

# **TVS MOTOR COMPANY LIMITED**

**Annual Report of Subsidiary Companies  
for the year 2020-2021**

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# SUNDARAM AUTO COMPONENTS LIMITED

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## Board of Directors

H. LAKSHMANAN, Chairman  
Dr. LAKSHMI VENU  
C. N. PRASAD  
S. G. MURALI

## Audit Committee

H. LAKSHMANAN, Chairman  
DR. LAKSHMI VENU  
C. N. PRASAD

## Nomination and Remuneration Committee

H. LAKSHMANAN, Chairman  
S. G. MURALI

## Corporate Social Responsibility Committee

H. LAKSHMANAN, Chairman  
Dr. LAKSHMI VENU  
S.G. MURALI

## Chief Executive Officer

RAJESH OOMMEN

## Chief Financial Officer

J. ASHOK CHAKRAVARTHI

## Company Secretary

G. SATHYAN

## Auditors

V. SANKAR AIYAR & CO.,  
Chartered Accountants,  
2 C, Court Chambers,  
35, New Marine lines, Mumbai - 400 020

## Bankers

STATE BANK OF INDIA  
Industrial Finance Branch  
Anna Salai, Chennai 600 002

HDFC BANK LIMITED  
Chennai ITC Centre Branch  
Anna Salai, Chennai 600 002

BNP PARIBAS  
Chennai Branch  
Prince Towers, College road, Chennai 600 006

ICICI BANK LTD  
Cenotaph road,  
Teynampet, Chennai 600 018

## Registered Office:

"Chaitanya",  
No.12, Khader Nawaz Khan Road,  
Nungambakkam Chennai-600006  
E-mail: corpsec@scl.co.in  
Web site: www.sundaramautocomponents.com  
CIN : U29249TN1992PLC051417

## Plant Locations

- 1) Belagondapalli, Hosur 635 114.
- 2) Oragadam, Kancheepuram District 602 105.
- 3) Byathahalli Village, Kadakola Post, Mysore 571 311.
- 4) Bhatian Village, Solan District, Himachal Pradesh 174 101.
- 5) RIICO Chowk, Alwar District, Bhiwadi, Rajasthan 301 019.

# SUNDARAM AUTO COMPONENTS LIMITED

## Directors' Report to the Shareholders

The Directors present the 29th annual report together with the audited financial statements for the year ended 31st March 2021.

### Financial Highlights

Details	(Rs.in crores)	
	Year ended 31.03.2021	Year ended 31.03.2020
Sales and other income (A)	461.26	529.50
Expenses		
Cost of material consumed	307.48	345.83
Purchase of stock in trade	-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	3.75	(1.87)
Employee benefit expenses	75.39	77.78
Finance costs	16.03	15.22
Depreciation and amortisation expense	19.85	22.07
Other expenses	59.26	64.03
Total expenses (B)	481.76	523.06
Profit before tax (A) – (B)	(20.50)	6.44
Less: Income tax expense:		
Current Tax	(0.36)	0.33
Deferred Tax	(6.23)	1.21
Profit after tax from continuing operations	(13.91)	4.90
Profit for the period	(13.91)	4.90
Other Comprehensive income for the period, net of tax	3.22	(5.38)
Total comprehensive income for the period	(10.69)	(0.48)

### Share Capital

The Company's paid-up Equity Share Capital as on 31<sup>st</sup> March 2021 is Rs. 44.57 Cr as compared to Rs. 42.17 Cr in the previous year.

During the year, the board of directors (the board) had allotted 23,95,000 equity shares of Rs.10 each at a premium of Rs.86 per share to TVS Motor Company Limited (TVSM), the holding company, on rights basis on 18<sup>th</sup> May 2020.

### Dividend

Due to loss, the directors do not recommend any dividend for the year under review.

### Industry Performance

#### Production

The Auto Industry produced a total of 22.65 Million vehicles including Passenger Vehicles (PVs), Commercial Vehicles (CVs), Three-Wheelers, Two-Wheelers and Quadricycle during the year under review as against 26.36 Million in the previous year, thereby registering a de-growth of 14.0 % as compared to previous year.

#### Domestic Sales

During the year, the sale of Passenger Vehicles declined by 2.2% over the corresponding previous year. Within the Passenger Vehicles, Cars and Vans sales declined by 9.1% and 17.6% respectively and Utility vehicles sales grew by 12.1% during the year over the corresponding previous year.

The overall Commercial Vehicles segment declined by 20.8% in the year 2020-21 as compared to the corresponding previous year. Medium & Heavy Commercial Vehicles (M & HCVs) declined by 28.4% and Light Commercial Vehicles declined by 17.3% in the financial year 2020-21 over the corresponding previous year.

Three Wheelers sales declined by 66.6% in the financial year 2020-21 over the corresponding previous year. Within the Three Wheelers, Passenger Carrier & Goods Carrier sales registered a de-growth of 74.5% and 26.4% respectively in the financial year 2020-21 over the corresponding previous year.

Two Wheelers sales registered a de-growth at 13.2% in the financial year 2020-21 as compared to the corresponding previous year. Within the Two Wheelers segment, Scooters, Motorcycles and Mopeds declined by 19.5%, 10.7% and 3.1% respectively.

### Exports

In the financial year 2020-21, overall automobile exports declined by 13.1%. Two wheelers, Commercial Vehicles (CVs), Three wheelers and Passenger Vehicles (PVs) segments declined by 6.9%, 16.6%, 21.7% and 38.9% respectively in the financial year 2020-21 over the corresponding previous year.

S.No	Segment	Production			Domestic sales			Export sales		
		2019-20	2020-21	GOLY %	2019-20	2020-21	GOLY %	2019-20	2020-21	GOLY %
1	PVs	34	31	-11%	28	27	-2%	7	4	-39%
2	CVs	8	6	-17%	7	6	-21%	1	1	-17%
3	Three-Wheelers	11	6	-46%	6	2	-66%	5	4	-22%
4	Two-wheelers	210	183	-13%	174	151	-13%	35	33	-7%
<b>Total</b>		<b>263</b>	<b>226</b>	<b>-14%</b>	<b>215</b>	<b>186</b>	<b>-14%</b>	<b>47</b>	<b>41</b>	<b>-13%</b>

UOM : No of units in Lakhs

### Company Performance

Sales of the auto components division of the Company declined from Rs.519.3 Cr in the previous year to Rs.454.7 Cr in the year under review. Decrease in sales is due to market slow down due to Covid-19 pandemic restrictions/lockdowns. The Company has entered into business with various new customers like Royal Enfield, Mahle filters, Toyoda Gosei, Roki Minda, Borgwarner, KEMET, etc.

The Research and Development(R&D) team at the Company has been involved in 'co-design process'. They have designed and developed parts with customers like PSA Avtec, Mobis, Ashok Leyland etc.

During the year, nation-wide lockdown was followed in multiple phases during the first half of the financial year 2020-21. Due to this the sales volumes declined by 43% during H1 FY20-21 compared to corresponding previous year.

After the lockdowns, due to excess global consumption of key raw material ABS (Acrylonitrile butadiene styrene), there was a shortage in supply, which in turn had caused a price raise of 3 times the normal price. Since the price settlements of the company with TVS motors is made with a quarter lag, Company suffered a loss of Rs. 10 Crs during the financial year 2020-21, due to lag in compensation.

The Company had an operational loss of Rs. 4.4 Crs during the year 2020-21.

### Business outlook

GDP growth is expected to be around 9.5% and the inflation (CPI) is expected at 4.5% level during the year 2021-22.

Economic scenario in FY2022 is expected to be slightly optimistic due to lower base in FY2021 Covid-19 Pandemic. The vaccination drive started by the government is expected to bring down the infection rates.

By the end of FY21, second wave of Covid pandemic has started in India. If not controlled by proper measures, the economy will remain pessimistic in FY2022, as the events of FY2021 may repeat again.

The two-wheeler industry was already facing challenge of increase in total ownership cost due to mandatory long term insurance, BS VI implementation, increase in fuel prices, etc. Despite this two-wheeler industry is expected to grow in FY2022 due to lower base set in the previous year, increased export growth and improved availability of finance.

During 2020-21, Passenger vehicle segment was the first segment to rebound back to 2019-20 levels, due to need of personal mobility, crisis effect and improvement in availability of finance. The utility vehicle segment seemed to be a silver lining registering the positive growth for the year 2020-21. During 2021-22, the above drivers will continue and passenger vehicle segment is expected to grow.

Commercial vehicle industry was the worst hit segment in India due to Covid-19 pandemic. LCV segment is expected to grow in FY2022 due to last mile connectivity of e-commerce goods and migration of workforce. M&HCV segment is expected to grow due to infrastructure improvement and increase in industrial output

With the overall growth of the automotive industry coupled with new products planned by the Company for its customers, the Company's overall sales during 2021-22 is expected to grow.

### Audits / awards

The Company subjected to multiple audits by OEMs and customers during the financial year 2020-21

Maruti Center for Excellence (MACE)	:	Post covid preparedness audit was conducted in Hosur plant (Score : 81%)
Borgwarner	:	Customer conducted audit in Hosur plant (Score : 88%)
Delta electronics India	:	Customer conducted audit in Hosur plant (Score : 87%)

# SUNDARAM AUTO COMPONENTS LIMITED

## Financial performance of the Subsidiary

As on the date of the report, the following are the Subsidiaries of the Company:

### Sundaram Holding USA Inc. (SHUI) & its subsidiaries:

The Company along with its holding Company, viz., Sundaram-Clayton Limited has made an investment of 69.40 Mn USD in SHUI a Company established under the applicable provisions of Laws of United States of America. SHUI's wholly owned subsidiaries are:

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

During the year 2020-21, the Company has invested a sum of USD 3 Mn in the ordinary shares of SHUI and holds 68% of the total capital of SHUI as on 31<sup>st</sup> March 2021.

As per Section 129 of the Companies Act, 2013 read with the Companies (Accounts) Amendment Rules, 2014, an intermediate subsidiary is exempted to prepare consolidated financial statements, as its intermediate holding Company viz., TVS Motor Company Limited prepares and files consolidated financial statements with the Registrar of Companies. However, the salient features of the financial statement of the Subsidiaries in Form AOC-I, are annexed as Annexure IV of the Report, in terms of Section 129(3) of the Companies Act 2013 (the Act, 2013) read with Rule 5 of the Companies (Accounts) Rules, 2014.

## Risk Management

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

Risk evaluation and management is an ongoing process. As a process, risks associated with the business are identified and prioritized based on the Company's overall risk appetite, tolerance, strategy, severity and taking into account the current and prospective economic and financial environment.

Despite the rising second wave of active Covid cases, the company remains confident that adverse impact would be lower and bounce back swifter. This outlook of cautious optimism is built upon, on one hand, the company's own supply chain preparedness and on the other, a belief that the administrative responses would far more measured, targeted and widespread vaccination drive to "Break the Chain".

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

## Directors' responsibility statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, the Directors have made the following statement in terms of Section 134 of the Companies Act, 2013 (the Act 2013):

- (a) that in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- (c) that the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2021 on a going concern basis; and
- (e) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Directors

### Independent Directors (IDs)

Mr S Santhanakrishnan, ceased to be an Independent Director on 18<sup>th</sup> February 2021, consequent to the expiry of his term.

### Directors liable to retire by rotation

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

Mr S G Murali and Mr C N Prasad, non-executive and non-independent Directors, have been the longest in office, are liable to retire by rotation and proposed to be appointed at the ensuing Annual General Meeting (AGM).

Both the directors, being eligible, offer their candidature for re-appointment.

The Nomination and Remuneration Committee of Directors at their meeting held on 22<sup>nd</sup> April 2021 recommended the re-appointment of Mr S G Murali and Mr C N Prasad as Directors of the Company.

### Policy on Directors appointment and remuneration of Directors and Key Managerial Personnel

In accordance with Section 178 of the Act 2013, the Nomination and Remuneration Committee has formulated a Nomination & Remuneration Policy (NRC Policy) to ensure that Directors and KMPs are sufficiently remunerated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a Director.

### Nomination and Remuneration Policy

#### Directors:

NRC will recommend the remuneration for executive and non-executive Directors. This will be then approved by the Board and shareholders. The non-executive independent Directors are appointed to the Board of the Company in terms of regulatory requirements.

#### Key Managerial Personnel:

The remuneration of employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company's policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits and performance of each employee.

The Company, while deciding the remuneration package, takes into consideration current employment scenario and remuneration package of the industry.

The annual variable pay of senior executives is linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year.

### Criteria for Board Membership

#### Directors:

The Company will generally consider (i) their relevant experience in Finance/ Law/ Management/ Sales/ Marketing/ Administration/ Research/ Corporate Governance/ Technical Operations or other disciplines related to Company's business, (ii) through possessing the highest personal and professional ethics, integrity and values and (iii) their willingness to devote sufficient time and energy in carrying out their duties and responsibilities.

#### Key Managerial Personnel (KMP)

M/s Rajesh Oommen, Chief Executive Officer, J Ashok Chakravarthi, Chief Financial Officer are the Key Managerial Personnel of the Company as on the date of this Report.

Mr Dinesh R G, resigned as Company Secretary of the Company effective 5<sup>th</sup> April 2021. Consequent to his resignation, Mr G Sathyan, is appointed as Company Secretary effective 22<sup>nd</sup> April 2021.

Hence, the Company is fully complied with the provisions of Section 203 of the Companies Act, 2013.

### Evaluation of the Independent Director and Committees of Directors

In terms of Section 134 of the Act, 2013, the Board reviewed and evaluated Directors and its Committees viz., Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

### Directors

The performance of Directors were assessed against a range of criteria such as contribution to the development of business strategy and performance of the Company, understanding the major risks affecting the Company, clear direction to the management and contribution to the Board cohesion.

The performance evaluation has been done by the entire Board of Directors except the Director concerned being evaluated. The Board noted that the directors have understood the opportunities and risks to the Company's strategy and is supportive of the direction articulated by the management team towards consistent improvement.

### Committees

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

- Audit Committee for overseeing financial reporting and risk minimization;
- Nomination and Remuneration Committee for selecting and remunerating Directors / KMPs;
- Corporate Social Responsibility Committee for overseeing CSR initiatives.

# SUNDARAM AUTO COMPONENTS LIMITED

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

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

## Corporate Governance

### Board Meetings:

During the year under review, the Board met four times on 18<sup>th</sup> May 2020, 23<sup>rd</sup> July 2020, 23<sup>rd</sup> October 2020 and 25<sup>th</sup> January 2021 and the gap between two meetings did not exceed one hundred and twenty days.

### Audit Committee:

In terms of Rule 6 of the Companies (Meeting of Board and its Powers) Rules 2014, the Company is not required to comply with the constitution of Audit Committee with majority of IDs, since the Company is a wholly owned subsidiary of TVSM.

Hence, the Board at its meeting held on 22<sup>nd</sup> April 2021 appointed Mr C N Prasad, NED of the Company as a member of the Committee, since the second term of Mr S Santhanakrishnan, expired on 18<sup>th</sup> February 2021 and ceased to be a director of the Company. The following Directors are the Members of Audit Committee of the Company as on the date of this Report:

1. Mr H Lakshmanan, Chairman
2. Dr. Lakshmi Venu, Non-Executive Non-Independent Director
3. Mr C N Prasad, Non-Executive Non-Independent Director

All Members of the Audit Committee possess requisite qualification and have sound knowledge of finance, accounts, etc.

### Nomination and Remuneration Committee:

In terms of Rule 6 of the Companies (Meeting of Board and its Powers) Rules 2014, the Company is not required to comply with the constitution of Nomination and Remuneration Committee with half of the members shall be IDs, since the Company being a wholly owned subsidiary of TVSM.

Hence, the Board at its meeting held on 22<sup>nd</sup> April 2021 appointed Mr S G Murali, NED of the Company as a member of the Committee, since the second term of Mr S Santhanakrishnan, expired on 18<sup>th</sup> February 2021 and ceased to be a director of the Company. The following Directors are the Members of Nomination and Remuneration Committee of the Company as on the date of this Report:

1. Mr H Lakshmanan, Chairman
2. Dr. Lakshmi Venu, Non-Executive Non-Independent Director
3. Mr S G Murali, Non-Executive Non-Independent Director

### Remuneration criteria to Directors:

The non - executive / independent Director(s) receive remuneration by way of fees for attending meetings of Board or any Committee in which Director(s) is a Member.

### Corporate Social Responsibility Committee (CSR):

In terms of Rule 5 of the Companies (Corporate Social Responsibility) Rules 2014, the Company which is not required to appoint an independent director pursuant to sub-section (4) of section 149 of the Act, shall have its CSR Committee without such director.

The following Directors are the Members of Corporate Social Responsibility Committee of the Company as on the date of this Report:

1. Mr H Lakshmanan, Non-Executive Non-Independent Director.
2. Dr. Lakshmi Venu, Non-Executive Non-Independent Director.
3. Mr S G Murali, Non-Executive Non-Independent Director.

Based on the recommendation of the CSR Committee, the Board has approved the projects / programs to be carried out as CSR activities by Srinivasan Services Trust (SST) by undertaking these programmes / projects, in compliance with the CSR policy of the Company and contributed Rs. 33 lakhs for the financial year 2020-21, towards CSR spending.

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 25 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.

Presently, SST is working in 5,000 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering a population of about 24.50 lakhs and 6.24

lakhs families. SST has focussed on the areas of economic development, health care, education, environment, social and infrastructure actively in 3000 villages. SST will focus on 2000 villages also, so that all the areas are covered in the next 3 years.

The Company is eligible to spend on their ongoing projects / programs, falling within the CSR activities specified under the Act 2013, as mandated by MCA for carrying out its CSR activities.

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

Effective 22<sup>nd</sup> January 2021, as per the Companies (Amendment) Act, 2020, where the amount to be spent by a Company does not exceed Rs. 50 lakhs, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.

## Auditors

### Statutory Auditors:

The Company at its twenty fifth AGM held on 31<sup>st</sup> July 2017 appointed M/s V Sankar Aiyar & Co., Chartered Accountants, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office, for the first term of five consecutive years, from the conclusion of the said AGM, 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 fourth year in the first term of five consecutive years.

The Statutory Auditors will continue to hold office for the 5<sup>th</sup> year in the first term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act 2013 conveying their eligibility for being statutory auditors of the Company for the year 2021-22.

### Secretarial Auditor:

As required under Section 204 of the Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company is required to appoint a Secretarial Auditor for auditing secretarial and related records of the Company and a report received from them is required to be enclosed along with the annual report of the Company.

Accordingly, M/s S Krishnamurthy & Co., Practising Company Secretaries, secretarial auditor of the Company, submitted their report for the year 2019-20.

The Board has re-appointed them as Secretarial Auditor for carrying out the secretarial audit for the financial year 2021-22.

Both the Statutory Auditors Report and Secretarial Audit Report are free from any qualification, reservation or adverse remark or disclaimer, and hence do not warrant any explanation or comments by the Board.

## Statutory Statements

### Deposits

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act 2013, for the year ended 31<sup>st</sup> March 2021.

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

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

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

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

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

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

### Annual Return:

Extract of the Annual Return (Annexure II) in prescribed form is available as Annexure – II to this report and on the Company's website in the following link [www.sundaramautocomponents.com](http://www.sundaramautocomponents.com), in terms of the requirements of Section 134(3)(a) of the Act, 2013 read with the Companies (Accounts) Rules, 2014.

## SUNDARAM AUTO COMPONENTS LIMITED

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### Employee's remuneration:

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

### Details of material related party transactions:

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

### Details of loans / guarantees / investments made:

As regards furnishing the details of loans and guarantees under Section 186 of the Act 2013 for the financial year 2020-21, the Company has not extended any guarantee or loans to other companies during the year under review.

However, please refer note no. 6 to Notes on accounts for the financial year 2020-21, for details of investments made by the Company.

### Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

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

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

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

### **Reporting of fraud**

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

### **Acknowledgement**

The Directors gratefully acknowledge the continued support and co-operation received from TVS Motor Company Limited, the holding Company.

The Directors thank the suppliers, customers and bankers for their continued support and assistance. The Directors also wish to place on record the appreciation of the excellent work done by all the employees of the Company..

For and on behalf of the Board

Place : Chennai  
Date: 22<sup>nd</sup> April 2021

H Lakshmanan  
Chairman

# SUNDARAM AUTO COMPONENTS LIMITED

## Annexure - I

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO (Pursuant to Section 134(3)(m) of the Companies Act, 2013)

#### A. CONSERVATION OF ENERGY

##### 1.1 Measures taken in the year 2020-21

- Wind power as an alternate sourcing of power
  - o Sourcing of wind power for Mysuru plant with capacity of 1.5 MW for a period of 10 years.
- Projects undertaken to reduce energy consumption:
  - o Conversion of diesel to LPG in paint shop at Hosur plant for cost effectiveness.
  - o Implementation of Variable Frequency Drives for injection moulding machines for energy conservation at Hosur plant
  - o Paint plant ASU blower running at slow speed during breaks : 11 L / A

The above measures along with other small projects resulted in an annual savings of Rs. 1.40 Crore.

##### 1.2 Proposed measures for the year 2021-22:

- o Implementing the additional solar power projects within the plant to maximize the power savings.
- o Implementing the Energy Management System (EMS) for effective monitoring and control of power consumption.
- o Proposed servo conversion for injection moulding machines – 6 nos.

The above measures are expected to result in improving the effectiveness energy management and power cost.

##### 2. Steps taken for utilizing alternate sources of energy during the year 2019-20

The Company continued the utilization of the wind energy and solar energy to an extent of 11.5 MW, also balancing the power sourcing with IEX traded power.

##### 3. Capital investment - Energy conservation Equipment:

Nil

#### B. TECHNOLOGY ABSORPTION

- o Implemented blow moulding in Hosur plant for fuel tank which is a new business for SACL. This new product has resulted in a business growth of Rs 4 crores per annum.
- o We have implemented the front finisher part for LCV vehicle weighing 1.3 kgs, which is the biggest part for SACL. For the first time we have painted such a large part. The annum sales for this project is Rs 6 crores.
- o We have achieved 98% dimensions in functionally critically parts such as air bag parts, fuel filter parts by establishing the design and process SOP. This has resulted in growing the business with the customer with annual sales of Rs 38 crores.

#### C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

Total foreign exchange earnings and out go	(Rs. In Cr)
(a) Earnings	-
(b) Out go	32.66

For and on behalf of the Board

Place : Chennai  
Date : 22<sup>nd</sup> April 2021

H Lakshmanan  
Chairman



# SUNDARAM AUTO COMPONENTS LIMITED

## Annexure - II

### Form No. MGT-9 EXTRACT OF ANNUAL RETURN

For the financial year ended 31<sup>st</sup> March 2021

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

#### I. REGISTRATION AND OTHER DETAILS:

- i) CIN : U29249TN1992PLC051417  
 ii) Registration Date : 10.06.1992  
 iii) Name of the Company : Sundaram Auto Components Limited  
 iv) Category / Sub-Category of the Company : Public Limited Company  
 v) Address of the Registered office and contact details : "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai 600006  
 Tel: (044) 2827 22 33  
 Fax : (044) 2825 71 21  
 vi) Whether listed company Yes / No : No  
 vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Not Applicable

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products	NIC Code of the product	% to total turnover of the Company
1.	Plastic Moulded components	2520	100

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Motor Company Limited Address: "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai-600006	L35921TN 1992PLC022845	Holding Company	100%	2(46)
2.	Sundaram Holding USA Inc. Address: 2711, Centerville Road, #400 Wilmington, New Castle – 19808, State of Delaware, USA	NA	Subsidiary	68%	2(87)
3.	Green Hills Land Holding LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary	100 % held by S.No.2	
4.	Component Equipment Leasing LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary		
5.	Sundaram-Clayton LLC Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary		
6.	Premier Land Holding LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary		

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

- (i) Category-wise Share Holding : Not Applicable  
 (ii) Shareholding of Promoters :

S No	Name of the Shareholders (M/s.)	Shareholding at the beginning of the year		Share holding at the end of the year		% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	
1.	TVS Motor Company Limited (Holding Company) and its six nominees	4,21,74,000	100%	4,45,69,000	100%	-
TOTAL		4,21,74,000	100%	4,45,69,000	100%	-

#### (iii) Change in Promoters' Shareholding:

TVS Motor Company Limited (Holding Company) and its six nominees

Particulars	Shareholding as at 1 <sup>st</sup> April 2020		Shareholding as at 31 <sup>st</sup> March 2021	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the year	4,21,74,000	100.00	-	-
Add: Allotment made on 18th May 2020	23,95,000	-	-	-
At the end of the year	-	-	4,45,69,000	100.00

- (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) : **N.A.**

- (v) Shareholding of Directors and Key Managerial Personnel : **Nil**

# SUNDARAM AUTO COMPONENTS LIMITED

## V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and / or Manager: Nil

B. Remuneration to other Directors:

(in Rs)

Sl. No	Particulars of Remuneration	Name of Directors – M/s.				Total Amount
		SSK				
1.	Independent Directors: Fee for attending Board / Committee meetings Commission Others, please specify	50,000				50,000
	<b>Total (A)</b>	<b>50,000</b>				<b>50,000</b>
		HL	Dr.LV	SGM	CNP	Total Amount
2.	Other Non –Executive Directors: Fee for attending Board / Committee meetings Commission Others, please specify	55,000	55,000	25,000	20,000	1,55,000
	<b>Total (B)</b>	55,000	55,000	25,000	20,000	1,55,000
	<b>Total (A) + (B)</b>					<b>2,05,000</b>
<b>Overall Ceiling as per the Act</b>						

SSK - Mr S Santhanakrishnan; HL - Mr H Lakshmanan; Dr. LV - Dr. Lakshmi Venu; CNP - Mr C N Prasad; SGM - Mr S G Murali;

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs. In lakhs)

S.No	Particulars of Remuneration	CEO	CFO	CS	Total
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	84.09	31.72	-	115.81
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others	-	-	-	-
5.	Others	-	-	-	-
<b>Total</b>		<b>84.09</b>	<b>31.72</b>	<b>-</b>	<b>115.81</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board

Place : Chennai  
Date : 22<sup>nd</sup> April 2021

H Lakshmanan  
Chairman

# SUNDARAM AUTO COMPONENTS LIMITED

## Annexure - IV

FORM No. AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

### Part "A": Subsidiaries

#### Statement containing salient features of the financial statement of subsidiaries :-

S.No	Name of the subsidiary	Sundaram Holding USA Inc.,
	Date on which subsidiary was acquired	9 <sup>th</sup> September 2015
	Reporting period	1 <sup>st</sup> April 2020 to 31 <sup>st</sup> March 2021
	Reporting currency	USD
	Closing Exchange rate	INR 73.11/USD
	Share capital	471.91
	Reserves & Surplus	12.86
	Total assets	782.71
	Total Liabilities	782.71
	Investments	-
	Turnover	3.43
	Profit before taxation	(4.05)
	Provision for taxation	-
	Profit after taxation	(4.05)
	Proposed Dividend	-
	% of shareholding	67.72%

Note:

1. The figures of Sundaram Holding USA Inc includes the consolidation of its subsidiaries viz., Green Hills Land Holding LLC, Components Equipment Leasing LLC, Sundaram Clayton USA LLC (Formerly Known as Workspace Project LLC) and Premier Land Holding LLC.
2. Subsidiaries which are yet to commence operations - Premier Land Holding LLC
3. Subsidiaries which have been liquidated or sold during the year – Nil.

H Lakshmanan  
Chairman

C N Prasad  
Director

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

Rajesh Oommen  
Chief Executive Officer

J Ashok Chakravarthi  
Chief Financial Officer

G Sathyan  
Company Secretary

S. Venkataraman  
Partner  
Membership No. 023116

Place: Chennai  
Date: 22<sup>nd</sup> April 2021

# SUNDARAM AUTO COMPONENTS LIMITED

## Annexure - V

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

1. Brief outline on CSR Policy of the Company

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

2. Composition of CSR Committee:

	Name of the Director (M/s.)	Designation	Status
1.	H Lakshmanan	Non Independent Director	Chairman
2.	Dr. Lakshmi Venu	Non Independent Director	Member
3.	S G Murali	Non Independent Director	Member

3.	Web-link where Composition of CSR committee, Policy and Projects approved by the board are disclosed on the website of the company	<a href="https://www.sundaramautocomponents.com/investor.html">https://www.sundaramautocomponents.com/investor.html</a>			
4.	Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).	Not Applicable			
5.	Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any	Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
		Not applicable			
6.	Average net profit of the company as per section 135(5).	Rs. 16.05 Cr			
7.	(a) Two percent of average net profit of the company as per section 135(5)	Rs. 0.33 Cr			
	(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	NIL			
	(c) Amount required to be set off for the financial year, if any	NIL			
	(d) Total CSR obligation for the financial year (7a+7b- 7c).	Rs. 0.33 Cr			
8 (a)	CSR amount spent or unspent for the financial year:				

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
0.35 Cr	NA	NA	NA	NA	NA

8 (b)	Details of CSR amount <b>spent against ongoing projects</b> for the financial year: - Not Applicable	
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8 (c)	Details of CSR amount <b>spent against other than ongoing projects</b> for the financial year:	
	Name of the Project.	Economic Development, Education, Environment, Health, Infrastructure & Water Conservation.
	Item from the list of activities in Schedule VII to the Act.	<ul style="list-style-type: none"> <li>Eradicate poverty, promoting preventive healthcare and sanitation and making available safe drinking water;</li> <li>Promotion of Education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects;</li> <li>Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups;</li> <li>ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water;</li> <li>Rural development projects</li> </ul>
	Local area (Yes / No).	Yes
	Location of the project (State / District)	- Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi, Dharmapuri, Nagapattinam, Trichy, Tiruvallur districts - Karnataka : Mysore, Bangalore Rural, and Chamrajnagar districts - Himachal Pradesh : Solan district - Maharashtra - Pune district – Shirur Block - Venkatagiri – Nellore district-
	Amount spent for the project (in Rs.).	Rs. 1994.50 Lakhs includes Rs. 35 Lakhs
	Mode of Implementation – Direct (Yes / No)	No
	Name of the Implementing Agency	<b>Srinivasan Services Trust</b> Jayalakshmi Estates, No. 29, Haddows Road Chennai - 600 006 Tamil Nadu Phone No: 044-28332115 Mail ID: <a href="mailto:swaran@tvssst.org">swaran@tvssst.org</a>
	CSR Registration No.	CSR00001508.

8 (d)	Amount spent on Impact Assessment, if applicable	Not Applicable
8 (e)	Amount spent on Impact Assessment, if applicable	
8 (f)	Total amount spent for the Financial Year (8b+8c+8d+8e)	

8 (g)	Excess amount for set off, if any – Nil
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Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Rs. 0.33 Cr
(ii)	Total amount spent for the Financial Year	Rs. 0.35 Cr
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Rs. 0.02 Cr
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Rs. 0.02 Cr

# SUNDARAM AUTO COMPONENTS LIMITED

9(a)	Details of Unspent CSR amount for the preceding three financial years: (In Rs.)						
Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years.
				Name of the Fund	Amount	Date of transfer.	
Not Applicable							
9 (b)	Details of CSR amount spent in the financial year for <b>ongoing projects</b> of the preceding financial year(s) : - Not Applicable						
10	In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year; <b>(asset-wise details)</b> .						
	(a)	Date of creation or acquisition of the capital asset(s).		Not Applicable			
	(b)	Amount of CSR spent for creation or acquisition of capital asset					
	(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc					
	(d)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc					
11	Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).						Not Applicable

For and on behalf of the Board

Place : Chennai  
Date : 22<sup>nd</sup> April 2021

H Lakshmanan  
Chairman CSR Committee

## Annexure - VI

### FORM No. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

NIL

2. Details of material contract, arrangement or transaction at arm's length basis:

- (a) Name of the related party TVS Motor Company Limited  
 (b) Nature of relationship Holding Company  
 (c) Duration of the contracts/ arrangements/ transactions 2020-21  
 (d) Date (s) of approval by the Board, if any: 23<sup>rd</sup> January 2019

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	Plastic Components and Dies & Moulds	Mark-up on cost of raw materials and conversion cost	238.79
Rendering of Services	Share of cost of Salary, training expenses, rent, sharing of common expenses	At cost	0.00
Availing of Services	Sharing of Common exps etc. & Canteen recovery and Rent on Mysore Plant	At cost	0.64

For and on behalf of the Board

Place : Chennai  
Date : 22<sup>nd</sup> April 2021

H Lakshmanan  
Chairman

**Form No. MR-3**

**Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2021**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members,  
Sundaram Auto Components Limited, [CIN:U29249TN1992PLC051417]  
"Chaitanya" No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai 600 006

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by SUNDARAM AUTO COMPONENTS LIMITED ('the Company') during the financial year from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021 ('the year' / 'audit period' / 'period under review').

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

We are issuing this report based on:

- (i) Our examination / verification of the books, papers, minute books and other records maintained by the Company and furnished to us in electronic form, forms and returns filed, and compliance related action taken by the Company during the year as well as after 31<sup>st</sup> March 2021 but before the issue of this report;
- (ii) Compliance certificate confirming compliance with all laws applicable to the Company given by the Chief Executive Officer of the Company and taken on record by the Board of Directors; and
- (iii) The representations made/given and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

In our opinion, during the audit period covering the financial year ended on 31<sup>st</sup> March 2021, the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place, to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with Annexure –A.

**1. Compliance with specific statutory provisions**

**We report that:**

- 1.1 We have examined the books, papers, minute books and other records maintained by the Company and furnished to us in electronic form for our verification, the forms, returns, reports, disclosures and information filed / submitted during the year, according to the applicable provisions of:
  - (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
  - (ii) Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), being a material unlisted Indian subsidiary of M/s. TVS Motor Company Limited;
  - (iii) Regulation 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (PIT), being a material subsidiary of M/s. TVS Motor Company Limited;
  - (iv) Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder, hereinafter referred to as FEMA.
  - (v) Mandatorily applicable Secretarial Standards, namely Secretarial Standards (SS-1) on "Meetings of the Board of Directors", Secretarial Standards (SS-2) on "General Meetings", issued by The Institute of Company Secretaries of India (Secretarial Standards).
- 1.2 During the period under review, and also considering the compliance related action taken by the Company after 31<sup>st</sup> March 2021 but before the issue of this report, the Company, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us, has generally complied with:
  - (i) The applicable provisions of the Act and the Rules, mentioned in paragraph 1.1 (i) above;
  - (ii) Regulation 24A of LODR and Regulation 9 of PIT, mentioned in paragraph 1.1 (ii) and above;
  - (iii) The applicable rules and regulations under FEMA mentioned in paragraph 1.1 (iv) above with respect to Overseas Direct Investments (ODI) and External Commercial Borrowings (ECB); and
  - (iv) The mandatorily applicable Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) referred to in paragraph 1.1 (v) above.
- 1.3 We are informed that, during/ in respect of the year:
  - (i) The Company, and also in view of non-arising of certain events, was not required to comply with the following laws/ rules/ regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:
    - (a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder, with respect to Foreign Direct Investment;
    - (b) Securities Contracts (Regulation) Act, 1956, and the rules made thereunder;
    - (c) Depositories Act, 1996, and the Regulations and bye-laws framed thereunder;
    - (d) Regulations prescribed under the Securities and Exchange Board of India Act, 1992, except Regulation 24A of LODR and Regulation 9 of PIT; and
    - (e) Listing agreements with stock exchanges.

- (ii) There was no other law that was specifically applicable to the Company, considering the nature of its business. Hence, the requirement to report on compliance with specific laws under paragraphs 1.1 and 1.2 above did not arise.
- (iii) Since the Company is not a material subsidiary of M/s. TVS Motor Company Limited in terms of Regulation 24(1) of LODR, it was not required to appoint an Independent Director of the holding company as a Director.
- (iv) Since the Company is a wholly owned Indian subsidiary of M/s. TVS Motor Company Limited, it is not required, under the Act, to:
  - (a) Constitute an Audit Committee of the Board of Directors;
  - (b) Constitute a Nomination and Remuneration Committee of the Board of Directors; and
  - (c) Appoint Independent Directors on the Board of Directors.

**2. Board processes**

**We further report that:**

**2.1 Board constitution and balance**

- (i) As on 31<sup>st</sup> March 2021, the Board of Directors of the Company is duly constituted and consists of four Non Executive Directors including One Woman Director. The Company does not have an Executive Director but has a Chief Executive Officer in terms of Section 203(1)(i) of the Act.
- (ii) Re-appointment of Mr. H Lakshmanan (DIN: 00057973) and Dr. Lakshmi Venu (DIN: 02702020), directors who retired by rotation at the 28<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> July 2020, were carried out in compliance with the applicable provisions of the Act and the Rules made thereunder.
- (iii) The tenure of Mr. S Santhanakrishnan (DIN: 00005069) as an Independent Director came to an end on 18<sup>th</sup> February 2021. We are informed that, in view of there being no requirement to appoint an Independent Director, no appointment has been made in the place vacated by him.
- (iv) The Company has an Audit Committee as well a Nomination and Remuneration Committee. As on 31<sup>st</sup> March 2021, both the Committees have Non-Independent Directors as members and the Chairman of the Board of Directors as their Chairman.

**2.2 Board meetings**

- (i) Adequate notice was given to all the directors to plan their schedule for all the Board Meetings. Notices of Board meetings were sent atleast 7 (seven) days in advance, except in cases of meetings convened at a shorter notice.
  - (ii) Agenda and detailed notes on agenda were sent atleast 7 (seven) days before all the Board meetings, except in case of some meetings. Agenda notes in respect of additional subjects and supplementary agenda notes and annexures in respect of some of the agenda items were either circulated separately or at the meeting.
- 2.3 We are informed that a system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

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

- (i) Majority decisions were carried through; and
- (ii) No dissenting views were expressed by any director on any of the subject matters discussed, that were required to be captured and recorded as part of the Minutes.

**3. Compliance mechanism**

**We further report that:**

3.1 The Company has reasonably adequate systems and processes, commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules and regulations.

**4. Specific events /actions**

**We further report that:**

- 4.1 During the audit period, the following specific events and actions having a major bearing on the Company's affairs took place in pursuance of the above referred laws, rules, regulations and standards:
  - (i) Allotment of 23,95,000 equity shares at a price of Rs.96/- per equity share by way of rights issue was made on 18<sup>th</sup> May 2020 to its holding Company M/s. TVS Motor Company Limited.

For S. Krishnamurthy & Co  
Company Secretaries

K. Sriram,  
Partner

Date : 22<sup>nd</sup> April 2021  
Place : Chennai

Membership No.F6312  
Certificate of Practice No: 2215

Note: M/s. S Krishnamurthy & Co., Company Secretaries, holds Peer Review Certificate No. 739/ 2020 dated 28th May 2020, issued by the Institute of Company Secretaries of India, which is valid for 5 years from the date of issue.

# SUNDARAM AUTO COMPONENTS LIMITED

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## Annexure - A to Secretarial Audit Report of even date

To,

The Members,  
Sundaram Auto Components Limited, [CIN:U29249TN1992PLC051417]  
"Chaitanya" No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai 600 006

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31<sup>st</sup> March 2021 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2021 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 verified only the documents shared by the Company in electronic mode due to the lockdown ordered by the Central Government and various State Governments.
7. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company, as they are subject to audit by the Auditors of the Company appointed under Section 139 of the Act.
8. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
9. 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

Date : 22<sup>nd</sup> April 2021  
Place : Chennai

Membership No.F6312  
Certificate of Practice No: 2215

# SUNDARAM AUTO COMPONENTS LIMITED

## Independent Auditors' Report to the members of Sundaram Auto Components Limited, Chennai for the year ended 31<sup>st</sup> March 2021

To the Members of SUNDARAM AUTO COMPONENTS LIMITED

### REPORT ON THE AUDIT OF THE STAND-ALONE FINANCIAL STATEMENTS

#### Opinion

We have audited the standalone financial statements of Sundaram Auto Components Limited ("the Company"), which comprise the standalone balance sheet as at 31<sup>st</sup> March 2021, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the stand-alone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, loss, Other total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

#### Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Stand-alone financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the stand-alone financial statements

as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid stand-alone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2021 from being appointed as a director in terms of Section 164(2) of the Act.



## SUNDARAM AUTO COMPONENTS LIMITED

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note XXX to the standalone financial statements.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act.

In our opinion and according to the information and explanations given to us, the Company has not paid remuneration to its directors during the current year and hence, applicability of the provisions of Section 197 of the Act does not arise. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

UDIN 21023116AAAAHL9384

For V.SANKAR AIYAR & CO.  
Chartered Accountants  
ICAI Regn. No.109208W

S. VENKATARAMAN  
PARTNER  
Membership No.023116

Place: Chennai  
Date: 22<sup>nd</sup> April 2021

### ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT – 31<sup>st</sup> March 2021 (Referred to in our report of even date)

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant and Equipment).
- The company has a regular program of physically verifying all fixed assets at its 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. Based on the information and explanation given to us and on verification of the records of the Company, the Company has physically verified the fixed assets as per their program during the year. No material discrepancies as compared to book records were noticed on such verification.
- 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.
- The inventories have been physically verified by the management during the year. In our opinion the frequency of the physical verification is reasonable, the discrepancies noticed on verification between the physical stocks and the book stocks were not material and have been properly dealt with in the books of accounts.
- 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 Companies Act 2013. Accordingly, the provisions of clauses (iii) (a), (b) & (c) of Para 3 of the Order are not applicable.
- 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 making investments, as applicable. The Company has not granted any loan or provided any guarantee/securities during the year.
- The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.
- According to the information and explanations given to us, in respect of the class of industry the company falls under, the Central Government has not specified the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of clause (vi) of the Order are not applicable to the Company.
- (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 Services Tax, Customs duty and Cess and other material statutory dues as applicable to the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Customs duty and Cess and other material statutory dues were in arrears as at 31<sup>st</sup> March 2021 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, there are no dues of Income-Tax, Customs Duty, Sales Tax, Service Tax, Goods and Services Tax, Value added Tax and Cess which have not been deposited on account of any dispute as at 31<sup>st</sup> March 2021 other than the following on account of dispute as given below.

