	20.17	31.36	18.28
Mortality	5.00%	5.00%	32.97	19.19	32.96	19.19

Consolidated notes on accounts - *(continued)*

36 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet.

(ii) Risk exposure

Through its defined benefit plans, the Group 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 Group 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 Group intends to maintain the above investment mix in the continuing years.

Changes in bond: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yield increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy. The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, The Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2018 consists of Government and Corporate bonds, although the Group invests in equities, cash and mutual funds. The Group believes that equities offer the best returns over the long term with an acceptable level of risk.

(iii) Defined contribution plans:

The Group's contribution to defined contribution plan viz., provident fund, of Rs.16.93 crores (previous year Rs.13.45 crores) has been recognised in the Statement of Profit and Loss.

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 Services Private Limited, Chennai
TVS Micro Finance Private Limited, Chennai
TVS Commodity Financial Solutions Private Limited, Chennai
TVS Two Wheeler Mall Private Limited, Chennai
TVS Housing Finance Private Limited, Chennai
TVS Motor (Singapore) Pte. Limited, Singapore
TVS Motor Company (Europe) B.V, Amsterdam
PT. TVS Motor Company Indonesia, Jakarta
Sundaram Holding USA Inc, USA
Green Hills Land Holding LLC, USA
Component Equipment Leasing LLC, USA
Sundaram-Clayton USA LLC, USA (Formerly known as Workspace Project LLC)
Premier Land Holding LLC, USA

Associate company:

Emerald Haven Realty Limited, Chennai
(Formerly known as Green Earth Homes Limited)

(ii) Other related parties and their relationship where transaction exists

Fellow subsidiaries:

TVS Electronics Limited, Chennai
Southern Roadways Limited, Madurai
Sundaram Industries Private Limited, Madurai
Lucas-TVS Limited, Chennai
Lucas Indian Service Limited, Chennai
TVS Auto Assist (India) Limited, Chennai
TVS Training and Services Limited, Chennai

Associate / Joint venture of holding / subsidiary / fellow subsidiary company:

Brakes India Private Limited, Chennai
TVS Srichakra Limited, Madurai
Wheels India Limited, Chennai
Sundram Fasteners Limited, Chennai
India Nippon Electricals Limited, Chennai
Sundaram Brake Linings Limited, Chennai
TVS Auto Bangladesh Limited, Dhaka
TVS Lanka Private Limited, Colombo
TVS Logistics Services Limited, Chennai
Harita Techserv Limited, Chennai

Consolidated notes on accounts - *(continued)*

Rupees in crores

37 RELATED PARTY DISCLOSURE - *(continued)*

	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
Subsidiaries of associate / joint venture:		
Upasana Engineering Limited, Chennai		
TVS Dynamic Global Freight Services Limited, Chennai		
TVS Commutation Solutions Limited, Chennai		
Enterprises in which directors are interested:		
TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)		
Designo Lifestyle Solutions Private Limited		
Dua Associates		
Dua Consulting Private Limited		
McCann-Erickson (India) Private Limited		
Key Management personnel		
Mr Venu Srinivasan, Chairman & Managing Director		
Mr Sudarshan Venu, Joint Managing Director		
Relative(s) of the Key Management personnel		
Dr. Lakshmi Venu, Director		
Dr. Malini Srinivasan		
Enterprise over which key management personnel and their relative have significant influence :		
Harita-NTI Limited, Chennai		
(b) Transactions with related parties:		
(i) Purchase of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.42	0.45
- holding company (Sundaram-Clayton Limited, Chennai)	437.90	304.30
- fellow subsidiaries		
TVS Electronics Limited, Chennai	0.19	0.13
Sundaram Industries Private Limited, Madurai	0.10	0.07
Lucas-TVS Limited, Chennai	121.40	79.01
Lucas Indian Service Limited, Chennai	7.97	6.45
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	17.35	13.24
TVS Srichakra Limited, Madurai	418.43	272.47
Wheels India Limited, Chennai	8.22	4.42
Sundram Fasteners Limited, Chennai	57.71	51.95
India Nippon Electricals Limited, Chennai	288.23	209.00
Sundaram Brake Linings Limited, Chennai	12.05	9.60
- subsidiaries of associate / joint venture		
Upasana Engineering Limited, Chennai	16.40	14.94
- enterprises over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	1.73	1.18
- enterprises in which directors are interested		
TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)	1.07	0.73
Designo Lifestyle Solutions Private Limited	0.10	0.09