Name of the statute/ (Nature of dues)	Period of Due	Rs. In Crores	Forum where dispute is pending
Goods and Services Tax 2017	July 17 to September 18	2.82	Writ petition filed in High Court of Andhra Pradesh
Income Tax Act, 1961	FY 2008-09 to FY 2017-18	1.63	Assessing Officer and CIT(A)

- 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 Banks/ Financial Institutions/Government. The company has not raised any monies against issue of debentures.
- In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been applied for the purpose to which they were obtained. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year.
- 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 and the representations obtained from the management, we report that no material fraud by the Company and on the company by its officers or employees has been noticed or reported during the year.
- In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred under section 197 read with Schedule V to the Act and hence reporting under clause (xi) of Para 3 of the Order is not applicable.
- The Company is not a Nidhi Company and hence reporting under clause (xii) of Para 3 of the Order is not applicable.
- In our opinion and according to the information and explanations given to us, based on verification of the records and approvals of the Audit Committee, the Company is in compliance with Section 177 and Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- During the year the Company has made preferential allotment of equity shares and the requirements of Section 42 of the Act have been complied with. Further, the amounts raised have been used for the purpose for which the funds were raised. The company has not made any private placement of shares or fully or partly convertible debentures during the year.
- 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.
- The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

UDIN 21023116AAAAHL9384

For V.SANKAR AIYAR & CO.  
Chartered Accountants  
ICAI Regn. No.109208W

S. VENKATARAMAN  
PARTNER  
Membership No.023116

Place: Chennai  
Date: 22<sup>nd</sup> April 2021

# SUNDARAM AUTO COMPONENTS LIMITED

## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT – 31<sup>st</sup> March 2021 (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 Sundaram Auto Components Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Managements Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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, 2021, 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.

UDIN 21023116AAAAHL9384

For V.SANKAR AIYAR & CO.  
Chartered Accountants  
ICAI Regn. No.109208W

Place: Chennai  
Date: 22<sup>nd</sup> April 2021

S. VENKATARAMAN  
PARTNER  
Membership No.023116

# SUNDARAM AUTO COMPONENTS LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2021

		Rupees in crores	
	Notes	As at March 31, 2021	As at March 31, 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2 (a)	216.01	230.05
Right of use of Assets	2 (b)	12.27	17.83
Capital work in progress	3	10.10	9.87
Goodwill	4	2.20	2.20
Other intangible assets	4	-	0.09
<b>Financial assets</b>			
i. Investments	5	320.52	297.42
ii. Other financial assets	6	0.33	0.52
Other non-current assets	7	13.79	36.61
<b>Total non-current assets</b>		<b>575.22</b>	<b>594.59</b>
<b>Current assets</b>			
Inventories	8	32.94	29.14
<b>Financial assets</b>			
i. Trade receivables	9	83.36	60.92
ii. Cash and cash equivalents	10	1.90	1.27
iii. Other financial assets	11	-	1.49
Other current assets	12	35.89	31.61
<b>Total current assets</b>		<b>154.09</b>	<b>124.43</b>
<b>Total Assets</b>		<b>729.31</b>	<b>719.02</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	13	44.57	42.17
Other equity	14	374.24	362.90
<b>Total equity</b>		<b>418.81</b>	<b>405.07</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	15 (a)	69.54	120.79
(ii) Lease liabilities	15 (b)	1.45	1.60
Provision - Employee benefit obligations	16	3.03	3.80
Deferred tax liabilities (Net)	17	10.74	16.79
Other Non current liabilities		12.65	20.15
<b>Total non-current liabilities</b>		<b>97.41</b>	<b>163.13</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
i. Borrowings	18	49.89	48.35
ii. Trade payables	19		
a. Total outstanding dues of Micro and Small enterprises		5.25	4.87
b. Total outstanding dues of other than (ii) a above		67.78	48.54
iii. Lease liability	15 (b)	0.15	0.38
iv. Other financial liabilities	20	48.23	21.52
Other current liabilities	21	40.59	25.97
Provision - Employee benefit obligations	16	1.20	1.19
<b>Total current liabilities</b>		<b>213.09</b>	<b>150.82</b>
<b>Total liabilities</b>		<b>310.50</b>	<b>313.95</b>
<b>Total equity and liabilities</b>		<b>729.31</b>	<b>719.02</b>
<b>Significant Accounting Policies</b>	1		
<b>(See accompanying notes to the financial statements)</b>			

H Lakshmanan  
Chairman

C N Prasad  
Director

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

Rajesh Oommen  
Chief Executive Officer

J Ashok Chakravarthi  
Chief Financial Officer

G Sathyan  
Company Secretary

S. Venkataraman  
Partner  
Membership No. 023116

Place: Chennai  
Date: 22-04-2021

# SUNDARAM AUTO COMPONENTS LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2021

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Rupees in crores			
<b>Income</b>			
Revenue from operations	23	459.53	525.74
Other income	24	3.16	3.76
<b>Total income</b>		<b>462.69</b>	<b>529.50</b>
<b>Expenses</b>			
Cost of material consumed	25	307.48	345.83
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	25	3.75	(1.87)
Employee benefit expenses	26	69.22	77.78
Finance costs	27	16.01	15.22
Depreciation and amortisation expense	2 & 4	19.85	22.07
Other expenses	28	56.10	64.03
<b>Total expenses</b>		<b>472.41</b>	<b>523.06</b>
<b>Profit/ (Loss) before exceptional items</b>		<b>(9.72)</b>	<b>6.44</b>
Exceptional items - Gain / (Loss)		(9.36)	-
<b>Profit/(Loss) before tax</b>		<b>(19.08)</b>	<b>6.44</b>
Income tax expense			
Current tax	29	(0.36)	0.33
Deferred tax	29	(6.23)	1.21
<b>Profit/(Loss) for the year</b>		<b>(12.49)</b>	<b>4.90</b>
<b>Other comprehensive income</b>			
<i>A. Items that will not be reclassified to profit or loss</i>			
Remeasurement of post employment benefit obligations arising on account of actuarial losses		1.25	(1.47)
Change in fair value of equity instruments		0.23	(0.33)
Income tax relating to these items		0.45	(0.67)
<i>B. Items that will be reclassified to profit or loss</i>			
Fair value changes on cash flow hedges		1.94	(4.11)
Income tax relating to these items		(0.63)	1.19
<b>Other comprehensive income for the year, net of tax</b>		<b>3.23</b>	<b>(5.38)</b>
<b>Total comprehensive income for the period</b>		<b>(9.26)</b>	<b>(0.48)</b>
<b>Earnings per equity share of Rs. 10 each fully paid up</b>	35		
Basic and Diluted earnings per share (in Rupees)		(2.84)	1.27
<b>Significant Accounting Policies</b> (See accompanying notes to the financial statements)	1		

H Lakshmanan  
Chairman

C N Prasad  
Director

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

Rajesh Oommen  
Chief Executive Officer

J Ashok Chakravarthi  
Chief Financial Officer

G Sathyan  
Company Secretary

S. Venkataraman  
Partner  
Membership No. 023116

Place: Chennai  
Date: 22-04-2021

# SUNDARAM AUTO COMPONENTS LIMITED

## Cash Flow Statement

Rupees in crores

Details	Year Ended March 31,2021	Year Ended March 31,2020
<b>Profit before tax</b>	(19.08)	6.44
<b>Adjustments for</b>		
Depreciation and amortisation expense	19.85	22.07
Prov. for doubtful debt	0.15	0.15
Loss on cancellation of land lease	3.17	-
Loss on sale of fixed assets	0.01	-
(Gain) on disposal of property, plant and equipment	-	(0.03)
Employee provisions	0.99	1.16
Interest income	(0.37)	(0.20)
Share of profit from LLP	(2.71)	(2.60)
Impact of fair valuation of financial liability	0.16	(3.37)
Finance costs	16.01	15.22
	<u>37.26</u>	<u>32.40</u>
<b>Operating profit before working capital changes</b>	<b>18.18</b>	<b>38.84</b>
<b>Change in operating assets and liabilities</b>		
(Increase) / Decrease in trade receivables	(22.59)	15.73
(Increase) / Decrease in Inventories	(3.80)	(4.00)
(Increase) / Decrease in other financial assets	0.19	-
(Increase) / Decrease in other non-current assets	1.45	(1.05)
(Increase) / Decrease in other current assets	(3.92)	3.47
Increase / (Decrease) in trade payables	19.62	(7.67)
Increase / (Decrease) in other current liabilities	7.12	4.46
	<u>(1.93)</u>	<u>10.94</u>
<b>Cash generated from operations</b>	<b>16.25</b>	<b>49.78</b>
Less: Direct taxes paid (net of Refund)	-	1.42
<b>Net cash inflow from operating activities</b>	<b>16.25</b>	<b>48.36</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(5.19)	(17.24)
Payments for Intangibles	-	(0.01)
Payments for property, plant and equipment - Cwip	(0.23)	(6.17)
Capital Advances Made	0.53	(0.79)
Payments for purchase of investment	-	(0.92)
Investments in subsidiaries	(22.93)	(42.82)
Proceeds from cancellation of land lease	24.60	-
Proceeds from sale of property, plant and equipment	-	0.18
Proceeds from sale of Investment	0.01	-
Share of profit from LLP	2.71	2.60
Interest received	0.37	0.20
<b>Net cash outflow from investing activities</b>	<b>(0.13)</b>	<b>(64.97)</b>

# SUNDARAM AUTO COMPONENTS LIMITED

Details	Year Ended March 31,2021	Year Ended March 31,2020
<b>Cash flows from financing activities</b>		
Interest paid	(15.83)	(14.99)
Dividends & Dividend Tax paid	-	(2.54)
Lease liability paid	(0.36)	(0.71)
Interest on Lease liability	(0.15)	(0.20)
Proceeds from issue of share capital	23.00	59.98
Receipt / (repayment) of Short term loan	29.09	(10.00)
Receipt / (repayment) of Long term loan	(23.69)	(29.21)
<b>Net cash inflow (outflow) from financing activities</b>	<b>12.06</b>	<b>2.33</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>28.18</b>	<b>(14.28)</b>
Cash and cash equivalents at the beginning of the financial year		
Cash and cash equivalents	1.27	1.24
Overdraft utilised	(38.35)	(24.04)
Cash and cash equivalents at end of the year		
Cash and cash equivalents	1.90	1.27
Overdraft utilised	(10.80)	(38.35)

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

Particulars	As at 01-04-2020	Cash flow	Amortization	Foreign exchange movement	As at 31-03-2021
Non current borrowings (including current maturities)	141.59	(23.69)	0.09	(1.32)	116.67
Current borrowings	10.00	29.09	-	-	39.09

H Lakshmanan  
Chairman

C N Prasad  
Director

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

Rajesh Oommen  
Chief Executive Officer

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G Sathyan  
Company Secretary

S. Venkataraman  
Partner  
Membership No. 023116

Place: Chennai  
Date: 22-04-2021

# SUNDARAM AUTO COMPONENTS LIMITED

## Statement of Changes in Equity

Rupees in crores

A. EQUITY SHARE CAPITAL		Total				
As at 01-04-2019		35.93				
Changes in equity share capital		6.24				
As at 31-03-2020		42.17				
Changes in equity share capital		2.40				
As at 31-03-2021		44.57				

  

B. OTHER EQUITY	General Reserve	Securities Premium Reserve	Equity Instruments Fair Value through Other Comprehensive Income	Hedging Reserve	Retained Earnings	Total
<b>Balance as at April 1, 2019</b>	<b>8.30</b>	<b>219.98</b>	<b>(2.36)</b>	<b>(2.25)</b>	<b>88.76</b>	<b>312.43</b>
Adjustment towards lease liability	(0.29)	-	-	-	-	(0.29)
Fair value of pension fund	0.04	-	-	-	-	0.04
Issue of equity shares	-	53.74	-	-	-	53.74
Profit for the period 2019-20	-	-	-	-	4.90	4.90
Other comprehensive income for the year 2019-20	-	-	(0.33)	(2.91)	(2.14)	(5.38)
<b>Sub-total A</b>	<b>8.05</b>	<b>273.72</b>	<b>(2.69)</b>	<b>(5.16)</b>	<b>91.52</b>	<b>365.44</b>
<b>Less : Distribution to shareholders</b>						
2019-20 first and final dividend paid	-	-	-	-	2.11	2.11
Dividend distribution tax paid	-	-	-	-	0.43	0.43
<b>Sub-total B</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.54</b>	<b>2.54</b>
<b>Balance as at March 31, 2020 C = (A - B)</b>	<b>8.05</b>	<b>273.72</b>	<b>(2.69)</b>	<b>(5.16)</b>	<b>88.98</b>	<b>362.90</b>
Issue of equity shares	-	20.60	-	-	-	20.60
Profit for the period 2020-21	-	-	-	-	(12.49)	(12.49)
Other comprehensive income for the year 2020-21	-	-	0.23	1.31	1.69	3.23
<b>Sub-total D</b>	<b>8.05</b>	<b>294.32</b>	<b>(2.46)</b>	<b>(3.85)</b>	<b>78.18</b>	<b>374.24</b>
<b>Less : Distribution to shareholders</b>						
2020-21 first and final dividend paid	-	-	-	-	-	-
Dividend distribution tax paid	-	-	-	-	-	-
<b>Sub-total E</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at March 31, 2021 F = (D - E)</b>	<b>8.05</b>	<b>294.32</b>	<b>(2.46)</b>	<b>(3.85)</b>	<b>78.18</b>	<b>374.24</b>
<b>Nature and purpose of reserves:</b>						
<b>Security premium reserve:</b> This is used to record premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013						
<b>General reserve:</b> This is available for distribution to share holders.						

H Lakshmanan  
Chairman

C N Prasad  
Director

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

Rajesh Oommen  
Chief Executive Officer

J Ashok Chakravarthi  
Chief Financial Officer

G Sathyan  
Company Secretary

S. Venkataraman  
Partner  
Membership No. 023116

Place: Chennai  
Date: 22-04-2021

# SUNDARAM AUTO COMPONENTS LIMITED

## 1. SIGNIFICANT ACCOUNTING POLICIES

### a) Brief description of the Company

Sundaram Auto Components Limited ("the reporting entity" or referred to as "the Company") is a public limited company incorporated and domiciled in India. The registered office is located at Chaitanya, No.12, Khadar Nawaz Khan Road, Nungambakkam Chennai 600 006, Tamil Nadu, India.

The Company manufactures injection moulded plastics components used in automobile industry. The Company has manufacturing plants located at Chennai and Hosur in Tamil Nadu, Mysore in Karnataka, Bhiwadi in Gujarat 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

- i. Estimation of fair value of unlisted securities- Refer Note 33
- ii. Defined benefit obligation - Refer Note 16
- 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 38.
- v. Estimation of useful life of Property, Plant and Equipment – Refer note 1(f) and 1(g)

### e) Revenue recognition

The Company has adopted Ind AS 115 from 1st April, 2018 and opted for modified retrospective application with the cumulative effect of initially applying this standard recognised at the date of initial application. The standard has been applied to all open contracts as on 1st April, 2018, and subsequent contracts with customers from that date.

- i. **Performance obligation:**  
The revenue is recognized on fulfilment of performance obligation.
- ii. **Sale of products:**  
Revenue from sale of products is recognised when the products are delivered to the customer or when delivered to the designated carrier and when risks and rewards of ownership pass to the customers, as per terms of contract.  
Revenue is measured and recognized at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates.
- iii. **Dividend income:**  
Dividend from investments is recognised when the right to receive the same is established.
- iv. **Interest income:**  
Interest income is recognised on time proportion basis, determined by the amount outstanding and the rate applicable.
- v. **Significant judgements:**  
There are no significant judgements made by the Company in determining the timing of satisfaction of performance obligation. It is determined as per the terms of the contract.

### f) Property, Plant and Equipment

Freehold Land is stated at historical cost. All other items of property plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Cost

includes purchase price, taxes and duties, labour cost and directly attributable overhead expenditure incurred upto the date the asset is ready for its intended use. However, cost excludes excise duty, value added tax and service tax, wherever credit of the duty or tax is availed of.

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

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 program 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	30
Material handling equipment	5 to 10
Plant and Equipment	10 to 15
Electrical equipment	3 to 15
Furniture and fixtures	3 to 15
Computers and information systems	3
Office equipment	5 to 15
Mobile phones	2
Vehicles	5

- iii. Tools and dies used for manufacture of components are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 3-5 years.
- iv. Residual values and useful lives are reviewed, and depreciation is accordingly charged, at the end of each reporting period. (Presently, the company retains 5% of the cost of the asset as its residual value other than mobile phone)
- v. On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis from the date of addition / till the date of disposal.
- vi. Depreciation in respect of tangible assets costing less than Rs.5,000/- is provided at 100%.

### h) Intangible assets

#### i) Software and License fee

Intangible assets acquired are recorded at their acquisition cost and are amortised over its useful life, viz., 2 years in the case of software and license fee.

#### ii) Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

### i) Transactions in foreign currencies

- i. Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.
- ii. Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- iii. Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- iv. Exchange differences arising on settlement of transactions are recognised as income or expense in the year in which they arise.

### j) Hedge accounting

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The



# SUNDARAM AUTO COMPONENTS LIMITED

accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 33. Movements in the hedging reserve in shareholders' equity are shown in Statement of Changes in Equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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

When forward contracts are used to hedge forecast transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedging reserve within equity. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

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

## k) Inventories

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

- i. Cost of Raw materials, components, stores, spares, are ascertained on a moving average basis.
- ii. Cost of finished goods and work-in-process comprises of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials held for use in production of finished goods are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving materials, obsolescence, defective inventories are provided in the books if more than one year of age.

## l) Employee benefits

### i) Short term obligations:

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

### ii) Other long-term employee benefit:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore, measured and recognized as the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms

approximating to the terms of the related obligation. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

### iii) Post-employment obligation:

The Company operates the following post-employment schemes:

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

Pension and gratuity obligation:

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

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

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

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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

Provident fund:

The company regularly contributes the amounts due to the Regional Provident Fund Commissioner.

### iv) Bonus plans:

The 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.

### m) 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 company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

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

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

# SUNDARAM AUTO COMPONENTS LIMITED

## n) 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.

## o) Provisions and contingent liabilities

### i) Provisions:

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

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

### ii) Contingent liabilities:

Wherever there is a possible obligation that may, but probably will not require a cash outflow, the same is disclosed as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

## p) Segment reporting

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

## q) Leases

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit 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.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

## r) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

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 impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## s) Cash and Cash equivalents

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

## t) Trade receivables

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

## u) Investments and Other financial assets

### i) Classification

The Company has classified as follows:

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

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

### ii) Measurement – financial assets: -

Initially these are recognized at cost.

In addition to transaction cost attributable to such asset, corresponding effect on fair valuation is recognized in statement of profit and loss.

#### Debt Instruments:

Debt instruments are initially recognized at cost.

Debt instruments which are initially recognized at cost are subsequently measured based on the company's business model for managing the asset and cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

#### Amortised Cost:

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

# SUNDARAM AUTO COMPONENTS LIMITED

## Fair Value through statement of profit and loss:

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

## Equity instruments:

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

Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. 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 subsidiary / associate:

Investment in subsidiary/associate are measured at cost less provision for impairment.

### iii) Impairment of financial assets

The company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment mythology applied depends on whether there has been significant increase in credit risk. Note 31 details how the company determines whether there has been a significant increase in credit risk.

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

### iv) De-recognition of financial assets

A financial asset is derecognised only when:

- the Company has transferred the rights to receive cash flows from the financial asset or
- the Company retains the contractual rights to receive the cash flows of the financial asset, but a contractual obligation exists to pay the such flows to one or more recipients.

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

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

## v) Borrowings

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

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

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

## w) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction, production or erection of a qualifying asset are capitalized if such qualifying asset takes a substantial period of time to get ready for its intended use. Substantial period is determined on a case to case basis depending on the nature of the asset and time involved in putting them on ready for use. Other borrowing costs are expensed in the period in which they are incurred.

## x) Current and Non-current classification

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

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

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

All other assets are classified as non-current.

A liability is treated as current when:

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

All other liabilities are classified as non-current.

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

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

## y) Business Combinations:

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a business comprises the

- Fair values of the assets acquired;
- Liabilities incurred to the former owners of the acquired business;

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, measured initially at their fair values at the acquisition date.

## z) Earnings Per Share:

### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for new equity shares issued during the year (note 35)

### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### (iii) Other Comprehensive Income is not considered for computing earnings per share.

# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

### 2.a. Property, Plant & Equipment

Description	Property, Plant & Equipment							
	Free hold Land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Computers	Vehicles	Total
<b>Gross Carrying Amount</b>								
As at 01-04-2020	5.15	73.23	217.45	8.43	2.56	2.94	0.66	310.42
Additions	-	-	4.05	0.94	-	0.04	0.16	5.19
<b>Sub-total</b>	<b>5.15</b>	<b>73.23</b>	<b>221.50</b>	<b>9.37</b>	<b>2.56</b>	<b>2.98</b>	<b>0.82</b>	<b>315.61</b>
Sales / Deletion	-	-	0.04	-	0.01	0.21	-	0.26
<b>Closing Gross Carrying Amount</b>	<b>5.15</b>	<b>73.23</b>	<b>221.46</b>	<b>9.37</b>	<b>2.55</b>	<b>2.77</b>	<b>0.82</b>	<b>315.35</b>
<b>Accumulated Depreciation</b>								
Upto 31-03-2020	-	9.25	65.91	1.87	0.83	2.19	0.32	80.37
For the year	-	2.74	14.77	0.87	0.37	0.30	0.17	19.22
<b>Sub-total</b>	<b>-</b>	<b>11.99</b>	<b>80.68</b>	<b>2.74</b>	<b>1.20</b>	<b>2.49</b>	<b>0.49</b>	<b>99.59</b>
Withdrawn on assets sold/deleted	-	-	0.04	-	0.01	0.20	-	0.25
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>11.99</b>	<b>80.64</b>	<b>2.74</b>	<b>1.19</b>	<b>2.29</b>	<b>0.49</b>	<b>99.34</b>
<b>Net Carrying Amount</b>								
<b>As at 31-03-2021</b>	<b>5.15</b>	<b>61.24</b>	<b>140.82</b>	<b>6.63</b>	<b>1.36</b>	<b>0.48</b>	<b>0.33</b>	<b>216.01</b>
<b>Gross Carrying Amount</b>								
As at 01-04-2019	12.05	70.69	205.65	6.63	1.94	2.78	0.66	300.40
Additions	-	2.54	11.99	1.91	0.62	0.18	-	17.24
<b>Sub-total</b>	<b>12.05</b>	<b>73.23</b>	<b>217.64</b>	<b>8.54</b>	<b>2.56</b>	<b>2.96</b>	<b>0.66</b>	<b>317.64</b>
Sales / deletion	-	-	0.19	0.11	-	0.02	-	0.32
IND AS 116 Transition	6.90	-	-	-	-	-	-	6.90
<b>Closing Gross Carrying Amount</b>	<b>5.15</b>	<b>73.23</b>	<b>217.45</b>	<b>8.43</b>	<b>2.56</b>	<b>2.94</b>	<b>0.66</b>	<b>310.42</b>
<b>Accumulated Depreciation</b>								
Upto 31-03-2019	-	6.57	49.58	1.20	0.50	1.78	0.18	59.81
For the year	-	2.68	16.46	0.69	0.33	0.41	0.14	20.71
<b>Sub-total</b>	<b>-</b>	<b>9.25</b>	<b>66.04</b>	<b>1.89</b>	<b>0.83</b>	<b>2.19</b>	<b>0.32</b>	<b>80.52</b>
Withdrawn on assets sold/deleted	-	-	0.13	0.02	-	-	-	0.15
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>9.25</b>	<b>65.91</b>	<b>1.87</b>	<b>0.83</b>	<b>2.19</b>	<b>0.32</b>	<b>80.37</b>
<b>Net Carrying Amount</b>								
<b>As at 31-03-2020</b>	<b>5.15</b>	<b>63.98</b>	<b>151.54</b>	<b>6.56</b>	<b>1.73</b>	<b>0.75</b>	<b>0.34</b>	<b>230.05</b>

### 2.b Right of use of assets

Particulars	Land	Building	Plant and Machinery	Total
<b>Gross Block- As at 01-04-2020</b>				
Opening/(On transition to Ind AS 116)	17.73	0.90	0.15	18.78
Additions during the year	-	-	-	-
Deletions during the year	5.17	-	-	5.17
<b>Closing Gross balance as on 31-03-2021</b>	<b>12.56</b>	<b>0.90</b>	<b>0.15</b>	<b>13.61</b>
<b>Accumulated amortisation</b>				
Up to 31.03.2020	0.30	0.51	0.14	0.96
Amortisation for the year FY 2020-21	0.23	0.30	0.01	0.54
<b>Sub-total</b>	<b>0.53</b>	<b>0.81</b>	<b>0.15</b>	<b>1.50</b>
Withdrawn on assets sold/deleted	0.16	-	-	0.16
<b>Closing accumulated depreciation</b>	<b>0.37</b>	<b>0.81</b>	<b>0.15</b>	<b>1.34</b>
<b>Closing Net Balance as on 31st March 2021</b>	<b>12.18</b>	<b>0.09</b>	<b>0.00</b>	<b>12.27</b>
<b>Gross Block- As at 01-04-2019</b>				
Opening/(On transition to Ind AS 116)	17.73	0.90	0.15	18.78
Additions during the year	-	-	-	-
Deletions during the year	-	-	-	-
<b>Closing Gross balance as on 31-03-2020</b>	<b>17.73</b>	<b>0.90</b>	<b>0.15</b>	<b>18.78</b>
Amortisation for the year FY 2019-20	0.30	0.51	0.14	0.95
<b>Closing Net Balance as on 31st March 2020</b>	<b>17.43</b>	<b>0.39</b>	<b>0.01</b>	<b>17.83</b>

The company has generally leased Land, warehouses, equipments and guest houses across the country, the lease period, ranges from 2-99 years, lease terms included for workings is the non-cancellable period and expected lease term.

Company has exercised the option of short term leases and low value asset exemption.

#### Extension and termination options

Extension options has been included only in case of certain offices were it is certain, rest of the assets the term is limited to non-cancellable period

Payment towards low value asset leases - Nil

### 3. Capital Work-In-Progress

Description	As at March 31, 2021	As at March 31, 2020
Capital work in progress ( At cost)		
(a) Building	8.14	5.19
(b) Plant & equipment	1.04	0.98
(c) Pre-operative expense	0.93	3.70
<b>Total</b>	<b>10.10</b>	<b>9.87</b>

Borrowing cost capitalised during the year is Rs.0.54 Crores (last year Rs.1.73 Cr)

# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

### 4. Goodwill & Other Intangible Assets

Description	Intangible Assets		
	Goodwill	Software	Total intangible assets
<b>Gross Carrying Amount</b>			
As at 01-04-2020	2.20	1.47	3.67
Additions	-	-	-
<b>Sub-total</b>	<b>2.20</b>	<b>1.47</b>	<b>3.67</b>
Sales / deletion	-	-	-
<b>Closing Gross Carrying Amount</b>	<b>2.20</b>	<b>1.47</b>	<b>3.67</b>
<b>Accumulated amortisation</b>			
Upto 31-03-2020	-	1.38	1.38
For the year	-	0.09	0.09
<b>Sub-total</b>	<b>-</b>	<b>1.47</b>	<b>1.47</b>
Withdrawn on assets sold/deleted	-	-	-
<b>Closing accumulated amortization</b>	<b>-</b>	<b>1.47</b>	<b>1.47</b>

<b>Net Carrying Amount</b>			
As at 31-03-2021	2.20	-	2.20
<b>Gross Carrying Amount</b>			
As at 01-04-2019	2.20	1.46	3.66
Additions	-	0.01	0.01
<b>Sub-total</b>	<b>2.20</b>	<b>1.47</b>	<b>3.67</b>
Sales / deletion	-	-	-
<b>Closing Gross Carrying Amount</b>	<b>2.20</b>	<b>1.47</b>	<b>3.67</b>
<b>Accumulated amortisation</b>			
Upto 31-03-2019	-	0.97	0.97
For the year	-	0.41	0.41
<b>Sub-total</b>	<b>-</b>	<b>1.38</b>	<b>1.38</b>
Withdrawn on assets sold/deleted	-	-	-
<b>Closing accumulated amortisation</b>	<b>-</b>	<b>1.38</b>	<b>1.38</b>
<b>Net Carrying Amount</b>			
As at 31-03-2020	2.20	0.09	2.29

### 5 Investments

Sl. No.	Name of the body corporate	Subsidiary / associate	No. of shares / units		Face Value in Rs.	Rupees in crores	
			As at 31-03-2021	As at 31-03-2020		As at 31-03-2021	As at 31-03-2020
(1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)
<b>(A)</b>	<b>Investment in Equity Instruments Fair valued through OCI:</b>						
	Unquoted:						
(i)	Green Infra Wind Energy Theni Limited		3,434,477	3,434,477	10	1.59	1.47
(ii)	Atria wind power (chitradurga) P Ltd		80,948	80,948	100	0.41	0.38
<b>(B)</b>	<b>Investment in Equity Instruments valued at Cost:</b>						
	Unquoted:						
(i)	Sundaram Holding USA, Inc., Delaware, USA	Subsidiary	47,000,000	44,000,000	1	317.01	294.09
	<b>Total value of Equity Instruments</b>					<b>319.01</b>	<b>295.94</b>
<b>(C)</b>	<b>Other non-current Investments</b>						
(i)	Life Insurance Corporation Pension Policy, Mumbai					0.44	0.40
(ii)	Mutual Fund - SBI growth fund - Quoted					-	0.01
	<b>Total value of other non- current Investment</b>					<b>0.44</b>	<b>0.41</b>
<b>(D)</b>	<b>Other investments</b>						
	<b>Fair valued through OCI:</b>						
(i)	Harita Accessories LLP					1.07	1.07
	<b>Total value of other investments</b>					<b>1.07</b>	<b>1.07</b>
	<b>Total (A+B+C+D)</b>					<b>320.52</b>	<b>297.42</b>
	Aggregate amount of quoted investments and market value thereof					-	-
	Aggregate amount of unquoted investments					320.52	297.42
	Aggregate amount of impairment in value of investments					-	-
	<b>Total</b>					<b>320.52</b>	<b>297.42</b>

(All Investments are fully paid up)

# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

6 Financial Assets - Others		As at March 31, 2021	As at March 31, 2020	9 Trade receivables		As at March 31, 2021	As at March 31, 2020
<b>Others</b>				Secured, considered good	-	-	
Other deposits		0.33	0.52	Unsecured, considered good	83.74	61.15	
<b>Total other financial assets</b>		<b>0.33</b>	<b>0.52</b>	<b>Total</b>	<b>83.74</b>	<b>61.15</b>	
7 <b>Other non-current assets</b>				Less: Loss allowance	0.38	0.23	
Capital advances*		7.54	28.02	<b>Total</b>	<b>83.36</b>	<b>60.92</b>	
<b>Advances other than capital advances:</b>				10 <b>Cash and cash equivalents</b>			
Electricity Deposit		2.32	3.28	Balances with banks	1.83	1.23	
<b>Other Advances:</b>				Cash on hand	0.07	0.04	
Prepaid Expenses (Refer note 37 (7))		2.11	2.58	<b>Total cash and cash equivalents</b>	<b>1.90</b>	<b>1.27</b>	
IT Recoverable - (Advance income tax net of provision)		1.82	2.73	11 <b>Other financial Assets</b>			
<b>Total other non-current assets</b>		<b>13.79</b>	<b>36.61</b>	Hedge Asset	-	1.49	
*includes an amount of Rs. 6.65 crores towards infrastructure development (PY - Rs. 26.60 crores)				<b>Total other financial assets</b>	<b>-</b>	<b>1.49</b>	
8 <b>Inventories</b>				12 <b>Other current assets</b>			
Raw materials and components		20.52	13.62	GST/IT Receivable	18.19	15.17	
Goods in Transit - - Raw materials and components		1.46	0.67	<b>Other Advances:</b>			
Work-in-process		4.76	8.95	Prepaid expense (Refer note 37 (7))	3.26	3.59	
Finished goods		5.30	4.86	Advance to suppliers	10.90	10.79	
Stores and spares		0.90	1.04	Employee advances	0.24	0.28	
<b>Total Inventories</b>		<b>32.94</b>	<b>29.14</b>	<b>Others</b>			
				Claims and other receivables	3.30	1.78	
				<b>Total other current assets</b>	<b>35.89</b>	<b>31.61</b>	

### 13 SHARE CAPITAL

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

Particulars	As at 31-03-2021		As at 31-03-2020	
	Number	Rs. In Cr	Number	Rs. In Cr
<b>Authorised:</b>				
Equity shares of Rs.10/- each	50,000,000	50.00	50,000,000	50.00
<b>Issued, subscribed and paid up:</b>				
Equity shares of Rs.10/- each	44,569,000	44.57	42,174,000	42.17
<b>Total</b>	<b>44,569,000</b>	<b>44.57</b>	<b>42,174,000</b>	<b>42.17</b>

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

Particulars	As at 31-03-2021		As at 31-03-2020	
	Number	Rs. In Cr	Number	Rs. In Cr
Shares outstanding at the beginning of the year	42,174,000	42.17	35,925,000	35.93
Shares issued during the year	2,395,000	2.40	6,249,000	6.24
<b>Shares outstanding at the end of the year</b>	<b>44,569,000</b>	<b>44.57</b>	<b>42,174,000</b>	<b>42.17</b>

(c) (i) Rights and preferences attached to equity share:  
Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

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

#### (d) Shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of the year

Name of shareholder	Class of share	As at 31-03-2021		As at 31-03-2020	
		No. of shares held	% of holding	No. of shares held	% of holding
TVS Motor Company Limited, Chennai and by its six nominees	Equity	44,569,000	100.00	42,174,000	100.00

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

Name of shareholder	Class of share	As at 31-03-2021		As at 31-03-2020	
		No. of shares held	% of holding	No. of shares held	% of holding
		-		-	

# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

### 14. OTHER EQUITY

PARTICULARS	As at March 31, 20201	As at March 31, 2020
General reserve	8.05	8.05
Securities premium reserve	294.32	273.72
Retained earnings	71.87	81.13
<b>Total</b>	<b>374.24</b>	<b>362.90</b>

### 15.a Long Term Borrowings

Description	Frequency	No. of instalments due	Maturity	As at 31-03-2021	As at 31-03-2020
<b>Secured:</b>					
Term loan from bank- External commercial borrowings (ECB)	Repayable in 6 equal half-yearly instalments USD 14,28,571 starting 30-Sep-2020	7	28- Mar- 2023	41.41	63.94
Term loan from bank-1	Repayable in 12 equal Quarterly instalments INR 2.5 Cr starting June 2020	12	27- June- 2023	22.50	30.00
Term loan from bank-2	Repayable in 12 equal Quarterly instalments INR 0.416 Cr starting June 2020	12	27- June- 2023	3.75	5.00
Term loan from bank -3	Repayable in 12 equal Quarterly instalments INR 2.916 Cr starting June 2020	12	27- June- 2023	26.25	35.00
Term loan from bank-4	Repayable in 4 equal Quarterly instalments INR 1.25 Cr starting Sep 2022	4	27- June- 2023	5.00	5.00
Term loan from bank-4	Repayable in 16 equal Quarterly instalments INR 0.937 Cr starting Sep 2021	16	21- Sep- 2026	15.00	-
Term loan from SIPCOT	Repayable in single instalments INR 5.80Cr on April 2029	1	01- April- 2029	2.63	2.43
Loan from fellow subsidiary	Repayable in 60 equal monthly instalments Rs.92093 starting 07-Aug- 2017 (EMI, Includes interest)	60	07-Jul-2022	0.14	0.22
<b>Total Borrowings :</b>				116.68	141.59
Less : Current Maturities of long-term borrowings (Refer Note No. 20)				47.14	20.80
<b>Total Long-term Borrowings</b>				<b>69.54</b>	<b>120.79</b>
<b>Details of securities created:</b>					
(i) Term loan from banks- External commercial borrowings -Hypothecation of movable fixed assets					
(ii) Term loan from banks -Exclusive charge on land and building and paripasu charge on plant and equipment					
(iii) Term loan from SIPCOT- First charge on the specific plant and equipment					
(iv) Loan from fellow subsidiary- Endorsement in the Registration Certificate (RC) book of the vehicle					
Description	Currency	Amount	Rate of Interest		
Term loan from bank- External commercial borrowings	USD	8.57 Million	3months USD LIBOR + 1.35%		
Term loan from bank-1	INR	30 Crores	7.9% ( Link to 1 year MCLR + 25 basis points )		
Term loan from bank-2	INR	5 Crores	7.9% ( Link to 1 year MCLR + 25 basis points )		
Term loan from bank-3	INR	35 Crores	7.7% ( Link to 1 year MCLR + 25 basis points )		
Term loan from bank-4	INR	5 Crores	7.7% ( Link to 1 year MCLR + 25 basis points )		
Term loan from bank-5	INR	15 Crores	7.9% ( Link to 1 year MCLR + 60 basis points )		
Term loan from SIPCOT	INR	5.80 Crores	0.1% per Annum		
Loan from fellow subsidiary	INR	0.36 Crores	IRR 13.08%		

# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

### 15.b Note related to transition Ind As 116 and Lease liability

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. The comparative information in the financial statements would not be restated and would be presented based on the requirements of the previous standard i.e. Ind AS 17.

In adopting Ind AS 116, the Company has applied the below practical expedients:

- The company applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- The company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 Impairment of assets
- The Company has treated the leases with remaining lease term of less than 12 months as "short term leases"
- The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition
- The company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Effective 1st April 2019, the company has adopted Ind AS 116 "Leases" and applied the Standard to its leases retrospectively and has recognised the effect of the cumulative adjustment (net of taxes) of Rs. 0.29 Crores in the opening balance of retained earnings, on the date of initial application (1st April 2019). Accordingly, comparatives for the period prior has not been restated.

The adoption of the Standard has resulted in recognising "Right-of—Use Asset" of Rs. 2.43 Crores and a corresponding "Lease Liability" of Rs. 2.72 Crores as at the date of initial application.( ie 1st April 2019 )

### Measurement of lease liabilities

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

Particulars	Amount
Operating lease commitments disclosed as at 31 March 2019	5.48
Weighted average incremental borrowing rate as at 1 April 2019	8.20%
Discounted using the lessee's incremental borrowing rate of at the date of initial application	2.18
<b>Add:</b>	
Lease payments relating to renewal periods not included in operating lease commitments as at 31 March 2019	0.55
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	-
Lease liabilities as at 1 April 2019	2.72
Of which are:	
Current lease liabilities	0.73
Non-current lease liabilities	1.98
	<b>2.72</b>
Lease liability recognised as at 31st March 2020	
Of which are:	
Current lease liabilities	0.38
Non-current lease liabilities	1.60
	<b>1.98</b>
Lease liabilities as at 1 April 2020	1.98
Of which are:	
Current lease liabilities	0.38
Non-current lease liabilities	1.60
	<b>1.98</b>
Lease liability recognised as at 31st March 2021	
Of which are:	
Current lease liabilities	0.15
Non-current lease liabilities	1.45
	<b>1.60</b>

### 16. EMPLOYEE BENEFIT OBLIGATIONS

Provisions						
	As at March 31, 2021			As at March 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
Pension	1.09	1.18	2.27	1.09	1.19	2.28
Leave Salary	0.11	1.30	1.41	0.11	1.25	1.35
Gratuity	-	0.55	0.55	-	1.37	1.37
<b>Total employee benefit obligations</b>	<b>1.20</b>	<b>3.03</b>	<b>4.23</b>	<b>1.19</b>	<b>3.80</b>	<b>5.00</b>



# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

Details	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2019</b>									
<b>Opening values</b>	4.34	4.43	0.09	1.42	-	(1.42)	1.03	-	(1.03)
Current service cost	0.69	-	(0.69)	-	-	-	-	-	-
Interest expense/(income)	0.35	0.32	(0.03)	0.13	-	(0.13)	0.08	-	(0.08)
<b>Total amount recognised in profit or loss</b>	<b>1.04</b>	<b>0.32</b>	<b>(0.72)</b>	<b>0.13</b>	<b>-</b>	<b>(0.13)</b>	<b>0.08</b>	<b>-</b>	<b>(0.08)</b>
<i>Remeasurements</i>									
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.03	0.03	-	-	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	0.53	-	(0.53)	0.32	-	(0.32)	0.11	-	(0.11)
Experience (gains)/losses	0.23	-	(0.23)	0.41	-	(0.41)	0.59	-	(0.59)
<b>Total amount recognised in other comprehensive income</b>	<b>0.76</b>	<b>0.03</b>	<b>(0.74)</b>	<b>0.73</b>	<b>-</b>	<b>(0.73)</b>	<b>0.71</b>	<b>-</b>	<b>(0.71)</b>
Employer contributions	-	-	-	-	-	-	-	-	-
Benefit payments	(0.55)	(0.55)	-	-	-	-	(0.46)	-	0.46
<b>March 31, 2020</b>	<b>5.59</b>	<b>4.22</b>	<b>(1.37)</b>	<b>2.28</b>	<b>-</b>	<b>(2.28)</b>	<b>1.35</b>	<b>-</b>	<b>(1.35)</b>

Details	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2020</b>									
<b>Opening values</b>	5.59	4.22	(1.37)	2.28	-	(2.28)	1.35	-	(1.35)
Current service cost	0.69	-	(0.69)	-	-	-	-	-	-
Interest expense/(income)	0.36	0.27	(0.09)	0.15	-	(0.15)	0.10	-	(0.10)
<b>Total amount recognised in profit or loss</b>	<b>1.05</b>	<b>0.27</b>	<b>(0.78)</b>	<b>0.15</b>	<b>-</b>	<b>(0.15)</b>	<b>0.10</b>	<b>-</b>	<b>(0.10)</b>
<i>Remeasurements</i>									
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	(0.18)	-	0.18	(0.02)	-	0.02	(0.04)	-	0.04
Experience (gains)/losses	(0.91)	-	0.91	(0.14)	-	0.14	0.10	-	(0.10)
<b>Total amount recognised in other comprehensive income</b>	<b>(1.09)</b>	<b>-</b>	<b>1.09</b>	<b>(0.16)</b>	<b>-</b>	<b>0.16</b>	<b>0.06</b>	<b>-</b>	<b>(0.06)</b>
Employer contributions	-	0.51	0.51	-	-	-	-	-	-
Benefit payments	(0.46)	0.46	-	-	-	-	(0.10)	-	0.10
<b>March 31, 2021</b>	<b>5.09</b>	<b>5.46</b>	<b>(0.55)</b>	<b>2.27</b>	<b>-</b>	<b>(2.27)</b>	<b>1.41</b>	<b>-</b>	<b>(1.41)</b>

# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

### (i) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave Salary	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Discount rate	6.97%	6.65%	6.63%	7.50%	6.94%	6.64%
Salary growth rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Attrition rate	3.00%	3.00%	0.00%	0.00%	3.00%	3.00%

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 60 years.