Consolidated notes on accounts - *(continued)*

Rupees in crores

37 RELATED PARTY DISCLOSURE - *(continued)*	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
(ii) Sale of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	6.24	-
- fellow subsidiary (Lucas -TVS Limited, Chennai)	0.13	0.08
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Sundram Fasteners Limited, Chennai	-	3.06
TVS Auto Bangladesh Limited, Dhaka	465.48	262.46
TVS Lanka Private Limited, Colombo	155.43	224.08
(iii) Purchase of assets		
- holding company (Sundaram-Clayton Limited, Chennai)	-	-
(iv) Purchase of preference shares of TVS Motor Services Limited, Chennai		
- holding company (Sundaram-Clayton Limited, Chennai)	17.01	-
- fellow subsidiary (Lucas-TVS Limited, Chennai)	88.43	-
(v) Sale of equity shares of TVS Credit Services Limited, Chennai		
- holding company (Sundaram-Clayton Limited, Chennai)	17.01	-
- fellow subsidiary company (Lucas-TVS Limited, Chennai)	88.43	-
(vi) Rendering of services (including interest and reimbursements received)		
- holding company (Sundaram-Clayton Limited, Chennai)	5.85	4.60
- fellow subsidiaries		
Southern Roadways Limited, Madurai	0.01	0.01
Lucas-TVS Limited, Chennai	0.01	-
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	0.54	0.53
Sundaram Fasteners Limited, Chennai	0.01	-
- subsidiaries of associate / joint venture		
TVS Dynamic Global Freight Services Limited, Chennai	0.10	-
(vii) Availing of services (includes sub-contract charges paid)		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.54	0.45
- holding company (Sundaram-Clayton Limited, Chennai)	50.70	67.70
- fellow subsidiaries:		
TVS Electronics Limited, Chennai	1.21	1.15
Southern Roadways Limited, Madurai	2.96	2.23
TVS Auto Assist (India) Limited, Chennai	3.30	1.81
Lucas-TVS Limited, Chennai	0.14	0.12
TVS Training and Services Limited, Chennai	0.03	-
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	96.11	75.29
Harita Techserv Limited, Chennai	2.60	2.43
Brakes India Private Limited, Chennai	0.18	-
Delphi-TVS Diesel System Limited, Chennai	0.01	0.01

Consolidated notes on accounts - *(continued)*

Rupees in crores

37 RELATED PARTY DISCLOSURE - *(continued)*	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
- subsidiaries of associate / joint venture		
TVS Dynamic Global Freight Services Limited, Chennai	45.30	22.42
TVS Commutation Solutions Limited, Chennai	-	0.03
- enterprises in which directors are interested		
Dua Associates	0.79	3.19
Dua Consulting Private Limited	4.44	3.60
McCann-Erickson (India) Private Limited	6.43	6.99
- associate (Emerald Haven Realty Limited, Chennai)	-	2.36
(viii) Investments made		
- associate (Emerald Haven Realty Limited, Chennai)	31.22	40.00
(ix) Remuneration to key management personnel:		
Short-term employee benefits	37.08	24.56
Post-employment benefits	0.18	0.17
Remuneration to Relative to key management personnel (Short-term employee benefits)	0.33	0.36
(x) Dividend received from:		
Associate of ultimate holding company (TVS Lanka Private Limited, Colombo)	0.20	0.37
(xi) Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	89.99	68.17
(c) Balances with related parties:		
(i) Trade receivables		
- ultimate holding company (T V Sundram Iyengar & Sons Private Limited, Madurai)	6.27	0.03
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Auto Bangladesh Limited, Dhaka	67.48	36.78
TVS Lanka Private Limited, Colombo	11.32	37.44
- enterprises in which directors are interested		
Designo Lifestyle Solutions Private Limited	-	0.02
(ii) Trade payables		
- holding company (Sundaram-Clayton Limited, Chennai)	32.92	26.08
- fellow subsidiaries		
Lucas-TVS Limited, Chennai	19.08	12.32
Lucas Indian Service Limited, Chennai	0.80	0.91
Sundaram Industries Private Limited, Madurai	0.01	0.01
TVS Auto Assist (India) Limited, Chennai	-	0.28
TVS Electronics Limited, Chennai	0.12	0.06
TVS Training and Services Limited, Chennai	0.01	-
- associate company (Emerald Haven Realty Limited, Chennai)	4.80	5.11