### (ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

#### Gratuity

#### Impact on defined benefit obligation

Details	Change in assumption	Increase in assumption	Decrease in assumption
	March 31, 2021	March 31, 2021	March 31, 2021
Discount rate	0.50%	-5.36%	5.85%
Salary growth rate	0.50%	5.90%	-5.46%
Attrition growth rate	5.00%	0.24%	-0.24%
Life expectancy	5.00%	0.02%	-0.02%

#### Pension

#### Impact on defined benefit obligation

Details	Change in assumption		Increase in assumption		Decrease in assumption	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Discount rate	1.00%	1.00%	-15.96%	-16.75%	19.87%	21.02%
Salary growth rate	1.00%	1.00%	20.54%	21.68%	-16.66%	-17.44%
Attrition growth rate	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%
Life expectancy	5.00%	5.00%	-0.72%	-0.73%	0.75%	0.75%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

### (iii) Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility:** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets under perform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

**Changes in bond yield:** A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

**Inflation risks:** In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

**Life expectancy:** The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

### 17 Deferred tax Liability / (Asset)

The balance comprises temporary differences attributable to:

Details	As at March 31, 2021	As at March 31, 2020
Depreciation	24.17	23.01
Provision for employee benefits	(1.64)	(0.72)
Provision for doubtful debts	(0.13)	(0.08)
On Financial Instruments	(1.31)	(1.91)
Unused MAT credit entitlement	(3.51)	(3.51)
Carryforward loss	(6.84)	-
<b>Net deferred tax liability / (Asset)</b>	<b>10.74</b>	<b>16.79</b>

### Movement in deferred tax Liability / (Asset)

Details	Depreciation	Provision for employee benefits	Provision for doubtful debts	Financial Instruments	Unused tax credits (AT credit entitlement)	Carryforward loss	Total
At April 1, 2019	20.95	(1.03)	(0.03)	(0.70)	(3.07)	-	16.11
(Charged)/credited:							
- to profit or loss	2.06	(0.36)	(0.05)	(0.00)	(0.44)	-	1.21
- to other comprehensive income	-	0.67	-	(1.19)	-	-	(0.52)
<b>At March 31, 2020</b>	<b>23.01</b>	<b>(0.72)</b>	<b>(0.08)</b>	<b>(1.90)</b>	<b>(3.51)</b>	<b>-</b>	<b>16.79</b>
(Charged)/credited:							
- to profit or loss	1.16	(0.50)	(0.05)	-	(0.00)	(6.84)	(6.23)
- to other comprehensive income	-	(0.42)	-	0.60	-	-	0.18
<b>At March 31, 2021</b>	<b>24.17</b>	<b>(1.64)</b>	<b>(0.13)</b>	<b>(1.30)</b>	<b>(3.51)</b>	<b>(6.84)</b>	<b>10.74</b>

### 18 Current Liabilities - Borrowings

	As at March 31, 2021	As at March 31, 2020
<b>Term loan from Banks</b>		
<b>Repayable on demand :</b>		
<b>Unsecured:</b>		
- Bank 1 ( Interest @ 6.5%)	9.09	-
- Bank 2 ( Interest @ 7.3%)	10.00	10.00
- Bank 2 ( Interest @ 7.25%)	20.00	-
<b>Secured:</b>		
Cash credit facility - (Interest @ 7.75%)	10.80	38.35
<b>Total Borrowings under Current Liabilities</b>	<b>49.89</b>	<b>48.35</b>

#### Details of securities created for Cash credit facility and repayable demand loan:

Hypothecation of book debts and inventories of the company, both present and future

### 19 Trade payables

	As at March 31, 2021	As at March 31, 2020
Dues to Micro and Small Enterprises **	5.25	4.87
Dues to enterprises other than Micro and Small Enterprises	67.78	48.54
<b>Total trade payables</b>	<b>73.03</b>	<b>53.41</b>

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

### 20 Other financial liabilities

	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
Current Maturities of long term borrowings	47.13	20.80
Interest accrued and due #	0.64	0.72
Hedge liability	0.46	-
<b>Total other current financial liabilities</b>	<b>48.23</b>	<b>21.52</b>

# Funds are made available with banks which have been appropriated subsequently

### 21 Other current liabilities

	As at March 31, 2021	As at March 31, 2020
Advance received from customers	20.74	14.45
<b>Others:</b>		
Statutory dues	15.56	9.04
Employee related	4.29	2.48
<b>Total other current liabilities</b>	<b>40.59</b>	<b>25.97</b>

### 22 Other Non current liabilities

	As at March 31, 2021	As at March 31, 2020
Advance received from customers	12.65	20.15
<b>Total Non current liabilities</b>	<b>12.65</b>	<b>20.15</b>

# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

	Year ended March 31, 2021	Year ended March 31, 2020
<b>23 Revenue from operations</b>		
Sale of components and tools	458.27	521.14
Other operating revenue*	1.26	4.60
<b>Total revenue</b>	<b>459.53</b>	<b>525.74</b>
*Includes Government Grants of Rs. NIL (Previous year Rs.3.37 crores)		
<b>24 Other income</b>		
Interest income	0.37	0.20
Profit on sale of Fixed assets (Net)	-	0.03
Other non-operating income	2.79	3.53
<b>Total other income</b>	<b>3.16</b>	<b>3.76</b>
<b>25 Cost of Materials consumed:</b>		
Opening stock of raw materials and components	13.22	13.22
Add: Purchases	314.78	346.23
	328.00	359.45
Less: Closing stock of raw materials and components	20.52	13.22
<b>Consumption of raw materials and components</b>	<b>307.48</b>	<b>345.83</b>
<b>Changes in inventories of finished goods, work-in-process and Stock-in-trade:</b>		
Opening stock:		
Work-in-process	8.95	6.54
Finished goods	4.86	5.40
(A)	<b>13.81</b>	<b>11.94</b>
Closing stock:		
Work-in-process	4.76	8.95
Finished goods	5.30	4.86
(B)	<b>10.06</b>	<b>13.81</b>
(A)-(B)	<b>3.75</b>	<b>(1.87)</b>
<b>26 Employee benefit expense</b>		
Salaries, wages and bonus	59.08	65.79
Contribution to provident and other funds	2.80	2.70
Welfare expenses	7.34	9.29
<b>Total employee benefit expense</b>	<b>69.22</b>	<b>77.78</b>
<b>27 Finance Costs</b>		
Interest	15.26	14.75
Other borrowing cost	0.60	0.27
Interest on lease liabilities	0.15	0.20
<b>Total finance costs</b>	<b>16.01</b>	<b>15.22</b>

	Year ended March 31, 2021	Year ended March 31, 2020
<b>28 Other expenses</b>		
(a) Consumption of stores, spares and tools	2.60	2.81
(b) Power and fuel	18.06	19.27
(c) Rent	0.75	0.62
(d) Repairs - buildings	2.11	1.50
(e) Repairs - plant and equipment	8.90	10.14
(f) Repairs - Other assets	0.12	0.15
(g) Insurance	1.10	1.51
(h) Rates and taxes	0.56	0.40
(i) Audit fees <sup>†</sup>	0.33	0.24
(j) Packing and freight charges	12.40	14.90
(k) Sitting fees	0.02	0.02
(l) Commission to independent Directors	-	0.04
(m) Loss on sale of fixed assets (Net)	0.01	-
(n) Foreign exchange loss (Net)	0.14	0.10
(o) Amount Spent towards corporate social responsibility	-	0.50
(p) Miscellaneous / Other expenses	9.00	11.83
(under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs. 10 lakh, whichever is higher)		
<b>Total other expenses</b>	<b>56.10</b>	<b>64.03</b>
#Refer Note No:38 (ii) for details on audit fees		

<b>29 Income tax expense</b>		
<b>(a) Income tax expense</b>		
<i>Current tax</i>		
Current tax on profits for the year	-	0.40
adjustments for current tax of prior periods	(0.36)	(0.07)
<b>Total current tax expense</b>	<b>(0.36)</b>	<b>0.33</b>
<i>Deferred tax</i>		
Unused tax (credit) [MAT credit entitlement]	-	(0.40)
Adjustment of unused MAT credit of prior period	-	(0.04)
Decrease (increase) in deferred tax assets	(7.39)	(0.41)
(Decrease) increase in deferred tax liabilities	1.16	2.06
<b>Total deferred tax expense/(benefit)</b>	<b>(6.23)</b>	<b>1.21</b>
<b>Tax expense</b>	<b>(6.59)</b>	<b>1.54</b>
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by Indian tax rate:</b>		
Profit before income tax expense	(9.72)	6.44
Provision for bad debts	0.15	0.15
Ind AS transition adjustment (1/5th)	(0.10)	(0.10)
Amount of income to which provisions of section 10 or 11 or 12 apply, if any such amount is credited to profit and loss	(2.71)	(2.60)
Ind AS current year OCI adjustment	1.25	(1.47)
	<b>(11.13)</b>	<b>2.42</b>
<b>Tax at Indian tax rate of NIL (2019-20 - 21.548%) (Company paid tax under section 115JB (Minimum Alternate Tax) of the Income Tax Act 1961</b>	<b>-</b>	<b>0.40</b>
Tax relating to prior periods	(0.36)	(0.07)
Deferred tax liabilities / (Assets)	(6.23)	1.65
MAT Credit entitlements	-	(0.44)
<b>Tax expense</b>	<b>(6.59)</b>	<b>1.54</b>

# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

	As at / year ended 31-03-2021	As at / year ended 31-03-2020		As at / year ended 31-03-2021	As at / year ended 31-03-2020
<b>30 (a) Related parties and their relationship for the financial year 2020-21</b>			<b>(iii) Issue of Shares (including premium)</b>		
<b><u>Holding company</u></b>			- Holding Company - TVS Motor Company Ltd, Chennai	22.99	59.99
TVS Motor Company Limited, Chennai					
<b><u>Ultimate holding company</u></b>			<b>(iv) Sale of goods</b>		
T V Sundram Iyengar & Sons Limited, Madurai			- Holding Company - TVS Motor Company Ltd, Chennai	238.79	270.63
Sundaram - Clayton Limited, Chennai			- Fellow Subsidiary - Lucas-TVS Limited, Chennai	0.52	1.16
<b><u>Subsidiary</u></b>			<b>(v) Rendering of services</b>		
Sundaram Holding, USA Inc, Delaware, USA			- Ultimate holding company - Sundaram-Clayton Limited, Chennai	5.04	4.15
<b><u>Subsidiaries of subsidiary of reporting entity</u></b>			- Group Member - Emerald Haven Realty Limited, Chennai	-	0.06
Green Hills Land Holding LLC, USA			- Holding company - TVS Motor Company Limited, Chennai	-	0.12
Component Equipment Leasing LLC, USA					
Workspace Project LLC, USA			<b>(vi) Availing of services</b>		
Premier Land Holding LLC, USA			- Holding company - TVS Motor Company Limited, Chennai	0.64	0.79
<b><u>Associate</u></b>			- Ultimate holding company - Sundaram-Clayton Limited, Chennai	4.17	3.42
Brakes India Private Limited, Chennai			- Ultimate holding company - T V Sundaram Iyengar & Sons Private Limited	-	0.07
TVS Logistics Services Limited, Madurai			<b>- Fellow subsidiaries</b>		
Delphi-TVS Diesel System Limited, Chennai			Lucas TVS Limited, Chennai	0.14	0.14
Harita Accessories LLP, Chennai			TVS Electronics Limited, Chennai	0.05	0.08
<b><u>Fellow subsidiaries</u></b>			TVS Credit Services Limited, Chennai	0.11	0.11
Sundaram-Clayton (USA) Limited, USA			Dividend paid - Holding Company - TVS Motor Company Limited, Chennai	-	2.11
Lucas-TVS Limited, Chennai					
TVS Electronics Limited, Chennai			<b>30 (c) Balances with related parties:</b>		
Sundaram Industries Private Limited, Madurai			<b>(vii) Trade receivables</b>		
TVS Motor Services Limited, Chennai			- Holding company - TVS Motor Company Limited, Chennai	6.17	(0.52)
TVS Credit Services Limited, Chennai			- Ultimate holding company - Sundaram-Clayton Ltd, Chennai	0.77	0.63
P.T.TVS Motor Company, Indonesia			<b>- Fellow subsidiaries</b>		
<b><u>Group Member</u></b>			Lucas-TVS Limited, Chennai	0.18	0.15
Emerald Haven Realty Limited, Chennai			<b>(viii) Trade payables</b>		
(Formerly known as Green Earth Homes Limited)			- Holding company - TVS Motor Company Limited, Chennai	0.04	0.05
<b><u>Key Managerial Personnel</u></b>			- Ultimate holding company - Sundaram-Clayton Ltd, Chennai	1.44	0.72
Independent Directors			<b>- Fellow subsidiaries</b>		
Mr. S. Santhanakrishnan			Lucas-TVS Limited, Chennai	0.13	0.15
Non Independent Directors			TVS Credit Services Limited, Chennai	0.13	0.22
Mr. H.Lakshmanan			<b>- Associate</b>		
Dr. Lakshmi Venu			Brakes India Private Limited, Chennai	0.14	0.03
Mr. CN Prasad			<b>(ix) Commission to Key Managerial personnel</b>	-	0.06
Mr. SG Murali					
<b>30 (b) Transactions with related parties:</b>					
<b>(i) Purchase of goods</b>					
Ultimate Holding Company - T V Sundaram Iyengar & Sons Private Limited, Madurai	0.04	0.25			
- Associate - Brakes India Private Limited, Chennai	0.25	0.43			
- Fellow subsidiaries - Lucas TVS	0.02	0.05			
<b>(ii) Purchase of Investment</b>					
- Sundaram Holdings USA Inc., Delaware, USA	22.93	42.82			

# SUNDARAM AUTO COMPONENTS LIMITED

## NOTES TO ACCOUNTS

Rupees in crores

### 31 Financial risk management

The company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity mitigates the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Measurement	Mitigation plan
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps

The company's risk management is carried out by the treasury department under policies approved by the Board of director. Treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### (A) Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to wholesale customers including outstanding receivables.

##### (i) Credit risk management

Credit risk is managed by the entity. For banks and financial institutions, only high rated banks/institutions are accepted.

##### (ii) Provision for expected credit losses

The company provides for expected credit loss based on the following:

#### Year ended 31 March 2021:

##### (a) Expected credit loss for loans, security deposits and investments

Particulars	Category	Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Security Deposits	1	0.33	-	-	0.33
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	NA	NA	NA	NA	NA	NA

##### (b) Expected credit loss for trade receivables under simplified approach

Ageing	Less than 180 days	More than 180 days	Total
Gross carrying amount	83.36	0.38	83.74
Expected loss rate	-	100%	-
Expected credit losses (Loss allowance provision)	-	(0.38)	(0.38)
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>83.36</b>	<b>-</b>	<b>83.36</b>

For other financial assets, The company assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team who assess and maintain an internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

1 : High-quality assets, negligible credit risk

2 : Quality assets, low credit risk

3 : Standard assets, moderate credit risk

4 : Substandard assets, relatively high credit risk

5 : Low quality assets, very high credit risk

6 : Doubtful assets, credit-impaired

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk The company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are included -

- Internal credit rating

- External credit rating (as far as available)

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

- Actual or expected significant changes in the operating results of the borrower

- Significant increase in credit risk on other financial instruments of the same borrower

- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in The company and changes in the operating results of the borrower.

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

# SUNDARAM AUTO COMPONENTS LIMITED

## NOTES TO ACCOUNTS - (continued)

Rupees in crores

Year ended 31 March 2020:

(a) Expected credit loss for loans, security deposits and investments

Particulars	Category	Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Security Deposits	1	0.52	-	-	0.52
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	NA	NA	NA	NA	NA	NA

(b) Expected credit loss for trade receivables under simplified approach

Ageing	Less than 180 days	More than 180 days	Total
Gross carrying amount	60.92	0.23	61.15
Expected loss rate	-	100%	-
Expected credit losses (Loss allowance provision)	-	(0.23)	(0.23)
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>60.92</b>	<b>-</b>	<b>60.92</b>

(iv) Reconciliation of loss allowance provision – Trade receivables

Details	Amount in Crs
Loss allowance on 1 April 2020	0.23
Changes in loss allowance (net)	0.15
<b>Loss allowance on 31 March 2021</b>	<b>0.38</b>

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the entity's treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Details	31 March, 2021	31 March, 2020
<b>Floating rate</b>		
- Expiring within one year (bank overdraft and other facilities)	34.20	6.65

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.

(C) Market risk

(i) Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Details	31 March 2021			31 March 2020		
	USD	EURO	JPY	USD	EURO	JPY
<b>Financial liabilities</b>						
Foreign currency loan	-	-	-	-	-	-
ECB loan from bank	41.41	-	-	63.94	-	-
Trade payables	3.20	-	0.02	0.31	0.04	-
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>44.61</b>	<b>-</b>	<b>0.02</b>	<b>64.25</b>	<b>0.04</b>	<b>-</b>

(ii) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an

understanding of the timing of the cash flows.

Particulars	Maturity	Amount (Rs. Cr.)	
		31-Mar-21	31-Mar-20
Term loan	> than 12 months	69.54	120.79
Short-term borrowings	< than 12 months	49.89	48.35
Trade payables	< than 12 months	73.03	53.41
Consideration payable for purchase of investment property	< than 12 months	-	-
Current maturities of term loan	< than 12 months	47.14	20.80
Interest accrued and due on loans	< than 12 months	0.64	0.72
Payable under hedge instruments	< than 12 months	0.46	-
Employee related	< than 12 months	4.29	2.48
Lease rent	> than 12 months	4.15	4.55

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.

# SUNDARAM AUTO COMPONENTS LIMITED

## NOTES TO ACCOUNTS - (continued)

Rupees in crores

### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Details	Impact on profit	
	31 March 2021	31 March 2020
<i>USD sensitivity</i>		
INR/USD Increases by 5%	0.16	0.16
INR/USD Decreases by 5%	(0.16)	(0.16)
<i>JPY sensitivity</i>		
INR/JPY Increases by 5%	0.00	-
INR/JPY Decreases by 5%	(0.00)	-
<i>Euro sensitivity</i>		
INR/USD Increases by 5%	-	0.00
INR/USD Decreases by 5%	-	(0.00)

\* Holding all other variables constant

### (ii) Cash flow and fair value interest rate risk

The company's main interest rate risk arises from short-term borrowings with variable rates, which expose the company to rate risk.

#### Interest rate risk exposure

Particulars	31 March 2021	31 March 2020
Variable rate borrowings	97.03	69.15
Fixed rate borrowings	69.54	120.79

#### Sensitivity analysis

Details	Impact on profit	
	31 March 2021	31 March 2020
<i>Interest rate</i>		
Increases by 5%	0.37	0.30
Decreases by 5%	(0.37)	(0.30)

### (D) Impact of hedging activities

Disclosure of effects of hedge accounting on financial position

Type of hedges and risks	Nominal Value of the hedging instruments	Carrying amount hedging instruments	Maturity Date	Hedge Ratio	Weighted Average price	Changes in fair value of hedging instrument
<b>31st March 2021</b>						
Forward Contracts	5.370	5.322	April 2021 to June 2021	1:1	INR/USD Rs.73.77	0.05
Interest rate swaps	36.94	0.07	28th March 2018 to 28th March 2023	-	-	2.79
Principal Only Swap	36.94	0.39	28th March 2018 to 28th March 2023	-	-	(3.95)
<b>31st March 2020</b>						
Forward Contracts	1.459	1.448	April 2020 to June 2020	1:1	INR/USD Rs.76.63	0.01
Interest rate swaps	64.65	(2.86)	28th March 2018 to 28th March 2023	-	-	(1.67)
Principal Only Swap	64.65	4.35	28th March 2018 to 28th March 2023	-	-	2.57



# SUNDARAM AUTO COMPONENTS LIMITED

## NOTES TO ACCOUNTS - (continued)

Rupees in crores

### 32 Capital management

#### (a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, The company may vary the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Details	March 31, 2021	March 31, 2020
Net debt	164.67	188.67
Total equity	418.81	405.07
<b>Net debt to equity ratio</b>	<b>39.32%</b>	<b>46.58%</b>

#### (b) Dividends

	March 31, 2021	March 31, 2020
<i>(i) Equity shares</i>		
First and Final dividends for the year ended 31 March 2020 of Rs.0.50 per fully paid share	-	2.11
<i>(ii) Dividends not recognised at the end of the reporting period</i>	-	-

### 33 Fair Value Measurements

#### Financial instruments by category

Particulars	March 31, 2021			March 31, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments						
- Equity instruments	-	2.00	-	-	1.85	-
- Others						
Life Insurance Corporation Pension Policy, Mumbai	0.44	-	-	0.40	-	-
Mutual Fund investments	-	-	-	0.01	-	-
Deposits	-	-	0.33	-	-	0.52
Trade receivables	-	-	83.36	-	-	60.92
Cash and cash equivalents	-	-	1.90	-	-	1.27
Receivable under hedged instruments	-	-	-	-	1.49	-
<b>Total financial assets</b>	<b>0.44</b>	<b>2.00</b>	<b>85.59</b>	<b>0.41</b>	<b>3.34</b>	<b>62.71</b>
<b>Financial liabilities</b>						
Trade payables	-	-	73.03	-	-	53.41
Borrowings	2.63	20.52	96.28	2.43	43.23	123.48
Other payables - Consideration payable for purchase or investment property	-	-	-	-	-	-
Others						
- Current Maturities of long term borrowings(Term loan)	-	20.89	26.25	-	20.71	0.09
- Interest accrued	-	-	0.64	-	-	0.72
- Employee related	-	-	4.29	-	-	2.48
Payable under hedged instruments	-	0.46	-	-	-	-
<b>Total financial liabilities</b>	<b>2.63</b>	<b>41.87</b>	<b>200.49</b>	<b>2.43</b>	<b>63.94</b>	<b>180.18</b>

# SUNDARAM AUTO COMPONENTS LIMITED

## NOTES TO ACCOUNTS - (continued)

Rupees in crores

### (i) Fair value hierarchy

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

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

At 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<i>Financial Investments at FVTPL:</i>					
<i>Life Insurance Corporation Pension Policy, Mumbai</i>	5	-	-	0.44	0.44
<i>Mutual Fund</i>	5	-	-	-	-
<i>Financial Investments at FVOCI:</i>					
Receivable under hedged instruments	11	-	-	-	-
<b>Total financial assets</b>		-	-	<b>0.44</b>	<b>0.44</b>
<b>Financial liabilities</b>					
<i>Financial Investments at FVOCI:</i>					
Payable under hedged instruments	20	-	-	0.46	0.46
<b>Total financial liabilities</b>		-	-	<b>0.46</b>	<b>0.46</b>

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

At 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Investments</b>					
<i>Others</i>					
Deposits	6	-	-	0.33	0.33
<b>Total financial assets</b>		-	-	<b>0.33</b>	<b>0.33</b>
<b>Financial Liabilities</b>					
	-	-	-	-	-
<b>Total financial liabilities</b>		-	-	-	-

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

At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<i>Financial Investments at FVTPL:</i>					
<i>Life Insurance Corporation Pension Policy, Mumbai</i>	5	-	-	0.40	0.40
<i>Mutual fund</i>	5	-	-	0.01	0.01
<i>Financial Investments at FVOCI:</i>					
Receivable under hedge instrument	11	-	-	1.49	1.49
<b>Total financial assets</b>		-	-	<b>1.90</b>	<b>1.90</b>
<b>Financial liabilities</b>					
<i>Financial Investments at FVOCI:</i>					
Payable under hedged instruments	20	-	-	-	-
<b>Total financial liabilities</b>		-	-	<b>0.00</b>	<b>0.00</b>

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

At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Investments</b>					
Deposits	6	-	-	0.52	0.52
<b>Total financial assets</b>		-	-	<b>0.52</b>	<b>0.52</b>
<b>Financial Liabilities</b>					
		-	-	-	-
<b>Total financial liabilities</b>		-	-	-	-

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

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

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

### (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of foreign currency option contracts is determined using Black Scholes valuation model.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

Fair value measurements using significant unobservable inputs (level 3)

	Unlisted Securities	Pension Assets
As at 1 April 2020	-	0.40
Acquisition/(Disposal)	-	-
Gains/losses recognised in profit or loss	-	0.04
Gains/losses recognised in OCI	-	-
31-Mar-21	-	0.44

# SUNDARAM AUTO COMPONENTS LIMITED

## NOTES TO ACCOUNTS - (continued)

Rupees in crores

### Valuation inputs and relationships to fair value

Particulars	Fair value as at			Probability-weighted range		
	31-Mar-21	31-Mar-20	Significant unobservable inputs*	31-Mar-21	31-Mar-20	Sensitivity
Pension Asset	0.44	0.40	Risk adjusted discount rate	6.5%	7.0%	50 Basis point decrease in discount rate would have increased assets by Rs.0.02 crs and 50 Basis point increase in discount rate has would have decreased the asset by Rs.0.02 Crs

### (v) Valuation processes

The finance department of the company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once in every three months, in line with the group's quarterly reporting periods.

The main level 3 inputs for unlisted equity securities, contingent considerations and indemnification asset used by the group are derived based on the the discount rates that are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset

### (vi) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, deposits, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature and in-significant change in interest rate

### 34 Business combination

During 2015-16, the company acquired a automobile seat manufacturing business at Nalagarh, Himachal Pradesh. On the purchase of this business, assets and liabilities were recorded at fair values based on a chartered engineer's technical valuation. Consideration paid in excess of net assets acquired has been treated as Goodwill.

Details	Amount
Land & Building	4.33
Plant & Equipments	4.79
Current Assets	1.28
<b>Sub total (1)</b>	<b>10.40</b>
Current Liabilities (2)	(3.60)
<b>Sub total (3)=(1)+(2)</b>	<b>6.80</b>
Consideration Paid (4)	9.00
<b>Goodwill (5)=(4)-(3)</b>	<b>2.20</b>
<b>Note:</b>	
(i) Goodwill is monitored by the management taking in to account the cash generated by the acquired business. As per the management assessment no impairment is warranted as the current level of operations and cash inflows acquired from the business is sufficient to cover the carrying value goodwill and net assets.	
(ii) Following are the assumptions used by the management for the said assessment:	
Annual Cash Inflow Rs.Crs	5.00
Remaining useful life of the assets No.of Yrs	10
Pre-tax Discount rate %	8%
(iii) Company has assessed a constant net cash inflow of Rs.5 Crores over the next 5 years for the purpose of impairment testing	

### 35 Earnings per share

(a) Basic and diluted earnings per share	31 March, 2021	31 March, 2020
Basic and diluted earnings per share attributable to the equity holders of the Company	(2.84)	1.27
<b>(b) Earnings used in calculating earnings per share</b>		
<i>Basic and diluted earnings per share</i>		
Profit attributable to equity holders of the company used in calculating basis earnings per share	(12.49)	4.90
<b>(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share</b>	44,024,384	38,573,000

### 36 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006.

Year ended  
31-03-2021

Year ended  
31-03-2020

1. The principal amount and interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year:

(i) Principal (all are within agreed credit period and not due for payment) 5.25 4.87

(ii) Interest (as no amount is overdue) Nil Nil

2. The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year Nil Nil

3. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 Nil Nil

4. The amount of interest accrued and remaining unpaid at the end of each accounting year Nil Nil

5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. Nil Nil

# SUNDARAM AUTO COMPONENTS LIMITED

## NOTES TO ACCOUNTS - (continued)

Rupees in crores

### 37 Revenue from contracts with customers

#### 1 Disaggregated revenue

Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company identifies the product lines, amongst others to indicate the factors as mentioned above. The details of revenue from contracts with customers on the basis of various product lines are as under :

Particulars	For the year ended 31-03-2021	For the year ended 31-03-2020
<b>A. Type of goods or service</b>		
1. Components and tools	458.27	521.14
2. Other operating revenue	1.26	4.60
	459.53	525.74
<b>B. Timing of recognition of revenue</b>		
1. At a point in time	459.53	525.74
2. Over time	-	-
	459.53	525.74

2 The operations of the Company relate to only one segment viz., automotive components and tools. Thus, the information on the relationship between disaggregated revenue under Ind AS 115 and for reportable segment under Ind AS 108 is not required.

#### 3 Reconciliation of contracts with customers

The following schedule gives the movement of contract liabilities for the reporting period.

Particulars	For the year ended 31-03-2021	For the year ended 31-03-2020
<b>A.</b> Contract liabilities at the beginning of the period	13.00	4.87
Add / (Less) :		
Consideration received during the year as advance	8.17	14.29
Revenue recognized from contract liability	9.61	6.16
Contract liabilities at the end of the period	11.55	13.00

i. Payments are received in advance towards contracts entered with customers, and is recognised as a contract liability. As and when the performance obligation is met the same is recognized as revenue.

#### 4 Transaction price allocated to the remaining performance obligations

The Company's contracts with customers are short term contracts with performance obligations that has an original expected duration of one year or less. Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed.

#### 5 Reconciliation of revenue with contract price

Particulars	For the year ended 31-03-2021	For the year ended 31-03-2020
1. Contract price	459.53	525.74
2. Adjustments :		
Discounts	-	-
3. Revenue from operations as per Statement of Profit and loss	459.53	525.74

6 There is no impact on the retained earnings as on the date of adoption of the standard. No effect on any financial statement line item due to application of this standard and there is no requirement to disclose the same

7 Prepaid expenses include the cost of Rs. 3.89 crores incurred by the company towards Mould development for a customer. As per the understanding with the customer this cost is to be recovered over the supply of components to them. The development cost so incurred is used for the mould developed, which is used for producing the components supplied. The mould is the asset of the customer. This cost will be amortized over 6 year period and it will be tested for impairment as per para 101 of Ind AS 115 every year.

Category of Asset	Design and development expenses of Mould
Opening balance as on 01-04-2019	3.70
Amortization for the year 2019-20	0.50
Closing balance as on 31-03-2020	3.20
Addition during 2020-21	0.19
Amortization for the year 2020-21	0.63
Impairment Loss	-
Closing balance as on 31-03-2021	2.76
<b>Balance as on 31<sup>st</sup> March 21:</b>	
Current Asset	0.65
Non-Current Asset	2.11

### 38. Other Disclosures

#### (i) Contingent liabilities

Details	31st March 2021	31st March 2020
(i) Claims against the company not acknowledged as debt	6.28	2.87
(ii) Other money for which the company is contingently liable on bill discounting with bank	-	17.96
<b>Total</b>	<b>6.28</b>	<b>20.83</b>

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.

#### (ii) Payment to Auditor

Details	31st March 2021	31st March 2020
Audit fee	0.19	0.19
GST audit fee*	0.09	-
Taxation matters	0.04	0.04
Certification matters	0.02	0.02
<b>Total</b>	<b>0.33</b>	<b>0.24</b>
Miscellaneous expenses include travel and stay expenses of auditors	0.02	0.04

\*Pertains to last 3 financial years

#### (iii) Expenditure incurred on Corporate Social Responsibility activities:

Details	31st March 2021	31st March 2020
(a) Gross amount required to be spent by the company during the year	0.33	0.50
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.33	0.50
<b>Total</b>	<b>0.33</b>	<b>0.50</b>

#### (iv) Consolidated financial statements:

The reporting entity is the holding company of Sundaram Holdings USA, INC., Delaware. The accounts of the above mentioned companies are consolidated by the reporting entities holding company, namely TVS Motor Company limited and also by the reporting entity's ultimate holding company namely Sundaram Clayton Limited, Chennai. Their accounts are not consolidated by the reporting entity

#### (v) Segment Reporting:

The company operates in only one segment namely, manufacturing and selling of automobile parts.

# SUNDARAM AUTO COMPONENTS LIMITED

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## NOTES TO ACCOUNTS - (continued)

39. Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government. Due to second wave of COVID-19, regional lockdowns continue to be implemented in areas where significant number of COVID-19 cases exists. The impact of second wave of COVID-19 may lead to a rise in the claims.

Based on assessment of the impact of CoVID-19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is confident of obtaining regular supply of raw materials and components, resuming supply chain logistics and serving customers.

The Company has considered the possible effects of CoVID-19 on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, Trade Receivable and Other Current Assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the company, as at the date of approval of the financial results, has used external and internal sources of information / Indicators to estimate the future performance of the Company. Based on current estimates the Company expects the carrying amount of these assets to be recovered. The impact of the second wave of COVID 19 on the Company's financial results may differ from that estimated as at the date of approval of these results.

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

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H Lakshmanan  
Chairman

C N Prasad  
Director

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

Rajesh Oommen  
Chief Executive Officer

J Ashok Chakravarthi  
Chief Financial Officer

G Sathyan  
Company Secretary

S. Venkataraman  
Partner  
Membership No. 023116

Place: Chennai  
Date: 22-04-2021

**Directors' Report to the Shareholders**

The directors are pleased to present the Eleventh annual report and the audited financial statements for the year ended 31<sup>st</sup> March 2021.

**Financial Highlights**

(Rs. In Lakhs)

Details	Year ended	Year ended
	31.03.2021	31.03.2020
Sales and other income	31.79	63.16
Less: Expenses	29.24	61.08
Profit before tax	2.55	2.08
Provision for taxation (including deferred tax)	0.70	0.54
Profit after tax	1.85	1.54

**Preparation of financial statements under Indian Accounting Standards**

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16<sup>th</sup> February, 2015 relating to the Companies (Indian Accounting Standard) Rules, 2015, TVS Motor Company Limited (TVSM), the holding company, is required to adopt Indian Accounting Standards ("IND AS") from financial year 2016-17.

In terms of Rule 4(1)(ii) of the aforesaid rules, the holding, subsidiary, joint venture and associate companies are required to comply with Ind AS from financial year 2016-17 onwards. Accordingly, the financial statements of the Company for the year 2020-21 have been prepared in compliance with the said rules.

**Dividend**

The directors, in order to conserve the resources for its future business activities, have not proposed any dividend for the year under review.

**Internal control systems**

The Company has adequate internal control systems to ensure operational efficiency, accuracy and promptness in financial report and compliance of various laws and regulations. The internal control system is supported by the internal audit (IA) process. The IA department evaluates the efficacy and adequacy of internal control system, its compliance with operating systems and policies of the Company and accounting procedures at all locations of the Company.

The Company has well-documented Standard Operating Procedures (SOPs), policies and procedures for various processes which are periodically reviewed.

Based on the report of IA function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

**Risk management**

The Company has in place a mechanism to identify, assess, monitor and minimize various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

**Directors' responsibility statement**

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

- i. in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/ loss of the Company for that period;
- iii. the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2021 on a "going concern basis"; and

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

**Directors liable to retire by rotation**

In terms of the Articles of Association of the Company and the applicable provisions of the Act 2013, Mr S G Murali is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**Changes in the Board of Directors**

During the year Mr V Ganesh who was appointed as director of the company on 19<sup>th</sup> May 2020 resigned as director with effect from 31<sup>st</sup> July 2020.

Mr Sriram S Iyer was appointed as an Additional Director in the Board Meeting held on 21<sup>st</sup> October 2020 to hold office till the conclusion of the ensuing Annual General Meeting of the Company. The Board in its Meeting held on 20<sup>th</sup> April, 2021 has recommended his appointment as Director of the Company subject to approval by the Shareholders of the Company by an Ordinary Resolution at the 11<sup>th</sup> AGM.

Mr N Srinivasa Ramanujam resigned as director of the Company effective 21<sup>st</sup> October 2020.

Mr. S G Murali, Director of the Company who retires by rotation and being eligible for re-appointment offers himself for re-appointment as Director of the Company for approval by the Shareholders of the Company by an Ordinary Resolution.

Presently, Mr. S G Murali, Mr. V Karunakara Reddy & Mr. Sriram S Iyer are the Directors of the Company.

**Board Meetings**

During the year under review, the board met 4 times on 19<sup>th</sup> May 2020, 21<sup>st</sup> July 2020, 21<sup>st</sup> October 2020 and 21<sup>st</sup> January 2021. The gap between two meetings did not exceed one hundred and twenty days.

**Statutory Auditors**

In terms of Section 139 of the Act, 2013, read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014, M/s V Sankar Aiyar & Co., Chartered Accountants, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, have been appointed as statutory auditors of the Company for five years at such remuneration in addition to reimbursement of all applicable taxes, out-of-pocket, travelling and other expenses, etc., as may be decided between the Board of Directors of the Company.

The current auditors hold office till the conclusion of the 14<sup>th</sup> Annual General Meeting of the Company.

The Auditors' Report for the financial year 2020-21 does not contain any qualification, reservation or adverse remark and the same is attached as part of the annual financial statements.

**Information on conservation of energy, technology absorption, foreign exchange earnings and outgo etc.,**

The information do not apply to the Company, as the Company is not a manufacturing Company. During the year under review, there were no foreign exchange earnings or expenditure in the Company.

**Material changes and commitments**

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

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

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

**Annual Return**

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

**Deposits**

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31<sup>st</sup> March 2021 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

## TVS HOUSING LIMITED

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### Employee's remuneration

There are no employees on the rolls of the Company, hence there is no disclosure under Section 197(12) of the Act 2013 read with Rule 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### Details of loans / guarantees / investments made

As regards the furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the financial year 2020-21, the Company has not extended any guarantee or has given loans to other companies or made any investment during the year under review.

### Related Party Transactions

Pursuant to the provisions of section 134(h) of the Companies Act, 2013 (the Act 2013) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, furnishing of particulars of contracts or arrangements entered into by the Company with related parties during the year under review is furnished in Form AOC 2 as Annexure II to this Report.

All related party transactions during the year were on ordinary course of business and at arm's length price and have been approved by the Board of Directors.

### Maintenance of cost records

Pursuant to Section 148(1) of the Companies Act, 2013 cost records are required to be maintained by specified class of Companies whose turnover exceeds 35 Crores during the immediately preceding financial year.

The Company's operations do not fall under any of the activities requiring maintenance and subsequent audit of cost records.

### Reporting of fraud

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

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

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

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

### Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding Company, namely, TVS Motor Company Limited, and bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai  
Date : 20<sup>th</sup> May 2021

S G MURALI  
Director  
DIN : 00348902

V KARUNAKARA REDDY  
Director  
DIN: 08417260

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN for the financial year ended 31<sup>st</sup> March 2021**

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : U70101TN2010PLC075027
- ii) Registration Date : 22.03.2010
- iii) Name of the Company : TVS Housing Limited
- iv) Category / Sub-Category of the Company : Public Limited Company - Limited by shares
- v) Address of the Registered office and contact details : 1st Floor, Greenways Tower, 119, St. Mary's Road, Abhiramapuram, Chennai 600 018  
Tel: (044-) 28272233  
Fax: (044-) 28257121
- vi) Whether listed company (Yes / No) : No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Lessors of real property	70106	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Motor Company Limited along with its six nominees	L35921TN1992PLC022845	Holding Company	100	2(87)

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

- (i) Category-wise Share Holding: **N.A.**
- (ii) Shareholding of Promoters:

Name of the Shareholders (M/s.)	No. of shares	% of Shareholding
TVS Motor Company Limited (Holding Company) and its six nominees	50,000	100
<b>TOTAL</b>	<b>50,000</b>	<b>100</b>

- (iii) Change in Promoters' Shareholding : **N.A.**

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

S. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
NIL					

- (v) Shareholding of Directors :

Name of the Director	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
S G Murali (Nominee of TVS Motor Company Limited)	1	-	1	-	1	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: **NIL**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

- A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **N.A.**
- B. Remuneration to other directors:

(in Rs.)

Sl. No	Particulars of Remuneration	Name of Directors				Total Amount
		SGM	SSI	VKR	VG*	
1.	Directors: Fee for attending board meetings Commission Others, please specify	20,000	-	20,000	5,000	45,000
	<b>Total</b>	<b>20,000</b>	<b>-</b>	<b>20,000</b>	<b>5,000</b>	<b>45,000</b>

SGM – Mr S G Murali; SSI – Mr Sriram S Iyer; VKR – Mr V Karunakara Reddy; VG – Mr V Ganesh (upto 31<sup>st</sup> July 2021).

- C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: **N.A.**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: **NIL**

For and on behalf of the Board

Place : Chennai  
Date : 20<sup>th</sup> May 2021

S G MURALI  
Director  
DIN : 00348902

V KARUNAKARA REDDY  
Director  
DIN: 08417260



Form No. AOC – 2

**Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

*(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Particulars	Amount (In lakhs)
<b>Emerald Haven Realty Limited, Associate of Holding Company</b>	
Sale of land	24.59
Rent – Corporate Office	1.20
Rental Income	7.20

For and on behalf of the Board

1. Details of contracts or arrangements or transactions not at arm's length basis – Nil
2. Details of material contracts/arrangement/transactions at arm's length basis:

Place : Chennai  
Date : 20<sup>th</sup> May 2021

S G MURALI  
Director  
DIN : 00348902

V KARUNAKARA REDDY  
Director  
DIN: 08417260

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

### To the Members of TVS Housing Limited

#### Report on the Audit of the Standalone financial statements

##### Opinion

We have audited the financial statements of TVS Housing Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2021, and Profit, Other Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

##### Information Other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

##### Responsibilities of Management and Those Charged with Governance for the financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

##### Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

##### Report on Other Legal and Regulatory Requirements

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

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules,

2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. There are no pending litigations on its financial position as at 31<sup>st</sup> March 2021.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors.