Consolidated notes on accounts - *(continued)*

Rupees in crores

37 RELATED PARTY DISCLOSURE - *(continued)*	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	3.32	2.08
TVS Srichakra Limited, Madurai	42.74	31.99
Wheels India Limited, Chennai	1.72	0.86
Harita Techserv Limited, Chennai	0.24	0.21
India Nippon Electricals Limited, Chennai	45.97	31.57
Sundaram Brake Linings Limited, Chennai	2.21	1.73
Sundram Fasteners Limited, Chennai	9.79	7.34
TVS Logistics Services Limited, Chennai	8.53	2.20
Delphi-TVS Diesel System Limited, Chennai	-	0.01
- subsidiaries of associate / joint venture		
TVS Dynamic Global Freight Services Limited, Chennai	5.90	1.98
TVS Commutation Solutions Limited, Chennai	-	0.02
Upasana Engineering Limited, Chennai	2.24	1.71
- enterprises in which directors are interested		
Dua Consulting Private Limited	0.10	0.10
McCann-Erickson (India) Private Limited	1.06	0.81
TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)	0.04	0.04
- enterprise over which key management personnel and their relatives have significant influence (Harita-NTI Limited, Chennai)	0.16	0.22

38 EARNINGS PER SHARE

Profit after tax	652.35	511.24
Number of equity shares	47,50,87,114	47,50,87,114
Face value of the share (in rupees)	1.00	1.00
Weighted average number of equity shares	47,50,87,114	47,50,87,114
Basic and diluted earnings per share for continued operations (in rupees)	13.73	10.76
Basic and diluted earnings per share for discontinued operations (in rupees)	-	-
Basic and diluted earnings per share for continued and discontinued operations (in rupees)	13.73	10.76

39 WARRANTY PROVISION (CURRENT)

Opening balance	23.46	26.96
Add: Provision for the year (net)	24.40	23.46
	47.86	50.42
Less: Payments / debits (net)	23.46	26.96
Closing balance	24.40	23.46

40 PAYMENT TO AUDITORS COMPRISES

As statutory auditors	1.58	1.15
Taxation matters	0.18	0.13
Certification matters	0.12	0.06
	1.88	1.34
Miscellaneous expenses include travel and stay expenses of auditors	0.17	0.09
	2.05	1.43

Consolidated notes on accounts - *(continued)*

Rupees in crores

	As at / Year ended 31-03-2018	As at / Year ended 31-03-2017
41 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR		
(a) Claims against the company not acknowledged as debts:		
(i) Excise	70.85	30.02
(ii) Service tax	6.21	6.74
(iii) Customs	1.36	1.87
(iv) Sales tax	3.32	1.81
(v) Income tax	43.20	21.95
(vi) Others	5.46	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	129.78	81.33
(ii) On factoring arrangements	0.82	1.90
(c) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	232.83	463.70
(d) Other commitments:		
On import of capital goods under Export Promotion Capital Goods Scheme	40.75	45.48

42 CORPORATE SOCIAL RESPONSIBILITY

(a) Gross amount required to be spent during the year is Rs.13.08 crores (last year Rs.9.68 crores)