UDIN	20023116AAAAHO6757
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For V. SANKAR AIYAR & CO.,  
Chartered Accountants  
FRN. No.109208W

Place : Chennai  
Date : 20<sup>th</sup> April, 2021

S. VENKATARAMAN  
Partner  
Membership No. 023116

**Annexure A to Independent Auditor's Report - 31 March 2021**

(Referred to in our report of even date)

- (i) The company does not have any fixed assets (plant, property and equipment). Therefore, the provisions of clause(i) of the para 3 of the order are not applicable to the company.
- (ii) As informed to us, the inventories have been physically verified by the management during the year. In our opinion the frequency of the physical verification is reasonable. There were no material discrepancies noticed during such verification.
- (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 Companies Act 2013. Accordingly, the provisions of clauses (iii) of Para 3 of the Order are not applicable.
- (iv) The company has not granted any loan, made investments and provided guarantees and security. Therefore, the provisions of clause (iv) of the para 3 of the Order are not applicable to the Company.
- (v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.
- (vi) Maintenance of cost records as specified under section 148 (1) of the Act, for the operations carried on by the Company, is not applicable. Therefore, the provisions of clause (vi) of the para 3 of the Order are not applicable to the Company.
- (vii) a). According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Income Tax, Goods and Services Tax, Cess and other material statutory dues with the appropriate authorities. We are informed that there is no liability towards Provident Fund, Employee's State Insurance and Customs Duty. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Goods and Services Tax, Cess and other material statutory dues were in arrears as at 31st March 2021 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, there are no dues of Income-Tax, Customs Duty, Sales Tax, Service Tax, Goods and Services Tax, Value added Tax and Cess which have not been deposited on account of any dispute as at 31st March 2021.
- (viii) The company has no borrowings or has raised any monies against issue of debentures. Also, has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (viii) and (ix) of Para 3 of the Order are not applicable to the company.
- (ix) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no fraud by the Company and no fraud on the company by its officers or employees has been noticed or reported during the year.
- (x) In our opinion and according to the information and explanations given to us, the Company has not paid/ provided managerial remuneration under section 197 read with Schedule V to the Act and hence reporting under clause (xi) of Para 3 of the Order is not applicable.
- (xi) The Company is not a Nidhi Company and hence reporting under clause (xii) of Para 3 of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 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.
- (xiii) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Para 3 of the Order is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xv) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

UDIN	20023116AAAAHO6757
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For V. SANKAR AIYAR & CO.,  
Chartered Accountants  
FRN. No.109208W

Place : Chennai  
Date : 20<sup>th</sup> April, 2021

S. VENKATARAMAN  
Partner  
Membership No. 023116

## Annexure “B” to Independent Auditors’ Report 31<sup>st</sup> March 2021

(Referred to in our report of even date)

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

1. We have audited the internal financial controls over financial reporting of TVS Housing Limited (“the Company”) as of 31<sup>st</sup> March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Managements Responsibility for Internal Financial Controls

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

#### 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 Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2021, 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 ICAI.

UDIN	20023116AAAAHO6757
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For V. SANKAR AIYAR & CO.,  
Chartered Accountants  
FRN. No.109208W

Place: Chennai  
Date : 20<sup>th</sup> April, 2021

S. VENKATARAMAN  
Partner  
Membership No. 023116

# TVS HOUSING LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2021

(Rs. in Lakhs)

	Note No.	As at March 31, 2021	As at March 31, 2020
<b>Assets</b>			
<b>Current assets</b>			
Inventories	2	161.82	186.32
Financial assets			
i. Cash and cash equivalents	3	11.43	15.27
Current tax assets (Net)	4	63.06	63.22
Other current assets	5	110.48	111.09
<b>Total current assets</b>		<b>346.79</b>	<b>375.90</b>
<b>Total Assets</b>		<b>346.79</b>	<b>375.90</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	6	5.00	5.00
Other equity	7	82.50	80.65
<b>Total equity</b>		<b>87.50</b>	<b>85.65</b>
<b>Current liabilities</b>			
Financial liabilities			
i. Trade payables	8	-	-
-total outstanding dues of micro enterprises and small enterprises (MSME)			
- total outstanding dues of creditors other than micro enterprises and small enterprises		1.93	2.27
ii. Other financial liabilities	9	257.25	287.73
Other current liabilities	10	0.11	0.25
<b>Total current liabilities</b>		<b>259.29</b>	<b>290.25</b>
<b>Total liabilities</b>		<b>259.29</b>	<b>290.25</b>
<b>Total equity and liabilities</b>		<b>346.79</b>	<b>375.90</b>
Significant Accounting Policies	1		

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

**S.VENKATARAMAN**  
 Partner  
 Membership No.: 23116

Chennai  
 Dated: 20<sup>th</sup> April, 2021

For and on behalf of the Board of Directors

**SG MURALI**  
 Director

**SRIRAM S IYER**  
 Director

# TVS HOUSING LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2020

		(Rs. in Lakhs)	
	Note No.	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Income</b>			
Revenue from operations	11	31.79	63.01
Other Income	12	-	0.15
<b>Total income</b>		<b>31.79</b>	<b>63.16</b>
<b>Expenses</b>			
Operating Expenses	13	24.50	56.31
Other expenses	14	4.74	4.77
<b>Total expenses</b>		<b>29.24</b>	<b>61.08</b>
<b>Profit before tax</b>		<b>2.55</b>	<b>2.08</b>
<i>Items that will not be reclassified to profit or loss</i>			
Income tax expense	15		
Current tax		0.70	0.54
Deferred tax		-	-
<b>Total tax expense</b>		<b>0.70</b>	<b>0.54</b>
<b>Profit for the year</b>		<b>1.85</b>	<b>1.54</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>1.85</b>	<b>1.54</b>
Earnings per equity share			
Basic & Diluted earnings per share	16	3.70	3.08
Significant Accounting Policies	1		

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

**S.VENKATARAMAN**  
 Partner  
 Membership No.: 23116

Chennai  
 Dated: 20<sup>th</sup> April, 2021

For and on behalf of the Board of Directors

**SG MURALI**  
 Director

**SRIRAM S IYER**  
 Director

# TVS HOUSING LIMITED

## Cash Flow Statement

(Rs. in Lakhs)

<b>A. Cash flow from operating activities:</b>			
Net profit/(Loss) before tax		2.55	2.08
Add:			
Interest income	-	-	-
		<u>                    -</u>	<u>                    -</u>
<b>Operating profit before working capital changes</b>		<b>2.55</b>	<b>2.08</b>
<b>Adjustments for:</b>			
Inventories	24.50	56.31	
Loans and advances	0.62	0.45	
Trade payables	(0.35)	(0.07)	
Other current liabilities	(30.62)	(61.69)	
		<u>                    (5.85)</u>	<u>                    (5.00)</u>
<b>Cash generated from operations</b>		<b>(3.30)</b>	<b>(2.92)</b>
Income taxes paid/(Net of refund)		(0.54)	1.62
		<u>                    (3.84)</u>	<u>                    (1.30)</u>
<b>Net cash from operating activities</b>		<b>(3.84)</b>	<b>(1.30)</b>
<b>B. Cash flow from investing activities:</b>	-	-	-
		<u>                    -</u>	<u>                    -</u>
<b>Net cash from / (used in) investing activities</b>		<b>-</b>	<b>-</b>
<b>C. Cash flow from financing activities :</b>	-	-	-
		<u>                    -</u>	<u>                    -</u>
<b>Net cash from / (used in) financing activities</b>		<b>-</b>	<b>-</b>
<b>Total (A+B+C)</b>		<b>(3.84)</b>	<b>(1.30)</b>
Cash and cash equivalents at the beginning of the year		15.27	16.57
Cash and cash equivalents at the end of the year		11.43	15.27
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3.84)</b>	<b>(1.30)</b>

Note : The above Statement of Cash flow is prepared using indirect method

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

**S.VENKATARAMAN**  
Partner  
Membership No.: 23116

Chennai  
Dated: 20<sup>th</sup> April, 2021

For and on behalf of the Board of Directors

**SG MURALI**  
Director

**SRIRAM S IYER**  
Director



**Statement of Changes in Equity**

Rs. in Lakhs

**I) Equity Share Capital**

<b>Balance as at March 31, 2019</b>	<b>5.00</b>
Change in Equity Share Capital	-
<b>Balance as at March 31, 2020</b>	<b>5.00</b>
Change in Equity Share Capital	-
<b>Balance as at March 31, 2021</b>	<b>5.00</b>

**II) Other equity**

Particulars	Reserves & Surplus	Other Comprehensive Income	Total
	Retained earnings		
<b>Balance as at March 31, 2019</b>	<b>79.11</b>	-	<b>79.11</b>
Profit/(Loss) for the period	1.54	-	1.54
Remeasurement of post employment benefit obligations Net of tax	-	-	-
<b>Balance as at March 31, 2020</b>	<b>80.65</b>	-	<b>80.65</b>
Profit/(Loss) for the period	1.85	-	1.85
Remeasurement of post employment benefit obligations Net of tax	-	-	-
<b>Balance as at March 31, 2021</b>	<b>82.50</b>	-	<b>82.50</b>

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

**For and on behalf of the Board of Directors**

**S.VENKATARAMAN**  
 Partner  
 Membership No.: 23116

**SG MURALI**  
 Director

**SRIRAM S IYER**  
 Director

Chennai  
 Dated: 20<sup>th</sup> April, 2021

## 1. SIGNIFICANT ACCOUNTING POLICIES

### a. Brief description of the Company

TVS Housing Limited ('the Company') is a public limited company incorporated in the year 2010 and domiciled in India. The registered office is located at "1st Floor, Greenways Towers, No. 119, St.Marys Road, Abhiramapuram, Chennai – 600018, Tamil Nadu, India".

### b. Basis of preparation

#### i) Compliance with Ind AS

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

#### ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities is measured at fair value;
- defined benefit plans – plan assets 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 recognized prospectively in the current and future period.

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

### d. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria for recognition have been met. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

### e. Property, Plant and Equipment

Property plant and equipment are stated at historic cost less depreciation and impairment, if any. Cost includes purchase price, taxes and duties, labor cost and directly attributable overhead expenditure incurred up to the date the asset is ready for its intended use. However, cost excludes all duties and taxes wherever credit of the same is availed.

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

### f. Depreciation and amortization

The company depreciates the carrying amount of the assets over the remaining useful life of the assets as per schedule II of the Companies Act,

2013 under straight line method, except in the case of Computers, Mobile phones, Vehicles, and Plant and Machinery which are charged over 3.33 years, 2 years, 5.56 years and 6.67 years respectively which are different from the useful life given under the said schedule, which is based on valuer's certification of useful life being shorter than specified in schedule. Improvement on leased property is depreciated over the primary lease period. Depreciation on fixed assets added or disposed off during the year is calculated on pro-rata basis with reference to the date of addition/disposal.

### g. Intangible assets

Intangible assets are stated at original cost net of tax / duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognized when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets being Software cost is amortized at 50% per annum.

### h. Stock-In-Trade

i) Land is valued at the lower of cost and net realizable value. Cost includes cost of acquisition and all related costs.

ii) Work-In-Progress

Work in Progress is valued at cost. Cost includes cost of construction and services, employee cost, other overheads related to project under construction and borrowing cost.

### i. 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 up to 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 as the present value of the expected future payments to be made in respect of services provided by employee up to 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 recognized in profit or loss.

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

#### (iii) Post-employment obligation:

The Company operates the following post-employment schemes:

a) Defined benefit plans such as gratuity and pension for its eligible employees, and

b) Defined contribution plans such as provident fund.

#### (iv) Pension and Gratuity obligation:

The liability or asset recognized 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 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 recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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

(v) Bonus plans:

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

## J) Income Tax

Tax expense comprises of current and deferred taxes.

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

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

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

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

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

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

## K. Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Company has a present or constructive obligation as a result of present obligation, it is probable that an outflow of

resources will be required to settle the obligation and the amount can be reasonably estimated

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 recognized as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

## L. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

## M. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## N. 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.

## O. Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the intention to collect the contractual cash flows and therefore measures them subsequently at amortized cost using effective interest method, less loss allowance.

## p. 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.

## Amortized 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 amortized cost. A gain or loss on debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized 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 amortized cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized 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-Investment in subsidiaries / associates:

Investment in subsidiaries/ associates are measured at cost.

### iii) Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been 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 recognized from initial recognition of the receivables.

### iv) Derecognition of financial assets

A financial asset is derecognized only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- 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 derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

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 recognized to the extent of continuing involvement in the financial asset.

### v) Income recognition

Interest Income:

Interest income is recognized on time proportion basis, determined by the amount outstanding and the rate applicable.

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 recognized 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.

## Q. Functional 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 financial statements are presented in Indian rupee (INR), which is functional and presentation currency.

Transactions and balances:

- Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the date of transaction.
- Exchange differences arising on settlement of transactions are recognized as income or expense in the year in which they arise.

## R. Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are usually unsecured and paid within the credit periods. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

## S. Borrowings:

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognized in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognized 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 recognized 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.

## T. Leases

As a lessee

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, the has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## U. Current and Non-current classification

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

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

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading

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 or

All other liabilities are classified as non-current.

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

**Operating Cycle:**

The normal operating cycle in respect of operation relating to real estate project depends on signing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed

& realization of project into cash & cash equivalents and range from 3 to 7 years. Accordingly, assets & liabilities have been classified into current & non-current based on operating cycle.

### **V. Earnings Per Share:**

#### (i) Basic earnings per share:

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for new equity shares issued during the year (Note No.16)

#### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

# TVS HOUSING LIMITED

## Notes to balance Sheet

(Rs. in Lakhs)

	As at March 31, 2021	As at March 31, 2020		As at March 31, 2021	As at March 31, 2020
<b>2 Inventories</b>			<b>4 Current tax assets (Net)</b>		
Land held for Development	161.82	186.32	Advance Tax Less Provision for Tax	63.06	63.22
<b>Total Inventories</b>	<u>161.82</u>	<u>186.32</u>	<b>Total Current tax assets (Net)</b>	<u>63.06</u>	<u>63.22</u>
<b>3 Cash and cash equivalents</b>			<b>5 Other current assets</b>		
Balances with banks	11.43	15.27	GST Receivable	110.38	110.96
<b>Total cash and cash equivalents</b>	<u>11.43</u>	<u>15.27</u>	Advance given to vendor	0.10	0.13
			<b>Total other current assets</b>	<u>110.48</u>	<u>111.09</u>

### 6 Equity share capital

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
Authorised:				
Equity shares of Rs.10/- each	50,000	5.00	50,000	5.00
Issued, subscribed and fully paid up:				
Equity shares of Rs.10/- each	50,000	5.00	50,000	5.00
	50,000	5.00	50,000	5.00

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
Shares outstanding at the beginning of the year	50,000	5.00	50,000	5.00
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	50,000	5.00	50,000	5.00

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

The company has one class of equity shares having a par value of Rs.10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### (d) Shares held by holding company at the end of the year/ shareholders holding more than 5% of paid up Equity Share Capital

Name of shareholder	Class of share	As at March 31, 2021		As at March 31, 2020	
		No. of shares held	% of holding	No. of shares held	% of holding
TVS Motor Company Limited with nominees	Equity	50,000	100%	50,000	100%

### 7 Other Equity

	As at March 31, 2021	As at March 31, 2020
Retained earnings	82.50	80.65
<b>Total reserves and surplus</b>	<u>82.50</u>	<u>80.65</u>

**Retained earnings:** Company's cumulative earnings since its formation minus dividends. These are available for distribution.

Notes to balance sheet

	Rs. in Lakhs	
	As at March 31, 2021	As at March 31, 2020
<b>8 Trade payables</b>		
The Company has not received any memorandum (as required to be filed by the supplier with the notified authorities under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro or small enterprises. Accordingly, amount paid/ payable to these parties is considered to be Rs. Nil.		
<b>9 Other financial liabilities</b>		
Payable to related parties (Net of Security Deposit)	257.25	287.73
<b>Total Other financial liabilities</b>	<u>257.25</u>	<u>287.73</u>
<b>10 Other current liabilities</b>		
Statutory Dues	0.11	0.25
<b>Total other current liabilities</b>	<u>0.11</u>	<u>0.25</u>

Notes to Statement of Profit or Loss

	Rs. in Lakhs	
	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>11 Revenue from operations</b>		
Income from sale of Land	24.59	55.81
Income from Rentals	7.20	7.20
<b>Total revenue</b>	<u>31.79</u>	<u>63.01</u>
<b>12 Other Income</b>		
Interest Income	-	0.15
<b>Total revenue</b>	<u>-</u>	<u>0.15</u>
<b>13 Operating Expenses</b>		
Inventories at the beginning of the year:		
Land held for development	186.32	242.63
Add: Incurred during the year:	-	-
	<u>186.32</u>	<u>242.63</u>
Less: Inventories at the end of the year:	161.82	186.32
<b>Operating Expenses</b>	<u>24.50</u>	<u>56.31</u>
<b>14 Other expenses</b>		
Rent	1.20	1.20
Audit Fees	1.50	1.05
Consultancy and Professional Charges	1.47	1.65
Miscellaneous Expenses	0.57	0.87
<b>Total other expenses</b>	<u>4.74</u>	<u>4.77</u>
<b>15 Income tax expense</b>		
<b>(a) Income tax expense</b>		
<i>Current tax</i>		
Current tax on profits for the year	0.70	0.54
<b>Total current tax expense</b>	<u>0.70</u>	<u>0.54</u>
<b>Total deferred tax expense/(benefit)</b>	<u>-</u>	<u>-</u>
<b>Income tax expense</b>	<u>0.70</u>	<u>0.54</u>
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by Income tax rate:</b>		
Profit before income tax expense	2.55	2.08
<b>Tax at the Income tax rate of 26% (PY : 26.00%)</b>	0.66	0.54
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Difference in carrying value of Inventory	0.04	-
<b>Income tax expense</b>	<u>0.70</u>	<u>0.54</u>
<b>16 Earnings per share</b>		
<b>(a) Basic and diluted earnings per share</b>		
Basic/Diluted earnings per share attributable to the equity holders of the Company (Rs.)	3.70	3.08
<b>(b) Reconciliations of earnings used in calculating earnings per share</b>		
Profit attributable to equity shareholders of the company used in calculating basic/diluted earnings per share (Rs.)	1.85	1.54
<b>(c) Weighted average number of equity shares used as the denominator in calculating basic/ diluted earnings per share</b>	50,000	50,000

**Notes to Statement of Profit or Loss (Contd.)**

Rs. in Lakhs		
17. Financial instruments by category	As at March 31, 2021 Amortised cost	As at March 31, 2020 Amortised cost
<b>Financial assets</b>		
Cash and cash equivalents	11.43	15.27
<b>Total Financial Assets</b>	<b>11.43</b>	<b>15.27</b>
<b>Financial liabilities</b>		
Trade payables	1.93	2.27
Payable to related parties	257.25	287.73
<b>Total Financial Liabilities</b>	<b>259.18</b>	<b>290.01</b>

The Company has no Financial Assets or Liabilities that are valued at Fair Value through Profit and Loss or Fair Value through Other Comprehensive Income

**Commitments**
**(ii) Fair value of financial assets and liabilities measured at amortised cost**

The carrying amounts of trade payables, cash and cash equivalents, and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

**18 Financial risk management**

The company's activities expose only to credit risk.

Risk	Exposure arising from	Risk Mitigation
Credit risk	Cash and cash equivalents, financial assets measured at amortised cost.	Surplus cash is deposited only with banks/financial institutions with high external rating

**(A) Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

*(i) Credit risk management*

Credit risk is managed on a company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

**(B) Liquidity risk**
*(i) Maturities of financial liabilities*

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**Contractual maturities of financial liabilities:**

Particulars	Maturity	Rs. in Lakhs	
		March 31, 2021	March 31, 2020
Trade payables	< than 12 months	1.93	2.27
Other financial liabilities	> than 12 months	257.25	287.73

**Financial instruments and risk management**
**18 Capital management**
**Risk management**

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

**19 Operating Segment**
**(a) Description of segments and principal activities**

The Company is primarily engaged in the business of Developing and subdividing real estate into plots. The entity's entire operations are reviewed by Chief operating decision makers as one Operating segment.

**(b) Entity Wide disclosures**

- Company's major service is real estate development
- Company is domiciled and operates within India
- There is no major reliance on a single customer.

**20 Contingent liabilities and contingent assets**

	As at March 31, 2021	As at March 31, 2020
<b>(a) Contingent liabilities</b>	Nil	Nil

**21 Commitments**

	March 31, 2021	March 31, 2020
<b>(a) Capital commitments</b>		
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities	Nil	Nil
<b>(b) Other commitments</b>		
Expenditure related contractual commitments apart from Capital Commitments	Nil	Nil

**22 Related Party Disclosure**

	As at/ year ended March 31, 2021	As at/ year ended March 31, 2020
<b>(a) Related parties and their relationship for the financial year 2020-21</b>		
<u>Ultimate Holding company</u>		
Sundaram Clayton Limited		
<u>Holding company</u>		
TVS Motor Company Limited		
<u>Associate of Holding Co.</u>		
Emerald Haven Realty Limited		
<b>(b) Transactions with related parties:</b>		
- Associate of Holding Co.		
Emerald Haven Realty Limited		
(i) Sale of Land	24.59	55.81
(ii) Rent - Corporate Office	1.20	1.20
(iii) Rental Income	7.20	7.20
<b>(c) Balances with related parties: (Payable) / Receivable</b>		
(i) Other payables (Net of Security Deposit)		
- Associate of Holding Co.		
Emerald Haven Realty Limited	(257.24)	(287.72)



**Other disclosures**

Rs. in Lakhs

23 Deferred Tax Asset on loss is recognised as the management is confident of achieving taxable profit which will be available against which the loss will be reversed.

24 Auditors' remuneration (Included under Other Expenses) (Exclusive of GST)

Particulars	As at 31st March 2021	As at 31st March 2020
Payments to Auditors as		
a. Statutory Auditor	1.50	1.50
b. Certification Fees	-	0.50

Based on assessment of the impact of COVID 19 on the operations of the Company and ongoing discussions with customers, contractors and service providers, the Company is confident of obtaining regular service from the contractors and service providers and serving customers.

The Company has considered the possible effects of COVID-19 on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, Trade Receivable and Other Current Assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the company, as at the date of approval of the financial results, has used external and internal sources of information / Indicators to estimate the future performance of the Company. Based on current estimates the Company expects the carrying amount of these assets to be recovered. The impact of the second wave of COVID 19 on the Company's financial results may differ from that estimated as at the date of approval of these results

25 In the opinion of the management, the current assets, loans & advances have a value of realisation in ordinary course of business or at least equal to the amount at which they are stated in the balance sheet.

26 Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government. Due to second wave of COVID-19, regional lockdowns continue to be implemented in areas where significant number of COVID-19 cases exists.

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

**For and on behalf of the Board of Directors**

**S.VENKATARAMAN**  
 Partner  
 Membership No.: 23116

**SG MURALI**  
 Director  
 DIN : 00348902

**SRIRAM S IYER**  
 Director  
 DIN:

Chennai  
 Dated: 20<sup>th</sup> April, 2021

## Directors' Report to the Shareholders of the Company

The directors have pleasure in presenting the twelfth annual report on the progress of the Company together with the audited statement of accounts for the year ended 31<sup>st</sup> March 2021.

### 1. Financial Results

The highlights of the financial performance of the Company are given below:

(Rs. in lakhs)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Revenue from Operations	-	-
Other Income	3.22	-
<b>Total</b>	-	-
Purchases of Stock-in trade	-	-
Finance Cost	505.53	1088.65
Administrative & other expenses	29.25	58.21
Profit / (Loss) before tax	(531.56)	(1146.86)
Less:		
- Provision for tax		
Add:		
- Deferred Tax Asset	(34.82)	(432.96)
Profit / (Loss) after tax	(496.74)	(713.90)

### 2. Dividend

The board of directors does not recommend any dividend for the year under consideration, in view of the loss sustained by the Company for the year ended 31<sup>st</sup> March 2021.

### 3. Share Capital

During the year under review, there were no changes in the share capital of the Company.

The paid up capital of the company is Rs.53.63 Cr (5,36,33,814 equity shares of Rs.10/- each)

### 4. Debentures

The company raised funds through issue of Secured Non-convertible Redeemable Debentures. The Company has issued 4,50,00,000 8% Secured Non-Convertible Debentures of Rs.10/- each and necessary allotment was made to TVS Motor Foundation on 31.03.2021. The Company has appointed M/s B. Chandra & Associates, Practising Company Secretaries, Chennai as debenture trustees.

### 5. Material changes and commitments

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

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company. However, the members' attention is drawn to the statement on contingent liabilities, commitments, given in the notes forming part of the financial statements.

### 7. Internal control systems

The Company has adequate internal control systems to ensure operational efficiency, accuracy and promptness in financial report and compliance of various laws and regulations.

The internal control system is supported by the internal audit process. An internal auditor has been appointed for this purpose. The audit committee of directors will

review the internal audit report and the adequacy and effectiveness of internal controls periodically.

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

### 8. Risk management

Our risk management framework is well embedded and continually reviewed by the Board. It enables to identify, evaluate and monitor principal risks and where possible, actively manage internal or external risks that could threaten the attainment of the Company targets.

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.

As a process, the risks associated with the business are identified and prioritized based on severity, likelihood and effectiveness of current detection. Such risks are reviewed by the senior management on a quarterly basis. Process owners are identified for each risk and matrixes are developed for monitoring and reviewing the risk mitigation

The risk function is looked after by a team reporting to the Director & CEO of the Company. The Audit Committee considers both current and emerging risks as part of its oversight of Company's risk management framework. Committee defines emerging risks as those which are on the three-year horizon.

The Board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks.

### 9. Related Party Transactions

All contracts / arrangements entered by the Company during the financial year with related parties were in the ordinary course of business and at arm's length in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Act 2013 read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Hence, no particulars are being provided in Form AOC-2. Related Party disclosures, as per the Accounting Standard 18 have been provided in Notes to the financial statements.

### 10. Directors' responsibility statement

Pursuant to the requirement of Section 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

- in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2021 on a going concern basis; and

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

## 11. Directors

### Independent Directors (IDs)

The Board of Directors of the Company comprises of two Independent Directors viz., Mr L Bhadri and Ms Sasikala Varadachari and as required under sub-section 6 of Section 149 of the Act 2013, the Company received necessary declarations from IDs that they meet the criteria of independence as provided therein.

At the Extra ordinary general meeting held on 23<sup>rd</sup> March 2018, the shareholders approved their re-appointment for the second term effective 31<sup>st</sup> March 2018 till the conclusion of the Annual General Meeting to be held in 2021 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, if any, in terms of applicable provisions of the Companies Act 2013, as determined by the board, from time to time.

### Separate meeting of Independent Directors (IDs):

During the year under review, a separate meeting of IDs was held on 23<sup>rd</sup> March 2021 and all the Independent Directors were present at the Meeting.

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

The IDs were fully kept informed of the Company's activities in all its spheres.

### Woman Director

In terms of Section 149 of the Act 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to have a woman Director on its Board.

For the purposes of this rule, a woman director to be on the board if the paid up capital is more than Rs. 100 Cr, as on the last date of latest audited financial statements shall be taken into account. In view of the above, Ms Sasikala Varadachari continues to be on the Board of the Company as an Independent Woman Director.

### Directors liable to retire by rotation

In terms of Article 21 of the Articles of Association of the Company, all the directors other than the independent directors, viz., Mr V N Venkatanathan, Mr Arvind Balaji, Mr S G Murali and Mr K N Radhakrishnan, retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

### Policy on Directors appointment and remuneration of directors, Key Managerial Personnel (KMPs)

In accordance with Section 178 of the Act, 2013 the Nomination and Remuneration Committee has formulated a Nomination & Remuneration Policy (NRC Policy) to ensure that executive directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a director.

### Remuneration Policy

#### Directors:

NRC will recommend the remuneration for executive and non-executive directors. This will be then approved by the board and shareholders. Prior approval of shareholders will be obtained, whenever required, in case of remuneration to non-executive directors.

The non-executive independent directors are appointed to the board of the Company in terms of regulatory requirements.

#### Key Managerial Personnel:

The remuneration of employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company's policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits and performance of each employee.

The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

The annual variable pay of senior executives is linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year.

### Criteria for Board Membership

#### Directors:

The Company will generally consider (i) their relevant experience in Finance/ Law/ Management/ Administration/ Research/ Corporate Governance/ Technical Operations or other disciplines related to company's business, (ii) having the highest personal and professional ethics, integrity and values and (iii) their willingness to devote sufficient time and energy in carrying out their duties and responsibilities.

#### Independent Directors:

Independent Director is a director who has no direct or indirect pecuniary relationship with the Company and or any of its officers. They should meet all criteria specified in Section 149(7) of the Act, 2013 and rules made thereunder.

### Number of board meetings held

During the year under review, the board met four times on 27<sup>th</sup> May 2020, 25<sup>th</sup> September 2020, 30<sup>th</sup> December 2020 & 31<sup>st</sup> March 2021 and the gap between two meetings did not exceed one hundred and twenty days.

### Change in Key Managerial Personnel (KMPs)

The following persons have been designated as Key Managerial Personnel of the Company under Section 203 of the Act, 2013 read with the Rules framed thereunder, based on the recommendations of the Nomination and Remuneration Committee.

Mr V Karunakara Reddy as Chief Executive Officer; Mr S Sridhar as Chief Financial Officer and Mr K S Srinivasan as Company Secretary

### Corporate Governance

#### Audit Committee:

In terms of Section 177 of the Companies Act, 2013 (Act, 2013), the Audit Committee of the Company is required to consist of minimum of three members, with majority of independent directors.

The present committee consists of Mr Arvind Balaji, non-executive and non-independent director, Mr L Bhadri and Ms Sasikala Varadachari, (ID) as its members. Thus, the composition of the audit committee is in accordance with the requirements of the Act and the Committee meets periodically to discuss and review such matters as required under the applicable provisions of the Act, 2013.

#### Nomination and Remuneration Committee:

In terms of Section 178 of the Act, 2013, the Nomination and Remuneration Committee is required to consist of minimum of three members, of which not less than one-half shall be independent directors.

The Committee consists of Mr Arvind Balaji, non-executive and non-independent director, Mr L Bhadri and Ms Sasikala Varadachari, (ID) as its members.

The Committee has a Nomination and Remuneration Policy to govern the terms of nomination / appointment and remuneration of (i) directors; and (ii) key managerial personnel of the Company.

#### Remuneration criteria to Directors:

All the directors are non-executive directors. They have not received any remuneration from the Company.

#### Corporate Social Responsibility (CSR) Committee:

The Corporate Social Responsibility Committee consists of the following directors namely, Mr V N Venkatanathan, Mr S G Murali and Mr L Bhadri, as members.

#### **Evaluation of the board, committees and directors**

In terms of Section 134 of the Companies Act 2013 and the rules made thereunder, the board has carried out evaluation of its own performance and that of its committees and individual directors.

The board discussed and assessed its own composition, size, mix of skills and experience, its meeting sequence effectiveness of discussion, decision making, follow up action, quality of information and the performance and reporting by the various committees. Besides, the board considered both its characteristics and the effectiveness of its performance in carrying out its role and responsibilities in the context of the nature, scope, complexity and risk profile of the Company.

The evaluation of individual directors was made on the following criteria, namely (i) attendance for the meetings, participation and independence during the meetings, (ii) interaction with management, (iii) role and accountability of the board and knowledge and proficiency etc.

The evaluation of each committee, namely audit committee, nomination and remuneration committee (NRC) and Corporate Social Responsibility, were evaluated by the board after seeking inputs from its members on the basis of the criteria such as matters assessed against the terms of reference, time spent by the committees in considered matters, quality of information received, work of each committee, overall effectiveness and decision making and compliance with the corporate governance requirements and concluded that all the committees continued to function effectively, with full participation by all its members and members of the management.

#### **12. Deposits**

The Company has not accepted any deposit from the public within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31<sup>st</sup> March 2021.

#### **13. Auditors**

##### Statutory Auditors

On recommendation of Board of Directors of the Company, members of the Company appointed M/s. Raghavan Chaudhuri & Narayanan., Chartered Accountants, Bengaluru having Firm Registration No. 007761S allotted by the Institute of Chartered Accountants of India as Statutory Auditors of the Company at the 10<sup>th</sup> Annual General Meeting of the Company for a term of 5 consecutive years i.e. till the conclusion of 15<sup>th</sup> Annual General Meeting pursuant to Section 139 of the Companies Act, 2013, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

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

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being the Statutory Auditors of the Company for the year 2020-21.

The Auditors' Report for the financial year 2020-21 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 under Section 204 of the Act, 2013, the Secretarial Audit Report for the year 2020-21, given by Mr T N Sridharan, Practicing Company Secretary, Chennai for auditing the secretarial and related records is attached to this report. The Secretarial Audit Report does not contain any qualification, reservation or other remarks. Mr T N Sridharan, Practicing Company Secretary, Chennai, was appointed as Secretarial Auditors for carrying out the secretarial audit for the financial year 2021-22.

Both the Statutory Auditors Report and Secretarial Audit Report are free from any qualification, reservation or adverse remark or disclaimer, and hence do not warrant any explanation or comments by the board.

#### **14. Disclosures**

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

The Company has no activity relating to conservation of energy or technology absorption. The Company did not have any foreign exchange earnings or outgo, in terms of the requirements of Section 134(3) (m) of the Act 2013 read with the Companies (Accounts) Rules 2014.

##### Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure – I to this report.

##### Employee's remuneration:

There is no employee receiving the remuneration in excess of the limits prescribed under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and hence the question of attaching a statement containing the prescribed details of such employees does not arise.

##### Related Party Transactions:

Particulars of contracts / arrangements with related parties referred to in sub-section (1) of Section 188 of the Act, 2013 are given in notes on accounts for the financial year 20120-21.

##### Details of loans / guarantees / investments made:

During the year under review, the Company had not granted any loans or guarantees covered under Section 186 of the Act 2013 read with the Companies (Meetings of Board and its powers) Rules, 2014, for the financial year 2020-21.

Please refer note no. 4 to Notes on accounts for the financial year 2020-21, for details of investments made by the Company.

##### Maintenance of cost records:

Pursuant to Section 148(1) of the Companies Act, 2013 cost records are required to be maintained by specified class of Companies whose turnover exceeds 35 Crores during the immediately preceding financial year. Further, companies covered under Table B of Rule 3 to Companies (Cost Records and Audit) Rules, 2014 whose overall annual turnover exceeds 100 Crores are required to get its cost records audited.

Since the turnover does not exceed the prescribed limit, cost records were not required to be maintained by the Company.

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

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

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

### 15. Acknowledgement

The directors wish to thank the shareholders of the Company for their co-operation and support and also place on record their appreciation of the services and assistance rendered by the bankers of the Company.

For and on behalf of the Board

Place: Chennai  
Date: 26<sup>th</sup> April 2021

V N Venkatanathan  
Director  
DIN: 00059273

L Bhadri  
Director  
DIN: 06829886

Form No. MGT-9

Extract of Annual Return for the financial year ended 31<sup>st</sup> March 2021

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : U50404TN2009PLC071075
- ii) Registration Date : 23.03.2009
- iii) Name of the Company : TVS Motor Services Limited
- iv) Category / Sub-Category of the Company : Public Limited Company
- v) Address of the Registered office and contact details : "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006
- vi) Whether listed company : No
- vii) Name, Address and Contact details of Registrar and Transfer Agent : Integrated Registry Management Services Private Limited, Registered Office: 2nd Floor, Kences Towers, No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai - 600 017

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Maintenance and Repair of Motor Vehicles	45200	-

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name	Address of the Company	CIN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act 2013
1.	TVS Motor Company Limited	"Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006	L35921TN1992PLC022845	Holding Company	Holds 100% in the Company	2(46)

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

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1 <sup>st</sup> April 2020)				No. of Shares held at the end of the year (as on 31 <sup>st</sup> March 2021)				Change in shareholding during the year
	Demat	Physical	Total %	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>Indian</b>									
- Bodies Corp.	-	5,36,33,814	100	100	-	5,36,33,814	100	100	521.20
<b>Total Shareholding of Promoter (A)</b>	-	<b>5,36,33,814</b>	<b>100</b>	<b>100</b>	-	<b>5,36,33,814</b>	<b>100</b>	<b>100</b>	-
<b>B. Public Shareholding</b>	-	-	-	-	-	-	-	-	-
<b>1. Institutions</b>									
Financial Institutions	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	-	-	-	-	-	-	-	-	-
<b>2. Non- Institutions</b>									
<b>a) individuals</b>									
i) Indian	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>5,36,33,814</b>	<b>100</b>	<b>100</b>	-	<b>5,36,33,814</b>	<b>100</b>	<b>100</b>	-

## TVS MOTOR SERVICES LIMITED

### (ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	TVS Motor Company Limited	5,36,33,814	100	Nil	5,36,33,814	100	Nil	-

### (iii) Change in Promoters' Shareholding : Nil

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

Name of the Director / KMP (M/s.)	Opening Balance		% of total shares of the Company	Cumulative		Closing Balance	
	No. of shares	(% of the total share capital)		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
V N Venkatanathan*	1	0.00	0.00	1	0.00	1	0
H Lakshmanan*	1	0.00	0.00	1	0.00	1	0.00
K Gopala Desikan	1	0.00	0.00	1	0.00	1	0.00
R Raja Prakash*	1	0.00	0.00	1	0.00	1	0.00
K S Srinivasan*	1	0.00	0.00	1	0.00	1	0.00
N Srinivasa Ramanujam*	1	0.00	0.00	1	0.00	1	0.00

\* Shares held as nominees of TVS Motor Company Limited.

### (v) Shareholding of Directors and Key Managerial Personnel: NIL

#### V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

##### A. Remuneration to Managing Director, Whole-Time Director and/or Manager:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

##### B. Remuneration to other directors: Not Applicable

##### C. Remuneration to KMP (Chief Executive Officer, Chief Financial Officer and Company Secretary): NIL

#### VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the year.

For and on behalf of the Board

Place : Chennai  
Date : 26<sup>th</sup> April 2021

V N VENKATANATHAN  
Director  
DIN: 00059273

L BHADRI  
Director  
DIN: 06829886

**FORM NO.MR-3  
SECRETARIAL AUDIT REPORT OF TVS MOTOR SERVICES LIMITED  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2021**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To  
The Members  
TVS MOTOR SERVICES LIMITED,  
"Chaitanya",  
No. 12, Khader Nawaz Khan Road,  
Nungambakkam, Chennai 600 006

CIN: U50404TN2009PLC071075  
Authorised Capital:Rs.875,00,00,000/-  
Paid up Capital: Rs.53,63,38,140/-

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by TVS MOTOR SERVICES LIMITED, (CIN: U50404TN2009PLC071075 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) Since the company is a wholly owned subsidiary of TVS Motor Company Limited, the provisions of Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014 is not applicable to the company. However the company has effected dematerialization of its shares and has complied with the provisions of The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- iii) The Company being unlisted public limited company, the provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;
- iv) As the company has not done any Foreign Direct Investment, or overseas Direct Investment nor availed any External Commercial Borrowings, the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings in not applicable to the company;
- v) The Company being unlisted public limited company, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable viz.
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (i) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (j) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (k) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- vi) The Company has materially complied with laws applicable specifically to the Company.
  - i) I have also examined compliance with the applicable clauses of the following:
  - ii) The Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India in terms of sub-section 10 of Section 118 of the Companies Act, 2013, for the financial year under review;

The company being unlisted public limited company, the company is not required to enter into Listing Agreements with any Stock Exchange(s), and hence compliance in relation thereto is not applicable.

From the verification of records and as per the information and explanation furnished to me, during the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, wherever applicable.

I further report that

- i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. However on perusal of the minutes of the board or audit committee meetings, it was observed that there was no dissenting note made by any of the member.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The company has

- i) Constituted Nomination and Remuneration Committee of Directors and has formulated "Nomination and Remuneration Policy" in terms of Section 178 of the Companies Act, 2013 and the Rules made thereunder;
- ii) Constituted the Audit Committee of directors in terms of Section 177 of the Companies Act, 2013;



## TVS MOTOR SERVICES LIMITED

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- iii) Constituted Corporate Social Responsibility Committee (CSR) to formulate and recommend to the board a Corporate Social Responsibility Policy, prepare and recommend a list of CSR projects/ programs, which the company plans to undertake. However, since the company has incurred loss during the preceding three financial years, the company is not liable to spend any amount in pursuance of its Corporate Social Responsibility Policy as required under Section 135(4) of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014.
- iv) Considered and recorded the Risk Management Policy followed by the Company in terms of Section 134(3)(n) of the Companies Act, 2013 including identification therein of elements of risk, if any, which in the opinion of the board, may threaten the existence of the company;
- v) Considered and approved the "Code of Business Conduct and Ethics" of the Company framed in terms of Section 149 read with Schedule IV of the Companies Act, 2013;
- vi) has appointed woman director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

I further report that from the information and explanations furnished to me, during the audit period

- i) The company has allotted 63,70,000 8% secured Non-Convertible Debentures (NCD) of Rs.10/- each aggregating to Rs.6.37 Cr to TVS Motor Foundation, on 31<sup>st</sup> March, 2021, which was secured in terms of the Debenture Trust Deed as amended from time to time to secure Class B NCD;
- ii) The shareholders in the Extra Ordinary General Meeting held on 25<sup>th</sup> March, 2021 has passed resolution for authorizing the board of directors for making borrowing under section 180(1)(c) of the Act upto Rs.150 crores and also delegated powers under Section 180(1)(a) of the Act, to secure the borrowings and has complied with the provisions of the Act in relation thereto. Pursuant to the above approval by the shareholders, the company has issued and allotted 63,70,000 8% NCDs aggregating to Rs.6.37 Cr to TVS Motor Foundation and that the company has complied with the provisions of the Act in relation thereto.
- iii) No Foreign technical collaborations have been entered into during the year under review.

UDIN	F003797C000450375
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Place: Chennai  
Date: 24<sup>th</sup> April 2021

T.N.SRIDHARAN  
Practising Company Secretary  
Membership No. FCS 3797  
C.P.No.4191

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To  
The Members  
TVS MOTOR SERVICES LIMITED,  
"Chaitanya",  
No. 12, Khader Nawaz Khan Road,  
Nungambakkam, Chennai 600 006

CIN: U50404TN2009PLC071075  
Authorised Capital:Rs.875,00,00,000/-  
Paid up Capital: Rs.53,63,38,140/-

My Report of even date is to be read along with this letter.