(b) Amount spent during the year: Rupees in crores

Sl. No.	Particulars	In cash	Yet to be paid in cash	31-03-2018	31-03-2017
1	Construction/acquisition of any asset	-	-	-	-
2	Expenses incurred through trusts	13.43	-	13.43	9.90

43 SEGMENT INFORMATION

Rupees in crores

Year ended 31-03-2018

Particulars	Business Segment				
	Automotive vehicles & parts	Automotive components	Financial Services	Others	Total
Revenue					
External sales - domestic	12,594.13	225.69	746.67	1.39	13,567.88
- exports	3,088.12	-	-	-	3,088.12
Inter segment sales	-	376.25		-	376.25
Total sales	15,682.25	601.94	746.67	1.39	17,032.25
Less: Inter segment sales	-	376.25		-	376.25
Net revenue	15,682.25	225.69	746.67	1.39	16,656.00
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	349.75	17.40	6.45	-	373.60

Year ended 31-03-2017

Particulars	Business Segment			
	Automotive vehicles & parts	Automotive components	Others	Total
Revenue				
External sales - domestic	11,014.20	288.75	7.00	11,309.95
- exports	2,263.94	-	-	2,263.94
Inter segment sales	-	296.68	-	296.68
Total sales	13,278.14	585.43	7.00	13,870.57
Less: Inter segment sales	-	296.68	-	296.68
Net revenue	13,278.14	288.75	7.00	13,573.89
Segment-wise results before interest and tax	690.06	26.95	0.37	717.38
Less: interest	56.22	3.40	-	59.62
Profit before tax	633.84	23.55	0.37	657.76
Less: Tax expenses	138.69	9.87	0.11	148.67
Profit after tax	495.15	13.68	0.26	509.09
Share of profit of Associates	-	-	0.20	0.20
Profit / Loss for the period	495.15	13.68	0.46	509.29
Segment assets	5,657.20	465.50	5.26	6,127.96
Segment liabilities	3,695.69	202.99	4.46	3,903.14
Segment depreciation	301.31	15.51	-	316.82

Notes: The Company and its Indian subsidiaries cater mainly to the needs of the domestic market. There are no reportable geographical segments.

44 ADDITIONAL INFORMATION ON NET ASSETS, SHARE OF PROFITS AND OTHER COMPREHENSIVE INCOME AS AT 31-03-2018

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	33.68%	962.63	101.30%	660.81	144.95%	(2.87)	101.16%	657.94
Subsidiaries - Indian								
Sundaram Auto Components Limited	6.95%	198.59	2.76%	17.99	188.89%	(3.74)	2.19%	14.25
TVS Motor Services Limited	36.53%	1,044.09	6.90%	45.04	20.20%	(0.40)	6.86%	44.64
TVS Housing Limited	0.03%	0.85	0.01%	0.05	0.00%	-	0.01%	0.05
Subsidiaries - Foreign								
TVS Motor (Singapore) Pte Limited	0.23%	6.50	-0.86%	(5.63)	-5.05%	0.10	-0.85%	(5.53)
TVS Motor Company Europe B.V.	0.08%	2.27	-0.07%	(0.47)	0.00%	-	-0.07%	(0.47)
PT. TVS Motor Company Indonesia	4.83%	138.14	-7.72%	(50.34)	-81.31%	1.61	-7.49%	(48.73)
Sundaram Holding USA Inc.	6.90%	197.15	-0.50%	(3.24)	-163.64%	3.24	0.00%	-
Non-controlling Interest in all subsidiaries	6.34%	181.08	-1.91%	-12.43	4.04%	0.08	-1.90%	(12.35)
Associates - Indian								
(Investment as per the equity method)								
Emerald Haven Realty Limited	4.43%	126.98	0.09%	0.57	0.00%	-	0.09%	0.57
Total	100.00%	2,858.28	100.00%	652.35	100.00%	(1.98)	100.00%	650.37

45 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 subsidiaries' transactions from the date they became subsidiary. Previous year's figures do not include transactions pertaining to the above subsidiaries.

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

Place : Chennai
Date : 16th May 2018

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner (M. No.: 34319)

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 to be presented with amounts (Rupees in crores)

S.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	01-04-2017 to 31-03-2018	01-04-2017 to 31-03-2018	07-09-2017 to 31-03-2018	07-09-2017 to 31-03-2018	07-09-2017 to 31-03-2018	07-09-2017 to 31-03-2018	07-09-2017 to 31-03-2018	07-09-2017 to 31-03-2018	07-09-2017 to 31-03-2018	08-09-2017 to 31-03-2018
3.	Reporting currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
	Closing Exchange rate	-	-	-	-	-	-	-	-	-	-
4.	Share capital	35.93	0.05	5.00	166.89	0.0025	0.0025	0.0025	0.0025	0.0025	12.00
5.	Reserves & Surplus	310.55	0.80	(392.09)	716.56	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.09)
6.	Total assets	610.99	4.43	795.58	6592.27	0.0025	0.0025	0.0025	0.0025	0.0025	12.01
7.	Total Liabilities	610.99	4.43	795.58	6592.27	0.0025	0.0025	0.0025	0.0025	0.0025	12.01
8.	Investments	157.21	-	583.49	12.01	-	-	-	-	-	-
9.	Turnover	1194.92	1.39	-	746.67	-	-	-	-	-	-
10.	Profit before taxation	24.55	0.07	(10.17)	133.04	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.09)
11.	Provision for taxation	7.35	0.02	(3.60)	43.71	-	-	-	-	-	-
12.	Profit after taxation	17.20	0.05	(6.57)	89.33	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.09)
13.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-
14.	% of shareholding	100	100	100	84.94	84.94	84.94	84.94	84.94	84.94	84.94

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 to be presented with amounts (Rupees in crores)

S.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	01-04-2017 to 31-03-2018	01-04-2017 to 31-03-2018	01-04-2017 to 31-03-2018	01-04-2017 to 31-03-2018
3.	Reporting currency	IDR	USD	SGD	USD
	Closing Exchange rate	INR 0.4725 / IDR 100	INR 65.175/USD	INR 49.82/SGD	INR 65.175/USD
4.	Share capital	778.67	126.52	266.48	206.51
5.	Reserves & Surplus	(667.25)	(124.25)	(16.79)	(9.36)
6.	Total assets	360.61	2.41	252.47	220.54
7.	Total Liabilities	360.61	2.41	252.47	220.54
8.	Investments	-	-	245.93	-
9.	Turnover	183.90	-	-	-
10.	Profit before taxation	(50.14)	(0.47)	(5.63)	(3.24)
11.	Provision for taxation	0.20	-	-	-
12.	Profit after taxation	(50.34)	(0.47)	(5.63)	(3.24)
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, Workspace Project 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) Premier Land Holding LLC.
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

S.No	Name of Associate	Emerald Haven Realty Limited
1.	Latest audited Balance Sheet Date	31st Mar 2018
2.	Date on which the Associate was acquired	26-03-2012
3.	Shares of Associate held by the company on the year end	
(i)	No. of shares	11,12,19,512
(ii)	Amount of investment in Associates/Joint Venture	111.22
(iii)	Extent of holding %	48.78
3.	Description of how there is significant influence	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	126.98
6.	Profit / Loss for the year:	
(i)	i. Considered in consolidation	0.57
(ii)	i. Not considered in consolidation	0.60

Note :

1. Associates which are yet to commence operations – Nil.
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

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

Place : Chennai
Date : 16th May 2018

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner (M. No.: 34319)

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TVS Victor

Star City+

TVS Sport
MILEAGE KA BAAP

TVS


J.D.POWER
INDIA CUSTOMER SATISFACTION
TVS
J.D.POWER
J.D.POWER
BEST ECONOMY MOTORCYCLE
J.D.POWER