- 1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

- 3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
- 4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- 6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

UDIN	F003797C000450375
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Place: Chennai  
Date: 24<sup>th</sup> April 2021

T.N.SRIDHARAN  
Practising Company Secretary  
Membership No. FCS 3797  
C.P.No.4191

# TVS MOTOR SERVICES LIMITED

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

### To the Members of TVS Motor Services Limited

#### Report on the Audit of the Stand-alone financial statements

##### Opinion

We have audited the accompanying standalone financial statements TVS Motor Services Limited Private Limited ("the Company"), which comprise the standalone Balance Sheet as at 31<sup>st</sup> March 2021, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss (financial performance including total Comprehensive Income), Changes in Equity and Cash Flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

##### Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

##### Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

##### Report on Other Legal and Regulatory Requirements

With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors.

## TVS MOTOR SERVICES LIMITED

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

1. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2021 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 the financial reporting of the Company and the operating effectiveness

of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i The Company has disclosed the impact of pending litigations on the financial position in its standalone financial statements-Refer Note 32 to the financial statements.
  - ii The Company has not entered into any long term contract including derivative contracts.
  - iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN: 007761S

UDIN	21027716AAAAIP8594
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Place : Bangalore  
Date : 26<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS MOTOR SERVICES LIMITED

## Annexure "A" to Independent Auditors' Report 31<sup>st</sup> March 2021 (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) Fixed assets are physically verified by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such verifications;
- c) The title deeds of the immovable properties of the company are held in the name of the company;
- ii The Company does not have any inventory. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.
- iii The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.
- iv In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and has not provided guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.
- v The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.
- vi The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.
- vii (a) According to the information and explanation given to us, and on the basis of our examination of the records of the company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, Income-tax, goods and service tax, goods and services tax and any other material statutory dues with the appropriate authorities except for few marginal delays
- (b) According to the information and explanations given to us, following are the details of the disputed dues that were not been deposited on account of any dispute as on 31st March 2021:

Description	March 31, 2021 (Rs. in Lakhs.)
Disputed Income Tax Demand	
1) FY 2011-12	1.06
2) FY 2011-12	0.35

- viii Based on our verification and according to the information and explanations given by the management, the company has not defaulted in repayment to debenture holders. However, company has not borrowed from any financial institution and banks.
- ix According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.
- x Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.
- xi In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred under 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 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv During the year, the Company has not made any preferential allotment of equity shares and hence the requirement for compliance of Section 42 of the Act does not arise. The company has not made any private placement of shares or fully or partly convertible debentures during the year.
- xv In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- xvi The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN: 007761S

UDIN 21027716AAAAIP8594

Place : Bangalore  
Date : 26<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS MOTOR SERVICES LIMITED

Annexure 'B' to the Independent Auditors' Report for the year ended 31st March 2021

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of TVS Motor Services Limited Limited ("the Company"), as of 31<sup>st</sup> March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's and Board of Directors Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

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 Institute of Chartered Accountants of India 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained, and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

### 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2021, 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 RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN: 007761S

UDIN	21027716AAAIP8594
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Place : Bangalore  
Date : 26<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS MOTOR SERVICES LIMITED

## BALANCE SHEET AS AT 31<sup>st</sup> March 2021

(Rs. In Lakhs)

	Notes	As at Mar 31, 2021	As at Mar 31, 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Capital work in progress	2	569.75	569.75
Investment property	3	9,029.61	9,029.61
Financial assets			
i. Investments	4	1,952.70	1,746.83
ii Loans	4a	138.28	
Income Tax Assets (Net)	6	0.93	1.18
Other non current assets			
Deferred Tax assets	7	1,065.95	1,083.26
<b>Total non-current assets</b>		<b>12,757.22</b>	<b>12,430.63</b>
<b>Current assets</b>			
Financial assets			
i. Trade Receivables	8	797.36	804.89
ii. Cash and cash equivalents	9	100.23	625.26
iii. Other receivables	10	6,298.05	6,298.05
Other current assets	11	700.28	699.03
<b>Total current assets</b>		<b>7,895.92</b>	<b>8,427.23</b>
<b>Total Assets</b>		<b>20,653.14</b>	<b>20,857.86</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	12	5,363.38	5,363.38
Other Equity			
Reserves and surplus	13	708.52	1,205.26
Other reserves	14	332.91	177.91
<b>Total equity</b>		<b>6,404.81</b>	<b>6,746.55</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
i. Borrowings	15	637.00	4,512.48
ii. Other financial liabilities	16	3,453.95	3,953.04
<b>Total non-current liabilities</b>		<b>4,090.95</b>	<b>8,465.52</b>
<b>Current liabilities</b>			
Financial liabilities			
i. Borrowing	17	4,500.13	-
ii Trade payables	18	176.07	170.44
iii. Other financial liabilities	19	4,320.87	4,327.70
Other current liabilities	20	1,160.31	1,147.65
<b>Total current liabilities</b>		<b>10,157.38</b>	<b>5,645.79</b>
<b>Total liabilities</b>		<b>14,248.33</b>	<b>14,111.31</b>
<b>Total equity and liabilities</b>		<b>20,653.14</b>	<b>20,857.86</b>
Significant accounting policies	1		

**As per our report of even date**  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
ICAI Regn No. FRN 007761S

V. Sathyanarayanan  
Partner  
Membership No. 027716

Place: Chennai  
Date:

V Karunakara Reddy  
Chief Executive Officer

V N Venkatanathan  
Director

S Sridhar  
Chief Financial Officer

**For and on behalf of the Board**  
L Bhadri  
Director

K S Srinivasan  
Company Secretary

# TVS MOTOR SERVICES LIMITED

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021

(Rs. In Lakhs)

	Notes	1st April 2020 to 31st Mar 2021	1st April 2019 to 31st Mar 2020
<b>Income</b>			
Revenue from operations		-	-
Other income	21	3.22	-
<b>Total income</b>		<b>3.22</b>	<b>-</b>
<b>Expenses</b>			
Finance costs	22	505.53	1,088.65
Other expenses	23	29.25	58.21
<b>Total expenses</b>		<b>534.78</b>	<b>1,146.86</b>
<b>Profit/(loss) before tax</b>		<b>(531.56)</b>	<b>(1,146.86)</b>
Income tax expense			
Current tax	24		-
Deferred tax		(34.82)	(432.96)
<b>Profit/(loss) for the year</b>		<b>(496.74)</b>	<b>(713.90)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
<i>Changes in fair value of FVOCI equity instruments</i>			
		207.12	250.73
<i>Income taxes on the above</i>			
		(52.12)	(29.20)
<b>Other comprehensive income for the year, net of tax</b>		<b>155.00</b>	<b>221.52</b>
<b>Total comprehensive income for the year</b>		<b>(341.74)</b>	<b>(492.38)</b>
<b>Significant accounting policies</b>	1		
Earnings per equity share (Basic/ diluted earnings per share)	25		

As per our report of even date  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No. FRN 007761S

V. Sathyanarayanan  
Partner  
Membership No. 027716

Place: Chennai  
Date:

V Karunakara Reddy  
Chief Executive Officer

V N Venkatanathan  
Director

S Sridhar  
Chief Financial Officer

For and on behalf of the Board  
L Bhadri  
Director

K S Srinivasan  
Company Secretary

# TVS MOTOR SERVICES LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021

(Rs. In Lakhs)

	As at March 31, 2021	As at March 31, 2020
<b>Cash flow from operating activities</b>		
Profit before income tax	(531.56)	(1,146.86)
<b>Adjustments for</b>		
Gain on transfer of land		-
Interest income accrued reversed	(3.03)	
Fair valuation of Preference share		
Unwinding of discount on security deposits	138.36	936.40
Long Term Capital Loss/ gain on Sale of Investments		-
Fair value of 6% Pref share		
Fair Valuation Loss on Mutual Funds		-
<b>Operating Profit Before Working Capital Changes</b>	<b>(396.23)</b>	<b>(210.46)</b>
<b>Change in operating assets and liabilities</b>		
(Increase)/decrease in other current assets	6.28	(5.96)
Increase/(decrease) in other financial liabilities	(638.65)	(4,169.46)
(Increase)/decrease in trade current assets		-
Increase/(decrease) in other current liabilities	12.66	12.19
<b>Cash utilised in operations</b>	<b>(1,015.93)</b>	<b>(4,373.69)</b>
Income taxes paid	-	-
<b>Net cash utilised in operating activities</b>	<b>(1,015.93)</b>	<b>(4,373.69)</b>
<b>Cash flows from investing activities</b>		
Investment	(133.76)	5.01
Investment Property		
<b>Net cash (utilised)/generated from investing activities</b>	<b>(133.76)</b>	<b>5.01</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of Share capital	-	4,500.00
Increase/(Repayment) of Borrowings (Short)	624.65	201.38
<b>Net cash flow generated from financing activities</b>	<b>624.65</b>	<b>4,701.38</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(525.04)</b>	<b>332.71</b>
Cash and cash equivalents at the beginning of the financial year	625.26	292.56
<b>Cash and cash equivalents at end of the year</b>	<b>100.23</b>	<b>625.26</b>

As per our report of even date  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No. FRN 007761S

V. Sathyanarayanan  
Partner  
Membership No. 027716

Place: Chennai  
Date:

V Karunakara Reddy  
Chief Executive Officer

V N Venkatanathan  
Director

S Sridhar  
Chief Financial Officer

For and on behalf of the Board  
L Bhadri  
Director

K S Srinivasan  
Company Secretary



# TVS MOTOR SERVICES LIMITED

## Statement of Changes in Equity

(Rs. In Lakhs)

### I) Equity Share Capital

	Notes	Amounts
Balance as at March 31, 2020		4,700.00
Changes in equity share capital during the year	12	-
Balance as at March 31, 2021		4,700.00

### II) Other equity

	Notes	Reserves and surplus		Other reserves	Total
		Retained earnings	Capital reserve	FVOCI - Equity instruments	
Balance as at 1st Apr, 2019		1,943.25	(24.09)	177.91	2,097.07
Profit for the period	13	(713.90)			(713.90)
Balance as at 31st Mar, 2020		1,229.35	(24.09)	177.91	1,383.17
Profit for the period	13	(496.74)			(496.74)
	14			155.00	155.00
Balance as at March 31, 2021		732.61	(24.09)	332.91	1,041.43

As per our report of even date  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No. FRN 007761S

V. Sathyanarayanan  
Partner  
Membership No. 027716

V Karunakara Reddy  
Chief Executive Officer

V N Venkatanathan  
Director

S Sridhar  
Chief Financial Officer

For and on behalf of the Board

L Bhadri  
Director

K S Srinivasan  
Company Secretary

Place: Chennai  
Date:

## 1. Significant Accounting Policies forming part of Financial Statements

### COMPANY BACKGROUND

TVS Motor Services Limited ("the Company") is a public limited company incorporated and domiciled in India. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Nungambakkam, Chennai – 600006, Tamil Nadu, India.

### SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of preparation of accounts:

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

#### b. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that is measured at fair value;

#### c. Critical Estimates and judgments

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

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

#### d. Prior period error

Errors have been made in the previous years in estimates of fair value and eligibility of deferred tax. These errors are such that it is difficult to estimate accurately the period in which the impact has to be considered. As a result, in accordance with Ind AS the accounting of these errors, after quantification, has been reflected in the opening balance for the current year with concomitant impact adjusted in the Opening Reserves and Surplus.

#### e. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

#### f. Revenue Recognition

- i. Income is recognized as per the terms of contract, on accrual basis.
- ii. Dividends are recognised in profit or loss only when the right to receive payment is established.

#### g. Financial Assets:

##### 1) Classification

The Company classifies its financial assets in the following categories, those to be measured subsequently at

- fair value through other comprehensive income,
- fair value through profit or loss, and
- Measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

##### 2) Measurement:

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

profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### Debt Instruments:

Subsequent measurement of debt instruments depends on the 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. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

#### 3. Impairment of financial assets:

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.

#### 4. De-recognition of financial assets:

A financial asset is derecognised only when:

The Company has transferred the rights to receive cash flows from the financial asset or 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 derecognised, 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.

#### 5. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

#### h. Taxation

- i. Provision for current tax is made on the basis of taxable income for the current accounting year in accordance with the Income Tax Act, 1961.
- ii. Deferred income tax provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

### i. Functional Currency:

Functional and presentation currencies:

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 rupees (INR) and all values are rounded off to nearest lakhs except where otherwise indicated.

### j. Goods and Service Tax Input Credit

Eligible Goods and Service Tax input credit is accounted as receivable when the underlying service is received, as per the Goods and Service Tax Act Rules applicable to Non-Banking Financial activities.

### k. Borrowings

Borrowings that are not eligible to be carried under amortised cost model is designated as fair value through profit or loss on initial recognition.

Borrowings are initially recognised at fair value, net of transaction cost incurred. Processing fee on loan borrowed is amortized over the tenor of the respective loan.

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

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

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

### l. Borrowings cost:

Borrowing costs are expensed in the period in which they are incurred.

### m. Recovery cost:

Recovery cost representing the expenditure incurred in recovery of the outstanding dues are accounted in the year in which the expenditure are incurred.

### n. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of the transactions of non cash nature. Deposits which are lien marked with maturity period exceeding 3 months are not treated as cash and cash equivalent for cash flow statement.

### o. Earnings Per Share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

### p. Impairment

The carrying amounts of assets are reviewed at each balance sheet date for indication of any impairment based on internal/external factors. An impairment loss is recognized wherever carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognized by charging it to the Statement of Profit and Loss. A previously recognized impairment loss is reversed where it no longer exists and the assets are restated to the effect.

### q. Operating Cycle

All assets & liabilities are classified as Current and Non-Current based on the operating cycles which have been estimated to be 12 months and which are expected to be realized and settled within a period of 12 months from the date of the Balance sheet.

### r. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker

### s. Provisions

A provision is recorded when the Company has a present or constructive obligation as a result of present obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

### t. Contingent liabilities

Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

### u. Equity

Equity shares are classified as equity. Distributions to holders of an equity instrument are recognised by the entity directly in equity. Transaction costs of an equity transaction shall be accounted for as a deduction from equity.

# TVS MOTOR SERVICES LIMITED

## Notes to Balance Sheet

(Rs. In Lakhs)

	March 31, 2021	Mar 31, 2020
<b>2 Capital work in progress</b>		
Capital work in progress	569.75	569.75
<b>Total Capital work in progress</b>	<b>569.75</b>	<b>569.75</b>

### 3 Investment Property

Particulars	Gross Value				
	As at 1st April 2020	Additions during the year due to business combination	Additions during the year	Deletions during the year	As at 31st March 2021
Land*	9,029.61	-	-	-	9,029.61
<b>Total</b>	<b>9,029.61</b>		-	-	<b>9,029.61</b>

Fair Value of the land as at 31/03/2021 Rs.44,601.00 Lakhs (31/03/2020 Rs.44,601.00 Lakhs )

Particulars	Gross Value				
	As at 1st April 2019	Additions during the year due to business combination	Additions during the year	Deletions during the year	As at 31st March 2020
Land*	9,029.61	-	-	-	9,029.61
<b>Total</b>	<b>9,029.61</b>		-	-	<b>9,029.61</b>

Fair Value of the land as at 31/03/2020 Rs.44,601.00 Lakhs (31/03/2019Rs.44,601.00 Lakhs )

\*1. A part land is given as security for term loan borrowing of group company .

\* 2. Land includes Rs. 5,542 lakhs, whose possession has been taken by Company and supported by Agreement of Sale, Power of Attorney and in respect of which process of registration is in progress.

The company had obtained independent valuations for its investment properties during 2018-19. the management is of the opinion that there is no change in the fair valuation of the aforesaid property as at 31st March, 2021.

	March 31, 2021	Mar 31, 2020		March 31, 2021	Mar 31, 2020
<b>4 Investments</b>			<b>5 Loans</b>		
<b>Unquoted</b>			Loans	138.27	
<b>Investment in equity shares carried at FVOCI</b>			<b>Total</b>	<b>138.27</b>	-
TVS Credit Services Limited **					
10,90,125 (PY 13,47,41,600 ) equity shares of Rs.10 each fully paid up	1,613.38	1,406.27	Unsecured Loan of Rs 135 Lakhs granted for 3 Years to South Asia Electronics Limited.		
Phi Research Private Ltd	300.70	300.70			
<b>Investment Carried at FVTPL</b>		<b>0.00</b>	<b>6 Income Tax Assets (Net)</b>		
Investment in CIG Reality Fund	35.00	35.00	Income Tax Assets (Net)	0.93	1.18
(5,00,000 (PY 5,00,000) units of Rs 10 each)			<b>Total Other- Income Tax Assets</b>	<b>0.93</b>	<b>1.18</b>
Investment in Urban Infra Opportunities Fund	3.61	4.85			
(250 (PY 250) units of Rs 1,00,000 each)					
Investment in Zero Coupon Bond	0.00	-			
Investment in 6% Preference shares of CBCL	-	-			
<b>Total Financial Assets-Investments</b>	<b>1,952.70</b>	<b>1,746.83</b>			
Aggregate amount of quoted investments and market value thereof					
Aggregate amount of unquoted investments	1,952.70	1,746.83			
<b>Total</b>	<b>1,952.70</b>	<b>1,746.83</b>			

\*\* During 2019-20 the company have transferred 133,651,475 no of equity shares invested in TVS Credit Services Limited to settle the shareholders of Non Cumulative redeemable Preference shares.

# TVS MOTOR SERVICES LIMITED

## Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

### 7 Deferred tax Liabilities/(asset)

The balance comprises temporary differences attributable to:

	March 31, 2021	March 31, 2020
Depreciation		
Fair valuation of financial liabilities	238.10	272.92
Fair valuation of financial asset	168.41	116.29
Investment Property	(1,472.47)	(1,472.47)
<b>Net deferred tax Liabilities/(asset)</b>	<b>(1,065.95)</b>	<b>(1,083.26)</b>

Movement in deferred tax assets/(liabilities)	Investment Property	Fair valuation of financial asset	Fair valuation of financial liabilities	Total
<b>At Mar 31, 2020</b>	(1,472.47)	116.29	272.92	(1,083.26)
- to profit or loss	-	52.13	(34.82)	17.31
- to other comprehensive income				
<b>At Mar 31, 2021</b>	<b>(1,472.47)</b>	<b>168.41</b>	<b>238.10</b>	<b>(1,065.95)</b>

#### Note:-

1) Deferred Tax assets been recognised on certain losses. The group has concluded tax assets will be recoverable against future taxable income.

	March 31, 2021	Mar 31, 2020		March 31, 2021	Mar 31, 2020
<b>8 Trade Receivables</b>			<b>10 Other financial assets</b>		
Trade Receivables considered good - unsecured	797.36	804.89	<b>Secured</b>		
<b>Total Trade Receivables</b>	<b>797.36</b>	<b>804.89</b>	Receivable towards sale of property and other assets	6,298.05	6,298.05
			<b>Total Other receivables</b>	<b>6,298.05</b>	<b>6,298.05</b>
<b>9 Cash and cash equivalents</b>			<b>11 Other Current assets</b>		
Balances with banks	36.20	560.43	Balance with GST/ Service Tax Department	700.28	699.03
Cash on Hand	64.03	64.83	Advance to vendors		
<b>Total cash and cash equivalents</b>	<b>100.23</b>	<b>625.26</b>	<b>Total Other Current assets</b>	<b>700.28</b>	<b>699.03</b>

### 12 Equity share capital

#### i) Authorised, issued, subscribed & fully paid equity share capital

	Number of shares	Amount (in Lakh)
86,33,814 nos (Previous year: 50,00,000 nos ) of Equity shares of Rs.10 each		
<b>As at 31 March 2019</b>	8,633,814	863.38
Increase during the year	45,000,000	4,500.00
<b>As at 31 March 2020</b>	<b>53,633,814</b>	<b>5,363</b>
Increase during the year	-	-
<b>As at 31 March 2021</b>	<b>53,633,814</b>	<b>5,363.38</b>

#### ii) Reconciliation of equity share outstanding at the beginning and end of the year

	Note	Number of shares	Equity share capital (par value)
<b>As at 31 March 2020</b>		53,633,814	5,363.38
Add: Addition		-	-
<b>As at 31 Mar 2021</b>		<b>53,633,814</b>	<b>5,363.38</b>

#### Terms and rights attached to equity shares

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

# TVS MOTOR SERVICES LIMITED

(Rs. In Lakhs)

## Notes to Balance Sheet (Contd.)

### iii) Shares of the company held by holding company at the end of the year

	31-Mar-21		31-Mar-20	
	Share holding %	Number of shares	Share holding %	Number of shares
TVS Motor Company Limited	100%	53,633,814	100%	53,633,814

\* 6 equity shares of the Company are held by the nominees of the holding company

### iv) Details of other shareholders holding more than 5% shares in the company

March 31, 2021	Share holding percentage	Number of shares	Amount (In Lakhs)
TVS Motor Company Limited		53,633,814	5,363.38
<b>Total</b>		<b>53,633,814</b>	<b>5,363.38</b>
March 31, 2020	Share holding percentage	Number of shares	Amount (In Lakhs)
TVS Motor Company Limited	100%	53,633,814	5,363.38
<b>Total</b>		<b>53,633,814</b>	<b>5,363.38</b>

	March 31, 2021	March 31, 2020		March 31, 2021	Mar 31, 2020
<b>13 Reserves and surplus</b>			<b>15 Borrowings</b>		
Retained earnings	732.61	1,229.35	8% Secured Non Convertible Debenture (Nominal Value Rs 10 per unit)	637.00	4,512.48
Capital reserves	(24.09)	(24.09)	<b>Total borrowings</b>	<b>637.00</b>	<b>4,512.48</b>
<b>Total reserves and surplus</b>	<b>708.52</b>	<b>1,205.26</b>	<b>16 Other financial liabilities</b>		
<b>a) Retained earnings</b>			<b>Non- Current</b>		
Opening balance	1,229.35	22,131.08	Payable towards purchase of Investments (TVSCS)	3,453.95	3,953.04
Net profit for the period	(496.74)	(713.90)	<b>Total non current financial liabilities</b>	<b>3,453.95</b>	<b>3,953.04</b>
Less: DTA created for Non Cumulative Redeemable Preference shares		(5,002.48)	<b>17 Other Financial Liabilities</b>		
Less: Loss on Fair valuation of 6% CBSL Pref Shares (non consideration of Dividend Income)		(14,657.32)	<b>Borrowings</b>		
Less: DTA created for Fair valuation of CBCSL Preference shares		(528.03)	Short term borrowing from banks		-
Add: Changes in Accounting Policy (Refer Note- 34)			Short term Loan from Others	4,500.13	-
Items of other comprehensive income recognised directly in retained earnings			<b>Total non current financial liabilities</b>	<b>4,500.13</b>	-
- Remeasurements of post-employment benefit obligation, net of tax		-	<b>18 Trade payables</b>		
<b>Closing balance</b>	<b>732.61</b>	<b>1,229.35</b>	<b>Current</b>		
<b>b) Capital reserve</b>			Total Outstanding dues of Micro Enterprises and Small Enterprises *		-
Opening balance	(24.09)	(24.09)	Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	176.07	170.44
Add: Arising on business combination		-	<b>Total trade payables</b>	<b>176.07</b>	<b>170.44</b>
<b>Closing balance</b>	<b>(24.09)</b>	<b>(24.09)</b>	<b>19 Financial liabilities</b>		
<b>Note</b>			<b>Current</b>		
Retained earnings: Company's cumulative earnings since its formation minus the dividends/capitalisation.			Payable for purchase of investments and investment property	4,133.33	4,133.33
Capital Reserve: Gain on common control business combination has been credited capital reserve			Payable to Holding company		-
<b>14 Other reserves</b>			Stale Cheques	54.03	54.03
<b>FVOCI-Equity Instruments</b>			Payable Others	133.51	140.34
Opening balance	177.91	177.91	<b>Total other current financial liabilities</b>	<b>4,320.87</b>	<b>4,327.70</b>
Other Comprehensive income (net of tax)	155.00				
Closing Balance	332.91	177.91			

\* Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by management. There are no interest due or outstanding on the same.

# TVS MOTOR SERVICES LIMITED

## Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

	March 31, 2021	Mar 31, 2020		1st April 2020 to 31st Mar 2021	1st April 2019 to 31st Mar 2020
<b>20 Other current liabilities</b>					
Statutory Dues	920.11	893.97			
Advance from customers	67.11	66.12			
- Advance received Chennai business consulting Pvt Ltd.	173.09	187.56			
<b>Total other current liabilities</b>	<b>1,160.31</b>	<b>1,147.65</b>			
	<b>1st April 2020 to 31st Mar 2021</b>	<b>1st April 2019 to 31st Mar 2020</b>			
<b>21 Other income</b>					
Other Non Operating Income	0.19	-			
Interest income on loan to SAEL	3.03	-			
<b>Total other income</b>	<b>3.22</b>	<b>-</b>			
<b>22 Finance Cost</b>					
Other Borrowing Cost	505.53	1,088.65			
<b>Total finance cost</b>	<b>505.5</b>	<b>1,088.65</b>			
<b>23 Other expenses</b>					
Rates and Taxes	8.58	1.11			
Payment to Auditor* (Refer below note)	6.00	6.75			
Consultancy Fees	9.11	49.19			
Other expenses	5.56	1.16			
<b>Total other expenses</b>	<b>29.25</b>	<b>58.21</b>			
<b>Note 18 (a): Details of payment to auditors</b>					
<b>Payment to auditors</b>					
As Statutory auditors	6.00	6.00			
<b>In other capacities</b>					
Taxation matters		0.75			
<b>Total payment to auditors</b>	<b>6.00</b>	<b>6.75</b>			
<b>24 Income tax expense</b>					
<b>(a) Income tax expense</b>					
<i>Current tax</i>					
Current tax on profits for the year					
<b>Total current tax expense</b>					
<i>Deferred tax</i>					
Decrease (increase) in deferred tax assets					-
(Decrease) increase in deferred tax liabilities			(34.82)	(432.96)	
<b>Total deferred tax expense/(benefit)</b>			<b>(34.82)</b>	<b>(432.96)</b>	
<b>Income tax expense</b>			<b>(34.82)</b>	<b>(432.96)</b>	
<b>25 Earnings per share</b>			<b>31st Mar 2021</b>	<b>31st March 2020</b>	
<b>(a) Basic and diluted earnings per share</b>					
Basic and diluted earnings per share attributable to the equity holders of the company (in rupees)			(0.93)	(1.89)	
<b>(b) Reconciliations of earnings used in calculating earnings per share</b>					
<i>Basic and diluted earnings per share</i>					
Profit attributable to equity holders of the company used in calculating basis earnings per share (Rs in lakhs)			(496.74)	(713.90)	
<b>(c) Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share (in numbers)</b>			<b>536</b>	<b>378</b>	

# TVS MOTOR SERVICES LIMITED

## Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

### 26 Fair value measurements

#### Financial instruments by category

	March 31, 2021			March 31, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments						
- Equity instruments	-	300.70	-	-	300.70	-
- Other funds	38.61	-	-	39.85	-	-
- Equity share of TVS Credit Services to be retained		1,613.38			1,406.27	
Loan			138.27			-
Trade receivable			797.36			804.89
Cash and cash equivalents	-	-	100.23	-	-	625.26
Receivable towards sale of property	-	-	6,298.05	-	-	6,298.05
<b>Total financial assets</b>	<b>38.61</b>	<b>1,914.08</b>	<b>7,333.91</b>	<b>39.85</b>	<b>1,706.97</b>	<b>7,728.20</b>
<b>Financial liabilities</b>						
Borrowings	0.00	-	637.00	0.00	-	4,512.48
Trade payables	-	-	176.07	-	-	170.44
Payable towards purchase of Investments	-	-	7,587.28	-	-	8,086.37
Other financial liability	-	-	187.54	-	-	194.37
<b>Total financial liabilities</b>	<b>0.00</b>	<b>-</b>	<b>8,587.89</b>	<b>0.00</b>	<b>-</b>	<b>12,963.66</b>

FVTPL:- Fair Value through Profit and loss

FVOCI:- Fair Value through Other comprehensive Income

#### (i) Fair value hierarchy

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

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

Particulars	Notes	At 31 March 2021	At 31 March 2020
<b>Level 3 Measurements</b>			
<b>Financial Assets</b>			
Investments	4	339.31	340.55
<b>Total financial Assets</b>		<b>339.31</b>	<b>340.55</b>
<b>Financial liabilities</b>			
Borrowings	15	0.00	0.00
<b>Total financial liabilities</b>		<b>0.00</b>	<b>0.00</b>

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

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

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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

Particulars	Notes	At 31 March 2021	At 31 March 2020
<b>Level 3 Measurements</b>			
<b>Financial assets</b>			
<b>Total financial assets</b>		-	-
<b>Financial liabilities</b>			
Payable towards purchase of Investments	16	5,939.01	7,653.00
<b>Total financial liabilities</b>		<b>5,939.01</b>	<b>7,653.00</b>

#### (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the use of entity specific growth rates and discount rates applicable to the entity
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2



# TVS MOTOR SERVICES LIMITED

## Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

### (iii) Fair value measurements using significant unobservable inputs (level 3)

	Preference shares
As at 1 April 2020	0.00
Issue/ (redemption)	-
Gains/losses recognised in profit or loss	-
Gains/losses recognised in OCI	-
31-Mar-21	0.00

### (iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at		Significant unobservable inputs*	Probability-weighted range for the year end		Sensitivity
	31-Mar-21	31-Mar-20		31-Mar-21	31-Mar-20	
Preference shares	0.00	0.00	a) Earnings growth rate b) Risk adjusted discount rate		0.00%	If the growth rate increases by 5% and reduction in discount rate by 50bps, the value of preference shares will increase by 2% and vice versa.

### (v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset and Earnings growth factor.

Risk adjustments have been derived based on the market risk premium adjusted for companies relevant financial data

### (vi) Fair value of financial assets and liabilities measured at amortised cost

	31-Mar-21		31-Mar-20	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Loan	138.27	138.27	-	-
Trade receivable	797.36	797.36	804.89	804.89
Cash and cash equivalents	100.23	100.23	625.26	625.26
Receivable towards sale of property	6,298.05	6,298.05	6,298.05	6,298.05
<b>Total financial assets</b>	<b>7,333.91</b>	<b>7,333.91</b>	<b>7,728.20</b>	<b>7,728.20</b>
<b>Financial Liabilities</b>				
Borrowings	637.00	637.00	4,512.48	4,512.48
Trade payables	176.07	176.07	170.44	170.44
Payable towards purchase of Investments	7,587.28	5,939.01	8,086.37	7,653.00
Other financial liability	187.54	187.54	194.37	194.37
<b>Total financial liabilities</b>	<b>8,587.89</b>	<b>6,939.62</b>	<b>12,963.66</b>	<b>12,530.29</b>

The carrying amounts of trade receivables, receivables for sale of property, trade payables, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

**27 Financial risk management**

The company's activities expose it to liquidity risk and credit risk.

**(A) Credit risk**

Credit risk arises from cash and cash equivalents, and receivables for sale of property

*(i) Credit risk management*

Credit risk is on cash and cash equivalents are managed by depositing in high rated banks/ institutions are accepted and company faces negligible credit risk on receivable from sale of property

**(B) Liquidity risk**

Company is managing liquidity risk by issue of Preference Shares

*(i) Maturities of financial liabilities*

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**Contractual maturities of financial liabilities:**

<b>31 March 2021</b>	Less than 3 months	Between 3 Month and 1 year	Between 1 and 2 years	Greater than 2 years	Total
<b>Non-derivatives</b>					
8% Secured Non Convertible Debenture	-	4,500.00	-	637.00	5,137.00
Payable towards purchase of Investments	-	4,133.33	4,133.33	-	8,266.66
Trade payables	176.07	-	-	-	176.07
Other financial liabilities	187.54	-	-	-	187.54
<b>Total non-derivative liabilities</b>	<b>363.61</b>	<b>4,133.33</b>	<b>4,133.33</b>	<b>-</b>	<b>8,630.27</b>

<b>31 March 2020</b>	Less than 3 months	Between 3 Month and 1 year	Between 1 and 2 years	Greater than 2 years	Total
<b>Non-derivatives</b>					
8% Secured Non Convertible Debenture			4,500.00		4,500.00
Payable towards purchase of Investments		4,133.33	4,133.33	637.33	8,903.99
Trade payables	170.44	-	-	-	170.44
Other financial liabilities	194.37	-	-	-	194.37
<b>Total non-derivative liabilities</b>	<b>364.81</b>	<b>4,133.33</b>	<b>4,133.33</b>	<b>637.33</b>	<b>9,268.80</b>

# TVS MOTOR SERVICES LIMITED

(Rs. In Lakhs)

## 28 Capital management

### Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, The company may adjust the amount of dividends paid to shareholders, return 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 optimal gearing ratio. The gearing ratios were as follows:

	March 31, 2021	March 31, 2020
Net debt	536.77	3,887.22
Total equity	6,404.81	6,746.55
<b>Net debt to equity ratio</b>	<b>0.08</b>	<b>0.58</b>

## 29 Segment information

### Description of segments and principal activities

The Company has identified its board of directors as chief operating decision maker (CODM). They review the entire operations of the entity as one. Hence, the Company has only one operating segment which are all as reflected in the financial statements.

## 30 Contingent Liabilities not provided for

Particulars	March 31, 2021	March 31, 2020
Disputed liability relating to Income Tax asst. – matter under appeal, at Commissioner of Income Tax (Appeal) - 11, Chennai.		
for the FY 2011-12	1.06	1.06
for the AY 2012-13	0.35	0.35

## 31 Related party transactions

### (a) Holding Company

TVS Motor Company Limited, Chennai

### (b) Ultimate Holding Company

Sundaram-Clayton Limited, Chennai

T V Sundaram Iyengar & Sons Private Limited, Madurai

### (c) Fellow Subsidiaries involving transactions

TVS Credit Services Limited, Chennai

### (d) Key management personnel compensation

### (e) Transactions with related parties and balances outstanding as at the end of the year

The following transactions occurred with related parties:

	March 31, 2021	March 31, 2020
<b>TVS Credit Services Limited</b>		
Repayment towards purchase of investment	637.33	4,133.33
Interest on payable towards purchase of investment	138.36	936.40
<b>Balance outstanding as at end of the year (Cr)</b>	<b>7,587.28</b>	<b>8,086.37</b>

**As per our report of even date**  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
ICAI Regn No. FRN 007761S

V. Sathyanarayanan  
Partner  
Membership No. 027716

Place: Chennai  
Date:

V Karunakara Reddy  
Chief Executive Officer

V N Venkatanathan  
Director

S Sridhar  
Chief Financial Officer

**For and on behalf of the Board**  
L Bhadri  
Director

K S Srinivasan  
Company Secretary

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Board of Directors

RAJESH NARASIMHAN  
HARNE VINAY CHANDRAKANT  
MANU SAXENA

## Audit Committee

RAGHAVAN, CHAUDHURI & NARAYANAN

Chartered Accountants,

Second Floor, Casa Capitol, Wood Street, Ashoknagar,  
Bangalore - 560 025

## Registered Office:

No.367, 11th Cross, 2nd Block R.T.Nagar, Bengaluru,  
Karnataka - 560032  
E-mail: corpsec@scl.co.in  
Web site: www.intellicar.in  
CIN : U72300KA2015PTC078960

## Directors' Report to the Shareholders

The Directors present the 6<sup>th</sup> Annual Report together with the audited financial statements for the year ended 31<sup>st</sup> March 2021.

### Financial Highlights

(Rs.in crores)

Details	Year ended 31.03.2021	Year ended 31.03.2020
Sales and other income	7.89	16.10
Less: Expenses	12.71	17.04
Profit / (Loss) before tax	(4.82)	(0.93)
Provision for taxation (including deferred tax)	(0.34)	0.01
Profit / (Loss) after tax	(4.49)	(0.95)

### Share Capital

During the year, the entire equity share capital of the Company was acquired by TVS Motor Company Limited (TVSM) and the Company became a wholly owned subsidiary of TVSM effective 31<sup>st</sup> December 2020.

During the year, 60,121 Redeemable Preference Shares of Rs. 10/- each at a premium of Rs. 2480/- per share were issued and allotted to TVS Motor Company Limited, the holding company on rights basis.

The Company's paid-up Equity Share Capital as on 31<sup>st</sup> March 2021 is Rs. 9.04 Lakhs as compared to Rs. 6.02 Lakhs in the previous year.

### Dividend

Due to loss for the year under review, the Directors have not proposed any dividend.

### Operations

The revenue for Intellicar had been impacted due to the pandemic induced lockdown. Intellicar had a very high focus towards the then fast growing shared mobility sectors with the likes of Ola, Zoomcar, Uber, due to the pandemic office transit, and tourism took a big hit and thus mobility was one of the main affected areas. This saw a decline in Intellicar's revenue as discounts were provided to the clients who had all their assets unused and were struggling to survive.

Intellicar also needed to cut its costs during this time and decided that it would not let any employee go as these were tough times for all, and decided to reduce the salaries until we see business picking back up. Intellicar was successfully able to revert salary back to the original by November 2020. We were able to achieve our cost cut targets without letting go of anyone from the team.

Intellicar during the pandemic, due to its strength in technology was able to focus and build solutions for the now fast growing electric vehicle ecosystem. Intellicar is currently on the verge of launching its own in-house designed hardware that will form the foundation of all solutions along with a new platform and highly modular and customisable interface and analytics. This will help us work more closely with OEMs in the entire electric vehicle ecosystem.

With the introduction of the new hardware and platform, Intellicar will also be able to strengthen its lead in the shared mobility space with better analytics which will create customer stickiness. Intellicar is also in the process of consolidating its offices into a single office which will further improve the speed and quality of delivery. Further, Intellicar will be focusing on hiring quality talent in the hardware, software, analytics and client success team which will help build solutions for other industries like

2 wheeler OEMs, 4-wheeler OEMs, commercial vehicle OEMs and construction equipment space. Intellicar will see huge growth in the coming years due to the next generation technology and analytics that are currently being launched and was ideated during the pandemic induced lockdowns.

### Preparation of financial statements under Indian Accounting Standards

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16<sup>th</sup> February, 2015 relating to the Companies (Indian Accounting Standard) Rules, 2015, the Company being a wholly owned subsidiary of TVS Motor Company Limited (TVSM), is required to adopt Indian Accounting Standards ("IND AS").

In terms of Rule 4 (1) (ii) of the aforesaid rules, the Company has adopted Ind AS for the year 2020-21 in compliance with the said rules.

### Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis. These are being discussed at the meetings of the Board of Directors of the Company.

As a process, the risks associated with the business are identified and prioritized based on severity, likelihood and effectiveness of current detection. Such risks are reviewed by the senior management on a quarterly basis. Process owners are identified for each risk and matrixes are developed for monitoring and reviewing risk mitigation.

### Internal control systems

The Company has adequate internal control systems to ensure operational efficiency, accuracy and promptness in financial report and compliance of various laws and regulations. The internal control system is supported by the internal audit (IA) process. The IA department evaluates the efficacy and adequacy of Internal Control System, its compliance with operating systems and policies of the Company and accounting procedures at all locations of the Company.

The Company has well-documented Standard Operating Procedures (SOPs) and policies for various processes which are periodically reviewed.

Based on the report of IA function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Board.

### Directors' responsibility statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, the Directors have made the following statement in terms of Section 134 of the Companies Act, 2013 (the Act 2013):

- that in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- 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 loss of the Company for that period;
- that the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

# INTELLICAR TELEMATICS PRIVATE LIMITED

- (d) that the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2021 on a going concern basis; and
- (e) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively. For and on behalf of the Board.

## Directors

Mr Kaushik Sunder Raju and Mr Karan Makhija resigned as Directors and Mr Rajesh Narasimhan, Mr Vinay Harne and Mr Manu Saxena were appointed as additional Directors effective 31<sup>st</sup> December 2020.

## Corporate Governance

### Board Meetings:

During the year under review, the Board met nine (9) times on 5<sup>th</sup> June 2020, 10<sup>th</sup> August 2020, 17<sup>th</sup> October 2020, 26<sup>th</sup> October 2020, 30<sup>th</sup> November 2020, 19<sup>th</sup> December 2020, 31<sup>st</sup> December 2020, 6<sup>th</sup> January 2021 and 8<sup>th</sup> January 2021 and the gap between two meetings did not exceed one hundred and twenty days.

### Auditors

#### Statutory Auditors:

M/s Sathish & Ravi resigned as Statutory Auditors of the Company vide their letter dated 31<sup>st</sup> March 2021.

The board at its meeting held on 5<sup>th</sup> April 2021 appointed M/s Raghavan, Chaudhuri & Narayanan., Chartered Accountants (Firm Registration No. 007761S), Bengaluru as Statutory Auditors for the Financial year 2020-21 to fill up the casual vacancy caused due to the resignation of M/s Sathish & Ravi.

M/s Raghavan, Chaudhuri & Narayanan, will hold office till the conclusion of the ensuing Annual General Meeting. The board recommends their appointment for a term of 5 consecutive years from the ensuing Annual General Meeting 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 and the Auditors.

In terms of the above provisions, M/s Raghavan, Chaudhuri & Narayanan., Chartered Accountants, have completed the audit of the financial statements for the year 2020-21.

The Company has obtained necessary certificate under Section 141 of the Act 2013 conveying their eligibility for being statutory auditors of the Company.

#### Statutory Statements

##### Deposits

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act 2013, for the year ended 31<sup>st</sup> March 2021.

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

The provisions of Section 134 (3) (m) of the Act 2013 and the rules made thereunder relating to the information and details on conservation of energy, technology absorption do not apply to the Company.

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

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

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

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

### Annual Return:

Extract of the Annual Return (Annexure II) in prescribed form is available on the Company's website in the link [www.intellicar.in](http://www.intellicar.in) in terms of the requirements of Section 134 (3) (a) of the Act, 2013 read with the Companies (Accounts) Rules, 2014.

### Employee's remuneration:

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

### Details of loans / guarantees / investments made:

As regards furnishing the details of loans and guarantees under Section 186 of the Act 2013 for the financial year 2020-21, the Company has not extended any guarantee or loans to other companies during the year under review.

### Maintenance of cost records

Pursuant to Section 148(1) of the Companies Act, 2013 cost records are required to be maintained by specified class of Companies whose turnover exceeds 35 Crores during the immediately preceding financial year. Further, companies covered under Table B of Rule 3 to Companies (Cost Records and Audit) Rules, 2014 whose overall annual turnover exceeds 100 Crores are required to get its cost records audited.

The Company's operations do not exceed the turnover required for maintenance and audit of cost records.

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

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

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

### Reporting of fraud

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

### Acknowledgement

The Directors gratefully acknowledge the continued support and co-operation received from TVS Motor Company Limited, the holding Company.

The Directors thank the suppliers, customers and bankers for their continued support and assistance. The Directors also wish to place on record the appreciation of the excellent work done by all the employees of the Company.

For and on behalf of the Board

Place : Singapore / Bengaluru  
Date : 19<sup>th</sup> April 2021

Rajesh Narasimhan  
Director  
DIN : 07824276

Harne Vinay Chandrakant  
Director  
DIN : 09012669

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Annexure - II

### Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended 31<sup>st</sup> March 2021

[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 : U72300KA2015PTC078960  
 ii) Registration Date : 23/02/2015  
 iii) Name of the Company : Intellicar Telematics Private Limited  
 iv) Category / Sub-Category of the Company : Private Limited Company (Deemed Public Company)  
 v) Address of the Registered office and contact details : No.367,11<sup>th</sup> Cross, 2<sup>nd</sup> Block, R.T.Nagar, Bangalore, Karnataka -560032  
 vi) Whether listed Company Yes / No : No  
 vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Not Applicable

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products	NIC Code of the product	% to total turnover of the Company
1.	Other IT design & Development services for networks & systems n.e.c.	99831429	100

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Motor Company Limited Address: "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai-600006	L35921TN 1992PLC022845	Holding Company	100%	2(46)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding : Not Applicable

(ii) Shareholding of Promoters :

S No	Name of the Shareholders (M/s.)	Shareholding at the beginning of the year		Share holding at the end of the year		% change in share holding during the year
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	
	Prakash Karan Makhija	25,000	41.50%	-	-	(100.00)
	Kaushik Sunder Raju	25,000	41.50%	-	-	(100.00)
	Vinod Baba Narayanaswamy	602	1.00%	-	-	(100.00)
	Sidhart Goud Middela	2,410	4.00%	-	-	(100.00)

S No	Name of the Shareholders (M/s.)	Shareholding at the beginning of the year		Share holding at the end of the year		% change in share holding during the year
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	
	Shunmuga Krishnan	7,229	12.00%	-	-	(100.00)
	TVS Motor Company Limited (Holding Company) and its six nominees	-	-	60,241	100.00%	100.00
	<b>TOTAL</b>	<b>60,241</b>	<b>100.00</b>	<b>60,241</b>	<b>100.00</b>	<b>-</b>

#### (iii) Change in Promoters' Shareholding:

Particulars	Shareholding as at 1 <sup>st</sup> April 2020		Shareholding as at 31 <sup>st</sup> March 2021	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>Prakash Karan Makhija</b>			-	-
At the beginning of the year	25,000	41.50	-	-
Less: Transfer on 31.12.2020	(25,000)	41.50		
At the end of the year	-	-	-	-
<b>Kaushik Sunder Raju</b>			-	-
At the beginning of the year	25,000	41.50	-	-
Less: Transfer on 31.12.2020	(25,000)	41.50		
At the end of the year	-	-	-	-
<b>Vinod Baba Narayanaswamy</b>			-	-
At the beginning of the year	602	1.00	-	-
Less: Transfer on 31.12.2020	(602)	1.00		
At the end of the year	-	-	-	-
<b>Sidhart Goud Middela</b>			-	-
At the beginning of the year	2,410	4.00	-	-
Less: Transfer on 31.12.2020	(2,410)	4.00		
At the end of the year	-	-	-	-
<b>Shunmuga Krishnan</b>			-	-
At the beginning of the year	7,229	12.00	-	-
Less: Transfer on 31.12.2020	(7,229)	12.00		
At the end of the year	-	-	-	-
<b>TVS Motor Company Limited and its nominees</b>			-	-
At the beginning of the year	-	-	-	-
Add : Transfer on 31.12.2020	60,241	100.00		
At the end of the year	-	-	60,241	100.00

## INTELLICAR TELEMATICS PRIVATE LIMITED

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

(v) Shareholding of Directors and Key Managerial Personnel: Nil

Mr Vinay Hame and Mr Manu Saxena hold 1 (One) equity share each in the capacity as nominee of TVS Motor Company Limited.

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	1,01,87,618	-	1,01,87,618
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>1,01,87,618</b>	<b>NIL</b>	<b>1,01,87,618</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	10,59,400	-	10,59,400
* Reduction	-	1,01,87,618		1,01,87,618
Net Change	<b>NIL</b>	<b>(91,28,218)</b>	<b>NIL</b>	<b>(91,28,218)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	10,59,400	-	10,59,400
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>10,59,400</b>	<b>-</b>	<b>10,59,400</b>

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and / or Manager: Nil

B. Remuneration to other Directors : NIL

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD : NIL

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board

Place : Singapore / Bengaluru  
Date : 19<sup>th</sup> April 2021

Rajesh Narasimhan  
Director  
DIN : 07824276

Hame Vinay Chandrakant  
Director  
DIN : 09012669

## Independent Auditors' Report to the members of Intellicar Telematics Private Limited, for the year ended 31<sup>st</sup> March 2021

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying standalone financial statements of Intellicar Telematics Private Limited ("the Company"), having its registered office at #367, 11<sup>th</sup> Cross, 2<sup>nd</sup> Block, R.T Nagar, Bangalore - 560 032, which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies -Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2021, and its loss and , its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### Other Matter

The financials statements of Intellicar Telematics Private Limited for the year ended March 31, 2020 were audited by predecessor auditor who expressed an unmodified opinion on those statements.

#### Responsibilities of Management and Those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance) changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on Other Legal and Regulatory Requirements

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 companies act, 2013, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.

- a) Further to our comments in Annexure A, as required by section 143(3) of the Act, we report that
- b) 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;
- c) 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.
- d) the standalone financial statements dealt with by this report are in agreement with the books of account
- e) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
- f) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
- g) With respect to the adequacy of the financial controls over the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financials controls over financial reporting.
- a) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The company does not have any pending litigations which would impact its financial position as on 31 March 2021
  - ii. The company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses as at 31 March 2021
  - iii There are no amounts required to be transferred to investor education and protection fund by the company during the year ended 31 March 2021.

For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
Firm Regn No.: 109208W

UDIN 21027716AAAIG7415

Chennai  
Dated: 19<sup>th</sup> April 2021

V. SATHYANARAYAN  
Partner  
Membership No.: 027716



**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT – 31<sup>st</sup> March 2021 (Referred to in our report of even date)**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- b) All fixed assets have not been physically verified by the management during the year, however, there is a regular program of verification once in two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification;
- c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.;
- ii) The inventory, other than in-transit, has been physically verified at reasonable intervals during the year under review by the management. The discrepancies noticed on verification between the book stock and physical stock were not material and have been properly dealt with in the books of account
- iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable;
- iv) During the year, the company has not granted any loans nor has furnished any guarantee nor provided any security or made any investments which attracts provisions of section 185 and 186 of the Companies Act, 2013. Hence, reporting under clause (iv) of the Order does not arise;
- v) The Company has not accepted any deposits from the public within the meaning of section 73 to 76. Hence, reporting under sub-clause (v) of paragraph 3 of the Order is not applicable to the compan
- vi) As maintenance of cost records has not been specified by the Central Government under sub-section (1) of 148 of the Companies Act, 2013 reporting under clause (vi) of the Order does not arise;
- vii) a) According to the information and explanation given to us, and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Goods and Service Tax, Service Tax Provident Fund, Income Tax and Cess except for few marginal delays. There are no arrears of statutory dues as at 31st March 2021 for a period of more than six months from the date they became payable;
- b) According to the information and explanations given to us, there were no disputed amounts payable in respect of Goods and Service Tax, Service Tax Provident Fund, Income Tax and Cess tax not deposited;

- viii) Based on our verification and according to the information and explanations given by the management, the company has not defaulted in repayment of dues to its banks. The company has not borrowed from Government nor has issued any debentures;
- ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company has not availed any term loan (except for working capital loan), during the year. Accordingly, provisions of clause 3(ix) of the order are not applicable
- x) Based on the audit procedures adopted and the information and explanation given to us, no fraud by the Company or on the Company has been noticed or reported during the course of our audit;
- 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 as such this clause of the order is not applicable;
- xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the act and details of such transactions have been disclosed in standalone Ind AS financial statements as required by the applicable accounting standards;
- xiv) According to the information and explanation given to us and in our opinion, the company has not made any preferential or private placement of shares or fully or partly convertible debentures during the year under review
- xv) According to the information and explanation given to us and in our opinion, the company has not entered into any non-cash transactions with directors or persons connected with them;
- xvi) The company is not required to be registered under section 45-IA of the Reserve Bank Act, 1934.

UDIN | 21027716AAAAIG7415

Chennai  
Dated: 19<sup>th</sup> April 2021

**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 109208W

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT – 31<sup>st</sup> March 2021

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Intellicar Telematics Private Limited ("the Company"), having its registered office at #367, 11<sup>th</sup> Cross, 2<sup>nd</sup> Block, R.T Nagar, Bangalore - 560 032, as of 31<sup>st</sup> March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 109208W

UDIN 21027716AAAAIG7415

Chennai  
Dated: 19<sup>th</sup> April 2021

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716

**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.

**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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2021, 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 Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 109208W

UDIN 21027716AAAAIG7415

Chennai  
Dated: 19<sup>th</sup> April 2021

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2021

All amounts in Indian Rupees, except stated otherwise

Particulars	Note No	As at		
		31st March, 2021	31st March, 2020	1st April, 2019
<b>A Assets</b>				
<b>1 Non Current Assets</b>				
(a) Property, Plant and Equipment	2	2,978,976	2,077,686	2,156,554
(b) Capital Work in Progress	3	233,263		
(c) Right To Use Asset	4	6,023,645	5,162,927	-
(d) Other Intangible assets	5	4,037,012	90,183	27,309
(e) Intangible under Development	6	7,831,455		
(f) Financial Assets				
Deposits	7	1,113,531	1,416,666	862,604
(g) Other Non Current Assets	8	157,198	155,306	77,290
(h) Deferred Tax asset	9	12,575,857	-	-
<b>Total Non Current Assets</b>		<b>34,950,937</b>	<b>8,902,768</b>	<b>3,123,757</b>
<b>2 Current Assets</b>				
(a) Inventories	10	7,570,903	9,423,718	5,216,186
(b) Financial Assets				
(i) Trade Receivables	11	16,294,185	57,224,634	42,774,963
(ii) Cash & Cash Equivalents	12	31,184,311	300,362	12,102,207
(iii) Other Financial Assets	13	45,000	283,445	307,000
(c) Other Current Assets	14	10,529,960	16,806,424	11,299,684
<b>Total Current Assets</b>		<b>65,624,359</b>	<b>84,038,584</b>	<b>71,700,040</b>
<b>3 Total Assets</b>		<b>100,575,297</b>	<b>92,941,352</b>	<b>74,823,797</b>
<b>B Equity And Liabilities</b>				
<b>1 Equity</b>				
(a) Equity Share Capital	15	602,410	602,410	602,410
(b) Other Equity	16	(29,268,155)	6,057,833	15,113,665
<b>Total Equity</b>		<b>(28,665,745)</b>	<b>6,660,243</b>	<b>15,716,075</b>
<b>2 Liabilities</b>				
<b>Non Current liabilities</b>				
(a) Financial Liabilities				
(i) Long Term Borrowings	17	76,060,690	10,187,618	10,381,279
(ii) Lease Liabilities	18	4,556,722	4,101,204	-
(b) Provisions	19	4,660,749	3,336,385	2,144,348
(c) Deferred Tax Liability (Net)		-	255,543	107,982
<b>Total Non Current Liabilities</b>		<b>85,278,161</b>	<b>17,880,750</b>	<b>12,633,609</b>
<b>Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	20	-	8,925,145	-
(ii) Trade Payables	21	12,102,530	20,979,307	20,659,312
(iii) Other Financial Liabilities	22	2,108,005	1,041,190	-
(b) Other Current Liabilities	23	27,598,807	29,676,411	18,237,711
(c) Provisions	18	2,153,539	7,778,307	7,577,090
<b>Total Current Liabilities</b>		<b>43,962,881</b>	<b>68,400,359</b>	<b>46,474,114</b>
<b>Total Liabilities</b>		<b>129,241,042</b>	<b>86,281,109</b>	<b>59,107,723</b>
<b>3 Total Equity and Liabilities</b>		<b>100,575,297</b>	<b>92,941,352</b>	<b>74,823,797</b>

See accompanying notes forming part of the financial statements 1 to 38  
In terms of our report attached.

for **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
FRN: 007761S

for and on behalf of the Board of Directors

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716  
Date: 19th April 2021  
Place: Bangalore  
UDIN :21027716AAAAIG7415

**Rajesh Narasimhan**  
Director  
DIN: 09012669  
Date: 19th April 2021  
Place: Singapore

**Harne Vinay Chandrakant**  
Director  
DIN: 09012669  
Date: 19th April 2021  
Place: Bangalore

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Statement of Profit and Loss for the period 31<sup>st</sup> March 2021

All amounts in Indian Rupees, except stated otherwise

Particulars	Note No.	For the period ended 31st March, 2021	For the period ended 31st March, 2020
I Revenue from Operations	24	66,839,581	160,644,149
II Other Incomes	25	12,002,069	414,215
<b>III Total Incomes</b>		<b>78,841,650</b>	<b>161,058,364</b>
<b>IV Expenses</b>			
(a) Changes in Inventories of Stock in Trade	26	8,776,478	32,881,955
(b) Employee Benefits Expenses	27	47,468,407	81,529,047
(c) Finance Cost	28	2,602,582	1,015,209
(d) Depreciation and Amortisation Expenses	29	3,002,406	2,823,201
(e) Other Expenses	30	65,340,347	52,152,206
<b>Total Expenses (IV)</b>		<b>127,190,221</b>	<b>170,401,617</b>
<b>V Profit before tax (III-IV)</b>		<b>(48,348,571)</b>	<b>(9,343,253)</b>
<b>VI Tax expense:</b>			
a) Income tax		-	-
b) Tax (Savings)/ Expenses		-	-
c) Deferred Tax savings		(13,002,096)	147,560
		<b>(13,002,096)</b>	<b>147,560</b>
<b>VII (Loss)/ Profit for the period (V-VI)</b>		<b>(35,346,475)</b>	<b>(9,490,814)</b>
<b>VIII Other comprehensive Incomes</b>			
A i) Items that will not be reclassified to profit or loss		-	-
Re-measurements of post employee benefit obligations		191,183	465,341
Income Tax relating to these items		(170,696)	-
B Items that will be reclassified to profit or loss		-	-
<b>Total Other Comprehensive Income</b>		20,487	465,341
<b>Total Comprehensive Income</b>		<b>(35,325,988)</b>	<b>(9,025,473)</b>
<b>IX Earnings per Equity Shares:</b>			
(a) Basic		(586.75)	(157.55)
(b) Diluted		(586.75)	(157.55)

See accompanying notes forming part of the financial statements 1 to 38

In terms of our report attached.

for **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
FRN: 007761S

for and on behalf of the Board of Directors

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716  
Date: 19th April 2021  
Place: Bangalore  
UDIN :21027716AAAAIG7415

**Rajesh Narasimhan**  
Director  
DIN: 09012669  
Date: 19th April 2021  
Place: Singapore

**Harne Vinay Chandrakant**  
Director  
DIN: 09012669  
Date: 19th April 2021  
Place: Bangalore

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Statement of Cash Flow for the year ended 31<sup>st</sup> March 2021

All amounts in Indian Rupees, except stated otherwise

Particulars	For the Period Ended 31 March 2021	For the Period Ended 31 March 2020
<b>Cash Flow From Operating Activities :</b>		
Net Income after tax	(35,346,475)	(9,490,814)
<b>Adjustment for Non operating and Non cash items</b>		
Depreciation and amortization	1,166,227	1,623,334
b. Interest expense on lease liability	419,691	297,830
b. Amortisation on right-to-use asset	1,836,179	1,199,867
e. Amortisation of prepaid rent expense	11,492	34,131
Interest received on rental deposits	(14,807)	(32,713)
Financial Charges	901,233	663,062
Capital Reserve	-	
Deferred Tax	(13,172,792)	147,560
Other Comprehensive Income	20,487	465,341
Interest on Redeemable Preference Shares	1,193,856	
<b>Operating Profit before Working Capital Changes</b>	<b>(42,984,909)</b>	<b>(5,092,401)</b>
<b>Adjustment for changes in working capital :</b>		
- Long term provisions	1,324,364	1,192,037
- Trade Payables	(8,876,777)	319,995
- Other current liabilities	(2,077,604)	11,438,699
- Short term provisions	(5,624,768)	201,217
- Deposits	317,942	(600,000)
- Non-current assets	-	(50,000)
- Inventories	1,852,815	(4,207,532)
- Trade receivables	40,930,449	(14,449,672)
- Other Financial Assets	238,445	23,555
- Other Current Assets	6,233,867	(5,490,237)
<b>Net Working Capital Changes</b>	<b>34,318,734</b>	<b>(11,621,938)</b>
<b>Net Cash generated from Operating Activities</b>	<b>(8,666,175)</b>	<b>(16,714,339)</b>
<b>Cash flow From Investing Activities :</b>		
- Purchase of Fixed Assets	(14,079,064)	(1,607,340)
<b>Net cash used in investing activities</b>	<b>(14,079,064)</b>	<b>(1,607,340)</b>

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Statement of Cash Flow for the year ended 31<sup>st</sup> March 2021 - (continued)

All amounts in Indian Rupees, except stated otherwise

Particulars	For the Period Ended 31 March 2021	For the Period Ended 31 March 2020
<b>Cash Flow From Financing Activities :</b>		
- Proceeds/(Payment) of Short-term borrowings	(8,925,145)	8,925,145
Payments towards lease liability	(2,417,505)	(1,548,589)
- Finance Charges	(901,233)	(663,062)
- Proceeds/(Payment) of Long term borrowings	65,873,072	(193,661)
<b>Net Cash flow from/(used in) financing activities</b>	<b>53,629,189</b>	<b>6,519,833</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>30,883,950</b>	<b>(11,801,846)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>300,361</b>	<b>12,102,207</b>
<b>Cash and cash equivalents at end of year</b>	<b>31,184,312</b>	<b>300,361</b>

See accompanying notes forming part of the financial statements 1 to 38

In terms of our report attached.

for **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
FRN: 007761S

for and on behalf of the Board of Directors

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716  
Date: 19th April 2021  
Place: Bangalore  
UDIN :21027716AAAIG7415

**Rajesh Narasimhan**  
Director  
DIN: 09012669  
Date: 19th April 2021  
Place: Singapore

**Harne Vinay Chandrakant**  
Director  
DIN: 09012669  
Date: 19th April 2021  
Place: Bangalore

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes to financial statements for the period ended 31st March 2021

All amounts in Indian Rupees, except stated otherwise

### 2, 3, 4, 5 and 6 Property Plant and Equipment, Right to use Assets, Work in Progress and Other Intangible Assets

Particulars	Gross Block		Deletions	As at 31/03/2021	Depreciation		Additions	Charge for the year	Adjustment	Net Block	
	As at 31/3/2020	Additions			As at 31/3/2020	For the year				As at 31/3/2021	As at 31/3/2021
<b>Note 2: Property, Plant and Equipment</b>											
Furnitures	908,224	269,508	-	1,177,732	405,738	130,094	5,735	135,829	-	541,567	636,165
Office Equipments	1,240,317	-	-	1,240,317	723,327	233,007	-	233,007	-	956,334	283,983
Server	237,375	487,842	-	725,217	204,113	13,072	3,677	16,749	-	220,862	504,355
Computers	3,108,783	1,195,500	-	4,304,283	2,083,835	647,357	18,618	665,976	-	2,749,811	1,554,472
<b>Total</b>	<b>5,494,699</b>	<b>1,952,850</b>	<b>-</b>	<b>7,447,549</b>	<b>3,417,013</b>	<b>1,023,530</b>	<b>28,030</b>	<b>1,051,560</b>	<b>-</b>	<b>4,468,573</b>	<b>2,978,976</b>
<b>Note 3 : Capital Work in Progress</b>											
Capital Work in Progress	-	233,263	-	233,263	-	-	-	-	-	-	233,263
<b>Total</b>	<b>-</b>	<b>233,263</b>	<b>-</b>	<b>233,263</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233,263</b>
<b>Note 4: Right to use</b>											
Right to use Assets	6,844,257	2,696,898	-	9,541,155	1,681,331	1,836,179	-	1,836,179	-	3,517,510	6,023,645
<b>Total</b>	<b>6,844,257</b>	<b>2,696,898</b>	<b>-</b>	<b>9,541,155</b>	<b>1,681,331</b>	<b>1,836,179</b>	<b>-</b>	<b>1,836,179</b>	<b>-</b>	<b>3,517,510</b>	<b>6,023,645</b>
<b>Note 5: Other Intangible Assets</b>											
Intangible Assets	124,474	4,061,496	-	4,185,970	34,291	23,402	91,264	114,667	-	148,958	4,037,012
<b>Total</b>	<b>124,474</b>	<b>4,061,496</b>	<b>-</b>	<b>4,185,970</b>	<b>34,291</b>	<b>23,402</b>	<b>91,264</b>	<b>114,667</b>	<b>-</b>	<b>148,958</b>	<b>4,037,012</b>
<b>Note 6: Intangible under Development</b>											
Intangible under Development	-	7,831,455	-	7,831,455	-	-	-	-	-	-	7,831,455
<b>Total</b>	<b>-</b>	<b>7,831,455</b>	<b>-</b>	<b>7,831,455</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,831,455</b>

for Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
FRN: 007761S

V. Sathyanarayanan  
Partner  
Membership No.: 027716  
Date: 19th April 2021  
Place: Bangalore  
UDIN :21027716AAAAIG7415

Rajesh Narasimhan  
Director  
DIN: 09012669  
Date: 19th April 2021  
Place: Singapore

Harne Vinay Chandrakant  
Director  
DIN: 09012669  
Date: 19th April 2021  
Place: Bangalore

for and on behalf of the Board of Directors

# INTELLICAR TELEMATICS PRIVATE LIMITED

## 1. SIGNIFICANT ACCOUNTING POLICIES

### a) Brief description of the Company

Intellucar Telematics Private Limited ('the Company') was incorporated on 23<sup>rd</sup> February, 2015 as a private limited company under the provisions of the Companies Act. The Company is in the business of providing SaaS, hardware and turnkey solutions for IOT in the Automotive and Mobility space.

### 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) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Disclosures under Ind AS are made only in respect of material items and in respect of items that will be useful to the users of financial statements in making economic decision.

The financial statements have been prepared on historical cost basis following the principles of prudence which requires recognition of expected losses and non-recognition of unrealized gains.

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

The financial statements up to the year ended 31<sup>st</sup> March, 2021 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements of the Company are prepared under Ind AS.

### 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 recognized prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity. It also provides an overview 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 significant estimates and judgments are:

- i) Estimation of defined benefit obligation – (Refer Note 31)
- ii) Estimation of useful life of Property, Plant and Equipment (Refer Note 2)

### e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates and amounts collected on behalf of third parties. It excludes GST since it is not part of revenue and is remitted to the government subsequently.

- i) Sale of services:  
Sale of services was mainly from "SaaS subscription and Engineering services and Hardware installation charges".  
SaaS Subscription charges are recognized based on usage and time proportionate, revenue Hardware Installation charges are recognized at the time of installing the hardware.
- ii) Sale of products:  
Revenue from sale of products is recognized at the time of raising invoice to the ultimate customer.

### f) Property, Plant and Equipment

All items of property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes:

- i. Purchase price
- ii. Taxes and duties, that are not refundable or for which no subsequent credit can be taken by the company
- iii. Labour cost etc.

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. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within Other gains/ (losses).

### g) Depreciation

- i. Depreciation on tangible fixed assets is provided on the Written Down Value Method over the useful life of the Asset as prescribed under part 'C' of schedule II of the Companies Act 2013 prospectively.
- ii. The estimated useful life of tangible fixed assets is as below:

Description of Asset	Useful life (Years)
Office Equipments	5
Motor vehicles	8
Computer & Software	3
Furniture & Fittings	10

- iii. The residual values for all above assets are retained at 5% of the cost.
- iv. On tangible fixed assets assed/disposed of during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.

### h) Amortization of intangible assets

The company has Self-Developed software and the same is recognized in the books of accounts as Intangible Asset. Amortization of intangible assets is provided on the Written Down Value Method over the useful life of the asset.

### Derecognition of tangible and intangible assets:

An item of tangible and intangible asset is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of tangible and intangible assets is determined as the difference between the sales proceeds, if any, and the carrying amount of the asset and is recognized in the statement of profit or loss.

### i) Impairment:

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

### j. Inventories

Items of inventories are measured at lower of cost or net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase & other costs incurred in bringing them to their respective present location and condition after deducting rebates and discounts. Cost is determined on a first in first out basis.



## k) Employee benefits

### i. Short term obligations

Short term obligations are those that are expected to be settled fully within 12 months after the end of the reporting period. They are recognized upto the end of the reporting period at the amounts expected to be paid at the time of settlement.

### ii. Other long term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, recognized and provided for at the present value of the expected future payments to be made in respect of services provided by employee up to 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 recognized in the Statement of Profit and Loss.

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

### iii. Post-employment obligation:

The company operates the following post-employment schemes:

#### 1. Defined benefit plan - gratuity

The liability recognized in balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. 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. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income (net of deferred tax). They are included in Fair Value through Other Comprehensive Income in the statement of changes in equity and in Other Equity in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of Profit and Loss as past service cost.

Gratuity amount payable is not funded with any "Gratuity Fund Trust" as on the date of the financials.

#### 2. Defined contribution plan-

##### ► 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 provident fund account maintained by the Government on its account. The Company is generally liable for monthly contributions which are recognized as an expense in the period in which it is incurred.

The company is of the view that the provisions of the Provident Fund Act are not applicable to trainees for a period of one year after their appointment. Hence contribution towards Provident Fund for such staff has not been made by the company.

##### ► Employees Insurance Fund

Contribution to Employee Insurance Fund is made to Employee State Insurance fund maintained by Government on its account. Accounting treatment is same as that of provident fund.

## l) Taxes on income

Tax expense comprises of (i) current tax and (ii) deferred tax. 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 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 liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized 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 realized or the deferred income tax liability is settled.

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

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

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

## m. 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 and 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 accounted based on technical evaluation, when the products are sold.

Provisions are evaluated 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 recognized as interest expense.

### 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 recognized 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 such amounts are considered as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand

## n) Leases

Lease Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable

- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Company under residual value guarantees
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-to-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which does not have recent third party financing, and
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

All leases doesn't have any lock-in-period in the agreement and rental agreement can be terminated by giving notice to the other party as per agreement conditions. But the company (lessee) is reasonably certain not to exercise cancellation option. Lessor's right to terminate the lease at any time, prima facie, is meant to be exercised only in exceptional circumstances. Hence, total period of lease was considered as lease term as per INDAS 116.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-to-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

Right-to-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Right-to-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-to-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

## **o) 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.

## **p) Trade receivables**

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

## **q) Other financial assets**

### **i. Classification**

The company classifies its financial assets in following categories:

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

The classification 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 (in the case of a financial asset not a fair value through profit or loss) plus 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 the Statement of Profit and Loss.

#### **A. Rent deposits given:**

Rent deposits are initially recognized at their present values and increased year on year by recognizing interest income in Statement of Profit and Loss so that their value at end of maturity period equals the refundable amount.

### **iii. Impairment of financial assets**

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 36 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 recognized from initial recognition of the receivables.

### **iv. Derecognition of financial assets**

A financial asset is derecognized 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 expects 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 derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

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 recognized to the extent of continuing involvement in the financial asset.

## **r) Borrowings**

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognized in the Statement of Profit and Loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognized 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 of assets transferred or liabilities assumed, is recognized in the Statement of Profit and Loss as other gain/(loss).

## INTELLICAR TELEMATICS PRIVATE LIMITED

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

### s) Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

### t) Current and non-current classification

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

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

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

All other assets are classified as non-current.

A liability is treated as current when:

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

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

In Company's considered view, twelve months has been considered its operating cycle.

### u) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

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for **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
FRN: 007761S

for and on behalf of the Board of Directors

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716  
Date: 19th April 2021  
Place: Bangalore  
UDIN :21027716AAAAIG7415

**Rajesh Narasimhan**  
Director  
DIN: 09012669  
Date: 19th April 2021  
Place: Singapore

**Harne Vinay Chandrakant**  
Director  
DIN: 09012669  
Date: 19th April 2021  
Place: Bangalore

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements

Rupees

Note No.	Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
<b>7</b>	<b>Deposits</b>			
	Rental Deposits	1,113,531	1,416,666	862,604
	<b>Total</b>	<b>1,113,531</b>	<b>1,416,666</b>	<b>862,604</b>
<b>8</b>	<b>Other Non Current Assets</b>			
	Prepaid rent expense (non-current)	65,198	63,306	35,290
	Other deposits	92,000	92,000	42,000

### 9. Deferred Tax

The balance comprises temporary differences attributable to:

Particulars	31st Mar, 2021	31st Mar, 2020
Depreciation	33,506	(255,543)
Employee benefits	683,951	-
Provision for doubtful debts	9,762,064	-
On carried forward loss	2,125,576	-
OCI Adjustment	(170,696)	-
Others	141,457	-
<b>Total deferred tax liabilities / (assets)</b>	<b>12,575,857</b>	<b>(255,543)</b>

### Movement in deferred tax liabilities / (assets)

Particulars	Depreciation	Employee benefits	Provision for doubtful debts	On carried forward loss	OCI Adjustment	Others	Total
<b>At April 1, 2019</b>	-	-	-	-	-	-	-
(Charged)/credited:							
- to statement of profit and loss	(255,543)	-	-	-	-	-	(255,543)
- to other comprehensive income	-	-	-	-	-	-	-
<b>At March 31st, 2020</b>	<b>(255,543)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(255,543)</b>
(Charged)/credited:							
INDAS 116 initial adoption	-	-	-	-	-	-	-
- to statement of profit and loss	289,049	683,951	9,762,064	2,125,576	-	141,457	13,002,096
- to other comprehensive income	-	-	-	-	(170,696)	-	(170,696)
<b>At March 31st, 2021</b>	<b>33,506</b>	<b>683,951</b>	<b>9,762,064</b>	<b>2,125,576</b>	<b>(170,696)</b>	<b>141,457</b>	<b>12,575,857</b>

Note No.	Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
	<b>Total</b>	<b>157,198</b>	<b>155,306</b>	<b>77,290</b>
<b>10</b>	<b>Inventories</b>			
	<b>Valued at lower of Cost or Net realisable value</b>			
	Finished Goods*	7,570,903	9,423,718	9,423,718
	( * As valued and certified by the Management )			
	<b>Total</b>	<b>7,570,903</b>	<b>9,423,718</b>	<b>9,423,718</b>
<b>11</b>	<b>Trade Receivables</b>			
	<b>Unsecured, considered good</b>			
	Outstanding for more than 180 days	40,254,624	23,445,734	19,658,906
	Others	22,607,289	42,800,229	23,116,056
	Provision for Bad and Doubtful Debts	(46,567,728)	(9,021,329)	-
	<b>Total</b>	<b>16,294,185</b>	<b>57,224,634</b>	<b>42,774,963</b>

Note No.	Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
<b>12</b>	<b>Cash and Cash Equivalents</b>			
	Balance with Banks			
	-Current Account	30,836,730	259,399	658,078
	-Debit Balance in Bank OD	273,750	-	-
	-Fixed Deposit	-	-	11,428,436
	Cash in hand	73,831	40,963	15,693
	<b>Total</b>	<b>31,184,311</b>	<b>300,362</b>	<b>12,102,207</b>
<b>13</b>	<b>Other Financial Assets</b>			
	Other Advances	45,000	283,445	307,000
	<b>Total</b>	<b>45,000</b>	<b>283,445</b>	<b>307,000</b>
<b>14</b>	<b>Other Current Assets</b>			
	Balance with Government Authority	9,929,791	15,264,482	9,523,941
	Prepaid Expense	556,872	1,296,346	753,440
	Prepaid rent expense (current)	43,297	42,597	26,094
	Advance tax	-	203,000	203,000
	Accrued Interest on FD	-	-	49,515
	Advance to Suppliers	-	-	743,695
	<b>Total</b>	<b>10,529,960</b>	<b>16,806,424</b>	<b>11,299,684</b>

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements - (continued)

Rupees

Note No.	Particulars	As at 31st March , 2021		As at 31st March, 2020		As at 31st March, 2019	
		No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
15	<b>Share Capital</b>						
(a)	Authorised Share Capital 1,30,500 Equity shares of Rs.10 /- each	130,500	1,305,000	100,000	1,000,000	100,000	1,000,000
	Issued, subscribed and paid up capital 60241 Equity Shares of Rs 10 /- fully paid up	60,241	602,410	60,241	602,410	60,241	602,410
	Issued, subscribed and paid up capital <b>Total</b>	<b>60,241</b>	<b>602,410</b>	<b>60,241</b>	<b>602,410</b>	<b>60,241</b>	<b>602,410</b>
(b)	<b>Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period</b>						
	<b>Particulars</b>	<b>As at 31st March , 2021</b>		<b>As at 31st March, 2020</b>		<b>As at 31st March, 2019</b>	
		<b>No. of Shares</b>	<b>Amount (Rs.)</b>	<b>No. of Shares</b>	<b>Amount (Rs.)</b>	<b>No. of Shares</b>	<b>Amount (Rs.)</b>
	Shares outstanding at the beginning of the year	60,241	602,410	60,241	602,410	60,241	602,410
	Shares Issued during the year	-	-	-	-	-	-
	Shares bought back during the year	-	-	-	-	-	-
	<b>Shares outstanding at the end of the year</b>	<b>60,241</b>	<b>602,410</b>	<b>60,241</b>	<b>602,410</b>	<b>60,241</b>	<b>602,410</b>
(c)	<b>Details of shareholders holding more than 5% shares in the company</b>						
	<b>Name of Shareholder</b>	<b>As at 31st March , 2021</b>		<b>As at 31st March, 2020</b>		<b>As at 31st March, 2019</b>	
		<b>No. of Shares</b>	<b>Shareholding %</b>	<b>No. of Shares</b>	<b>Shareholding %</b>	<b>No. of Shares</b>	<b>Shareholding %</b>
	TVS Motors Company Limited	60,241	100%	-	-	-	-
	Karan Makhija	-	-	25,000	41.50%	25,000	41.50%
	Kaushik Raju	-	-	25,000	41.50%	25,000	41.50%
	Shunmuga Krishnan	-	-	7,229	12.00%	7,229	12.00%
	<b>Total</b>	<b>60,241</b>	<b>100%</b>	<b>57,229</b>	<b>95%</b>	<b>57,229</b>	<b>95%</b>
(d)	<b>Terms/ rights attached to equity shares</b>						
	The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity is entitled to one vote per share.						
	In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the company, after distribution of all preferential amounts.						
	The distribution will be in proportion to the number of equity shares held by the shareholders.						

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements - (continued)

### 16. Statement of Changes in Equity for the year ended 31st March , 2021

Rupees

All amounts in Indian Rupees, except stated otherwise

Particulars	Amount			
<b>A. Equity Share Capital</b>				
As at 31st March, 2019				602,410
Changes in equity share capital during the year				-
As at 31st March, 2020				602,410
Changes in equity share capital during the year				-
As at 31st March, 2021				602,410
<b>B. Other Equity:</b>				
Particulars	Fair Value through Other Comprehensive Income			Total
		Securities Premium Account	Retained Earnings	
<b>Balance at 31st March, 2018 (A)</b>	-	-	7,297,229	7,297,229
Less: INDAS 109 initial adoption	-	-	(1,012)	(1,012)
Actuarial Loss / (Gain ) on Employee defined benefit plans			694,318	694,318
Profit/(Loss) for the period	-	-	7,123,130	7,123,130
Other Comprehensive Income/(Loss)	-	-	-	-
Total Comprehensive income for the period (B)	-	-	7,123,130	7,123,130
<b>Balance as at 31st March, 2019 (C=A+B)</b>	-	-	15,113,665	15,113,665
Less: Impact of transition of INDAS 116 (D)	-	-	(30,359)	(30,359)
Profit/(Loss) for the period	-	-	(9,490,814)	(9,490,814)
Other Comprehensive Income/(Loss)	465,341	-	-	465,341
Total Comprehensive income for the period (D)	465,341	-	(9,490,814)	(9,025,473)
<b>Balance as at 31st March, 2020 (E=C+D)</b>	465,341	-	5,592,492	6,057,833
Profit/(Loss) for the period	-	-	(35,346,475)	(35,346,475)
Capital Reserve	-	-	-	-
Securities Premium	-	-	-	-
Other Comprehensive Income/(Loss)	20,487	-	-	20,487
Total Comprehensive income for the period (F)	20,487	-	(35,346,475)	(35,325,988)
<b>Balance as at 31st March , 2021 (G=E+F)</b>	485,828	-	(29,753,982)	(29,268,155)

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements - (continued)

Rupees

Note No.	Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019	Note No.	Particulars	For the period ended 31st March, 2021	For the period ended 31st March, 2020
<b>17</b>	<b>Long Term borrowings</b>				<b>24</b>	<b>Revenue from Operations</b>		
	<b>Secured</b>					<b>Revenue from Sale of Products</b>		
	Term loan	1,059,400	-	-		a. Stock in trade	11,254,213	47,655,078
	(Secured by Hypothecation of Stocks and Book Debts)					<b>Revenue from Sale of Services</b>		
	<b>Unsecured</b>					a. Subscription, Software and AMC Services	55,585,368	112,989,071
	From Related Parties	-	10,187,618	10,381,279		<b>Total</b>	<b>66,839,581</b>	<b>160,644,149</b>
	7% Redeemable Preference Shares	75,001,290						
	<b>Total</b>	<b>76,060,690</b>	<b>10,187,618</b>	<b>10,381,279</b>	<b>25</b>	<b>Other Incomes</b>		
<b>18</b>	<b>Lease Liabilities</b>					a. Financial assets mandatorily measured at fair value through profit or loss	14,807	32,713
	Lease	4,556,722	4,101,204	-		b. Financial assets carried at amortised cost	82,941	-
	<b>Total</b>	<b>4,556,722</b>	<b>4,101,204</b>	<b>-</b>		c. Other non-operating income	11,904,321	381,502
<b>19</b>	<b>Provisions</b>					<b>Total</b>	<b>12,002,069</b>	<b>414,215</b>
	<b>Long Term Provisions</b>				<b>26</b>	<b>Changes in Inventories of Stock in Trade</b>		
	Provision for Employee Benefits	4,660,749	3,336,385	2,144,348		<i>Stock in Trade</i>		
	<b>Total</b>	<b>4,660,749</b>	<b>3,336,385</b>	<b>2,144,348</b>		Opening Stock	9,423,718	5,216,186
	<b>Short Term Provisions</b>					Add: Purchases during the year		
	Provision for Employee Benefits	385,829	51,535	2,338		Other Items Purchase	6,923,663	37,089,487
	Other Provisions	1,767,710	7,726,772	7,574,752		Less: Closing Stock of Stock in Trade	7,570,903	9,423,718
	<b>Total</b>	<b>2,153,539</b>	<b>7,778,307</b>	<b>7,577,090</b>		<b>Total</b>	<b>8,776,478</b>	<b>32,881,955</b>
<b>20</b>	<b>Short Term Borrowings</b>				<b>27</b>	<b>Employee Benefits Expenses</b>		
	Bank Overdraft Account	-	8,925,145	-		Salaries, Wages and Bonus	43,352,767	76,931,097
	(Secured by Hypothecation of Stocks and Book Debts)					Contribution to provident funds and other funds	2,136,813	2,193,168
	<b>Total</b>	<b>-</b>	<b>8,925,145</b>	<b>-</b>		Gratuity	1,849,841	1,706,575
<b>21</b>	<b>Trade Payables*</b>					Staff Welfare Expenses	128,986	698,207
	Total outstanding dues of micro enterprises and small enterprises; and	-	-	-		<b>Total</b>	<b>47,468,407</b>	<b>81,529,047</b>
	Total outstanding dues of creditors other than micro enterprises and small enterprises	12,102,530	20,979,307	20,659,312		<b>*Refer Note-31: Employee benefit obligations</b>		
	<b>Total</b>	<b>12,102,530</b>	<b>20,979,307</b>	<b>20,659,312</b>	<b>28</b>	<b>Finance Cost</b>		
<b>22</b>	<b>Other Financial Liabilities</b>					<b>Interest and finance charges on financial liabilities carried at amortised cost</b>		
	Lease Liability (Current)	2,108,005	1,041,190	-		a. Interest on Bank Borrowings	901,233	663,062
	<b>Total</b>	<b>2,108,005</b>	<b>1,041,190</b>	<b>-</b>		b. Interest expense on lease liability	419,691	297,830
<b>23</b>	<b>Other Current Liabilities</b>					c. Interest on Redeemable Preference Share	1,193,856	
	Salary Payable	20,634,298	12,785,335	5,933,745		d. Other borrowing Costs	87,802	54,317
	Advances from Customers	2,707,425	11,035,066	10,644,107		<b>Total</b>	<b>2,602,582</b>	<b>1,015,209</b>
	Statutory Liabilities	2,021,007	5,856,010	1,659,859	<b>29</b>	<b>Depreciation and Amortisation Expenses</b>		
	Other Payables	2,236,077	-	-		a. Depreciation on plant, property and equipment	1,051,560	1,605,158
	<b>Total</b>	<b>27,598,807</b>	<b>29,676,411</b>	<b>18,237,711</b>		b. Amortisation on right-to-use asset	1,836,179	1,199,867
						c. Amortisation on Intangible assets	114,667	18,176
						<b>Total</b>	<b>3,002,406</b>	<b>2,823,201</b>

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements - (continued)

Rupees

Note No.	Particulars	For the period ended 31st March, 2021	For the period ended 31st March, 2020	(Gain)/loss from change in Experience on DBO	-	-
				Experience (gains)/losses	229,684	229,684
				<b>Total amount recognised in other comprehensive income</b>	<b>(465,341)</b>	<b>(465,341)</b>
<b>30</b>	<b>Other Expenses</b>			Benefit payments	-	-
	a. Audit Fees	200,000	25,000	<b>March 31, 2020</b>	<b>3,387,920</b>	<b>3,387,920</b>
	b. Cost of Services Rendered	19,205,742	29,005,911	Current service cost	1,576,737	1,576,737
	c. Other Administrative Expenses	1,765,221	2,860,766	Interest expense/(income)	273,104	273,104
	d. Rent	559,696	740,600	<b>Total amount recognised in statement of profit and loss</b>	<b>1,849,841</b>	<b>1,849,841</b>
	e. Amortisation of prepaid rent expense	11,492	34,131	<i>Remeasurements</i>		
	f. Foreign exchange loss	-	-	(Gain)/loss from change in demographic assumptions	-	-
	g. Doubtful Debts	37,546,399	9,021,329	(Gain)/loss from change in financial assumptions	(19,513)	(19,513)
	h. Power & Fuel	699,676	1,532,997	(Gain)/loss from change in Experience on DBO	-	-
	i. Consultancy Charges	4,642,250	5,545,600	Experience (gains)/losses	(171,670)	(171,670)
	j. Rates and Taxes	199,311	237,390	<b>Total amount recognised in other comprehensive income</b>	<b>(191,183)</b>	<b>(191,183)</b>
	k. Marketing & Business Promotion Expenses	112,489	883,899	Benefit payments	-	-
	l. Repairs & Maintenance	342,625	271,584	<b>March 31st, 2021</b>	<b>5,046,578</b>	<b>5,046,578</b>
	m. Travelling Expenses & Allowances	55,446	1,992,999			
	<b>Total</b>	<b>65,340,347</b>	<b>52,152,206</b>			

### 31 Employee Benefit obligations

Amount recognised in the Balance sheet and the movements in the net defined benefit obligation are as follows:

	Gratuity		
	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	2,146,686	-	2,146,686
Current service cost	1,490,630		1,490,630
Interest expense/(income)	215,945		215,945
<b>Total amount recognised in statement of profit and loss</b>	<b>1,706,575</b>	<b>-</b>	<b>1,706,575</b>

#### Remeasurements

(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	(695,025)		(695,025)

#### (i) Post-Employment benefits

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity	
	31-Mar-21	31-Mar-20
Discount rate	6.58%	6.64%
Attrition rate	15.00%	15.00%
Salary growth rate	10.00%	10.00%
Mortality rate	IALM* (2012-14)	

\*IALM- Indian Assured Lives Mortality

Defined employee benefit obligations as on Balance Sheet date are:

Defined benefit obligations	As at 31st Mar, 2021			As at 31st Mar, 2020		
	Non-current	Current	Total	Non-current	Current	Total
Gratuity	4,660,749	385,829	5,046,578	3,336,385	51,535	3,387,920
<b>Total employee benefit obligations</b>	<b>4,660,749</b>	<b>385,829</b>	<b>5,046,578</b>	<b>3,336,385</b>	<b>51,535</b>	<b>3,387,920</b>

#### (i) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Gratuity	Change in assumption		Impact on defined benefit obligation			
	31-Mar-21	31-Mar-20	Increase in assumption		Decrease in assumption	
			31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Discount rate	1.00%	1.00%	(306,473)	561,856	445,006	295,059
Salary growth rate	1.00%	1.00%	222,445	(313,492)	(216,033)	149,865
Attrition rate	1.00%	1.00%	(94,770)	9,787	93,355	36,582



# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements - (continued)

Rupees

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet. There is no change from the previous period in the methods and assumptions used in the preparation of above analysis, except that the base rates have changed

### (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:

**Interest rates risk** : One actuarial assumption that has a material effect is the discount rate. This assumption depends on the yields on the corporate / government bonds as at the valuation date and hence the valuation of liability is exposed to fluctuations in the yields. If bond yields fall, the defined benefit obligation will tend to increase.

**Salary inflation risk**: Higher than expected increases in salary will increase the defined benefit obligation.

**Demographic risks**: This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

**Liquidity risk**: The Company may run out of cash as they follow 'pay as you go' system to meet the liabilities as and when they fall due. The company is only making book provisions for the entire gratuity liability on the valuation date. Therefore the scheme is fully unfunded, and no assets are maintained by the company and asset values are taken as zero. Employees with high salaries and long durations, or those higher in the hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cash flows.

**Legislative risk**: This is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

### 32 Fair Value Measurements

Financial instruments by category

	As at 31st Mar, 2021			As at 31st Mar, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets :</b>						
Rent deposits		-	1,113,531		-	1,416,666
Balance with Banks	-	-	31,184,311	-	-	300,362
Trade Receivables	-	-	16,294,185	-	-	57,224,634
Balance with credit card agencies	-	-	-	-	-	-
Employee advances	-	-	45,000	-	-	283,445
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>48,637,027</b>	<b>-</b>	<b>-</b>	<b>59,225,108</b>
<b>Financial liabilities</b>						
Lease liability - Non current	4,556,722	-	-	4,101,204	-	-
Borrowings - Non Current	-	-	76,060,690	-	-	10,187,618
Trade payables	-	-	12,102,530	-	-	20,979,307
Borrowings - Current	-	-	-	-	-	8,925,145
Lease liability - Current	2,108,005	-	-	1,041,190	-	-
Current Maturities of long term borrowings	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>6,664,727</b>	<b>-</b>	<b>88,163,220</b>	<b>5,142,394</b>	<b>-</b>	<b>40,092,070</b>

### (i) Fair value hierarchy

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

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements - (continued)

Rupees

### 32 Fair Value Measurements

Financial assets and liabilities measured at fair value - recurring fair value measurements					
At March 31st, 2021	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Financial assets at FVTPL:</b>					
Rent deposits	7	-	1,113,531	-	1,113,531
<b>Total financial assets</b>		-	<b>1,113,531</b>	-	<b>1,113,531</b>
<b>Financial liabilities</b>					
<b>Financial liabilities at FVTPL:</b>					
Lease liability	18 & 22	-	6,664,727	-	6,664,727
<b>Total financial liabilities</b>		-	<b>6,664,727</b>	-	<b>6,664,727</b>
<b>Assets and liabilities which are measured at amortised cost for which fair values are disclosed</b>					
At March 31st, 2021	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>					
Borrowings	17	-	-	76,060,690	76,060,690
<b>Total financial liabilities</b>		-	-	<b>76,060,690</b>	<b>76,060,690</b>
<b>Financial assets and liabilities measured at fair value - recurring fair value measurements</b>					
As at 31st Mar, 2020	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Investments at FVTPL:</b>					
Rent deposits	7	-	1,416,666	-	1,416,666
<b>Total financial assets</b>		-	<b>1,416,666</b>	-	<b>1,416,666</b>
<b>Financial liabilities</b>					
<b>Financial liabilities at FVTPL:</b>					
Lease liability	18 & 22	-	5,142,394	-	5,142,394
<b>Total financial liabilities</b>		-	<b>5,142,394</b>	-	<b>5,142,394</b>
<b>Assets and liabilities which are measured at amortised cost for which fair values are disclosed</b>					
As at 31st Mar, 2020	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>					
Borrowings	17	-	-	19,112,763	19,112,763
<b>Total financial liabilities</b>		-	-	<b>19,112,763</b>	<b>19,112,763</b>

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price.

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

#### Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of the Company and unlisted equity securities are estimated based on market information for similar type of companies.

Risk adjustments have been derived based on the market risk premium adjusted for companies relevant financial data.

#### Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, deposits, cash and cash equivalents, employee advances, claims receivables and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature and insignificant change in interest rate.

FVTPL - Fair value through statement of Profit and Loss; FVOCI - Fair value through Other Comprehensive Income

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements - (continued)

Rupees

### 33 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 accounts for the impact.

Risk	Exposure arising from	Risk Parameters and Mitigation
<u>Market Risk - Interest rate</u>	Variable interest rate borrowings	i) The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow risk. ii) Company's policy is to maintain most of its long term borrowings at fixed rate which are carried at amortised cost. However, the company has access to overdraft facilities at variable interest rates. iii) There are no foreign currency borrowings.
<u>Liquidity risk</u>	Borrowings	i) The company's liquidity management policy involves projecting cash flows 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. ii) The Company prepares a detailed annual operating plans to assess the fund requirements - both short term and long term. iii) Detailed monthwise cash flow forecast is also carried out along with required sensitivities. Based on these factors, adequate working capital credit limits are organised in advance. iv) Company has pre-approved credit lines with banks and these are constantly reviewed and approved by the Board. v) For long term fund requirements, Company targets options such as rupee term loan. vi) The Company obtains a credit rating for the various borrowing facilities on an annual basis. Company constantly monitors the free cashflow from operations to ensure that the borrowing is minimized.
<u>Credit Risk</u>	Rent deposits given, cash and cash equivalents, trade receivables, investments carried at amortized cost	i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. ii) 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. iii) 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. iv) It considers available reasonable and supportive forward-looking information (more specifically described below). v) A default on a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.
	a. Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
	b. Trade Receivables	i) The Company extends credit to the customers and such extension of credit is based on customers' credit worthiness, ability to repay and past track record. ii) The Company has extensive reporting systems and review to constantly monitor the receivables.

### 33 Financial Risk Management

#### (A) Credit Risk

#### Basis of recognition of expected credit loss & providing for such loss

Rating	Category	Description of category	Rental deposits & advances	Trade receivables	
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	12 month expected credit losses	Life time expected credit losses (simplified approach)	
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.	Asset is written off		

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements - (continued)

Rupees

### 33 Financial Risk Management

As at 31st March, 2021

#### 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	Rent deposits	-	-	-	-
	4	Employee advances	45,000	-	-	45,000

#### 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	22,607,289	40,254,624	62,861,913
Expected loss rate	-	-	-
Expected credit losses	-	46,567,728	46,567,728
Carrying amount of trade receivables	22,607,289	(6,313,104)	16,294,185

As at 31 March, 2020

#### 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	Rent deposits	-	-	-	-
	4	Employee advances	283,445	-	-	283,445

#### 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	42,800,229	23,445,734	66,245,963
Expected loss rate	-	-	-
Expected credit losses	-	9,021,329	9,021,329
Carrying amount of trade receivables	42,800,229	14,424,405	57,224,634

#### Reconciliation of loss allowance provision - Trade receivables

Loss allowance March 31, 2020	9,021,329
changes in loss allowance	(37,546,399)
Loss allowance March 31, 2021	46,567,728

### (B) Liquidity risk

#### (i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 March, 2021	31 March, 2020
<b>Floating rate</b>		
- Expiring within one year (bank overdraft and other facilities)	8,940,600	1,074,855

#### (ii) Interest Rate risk

For short term borrowings the marginal cost of lending rate of the bank is followed.

	31-Mar-21	31-Mar-20
Variable rate borrowings	-	8,925,145
Fixed rate borrowings	1,059,400	-

Sensitivity	Impact on profit after tax	
	31-Mar-21	31-Mar-20
Increase in interest rates by 100 bps	-	89,251
Decrease in interest rates by 100 bps	-	(89,251)

**Notes forming part of the financial statements - (continued)**

Rupees

**34 Capital Management**

**(a) Risk management**

The company's objectives with regards to managing capital are

- safeguard its status as a going concern
- to ensure returns to shareholders
- to ensure benefits to stakeholders

In order to maintain optimum capital structure, the board may

- increase the capital by fresh issue of shares or
- reduce the same by return to equity holders
- vary the equity by increasing or reducing the quantum of dividend

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt divided by total equity

Gearing ratio refers to the level of a company's debt compared to its total equity.

The company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	March 31, 2021	March 31, 2020
Debt	76,060,690	19,112,763
Total equity	(28,665,745)	6,660,243
<b>Debt to equity ratio</b>	<b>(2.65)</b>	<b>2.87</b>

**(b) Dividends**

The company has not declared dividend for the past five years

Particulars	March 31, 2021	March 31, 2020
Equity shares	-	-

**35 First-time adoption of Ind AS**

**Transition to Ind AS**

These are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS).

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 Mar 2021, the comparative information presented in these financial statements for the year ended 31 March 2020 and in the preparation of an opening Ind AS balance sheet at 1 April 2019 (The company's date of transition).

An explanation of how the transition from GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out below.

**A. Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from GAAP to Ind AS.

**1 Deemed cost - Property, Plant, Equipments & Intangible Assets**

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, Company has chosen to retain the cost of the Property, Plant & Equipment, intangible assets at their GAAP value.

Accordingly, the Company has chosen to retain the cost of the Property, plant & equipment and intangible assets at their GAAP value

**B. Mandatory Exemptions**

**1 Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with GAAP (after adjustments to reflect any difference in accounting policies), unless there is unassailable evidence that those estimates were in error. Ind AS estimates as at 1st April 2019 are consistent with the estimates as at the same date made in conformity with GAAP. The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under GAAP:

Fair valuation of other financial assets and liabilities in accordance with IND AS 109.

**2 Classification and measurement of financial assets :**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**C. Notes to first time adoption**

**1 Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in Other Comprehensive Income. Under the GAAP, these remeasurements were forming part of the statement of profit and loss for the year.

**2 Security Deposits**

Under GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent.

**3 Other Comprehensive Income**

Under Ind AS, all items of income and expense recognised in a period should be included in the Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in Statement of Profit and Loss but are shown in the statement of profit and loss as 'Other Comprehensive Income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under GAAP.

**4 Deferred Tax**

Deferred tax have been recognised on the adjustments made on transition to Ind AS.

FVTPL - Fair Value through Statement of Profit and Loss

FVOCI - Fair Value through Other Comprehensive Income

**Transition to Ind AS 116**

The company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

**As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

**Notes forming part of the financial statements - (continued)**

Rupees

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position. (Refer Note 3)

**Short-term leases and leases of low-value assets**

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Under Ind AS 17**

In the comparative period, as a lessee the company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of an asset to the Company. All other leases are classified as operating leases. Finance leases are capitalised at the lease's inception at the 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 borrowings or other financial liabilities as appropriate. 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. Land under perpetual lease for is accounted as finance lease which is recognised at upfront premium paid for the lease and the present value of the lease rent obligation. The corresponding liability is recognised as a finance lease obligation. Land under non-perpetual lease is treated as operating lease.

Effective April 1,2019, the Company adopted Ind AS 116"Leases"and applied the standard to all lease contracts existing on April 1,2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings amounting to Rs 200,528, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease,but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March31,2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020 and for the period ended March 31, 2021:

**Balance as at 31st March 2021 For Right to use Assets**

Particulars	Amount
Re Classified on account of INDAS 116 on 1st April 2019	4,744,698
Additions during FY 19-20	4,617,488
Amortisation for the FY 19-20	(1,199,867)
<b>Closing Balance as on 31st March, 2020</b>	<b>8,162,319</b>
Amortisation for the FY 20-21	(1,836,179)
Deletions during FY 20-21	(302,495)
<b>Closing Balance as on 31st March, 2021</b>	<b>6,023,645</b>

**Balance as at 31st March 2021 For Lease Liabilities**

Particulars	Amount
Re Classified on account of 1st April 2019	4,945,226
Additions during the period	4,617,488
Finance Cost accrued for FY 19-20	297,830
Rent Payment towards lease liability for FY 19-20	(2,289,189)
<b>Closing Balance as on 31 March 2020</b>	<b>7,571,355</b>
Finance Cost accrued for FY 20-21	419,691
Rent Payment towards lease liability	(1,503,132)
<b>Closing Balance as on 31 March 2021</b>	<b>6,664,427</b>

**36 Other Disclosures**

**1 Rental expenses relating to operating lease**

Particulars	As at 31st March, 2021	As at 31 March, 2020
Minimum lease payments		
- Not later than one year	2,417,505.00	-
- Later than one year and not later than 5 years	-	-
- Later than 5 years	-	-
<b>Total</b>	<b>2,417,505.00</b>	<b>-</b>

Note : Current year company has adopted Ind AS 116, hence no amount is paid as operating lease

**2 Audit fees**

Particulars	As at 31st March, 2021	As at 31 March, 2020
As statutory auditors	150,000	25,000
Taxation matters	50,000	-
Certification matters	-	-
Other services	-	-

**3 Dues to micro, small and medium enterprises**

As regards to the compliance of the provisions relating to dues to Micro, Small and Medium Enterprises Development Act, 2006, the company has not taken any action with respect to understanding if the parties fall under the Micro, Small and Medium Enterprises category. Dues to Micro and Small Enterprises have not been determined. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same. The company has not received any confirmations as yet.

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements - (continued)

Rupees

### 37. GAAP VS IND AS Reco

1 Reconciliation of total equity as at 31st March, 2020 & 1st April, 2019		
Particulars	As at 31st Mar, 2020	As at 1st Apr, 2019
Total equity (shareholder's funds) as per GAAP	6,337,329	15,022,769
Impact of Employee Defined Benefit(Net)	333,198	694,318
Valuation of rent deposits at fair value	3,315	(1,012)
Impact of INDAS 116 during the year	16,760	-
INDAS 116 initial recognition - Modified Retrospective approach	(30,359)	-
<b>Total equity as per IndAS</b>	<b>6,660,243</b>	<b>15,716,075</b>

### 2 Reconciliation of total comprehensive income for the year ended 31st March 2020

Particulars	
Profit after tax as per GAAP	(8,685,441)
Deferred tax Expense on other comprehensive Income	125,309
Actuarial gain/(loss) on Employee defined benefit plan recognized in other comprehensive income	(465,341)
<b>Total comprehensive income as per IndAS</b>	<b>(9,025,473)</b>

### 3 Impact of IndAS adoption on cash flow statement

There has been no reclassification of amounts from or to cash & cash equivalents under IndAS compared to GAAP.

### 38 Previous Year's figures

Previous year's figures have been regrouped where ever necessary to confirm to current year's classification.

for **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
FRN: 007761S

for and on behalf of the Board of Directors

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716  
Date: 19th April 2021  
Place: Bangalore  
UDIN :21027716AAAAIG7415

**Rajesh Narasimhan**  
Director  
DIN: 09012669  
Date: 19th April 2021  
Place: Singapore

**Harne Vinay Chandrakant**  
Director  
DIN: 09012669  
Date: 19th April 2021  
Place: Bangalore

The Directors have pleasure in presenting the Thirteenth Annual Report and the audited accounts for the year ended 31<sup>st</sup> March, 2021.

## 1. Business and Financial Performance

The highlights of the financial performance of the Company are given below:

₹ in Cr

Particulars	Year ended	
	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2020
Revenue from Operations	2,237.82	1,989.64
Other Income	3.11	10.12
<b>Total</b>	<b>2,240.93</b>	<b>1,999.76</b>
Finance Costs	729.44	699.81
Fees & Commission, Employee Benefit, Administrative & Other Operating Expenses	919.38	802.74
Impairment of Financial Instruments	466.79	258.80
Depreciation and Amortisation Expenses	19.92	20.10
<b>Total Expenses</b>	<b>2,135.53</b>	<b>1,781.45</b>
<b>Profit / (Loss) before Tax &amp; Exceptional Item</b>	<b>105.40</b>	<b>218.31</b>
Less : Exceptional item	-	8.00
<b>Profit / (Loss) before tax</b>	<b>105.40</b>	<b>210.31</b>
Less: Tax expense		
- Current Tax	46.52	60.00
- Deferred Tax	(38.10)	(0.20)
<b>Profit / (Loss) after tax</b>	<b>96.98</b>	<b>150.51</b>
Other Comprehensive Income	(5.28)	(17.65)
<b>Total Comprehensive Income</b>	<b>91.70</b>	<b>132.86</b>
Balance brought forward from Previous Year	436.68	333.92
Transfer to Statutory Reserve	(19.40)	(30.10)
<b>Surplus / (Deficit) carried to Balance Sheet</b>	<b>508.98</b>	<b>436.68</b>

### Company's Performance

#### AUM crossed the ₹10,000 Cr milestone; Disbursements increased by 13% in Fiscal 2021

The Company crossed the milestone of having Assets Under Management (AUM) in excess of ₹ 10,000 Cr during fiscal 2021. The Company ended the year with AUM of around ₹ 11,200 Cr spread across Two-Wheeler Loans, Tractor Loans, Consumer Durable Loans, Used Commercial Vehicle Loans, Used Car Loans, Three-Wheeler Loans, Business Loans and Personal Loans. It is indeed a proud moment for us and we solicit your continued support to take the Company to even greater heights.

Pro-active steps taken by the Company in the previous years to diversify its asset base across a slew of retail-focused products and expand its geographical presence aided the Company to mitigate the impact of the slowdown in the economy. Two-Wheeler Loans, which used to account for close to 50% of the AUM five years ago, accounted for ~37% of the AUM at the end of fiscal 2021. In a year when there was a significant contraction in growth across sectors, the Company witnessed a moderate 13% growth in disbursements to ₹ 8,627 Cr, backed by strong growth in Tractor Loans, Consumer Durable Loans and Business Loans.

Even while disbursements increased, the Company was cautious in extending loans, given the heightened uncertainty. Towards this end, the Company has enhanced its focus on analytics and tweaked its credit assessment engines to ensure that the customer selection is in line with the risk appetite of the Company.



The Company continued to keep a keen eye on profitability, while undertaking various initiatives like narrowing the focus on geographic presence, customer segments and brand in order to achieve optimum return on assets.

The Company also undertook a number of initiatives related to expanding the business, analytics, automation, collections and human resources, which would further enhance the efficiency and resilience of the business over the next few years.

Total income during the financial year 2020-21 increased to ₹ 2,240.93 Cr from ₹ 1,999.76 Cr, an increase of 12% over the previous year. The profit before tax and exceptional items for the year stood at ₹ 105.40 Cr as against ₹ 218.31 Cr during the previous year and the reduction is due to substantial loss of business during first quarter of the year, increase in investments on recovery related initiatives and higher level of COVID related provisions.

The above financial performance is based on Indian Accounting Standards -(IND-AS). The Company has adopted (IND-AS) from 1<sup>st</sup> April, 2018 with effective transition date of 1<sup>st</sup> April, 2017 pursuant to MCA notification dated 31<sup>st</sup> March , 2016 and the financial statements has been prepared in accordance with Division III of Schedule III of Companies Act 2013 notified by Ministry of Corporate Affairs (MCA) on 11<sup>th</sup> October , 2018.

### **Key Product-Wise Performance during the Financial Year**

The Company disbursed ₹ 2,901 Cr of Two-Wheeler Loans as against ₹ 3,223 Cr in the previous year, registering a de-growth of 10%. The Company continues to be the leading financier for TVS Motor Company Ltd.

The Company disbursed ₹ 1,958 Cr in the Tractor Loan segment as against ₹ 1,169 Cr in the previous year, registering a growth of 67%.

The Company disbursed ₹ 366 Cr of Used Car Loans as against ₹ 740 Cr in the previous year, since it focused only on profitable regions.

In Consumer Durable Loans, the Company disbursed ₹ 1,338 Cr to 6.7 Lakh customers as against ₹ 1,025 Cr to 5.2 Lakh customers in the previous year.

The Company scaled up its Used Commercial Vehicle finance and disbursed ₹ 623 Cr during the current year as against ₹ 574 Cr in the previous year.

The Company also scaled up its Business Loans segment and disbursed ₹ 898 Cr during the current year as against ₹ 326 Cr in the previous year.

The Company also did Cross Selling to its existing customers to the tune of ₹ 536 Cr as against ₹ 525 Cr during the previous year.

## **2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Indian Economy demonstrated Resilience in face of Unprecedented Pain in Fiscal 2021**

The Indian economy demonstrated resilience posting gains in H2 after a trying H1, supported by a multitude of government policy interventions, in the year gone by. The financial year 2020-21 began with the nationwide 42 day lockdown, a critical response to, what we now commonly refer to as, the first wave of COVID-19. This led to GDP contraction of 23% in the first quarter. But with the easing of the active cases and recognising the need for swift policy action during this extraordinary and uncertain time, the government and the Reserve Bank of India (RBI) undertook a number of measures to improve liquidity in the system, support credit offtake and mitigate the impact of COVID-19 on asset quality. The economic challenges did manifest themselves in the form of collections efficiency initially, but with the multiple policy interventions of the government and leveraging of technology by the Company, these challenges were met and largely mitigated in the second half of the year. Recovery in Quarter 2 was ahead of estimates with a 7% GDP decline instead of the estimated 11% decline. The Q3 & Q4 saw the GDP return to positive territory, posting gains of 0.4% and 1.5% (estimates), bringing the full year to a 7.9% decline. CRISIL estimates that the Indian economy shrunk by 8.0% in fiscal 2021, the first such instance in over forty years.

### **Rural India Performed Much Better, Becoming Structurally Far More Resilient**

Given the headwinds due to COVID-19, the rural economy, which accounts for almost half of India's GDP, has withstood the COVID-induced shock much better than the large urban towns. This happened due to agricultural activity continuing unhindered, normal monsoons and reduced spread of COVID-19 given the lower population density in the rural areas. Also, the government extended additional financial support through the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) and PM-Kisan scheme, and rural India's relatively higher dependence on both manufacturing and agriculture as compared to services, helped the performance of rural India.

More importantly, rural India has become structurally far more resilient due to two consecutive years of good monsoon, increased spends under MNREGA and irrigation projects, Direct Benefit Transfer (DBT), the PM-Kisan, the PM Ujjwala Yojana for cooking gas, the PM Awas Yojana for housing, and the Ayushman Bharat scheme for healthcare. Further, over the years, the rural infrastructure such as electricity and roads have also considerably improved. These steps have led to lesser leakages and higher incomes in the hands of the rural populace, thereby enhancing their ability and willingness to spend on discretionary products and services.

The RBI has also increased their thrust on digital payments in the rural economy by undertaking a number of steps such as planned issue of licenses to New Umbrella Entities (NUE) to deepen the reach of digital payments, setting up a Payment Infrastructure Development Fund (PIDF) to enhance setting up of supporting infrastructure, and enhancing the functionality of e-wallets to bring them almost on par with bank accounts.

The Company's strong presence in the rural areas stood the Company in good stead. These structural changes in the rural areas have increased the resilience of the rural economy and will create more growth opportunities for the Company as it expands its distribution presence in rural areas.

### **Economy Expected to Bounce Back in Fiscal 2022**

Going forward in fiscal 2022, there is a sense of optimism with global growth picking up, gradual increase in vaccination against COVID-19, and a counter-cyclical Union Budget pushing investments. The budget's focus on pushing investments despite walking a fiscal tightrope would create a platform for a reasonable growth. A RBI study points that an increase in capex by the central and state governments by one rupee each induces an increase in output by ₹ 3.25 and ₹ 2.0, respectively. Given that the focus of the budget was on investment rather than consumption push, the full impact of these spends will be seen in the near term via multiplier effects, and over time, through enhancement of productive capacity. The budgetary provisions thus help raise the medium-term prospects for the economy.

The resurgence of COVID infections being witnessed around the country since March 2021 does pose a risk to growth in the current fiscal. Many states have implemented localised restrictions in the form of weekend lockdowns, restricting non-essential businesses from operating and / or night curfews to prevent the spread of the infection. Factoring in these restrictions, few agencies have downgraded their GDP growth estimates for the year by 25-100 basis points. With vaccination gaining steam and market participants learning to work around the virus, the economic impact of any fresh lockdowns would be less pronounced compared to the previous fiscal.

### **NBFCs faced Multiple Challenges in Fiscal 2021**

Over the last decade, Non-Banking Financial Companies (NBFCs) have witnessed phenomenal growth. The share of NBFCs in the overall systemic credit increased from 18% in fiscal 2015 to 23% as of fiscal 2020. NBFC credit grew at a healthy pace of ~16% CAGR over fiscals 2015 to 2019. However, a severe liquidity crisis following the debt default of IL&FS in mid-September 2018 created panic and led to investor confidence in lending to NBFCs dip. While the segment had just started to revive, COVID-19 has dealt a further blow to NBFCs, which are today facing a troika of challenges – asset quality in the wake of COVID-19, availability of funding at competitive costs, and increasing competition from banks flush with liquidity.

### **NBFCs Loan Book Flat in Fiscal 2021; Liquidity Concerns Largely Managed**

CRISIL Research estimates that the loan book of NBFCs to remain more or less flat at the previous year's levels in fiscal 2021. While economic activity is gradually picking up, prevailing uncertainty

regarding the pandemic's further impact has resulted in lenders still taking a fairly cautious view on disbursements. In fact, growth in fiscal 2021 would be optimal for many NBFCs, arising due to lending under the emergency credit line scheme to MSMEs, and slower rundown in existing book due to moratorium and restructuring of loans.

On the brighter side, proactive measures announced by the regulator, along with gradual pick up in collections, limited disbursements made by NBFCs and funding support from banks have ensured liquidity fears that spooked the market in the immediate aftermath of COVID-19 have been largely managed.

As of fiscal 2021, NBFCs had a total loan outstanding of around ₹ 29 Trillion. Retail assets (including auto finance, housing finance, microfinance, gold loans, education and consumer durable loans) are estimated to account for around 45% of this amount. MSME lending accounts for another 12% of total loans of NBFCs.

### **Stronger NBFCs with Healthy Liquidity and Access to Funding to Outperform**

In fiscal 2022, with a rebound in GDP growth, we foresee disbursements of NBFCs also gaining moderate traction. CRISIL Research forecasts a ~6% growth in NBFC assets during the year, which would still be lower than nominal GDP growth, that is expected to be in the mid-teens. This is because access to funding remains a challenge, especially for smaller and mid-sized NBFCs which do not have a strong parentage and concerns linger over the impact of the pandemic on asset quality.

CRISIL Research expects the challenges being faced by NBFCs over the last 2-3 years to hasten the pace of consolidation. Large players with a better credit profile, strong parentage and access to funding are likely to outperform the industry and grow at a much higher pace. The industry will, however, continue to witness the emergence of newer equity-funded NBFCs catering to specific customer segments. The COVID-19 pandemic and consequent acceleration in both adoption of technology, change in consumer habits and increasing availability of data for credit decision-making has made it possible to build an NBFC lending business without investing large sums in having a brick-and-mortar presence on the ground.

### **Supreme Court Order Positive for Credit Culture**

The Supreme Court order, in March 2021, lifting the standstill on classification of loan accounts and its refusal to direct the government to grant complete waiver of interest on loans during the moratorium period or increase the moratorium period would also aid lenders. As a result, banks and NBFCs will now be able to classify an account on the basis of its overdue status and the data submitted to the Credit Information Companies (CICs) will also reflect the true status of an account.

The Supreme Court ruling is a shot in the arm for lenders as it ensures that the credit culture is not vitiated. Withdrawal of the standstill on recognition of NPAs will enable lenders to enforce various legal measures and support their recovery efforts.

### **Opportunities and Challenges in Fiscal 2022**

The outlook for NBFCs is improving, but the macro-economic challenges seen over the last 2-3 years are by no means fully over. Given the Company's improving scale, diverse portfolio across various segments, and strong parentage, the Company is well placed to capitalise on the opportunities created by both economic growth and consolidation in the NBFC space. The opportunities and challenges for the Company, given the emerging milieu, are as follows:

#### **Opportunities**

- Double-digit growth in GDP expected, which should lead to increased lending opportunities across all the focus asset classes.
- Close co-ordination with TVS Motor to plan areas where disbursements can be increased by augmenting distribution and coming out with attractive schemes.
- Rural India should continue to see strong growth in agricultural incomes, especially if there is a normal monsoon for the third consecutive year.

- Strong liquidity position and continuing support from the parent company, TVS Motor, which would enable TVS Credit to both capitalise on growth opportunities and navigate any challenges in the external environment.
- Investment in strengthening the Company's sales, credit, collections and risk processes should yield strong dividends as the Company looks to further scale up the business while taking advantage of the expected pick-up in economic growth.
- Higher adoption of digital payment systems would enable the Company to streamline its collections process further and enhance efficiency.

### **Challenges**

- Need to continue to keep a keen eye on any emerging challenges due to COVID-19 and accordingly recalibrate business plans and strategy.
- Tightly monitor asset quality and take corrective action as required, given the dynamic changes in external environment and the impact on the Company's borrower segment.
- Probability of upward pressure on funding costs and interest rates, given the Central Government's large budgeted borrowing programme for fiscal 2022.

### **Focus on Enhancing Distribution, Technology and Ecosystem aided the Company**

Geographically, the Company has expanded its presence to 25 states, which has resulted in its portfolio becoming quite well diversified. The southern states of Tamil Nadu, Kerala, Karnataka, Andhra Pradesh and Telangana accounted for 38% of the Company's AUM as of March 2021.

The Company's focus on increasing distribution reach, investing in appropriate technology tools, and taking an ecosystem view has stood it in good stead in the challenging market environment. In Two-Wheeler Loans, the Company increased its penetration within the dealer and sub-dealer network. The Company has implemented the AD-Diya App, which enables self on-boarding of customers by its associate dealer partners. This has helped TVS Credit grow its network in lower penetrated areas.

Similarly, in case of other asset classes such as Tractor, Commercial Vehicle and Business Loans as well, the efforts to widen its suite of product offerings keeping in mind the customer requirements aided the Company in a difficult market environment. In tractors, for example, the Company provides finance to customers of multiple brands and also funds used tractors. The Used Commercial Vehicle Loans not only enable customers to fund their vehicle purchase but also helps them cover the operating costs incurred while plying their vehicles via the Company's ecosystem loan offerings.

### **Recovery Management**

During the year, the Company has had a relentless and sharp focus on recovery and collections. The Company also successfully touched 100% mobile application usage penetration within its collections team.

### **Usage of Analytics and Statistical Tools**

The Company's collections activities are driven by estimating probability of repayment at a customer level using a combination of On-Ups and Off-Ups attributes. With the help of analytical tools, segmentation of customers and collection agents, and optimisation of collections allocation based on such segments and local geographies have been rolled out. Statistical tools are used extensively to improve predictability in resolutions of delinquent customers and residual management to minimise loss to the Company. The Company focused its approach based on region and pin code mapping of customers.

The Company has also invested in mitigating fraud risk with the launch of alert mechanisms to combat potential fraud at a customer, dealer or employee level.

### **Push for Digital Repayments**

The pandemic has resulted in widespread changes in customer behaviour and hastened the adoption of technology. Nowhere is this as visible as in collections, where the Company has significantly managed to increase the proportion of digital repayments from customers through continuous engagement and

providing them with the right tools. The Company is continuously investing in encouraging customers to make cashless payment through payment gateways and tying up with digital platforms for this purpose. This will continue to be a key focus area for the Company.

### **Data & Analytics**

The Company believes in leveraging data and analytical tools effectively as this will become one of the key differentiators amongst financiers in the future. The Company therefore, enhanced its focus on data and analytics through a number of focused initiatives in this area.

### **Credit Assessment and Customer Acquisition**

The Company expanded the use of Machine Learning (ML) based decisions across its products and functions. The Company leveraged ML- based credit underwriting for Two-Wheeler and Consumer Durable Loans. These automated, algorithmic models have improved credit performance and efficiencies. The Company plans to further expand ML-based models to the Used Car and Tractor Loans business. The Company added geographic and demographic variables related to COVID-19 to refresh the algorithmic models and fine tune collections and cross-sell programmes. In addition, the Company has deployed predictive models to accelerate the growth of Cross-Sell programmes and optimise exposure to customers of Business Loans and the InstaCard pilot programme through income estimation models.

### **Internal Sales Force Management**

The Company leveraged ML engines to predict attrition and design of experiments in field personnel incentives to determine appropriate interventions. With the encouraging results of these pilots, the Company intends to launch this on a pan-India basis this year.

### **Model Monitoring and Data Management**

With a heightened focus on deploying advanced analytics including machine learning and deep learning based tools, the Company has strengthened its processes for model monitoring – both from a model performance as well as model execution perspective. There is a continued focus on data enrichment from all possible sources – internal systems, third party sources and business operations. Further, the Company has completed the data management and governance assessment to understand areas to strengthen underlying data to further artificial intelligence and algorithmic deployments. The data lake programme has also begun in full-swing to modernise the analytics data infrastructure.

### **Information Technology**

The Company continues to focus on data privacy and information security, given their critical importance in enhancing the trust of the customers. The Company strengthened its security landscape by implementing prioritised cyber security projects focusing on access management, network security, data protection and secured development. Regulatory and compliance standards were adhered by completing IPv6 migration, applications VAPT and all mobile applications security wrapping. The Company successfully performed business continuity and disaster recovery drills at a regular frequency. The Company has implemented Web Application Firewall (WAF) to secure business critical applications and started performing continuous brand monitoring to avoid brand infringement and reputational risks. "Secure Internet on the move" was implemented for end points to connect from anywhere and on any networks. Red teaming assessment was also carried out to understand current posture of cyber security for the organisation.

### **Marketing Initiatives**

Given the unprecedented situation due to the pandemic, the Company has taken numerous initiatives to ensure that the business continued in a smooth manner. The focus was on regular engagement with customers, channel partners, and employees through digital means.

### **Regular Communication with Employees, Channel Partners and Customers**

When the pandemic struck and uncertainty was at its peak, the Company created a calendar for communication with its customers, channel partners, and employees to create awareness, engage,



and ensure business continuity. The employee communication focused on critical elements such as general guidelines for COVID-19, precautions, and work from home guidelines. The Company proactively communicated to customers on the EMI moratorium facility and how they could make loan repayments safely through digital modes of payment in a hassle free-way.

### **New Products Offerings and Branding Initiatives**

The Company introduced the InstaCard programme, which offers customers a continuous credit line for all their instant needs. This programme allows customers to make online and offline payments across a wide range of categories such as Lifestyle, Groceries, Shopping, Health, etc. To promote adoption and usage, an omni-channel communication campaign was executed. The Company also launched a Retailer Loan product specifically targeted at small retailers. Local retailer activations were done for this to build connect with this customer segment. To build brand saliency, ambient branding was done across several Two-Wheeler and Consumer Durable dealerships.

During the year, the Company also integrated systems with select ecosystem partners to enable instant flow of leads from the partners' system to the Company's Lead Management System. The Company also started mobility solutions for Business Loans products such as Term Loans, Overdraft & Invoice Financing with speedy sanctions.

### **Focus on Digitalisation**

The Company strives to create the best-in-class user experience for its customers and channel partners through digital assets like the Saathi app, which has been made accessible in 5 regional languages. The Saathi app is available on both - the Android and iOS platform. Besides, the Company implemented WhatsApp Bot and a ChatBot on the Company's website, thus improving the self-service capabilities.

### **Human Resources**

People remain the most valuable asset for the Company. The Company has developed a robust human resource management framework to maximise the employee performance. The Company is professionally managed with the senior management team having a rich experience and long tenure with the organisation. The Company has created a succession roadmap to build a leadership pipeline and has also undertaken many initiatives to develop organisational leadership and culture. As on 31<sup>st</sup> March, 2021 the Company had 15,782 employees on its rolls.

The Human Resources team undertook several initiatives during the year.

### **Employee Well-being**

The health, safety and well-being of the employees were the top most priorities this year. The Company has taken several steps such as setting up of regional task force in order to support employees, COVID-insurance to all the employees, emergency financial assistance, awareness creation, transport arrangements in case of medical emergencies, medical assistance for pregnant ladies/elderly parents and children, distribution of safety kits to all employees and regular disinfection of premises during the year. In order to support the families of the employees, the Company has launched a new programme called "Parivar – Employee Welfare Kitty", which will be utilised to support the families of those employees who lost their lives due to COVID-19. Keeping a people-first approach, pro-active work from home was initiated by the Company since March 2020.

### **Employee Engagement**

During these challenging times, the Company has started mandatory day offs, virtual fun sessions and psychological counselling programmes (YourDost) in order to support the employees and ensure their well-being.

### **Technology-based Initiatives and Recognition**

The Company uses contemporary technology and automation for recruitment process, training and performance monitoring to improve productivity. The Company has launched a new application called "Geo-Tagging –Employee Daily Work Management App" and Voice Bot assistance services for all the employees.

### **Talent Management and Development**

The cornerstone of the Company's people strategy is to ensure that talent development, internal mobility, promotion, rewards and performance work in a well synchronised manner to reinforce its brand values - trustworthiness, innovation, proactiveness, empathy and confidence. The Company continuously focuses on talent management and leadership development processes including having development centres, individual development plans and upskilling programmes. The Company has also launched employee recognition and training programmes to develop and motivate a talented workforce to meet day-to-day business challenges.

### **Annual Campus Engagement Programme**

The Company regularly engages with college campuses in order to enhance the visibility of the brand and to provide a platform for upcoming business leaders of tomorrow. E.P.I.C Season 2, the annual campus engagement programme, witnessed 20,000 student registrations from across 1200+ colleges. This year's virtual edition saw the addition of the Finance Challenge along with the other 3 challenges- Strategy, IT and Analytics.

The Company duly complied with all the statutory compliances related to employment and labour laws.

### **Quality**

In the journey towards excellence, the Company continues to focus on quality. The Company carries out periodic assessment of gaps and takes immediate actions to address such identified gaps, which has resulted in strengthening the process across the Company. The Company obtained ISO Quality ISO9001/2008 and ISMS 27001:2013 certification in 2017 for all processing hubs and central operations. ISMS 27001:2013 recertification was obtained with coverage of all hubs of the Company.

### **Community Support Initiative**

As part of the community support initiative- Saksham, the Company partnered with Yuva Parivartan to up skill 100 students in Karnataka and Maharashtra from low-income communities to revive, rebuild and reset the lives of youth affected due to the pandemic.

### **Awards and Recognition**

Over the last year, the Company has won several awards such as Best BFSI Brand by Economic Times, India's Leading BFSI & Fintech Companies 2021 by Dun & Bradstreet, Flame Awards by Rural Marketing Association of India, Content Mogul by CMS Asia, Impact Digital Power 100 Award and Most Innovative Use of HR Technology by ACEF to name a few.

### **Funding**

With equity infusion, participation from NBFCs, banks and financial institutions in the form of Tier 1 (Perpetual Debt Instrument) and Tier 2 capital (Subordinated Debt), the Company has an adequate Capital Adequacy Ratio (CAR) and Prudent Asset Liability Mix (ALM). The CAR as on 31<sup>st</sup> March 2021 stood at 18.51%. As on 31<sup>st</sup> March 2021, cumulative ALM mismatch (within 1 year Bucket) was positive 14.4% as against accepted mismatch of 15% as per RBI Guidelines.

During the year, the Company has obtained fresh sanctions to the tune of ₹ 3,906 Cr (including long & short term borrowings) to meet its business requirement. The Company has raised maiden listed NCDs to the extent of ₹ 425 Cr under TLTRO and PCGS schemes. External Commercial Borrowings (ECB) to the tune of ₹ 722 Cr on fully hedged basis during FY21. In these challenging situations, the Company has taken various initiatives to raise funds at the cost commensurate with its rating by way of diversified funding mix with borrowings from Public sector banks, Private sector banks, Foreign Banks, Financial Institutions, ECB and Capital Markets. Besides, the Company focused on increasing composition of fixed rate instruments with higher tenure in order to utilise benefit of the low interest environment.

All interest and principal repayments were paid on time. The assets of the Company which are available by way of security are sufficient to discharge the claims of the banks as and when they become due.

### Credit Ratings

Facility	Rating
Commercial Paper	CRISIL/ICRA:A1+
Working Capital Demand Loans	CRISIL/BWR:AA-
Cash Credit	CRISIL/BWR:AA-
Long Term Loans	CRISIL/BWR:AA-
Non-Convertible Debentures - Long-Term	CRISIL/BWR:AA
Perpetual Debt	CRISIL/BWR: A+
Subordinated Debt	CRISIL/BWR:AA-

### Share Capital

During the year under review, the Board of Directors issued and allotted 67,55,400 equity shares at a face value of ₹ 10/- per share with premium of ₹ 138 per share.

The paid up capital of the Company accordingly stood increased from ₹ 185.18 Cr (18,51,82,300) equity shares of ₹ 10/- each to ₹ 191.93 Cr (19,19,37,700) equity shares of ₹ 10/- each as on 31<sup>st</sup> March 2021.

### Non-Convertible Debentures

During the year under review, the Company had issued Non-Convertible Debentures (NCDs) of ₹ 725 Cr on private placement basis. The NCDs have been listed on Wholesale Debt Market segment of National Stock Exchange of India Ltd (NSE). These NCDs have been rated as AA- by CRISIL and Brickwork Ratings India Private Limited as of 31<sup>st</sup> March, 2021.

### Dividend

The Directors have not proposed any dividend for the year under review, as the resources are required for future growth of business of the Company.

### Transfer to Statutory Reserves

During the year, ₹ 19.31 Cr were transferred to the Statutory Reserve created as required under Section 45-IC of the Reserve Bank of India Act, 1934.

### Public Deposits

The Company is a Systemically Important Non-Deposit taking Non-Banking Finance Company (NBFC-ND-SI) and has not accepted any deposits during the year under review. The Board has also passed a resolution for non-acceptance of deposits from public.

### Consolidated Financial Statements

As per SEBI circular dated: 22<sup>nd</sup> October 2019, Companies, which have listed Commercial Papers, are required to prepare and submit financial results in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, (Listing Regulations).

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

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

The consolidated Profit Before Tax of the Company and its subsidiaries amounted to ₹ 106.18 Cr for the financial year 2020-21 as compared to ₹ 211.01 Cr in the previous year.



### Subsidiary Companies

The following companies are the subsidiaries of the Company as on 31<sup>st</sup> March, 2021.

S.No.	Name of the Companies
1.	TVS Two Wheeler Mall Private Limited
2.	TVS Micro Finance Private Limited
3.	Harita ARC Private Limited
4.	Harita Collection Services Private Ltd
5.	TVS Commodity Financial Solutions Pvt Ltd
6.	TVS Housing Finance Private Limited

### Performance of Subsidiaries

A report on the performance of the subsidiary companies including the salient features of the financial statements in Form AOC-I is attached and forms part of this Report (Annexure IV).

All the subsidiaries are yet to commence its operations.

### Holding Company

TVS Motor Company Limited is the holding Company and holds 84.5% equity shares as on the date of this report.

### Corporate Governance

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

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, Exactness and Passion for Customers.

The Company constantly endeavours to improve on these aspects. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and reviewed by the Board and Committees of the Board.

The Company has experts in banking industry and well-informed Board. The Board along with the Corporate Governance mechanism in place undertakes its fiduciary duties to all its stakeholders.

The Company has framed internal Corporate Governance guidelines, in compliance with the Directions issued by RBI for NBFCs, in order to enable adoption of best practices and greater transparency in the business operations. A report on Corporate Governance regarding compliance with the conditions of Corporate Governance as stipulated under RBI guidelines forms part of the Report and is annexed herewith as Annexure V.

### Directors

#### Directors Liable to Retire by Rotation

In terms of Section 152 of the Act 2013, two-third of the total number of Directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every Annual General Meeting. Mr.Venu Srinivasan is the Chairman of the Board and he is not liable to retire by rotation as per Articles of Association of the Company.

Mr.K N Radhakrishnan and Mr.T K Balaji, Non-Executive and Non-Independent Directors, who are liable to retire at the ensuing AGM and being eligible, offers themselves for re-appointment.

The NRC at their meeting held on 26<sup>th</sup> April 2021 recommended their re-appointment after evaluating their track record, integrity and other fit and proper criteria as laid down under RBI guidelines.

### **Woman Director**

In compliance with Section 149 of the Act 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Ms.Sasikala Varadachari, is the Independent Woman Director of the Company.

### **Independent Directors**

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

The detailed terms of appointment of IDs is disclosed on the Company's website in the following link [www.tvscredit.com](http://www.tvscredit.com). All the IDs have registered with the databank of Independent Directors developed by the Indian Institute of Corporate Affairs in accordance with the provisions of Section 150 of the Act, 2013 and obtained ID registration certificate.

### **Declaration and Undertaking**

During the year, as per the directions of the RBI on 'Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015, the Board obtained necessary annual 'declarations of undertaking' from the Directors, in the format prescribed by the RBI.

### **Separate Meeting of IDs**

During the year under review, a separate meeting of IDs was held on 23<sup>rd</sup> March 2021. All IDs were present and they were enlightened about the objectives and process involved in evaluating the performance of Board, Non-IDs, Chairman and timeliness of flow of information from management.

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.

### **Non-Independent Directors (Non-IDs)**

IDs were accomplished with the criteria and methodology and inputs for evaluation of Non-IDs namely, Mr.Venu Srinivasan, Mr.Sudarshan Venu, Mr.T K Balaji, and Mr.K N Radhakrishnan.

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

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

### **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 high level of integrity, trust, confidentiality, impartial & judicious approach, transparency and commitment to governance, setting high standards for the Company; Outstanding ability to motivate the Board's involvement and stimulate discussions particularly during a year of diverse challenges and tough state of economy and clear initiatives for staying ahead of competition.

Chairman was awarded with Padmashri by the President of India in 2010 for his contribution in the field of Trade and Industry, the third highest civilian award, and was conferred with the prestigious Deming 'Distinguished Service Award for Dissemination and Promotion Overseas', and becomes the First Industrialist from India to be bestowed this prestigious award for his contributions in the field of Total Quality Management (TQM).

The Deming Prize is the highest award for TQM in the world. Deming 'Distinguished Service Award for Dissemination and Promotion Overseas' is given to individuals who have made outstanding contributions in the dissemination and promotion of TQM and is sponsored by Japanese Union of Scientists and Engineers (JUSE). He is also a key member of Prime Minister Council on Trade and Industry.

IDs also recorded the growth story of the Company under the stewardship of Chairman and significant increase in turnover and profit.

### **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 the Directors.

The evaluation process focused on Board dynamics. The Company has a Board with wide range of expertise in all aspects of business and outstanding diversity of the Board with the presence of varied personalities from diverse fields particularly from finance field. The Board upon evaluation concluded that it is well balanced in terms of diversity of experience with expert in each domain viz., Automotive, Leadership / Strategy, Finance, Legal & Regulatory and Governance. The Company endeavours to have a diverse Board representing a range of experience at policy-making levels in business and technology.

IDs recorded that they were always kept involved through open and free discussions and provided additional inputs in emerging areas being forayed into by the Company and high levels of Corporate Governance in all management discussion and decisions were maintained.

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

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

### **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 the Board is smooth and seamless.

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

### **Performance Evaluation of the Board**

In terms of Section 134 of the Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually (including Independent Directors).

The evaluation framework for assessing the performance of Directors comprises of various key areas such as attendance at Board and Committee Meetings, quality of contribution to Board discussions and decisions, strategic insights or inputs regarding future growth of the Company and its performance, understanding of industry and global trends, etc.

Evaluation framework based on well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of Company's subsidiaries, etc., and feedback by way of comments were sought from the Directors.

The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated.

Qualitative comments and suggestions of Directors were taken into consideration by the Board. The Directors have expressed their satisfaction with the evaluation process.

### **Policy on Appointment and Remuneration of Directors, Key Managerial Personnel**

In accordance with Section 178 of the Act, 2013 the NRC has formulated a Nomination & Remuneration Policy (NRC Policy) to ensure that Executive Directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for 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.

### **Key Managerial Personnel**

Mr.G Venkatraman, Chief Executive Officer, Mr.V Gopalakrishnan, Chief Financial Officer and Mr. J Ashwin, Company Secretary are the Key Managerial Personnel of the Company as on the date of this Report.

Hence, the Company is fully compliant with the provisions of Section 203 of the Act 2013.

### **Chief Risk Officer (CRO)**

The Board at its meeting held on 28<sup>th</sup> July 2020, appointed Mr. Shelvin Mathews as Chief Risk Officer (CRO) of the Company with defined roles and responsibilities, in terms of RBI circular RBI/2018-19/184 DNBR (PD) CC.NO.099/03.10.001/2018-19 dated 16<sup>th</sup> May 2019.

### **Statutory Auditors**

On recommendation of the Board of Directors of the Company, members of the Company appointed M/s. Raghavan Chaudhuri & Narayanan., Chartered Accountants, Bengaluru having Firm Registration No. 007761S allotted by the Institute of Chartered Accountants of India as Statutory Auditors of the Company at the 11<sup>th</sup> Annual General Meeting of the Company for a term of 5 consecutive years i.e. till the conclusion of 16<sup>th</sup> Annual General Meeting pursuant to Section 139 of the Act, 2013, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

The Statutory Auditors will continue to hold office for the 3<sup>rd</sup> year in the first term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being Statutory Auditors of the Company for the year 2021-22.

The Auditors' Reports for the financial year 2020-21 do not contain any qualifications, reservations and adverse remarks and the same is attached with the annual financial statements.

### **Secretarial Auditors**

Mr.T N Sridharan, Practicing Company Secretary, Chennai, was appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2020-21.

As required under Section 204 of the Act, 2013 the Secretarial Audit Report for the year 2020-21, given by him is attached as Annexure VI to this report. The Secretarial Audit Report does not contain any qualifications, reservations or other remarks.

The Board at its meeting held on 26<sup>th</sup> April 2021 have re-appointed Mr. T N Sridharan, Practicing Company Secretary, Chennai, as Secretarial Auditor for the financial year 2021-22.

## **3. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement of Section 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

- a. In the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any
- b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- c. The Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2021 on a going concern basis;
- e. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

#### **4. Annual Return**

Copy of the Annual Return (Annexure I) in prescribed form is available on the Company's website [www.tvscredit.com](http://www.tvscredit.com), in terms of the requirements of Section 134(3)(a) of the Act, 2013 read with the Companies (Accounts) Rules, 2014.

#### **5. Number of Meetings of the Board**

The Board met 6 (six) times during the financial year, the details of which are given in the Corporate Governance Report.

#### **6. Corporate Governance**

##### **Board Meetings**

During the year under review, the Board met six times on 27<sup>th</sup> April 2020, 27<sup>th</sup> May 2020, 28<sup>th</sup> July 2020, 28<sup>th</sup> October 2020, 22<sup>nd</sup> January 2021 and 24<sup>th</sup> March 2021 and the gap between two meetings did not exceed one hundred and twenty days.

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities in accordance with the requirements of the applicable provisions of the Act 2013 / Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions 2015.

The Board has established the following Committees viz., Audit Committee: Nomination and Remuneration Committee, Corporate Social Responsibility Committee (CSR), Asset Liability Management Committee (ALCO), Risk Management Committee, Information Technology (IT) Strategy Committee, Senior Management Committee and Credit Sanction Committee.

Details of Composition of Committees, roles and responsibilities and meetings and the members' attendance are explained in the Corporate Governance Report attached with this report as Annexure – V.

##### **Nomination and Remuneration Policy**

Directors:

NRC will recommend the remuneration for Executive and Non-Executive Directors. This will be then approved by the Board and shareholders. The Non-Executive Independent Directors are appointed to the Board of the Company in terms of regulatory requirements.

The Board has approved the payment of remuneration by way of profit related commission to the Non-Executive Independent Directors, for the financial year 2020-21, based on the recommendation of the Nomination and Remuneration Committee. The approval of the shareholders by way of a special resolution was obtained at the twelfth Annual General Meeting held on 27<sup>th</sup> July 2020, in terms of Sections 197 and 198 and any other applicable provisions of the Act 2013.

Commission:

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



As approved by the shareholders at the Annual General Meeting of the Company held on 27<sup>th</sup> July 2020, Non-Executive and Independent Directors are being paid commission, subject to a maximum, as determined by the Board, for each such Director from the financial year 2020-21. Non-Executive Directors (NEDs) 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.

Key Managerial Personnel:

The remuneration of employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company's policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification and experience / merits and performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

### **Criteria for Board Membership**

Directors:

The Company will generally consider (i) Their relevant experience in Leadership/ Strategy / Finance/ Governance / Legal and Regulatory or other disciplines related to the Company's business, and (ii) Having the highest personal and professional ethics, integrity and values.

Independent Directors:

Independent Director is a Director who has no direct or indirect pecuniary relationship with the Company and or any of its officers. They should meet all criteria specified in Section 149(7) of the Act 2013 and rules made thereunder.

Related Party Transactions:

All contracts / arrangements entered by the Company during the period ended 31<sup>st</sup> March 2021 with related parties were in the ordinary course of business and at arm's length price in terms of Section 188 of the Act, 2013 read with the Companies (Meetings of Board and its powers) Rules, 2014.

Pursuant to the provisions of Section 134(h) of the Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Hence, no particulars are being provided in Form AOC-2. Related Party disclosures, as per IND-AS have been provided in Notes to the financial statement.

### **Risk Management Policy**

The Company, being in the business of financing of two wheelers, used cars, new tractors and used tractors, three wheelers, consumer durables, used commercial vehicles and MSMEs has to manage various risks. These risks include credit risk, liquidity risk, interest rate risk and operational risk. In order to strengthen risk management, the Company is in the process of developing robust Enterprise Risk Management Framework and risk registers.

Risk assessment reports are periodically placed before the Risk Management Committee and the Asset Liability Management Committee for reviewing and monitoring these risks at periodic intervals.

Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. Operational risks arising from inadequate or failed internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored. Standard Operating Procedures are well documented to ensure enhanced control over processes and regulatory compliance.

## **7. Internal Control Systems**

The Company's comprehensive and effective internal control system ensures smooth business operations, meticulously recording all transaction details and ensuring regulatory compliance and protecting the Company's assets from loss or misuse.

The Board is accountable for evaluating and approving the effectiveness of the internal controls, including financial, operational and compliance controls.

The internal control system is subject to continuous improvement, with system effectiveness assessed regularly. The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the internal controls including its system and processes and compliance with regulations and procedures. Information provided to management is reliable and timely. Company ensures the reliability of financial reporting and compliance with laws and regulations.

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

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

## **8. Internal Audit**

As part of the effort to evaluate the effectiveness of the internal control systems, the Company's internal audit function reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures.

The Company's internal control system is commensurate with its size, nature and operations.

## **9. Corporate Social Responsibility initiatives**

Pursuant to Section 135 of the Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company at the Board Meeting held on 27<sup>th</sup> March, 2015 approved a policy on CSR and the policy is hosted on the website of the Company. Based on the recommendation of the CSR Committee, the Board has approved the projects / programmes carried out as CSR activities by Srinivasan Services Trust (SST), to a sum of ₹ 4.00 Cr 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 2020-21.

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

Over 25 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 MCA for carrying out the CSR activities. As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on CSR, containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the Board for the financial year 2020-21 are given by way of Annexure III attached to this Report.

## **10. Policy on Vigil Mechanism**

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

The policy also provides a direct access to the Chairperson of the Audit Committee to make protective disclosures to the management about grievances or violation of the Company's Code of Business Conduct and Ethics. The policy is disclosed on the Company's website in the following link- [www.tvscredit.com](http://www.tvscredit.com).

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

Company has in place a Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) (POSH) Act, 2013. The Company has an Internal Complaints Committee as required under POSH.

During the year under review, there were no cases filed pursuant to the provisions of POSH.

**12. Significant and Material Orders**

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.

**13. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

The Company, being a Non-Banking Finance Company, does not have any manufacturing activity and hence the reporting on "Conservation of Energy and Technology Absorption" does not arise.

Foreign currency expenditure in FY21 is ₹ 22.87 Cr (previous year ₹ 11.29 Cr). The Company did not have any foreign exchange earnings.

**14. Material Changes and Commitments:**

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

**15. Employees' 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-II. In terms of first proviso to Section 136(1) of the Act, 2013 the Annual Report, excluding the aforesaid annexure is being sent to the Shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company as mentioned in the Notice of AGM and any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

**16. Details of Loans / Guarantees / Investments Made**

Furnishing the details of investments under Section 186 of the Act, 2013 for the financial year 2020-21 does not arise, since the Company has not made any investment during the year under review.

In terms of Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014 NBFC Companies are excluded from the applicability of Section 186 of the Act, 2013, where the loans, guarantees and securities are provided in the ordinary course of its business.

On loans granted to the employees, the Company has charged interest as per its remuneration policy, in compliance with Section 186 of the Act, 2013.

**17. Reporting of Fraud**

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

**18. Maintenance of Cost Records**

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Act, 2013 for the business activities carried out by the Company.



## **19. Adherence to RBI Norms and Standards**

The Company has fulfilled the prudential norms and standards as laid down by RBI pertaining to income recognition, provisioning of non-performing assets and capital adequacy. The capital adequacy ratio of the Company is 18.51%, which is well above the prescribed minimum of 15% by RBI.

As a prudent practice, the Company's current provisioning standards are more stringent than Reserve Bank of India (RBI) prudential norms. In line with its conservative approach, the Company continues to strengthen its provisioning norms beyond the RBI regulation by accelerating the provisioning to an early stage of delinquencies based on past experience and emerging trends. The Company has also complied with direction of RBI with regard to COVID-19 - regulatory package in terms of granting moratorium to eligible customers, asset classification and provisioning requirements.

The Fair Practices Code and KYC norms framed by RBI seek to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency so that customers have a better understanding of what they can reasonably expect of the services being offered, encourage market forces through competition to achieve higher operating standards, promote fair and cordial relationships between customers and the finance Company and foster confidence in the NBFC system.

The Company has put in place all the Committees prescribed by RBI and have formulated a comprehensive Corporate Governance Policy. The Company has instituted a mechanism to monitor and review adherence to the Fair Practices Code, KYC norms, and Investment & Credit policies as approved by the Board of Directors.

## **20. ACKNOWLEDGEMENT**

The Directors gratefully acknowledge the continued support and co-operation received from the holding Company, namely TVS Motor Company Limited and other investors. The Directors thank the bankers, investing institutions, customers, dealers of TVS Motor Company Limited and Tractors and Farm Equipment Limited and all channel partners for their valuable support and assistance.

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

For and on behalf of the Board of Directors

Place: Chennai  
Date: 26<sup>th</sup> April, 2021

**Venu Srinivasan**  
Chairman

**Annexure-III to Directors' Report to the Shareholders**

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

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

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

2. Composition of the CSR Committee:

S.No.	Name of the Director (M/s.)	Designation	Status
1.	Venu Srinivasan	Non-Independent Director	Chairman
2.	R Gopalan	Independent Director	Member
3.	K N Radhakrishnan	Non-Independent Director	Member

3.	Web-link where Composition of CSR Committee, Policy and Projects approved by the Board are disclosed on the website of the Company	<a href="https://www.tvscredit.com/investors">https://www.tvscredit.com/investors</a>			
4.	Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).	Not Applicable			
5.	Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any	S. No.	Financial Year	Amount available for set-off from preceding Financial Years (₹ in Cr)	Amount required to be set-off for the Financial Year, if any (₹ in Cr)
		1	2019-20	8.00	4.00
6.	Average net profit of the Company as per Section 135(5).	₹ 199.19 Cr			
7.	a. Two percent of average net profit of the Company as per Section 135(5)	₹ 3.99 Cr			
	b. Surplus arising out of the CSR projects or programmes or activities of the previous financial years	NIL			
	c. Amount required to be set-off for the financial year, if any	₹ 4.00 Cr			
	d. Total CSR obligation for the financial year (7a+7b- 7c).	-			
8.1	CSR amount spent or unspent for the financial year:				

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
₹ 4.00 Cr	NA	NA	NA	NA	NA

8.2	Details of CSR amount <b>spent against ongoing projects</b> for the financial year: Not Applicable
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8.3	Details of CSR amount <b>spent against other than ongoing projects</b> for the financial year:	
	Name of the Project	Economic Development, Education, Environment, Health, Infrastructure and Water Conservation
	Item from the list of activities in Schedule VII to the Act	<ul style="list-style-type: none"> <li>• Eradicate poverty, promoting preventive healthcare and sanitation and making available safe drinking water</li> <li>• Promotion of education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects</li> <li>• Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups</li> <li>• Ensuring environment sustainability, ecological balance, animal welfare, agro-forestry, conservation of natural resources and maintain quality of soil, air and water</li> <li>• Rural development projects</li> </ul>
	Local area (Yes / No)	Yes
	Location of the Project (State / District)	<ul style="list-style-type: none"> <li>• Tamil Nadu - Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi, Dharmapuri, Nagapattinam, Trichy, Tiruvallur districts</li> <li>• Karnataka - Mysore, Bangalore Rural, and Chamrajnagar districts</li> <li>• Himachal Pradesh - Solan district</li> <li>• Maharashtra - Pune district – Shirur Block</li> <li>• Andhra Pradesh - Venkatagiri – Nellore district-</li> </ul>
	Amount spent for the Project (in Rs.)	₹ 19.95 Cr includes ₹ 4.00 Cr
	Mode of Implementation – Direct (Yes / No)	No
	Name of the Implementing Agency	<b>Srinivasan Services Trust</b> Jayalakshmi Estates, No. 29, Haddows Road, Chennai - 600 006 Tamil Nadu Phone No: 044-28332115 Mail ID: swaran@tvssst.org
	CSR Registration No.	CSR00001508

8.4	Amount spent in Administrative overheads	Not Applicable
8.5	Amount spent on Impact Assessment, if applicable	
8.6	Total amount spent for the Financial Year (8.2+8.3+8.4)	

8.7	Excess amount for set-off, if any – ₹ 4.00 Cr
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S.No.	Particulars	Amount (in ₹)
i.	Two percent of average net profit of the Company as per Section 135(5)	₹ 3.99 Cr
ii.	Total amount spent for the financial year	₹ 4.00 Cr
iii.	Excess amount spent for the financial year [ ii-i ]	₹ 0.01 Cr
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
v.	Amount available for set-off in succeeding financial years [iii- iv]	₹ 0.01 Cr + Rs. 4.00 Cr (excess available during previous year 2019-20) ₹ 4.01 Cr

9.1	Details of unspent CSR amount for the preceding three Financial Years					(In ₹)	
S. No.	Preceding Financial Year	Amount transferred to unspent CSR Account under Section 135(6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding Financial Years
				Name of the Fund	Amount	Date of Transfer	
Not Applicable							

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

Place: Chennai  
Date: 26<sup>th</sup> April, 2021

**Venu Srinivasan**  
Chairman & Chairman of CSR Committee

### Annexure-V to Directors' Report to the Shareholders

As part of the TVS Group, 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, Exactness and Passion for Customers.

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

The Company would constantly endeavour to improve on these aspects. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and reviewed by the Board and the duly constituted Committees of the Board.

A summary of the corporate governance measures adopted by the Company is given below:

- The Board of Directors along with its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company.
- The size of the Board is commensurate with the size and business of the Company. As on 31<sup>st</sup> March 2021, the Board comprises of eight Directors, viz.,

S.No.	Name of the Directors (M/s.)	Designation
1.	Venu Srinivasan	Non-Executive Chairman
2.	Sudarshan Venu	Non-Executive Director
3.	T K Balaji	Non-Executive Director
4.	K N Radhakrishnan	Non-Executive Director
5.	V Srinivasa Rangan	Non-Executive Independent Director
6.	Sasikala Varadachari	Non-Executive Independent Director
7.	R Gopalan	Non-Executive Independent Director
8.	B Sriram	Non-Executive Independent Director

### Meetings of the Board

The meetings of the Board of Directors shall be held at least four times a year, with a maximum time-gap of four months between any two consecutive meetings. During the year, the Board met 6 (Six) times on the following dates;

FY 2020-21	Date of the Meeting
April '20 – June '20 (Q1)	27 <sup>th</sup> April 2020 27 <sup>th</sup> May 2020
July '20 – September '20 (Q2)	28 <sup>th</sup> July 2020
October '20 - December '20 (Q3)	28 <sup>th</sup> October 2020
January '20 - March '20 (Q4)	22 <sup>nd</sup> January 2021 24 <sup>th</sup> March 2021

Necessary quorum was present at the meetings. In compliance with the applicable provisions of the Companies Act, 2013 (the Act) and the Rules made thereunder, the Company facilitates the participation of the Directors in Board / Committee meetings through video conferencing or other audio-visual mode except in respect of such meetings/items, which are not permitted to be transacted through video conferencing as notified under the Act.

S.No.	Name of Director (M/s.)	Board Meetings		Whether present at previous AGM held on 27 <sup>th</sup> July, 2020
		Held	Attended	
1.	Venu Srinivasan	6	6	Yes
2.	T K Balaji	6	6	No
3.	Sudarshan Venu	6	6	No
4.	V Srinivasa Rangan	6	6	No
5.	K N Radhakrishnan	6	6	Yes
6.	Sasikala Varadachari	6	6	No
7.	R Gopalan	6	6	NA
8.	B Sriram	6	6	NA

### Committees of the Board

The Board has constituted Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These are the Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Management Committee, Information Technology (IT) Strategy Committee and Credit Sanction Committee.

#### 1. Audit Committee:

The Company has in place an Audit Committee constituted in accordance with the provisions of Para 11 of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and as required under Section 177 of the Companies Act, 2013. The composition of the Committee is in accordance with the requirements of Section 177 of the Act, 2013.

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

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:

- The recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Examination of the financial statement and the auditor's report thereon.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings of assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Monitoring the end use of funds raised through public offers and related matters.
- Monitoring, reviewing, recommending and approving all related party transactions including granting omnibus approval for RPTs having value not exceeding Rs. 1 Cr per transaction for a period of one year.

- Ratification of any RPT involving amount not exceeding Rs. 1 Cr entered into by a Director or officer of the Company without obtaining the approval of the Audit Committee within three months from the date of the transaction.

Roles and Responsibilities:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are fair and transparent, sufficient and credible.
- The role of the Audit Committee would include the review and audit the working of the management of the Company in terms of the profitability, cost control and performance of credit exposures.
- Recommending the appointment of and removal of external and internal auditors, fixation of audit fee and approval for payment for any other services.
- Approval of Annual Plans before it is placed before the Board.
- Reviewing with the management the quarterly and annual financial statements before submission to the Board, focusing, primarily on the following as may be applicable.
  - i. Accounting policies and practices followed and any deviations or changes with reference to the earlier policies and practices.
  - ii. Major accounting entries based on exercise of judgment by management.
  - iii. Qualifications in draft audit report.
  - iv. Significant adjustments arising out of audit.
  - v. The going concern assumption.
  - vi. Compliance with accounting standards.
  - vii. Compliance with the legal requirements concerning financial statements.
  - viii. Any related party transaction i.e. transactions of Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.
- Reviewing with the management, reports of external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, 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, plan and scope of internal audit.
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud, irregularity, or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences, nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- Review of Company's asset position, realisability and other related matters in respect of collateral securities, sale of properties etc.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of dividends declared) and creditors.
- To review the quarterly and annual financial statements before submission to the Board and ensure compliance of internal control systems.
- Authority to investigate into any matter referred to it by the Board.

The Audit Committee also ensures that an Information System Audit of the internal systems and processes is conducted every year to assess operational risks faced by the Company.

During the year under review, the Committee met five times on 27<sup>th</sup> May 2020, 28<sup>th</sup> July 2020, 28<sup>th</sup> October 2020, 22<sup>nd</sup> January 2021 and 24<sup>th</sup> March 2021.



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)		
	R Gopalan	V Srinivasa Rangan	K N Radhakrishnan
27 <sup>th</sup> May 2020	✓	✓	✓
28 <sup>th</sup> July 2020	✓	✓	✓
28 <sup>th</sup> October 2020	✓	✓	✓
14 <sup>th</sup> December 2020	✓	✓	✓
22 <sup>nd</sup> January 2021	✓	✓	✓
24 <sup>th</sup> March 2021	✓	✓	✓

## 2. Corporate Social Responsibility Committee:

In accordance with the provisions of Section 135 of the Companies Act, 2013 read with Rules made there under, the Board of Directors of the Company have constituted the Corporate Social Responsibility Committee (CSR Committee). The Committee has formulated and recommended a CSR Policy to the Board and various recommendations of the Committee including the amount of expenditure to be incurred on CSR activities are submitted to the Board for its approval. The Committee has framed a transparent monitoring mechanism for implementation of CSR projects or programmes or activities undertaken by the Company and also monitors CSR policy from time to time.

### Roles and Responsibilities:

- To review, agree and establish the Company's corporate strategy to ensure that CSR is and remains an integral part of its business strategy;
- To review the standards, policies and conduct of the Company relating to the application of CSR principles;
- To review the effectiveness of the compliance programme, including compliance with the Code of Conduct;
- To review reports of CSR progress and audits of CSR performance against key performance indicators across programme areas;
- To review an annual budget for CSR activities approved by the Board, as part of the overall budget;
- To ensure that the Company's website communicates; and reports its CSR approach and performance in a timely, complete and coherent manner; and
- To perform such other function related or incidental to the CSR Policy of the Company, at the request of the Board.

Based on the recommendation of the CSR Committee, the Board has approved the projects / programmes to be carried out as CSR activities by Srinivasan Services Trust (SST) by undertaking these programmes / projects, in compliance with the CSR policy of the Company and contributed ₹ 380 lakhs constituting more than 2% of average net profits, for the immediate past three financial years, towards CSR spending for the current financial year 2019-20.

SST, over 24 years of service, has played a pivotal role in changing lives of people in many villages in rural India by creating self-reliant communities that are models of sustainable development.

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



During the year under review, the Committee met on 27th May 2020 and attendance by the members of the Committee, during the year under review, are given in the table below:

Date of the Meetings	Members Present (M/s)		
	VS	R Gopalan	K N Radhakrishnan
27 <sup>th</sup> May 2020	LOA	✓	✓

**3. Nomination and Remuneration Committee:**

The Company has in place the Nomination & Remuneration Committee (NRC). It was constituted to formulate and recommend to the Board of Directors, the Company's policies relating to identification of Directors, Key Managerial Personnel and Senior Management Personnel one level below the Board and remuneration payable to them and the criteria for determining qualifications, positive attributes and independence of a Director.

The NRC lays down the evaluation criteria for evaluating the performance of every Director, Committees of the Board and the Board as a whole and also the performance of Key Managerial Personnel (KMP) and Senior Management Personnel (SMP).

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

The performance evaluation of an individual Director will be carried out based on his / her commitment to the role and fiduciary responsibilities as a Board member, attendance and active participation, strategic and lateral thinking, contribution and recommendations given professionally, heading / acting as members of various sub-committees etc.

The performance of SMP was measured against the achievement of the business plans approved by the Board during and at the completion of the financial year and their annual at risk remuneration reflects their business plan achievements.

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

The NRC also ensures 'fit and proper' status of proposed and existing Directors and on a continual basis.

Brief description of terms of reference:

- 1.1 Guiding the Board of TVS Credit ("Board") to lay down the terms and conditions in relation to appointment and removal of Director(s), KMP and SMP.
- 1.2 Evaluating the performance of the Director(s) and providing necessary report to the Board for its further evaluation and consideration.
- 1.3 Recommending to the Board on remuneration payable to the Director(s), KMP and SMP of TVS Credit based on (i) TVS Credit's structure and financial performance and (ii) Remuneration trends and practices that prevail in peer companies across the automobile industry.
- 1.4 Retaining, motivating and promoting talent among the employees and ensuring long term sustainability of talented SMP by creation of competitive advantage through a structured talent review.
- 1.5 Devise a policy on diversity in the Board.
- 1.6 Develop a succession plan for the Board and SMP.

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)		
	R Gopalan	V Srinivasa Rangan	K N Radhakrishnan
27 <sup>th</sup> May 2020	✓	✓	✓
28 <sup>th</sup> July 2020	✓	✓	✓
28 <sup>th</sup> October 2020	✓	✓	✓

Remuneration criteria to Directors:

The Non - Executive / Independent Director(s) receive remuneration by way of fees for attending meetings of the Board or any Committee in which the Director(s) is a member.

In addition to the sitting fees, the Non - Executive Independent Director(s) shall be entitled to a commission from the Company subject to the monetary limit approved by the shareholders of the Company and aggregate commission amount would not exceed the limit as prescribed under the provisions of the Act, 2013.

#### 4. Risk Management Committee:

The Company has laid down procedures to inform the Board about the risk assessment and mitigation procedures, to ensure that executive management controls risk through means of a properly defined framework.

This Committee ensures that the risks associated with the functioning of the Company are identified, controlled and mitigated and also lay procedures regarding managing and mitigating the risk through integrated risk management systems, strategies and mechanism.

In conformity with the Corporate Governance guidelines issued by RBI vide its circular (DNBR (PD) CC.No.053/03.10.119/2015-16) the Committee meets periodically to review the effectiveness of progressive risk management system that has been put in place, to review the risk management practices, policies and risk mitigation/minimisation plans, engagement of services of external consultant by covering gap assessment of risk practices, risk mitigation and to strengthen the existing Risk Management framework.

Roles and Responsibilities :

- To review various risks measures adopted by the Company for identification, measurement, monitoring and mitigation of risks involved in various areas of functioning.
- To approve and review various credit policies including its amendments laid down by the Company and monitor performance levels.
- To review and discuss the issues reported in Asset Liability Management Committee in relation to risk aspects.
- Monitoring risk levels and also reviews of results and progress in implementation of decisions taken in earlier meeting.
- To approve and review Enterprise Risk Management framework inter alia approving Risk rating criteria and review of key risks along with mitigants and risk register.
- To approve and review Risk Management policy and its amendments.

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)		
	Sasikala Varadachari	K N Radhakrishnan	V Srinivasa Rangan
29 <sup>th</sup> June 2020	✓	✓	✓
30 <sup>th</sup> September 2020	✓	✓	✓
14 <sup>th</sup> December 2020	✓	✓	✓
29 <sup>th</sup> March 2021	✓	LOA	✓

During the year under review, the Committee met four times on 29<sup>th</sup> June 2020, 30<sup>th</sup> September 2020, 14<sup>th</sup> December 2020 and 29<sup>th</sup> March 2021.

Composition of RMC Committee and attendance of members are as below:

Name of the Director (M/s.)	Position	Meeting Details	
		Held	Attended
K Sasikala Varadachari	Chairman	4	4
K N Radhakrishnan	Member	4	3
V Srinivasa Rangan	Member	4	-

#### 5. Asset Liability Management Committee (ALCO):

The Company constituted an Asset Liability Management Committee (ALCO), in terms of Guidelines issued by RBI to NBFCs in order to manage liquidity risk, market risks, and other funding /asset related risks for effective risk management in its portfolios.

During the year under review, the Committee met four times on 22<sup>nd</sup> June 2020, 21<sup>st</sup> September 2020, 29<sup>th</sup> December 2020 and 29<sup>th</sup> March 2021.

Composition of ALCO and attendance of members are as below:

Name of the Director (M/s.)	Position	Meeting Details	
		Held	Attended
B Sriram	Chairman	4	4
Sudarshan Venu	Member	4	3
Sasikala Varadachari	Member	4	4

#### 6. Information Technology (IT) Strategy Committee:

In line with the information technology / information systems directions issued by RBI vide their circular dated 8<sup>th</sup> June 2017, in addition to IT Governance, NBFCs are required to constitute an IT Strategy Committee which shall consist of an Independent Director as chairman of the Committee and Chief Information Officer (CIO) and Chief Technology Officer (CTO) shall be part of the Committee.

As per the above requirement, the Company has constituted an Information Technology Strategy Committee:

During the year under review, the Committee met two times on 29<sup>th</sup> June 2020 and 28<sup>th</sup> December 2020.

Composition of the IT Strategy Committee and attendance of members are as below:

Name of the Director (M/s.)	Position	Meeting Details	
		Held	Attended
Sasikala Varadachari	Chairman	2	-
Sudarshan Venu	Member	2	1
K N Radhakrishnan	Member	2	2
G Venkatraman	Member	2	2
V Gopalakrishnan	Member	2	2
C Arulanandam	Member	2	2

#### 7. Credit Sanction Committee:

The Company constituted the Credit Sanction Committee (CSC) to consider and approve credit proposals of material nature.

During the year under review, the Committee met two times on 15<sup>th</sup> May 2020 and 5<sup>th</sup> November 2020.

The Committee consists of the following Directors and officials:

S.No.	Name (M/s.)	Status
1.	B Sriram	Chairman
2.	Sudarshan Venu	Member
3.	G Venkatraman	Chief Executive Officer
4.	V Gopalakrishnan	Chief Financial Officer
5.	K Gopala Desikan	Special Officer

#### 8. Senior Management Committee:

The Company constituted the Senior Management Committee to ensure adherence and compliance by monitoring and controlling the outsourcing activities engaged by the Company in accordance with the requirements of RBI guidelines issued on 9<sup>th</sup> November 2017 in this regard.

During the year under review, the Committee met four times on 29<sup>th</sup> June 2020, 30<sup>th</sup> September 2020, 29<sup>th</sup> December 2020 and 31<sup>st</sup> March 2021.

#### Related Party Transactions Policy

- (i) The Company has formulated a policy on related party transactions (RPTs). The Audit Committee reviews and approves said transactions between the Company and related parties, as defined under the Companies Act, 2013, to ensure that the terms of such RPTs would reasonably be expected of transactions negotiated on an arm's length basis. The Committee meets prior to each scheduled Board meeting to review all RPTs of the Company.
- (ii) Copy of the said policy is available in the Company's website with the following link - [www.tvscredit.com](http://www.tvscredit.com).
- (iii) Pursuant to the guidelines on 'Fair Practices Code' issued by RBI, the Company has adopted a "Code", which is posted on the website of the Company and also a regular review on the implementation of the same is conducted by the Committee members.
- (iv) The Company has adopted a code of conduct for employees of the Company and due care is taken that the employees adhere to it.
- (v) The Company has fulfilled the prudential norms and standards as laid down by RBI pertaining to income recognition, provisioning of non-performing assets and capital adequacy.

The Capital adequacy ratio of the Company is well within the limit prescribed by RBI. The Fair Practices Code and KYC norms framed by the Company seek to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency so that customers have a better understanding of what they can reasonably expect of the services being offered, encourage market forces through competition to achieve higher operating standards, promote fair and cordial relationships between customers and the Company and foster confidence in the finance system.

The Company has put in place a mechanism to monitor and review adherence to the Fair Practices Code, KYC norms & Credit policies as approved by the Board of Directors.

(vi) The Board of Directors of the Company reviews, records and adopts the minutes of the meetings of various Committees constituted by the Company.

The Company is keeping with proper responsibility and authority matrix inculcated in the structure of certification to ensure compliance from diversified and various locations.

(vii) The Company proposes to pay commission to the Non-Executive Directors (NEDs) of the Company for the year ended 31<sup>st</sup> March 2021. None of the NEDs holds equity shares of the Company.

(viii) Sitting fees for attending the meetings of the Board and Committees of are paid to NEDs within the maximum prescribed limits.

(ix) Sitting fees paid to NEDs for the meetings held during 2020-21 are as follows:-

S.No.	Name of the Directors (M/s.)	Sitting Fees (Amount in ₹)	Commission (Amount in ₹)
1	Venu Srinivasan	60,000	NA
2	Sudarshan Venu	1,10,000	NA
3	T K Balaji	60,000	NA
4	K N Radhakrishnan	2,10,000	NA
5	V Srinivasa Rangan	2,00,000	12,00,000
6	Sasikala Varadachari	1,70,000	12,00,000
7	R Gopalan	1,70,000	12,00,000
8	B Sriram	1,30,000	12,00,000

(x) The certification from Mr G Venkatraman, Chief Executive Officer and Mr V Gopalakrishnan, Chief Financial Officer on the financial statements has been obtained.

(xi) For further clarification / information, stakeholders are requested to visit the Company's website at [www.tvscredit.com](http://www.tvscredit.com).

## SECRETARIAL AUDIT REPORT OF TVS CREDIT SERVICES LIMITED

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2021

[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]

CIN: U65920TN2008PLC069758

Authorised Capital: ₹200,00,00,000/-

Paid-up capital: ₹191,93,77,000/-

To

The Members  
TVS CREDIT SERVICES LIMITED  
"Chaitanya", No.12, Khader Nawaz Khan Road,  
Nungambakkam,  
Chennai - 600 006

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by TVS CREDIT SERVICES LIMITED, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- iii) The provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;
- iv) During the year under review, the Company has not received any External Commercial Borrowings nor received any Foreign Direct Investment, Overseas Direct Investment and hence the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings is not applicable;
- v) The Company being a subsidiary company of a listed company, viz. TVS Motor Company Ltd., whose income or net worth exceeds 20% of the consolidated income or net-worth respectively of the listed entity, in the immediately preceding accounting year, it will be treated as a material subsidiary of the listed entity and hence the Company has to comply with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable which it is observed the Company has complied during the year under review.
- vi) Further, during the year under review, the Company has listed its Non-Convertible Debentures with National Stock Exchange of India Ltd.

Besides this, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company viz..

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;



- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- vii) The Company has complied with the provisions of the other laws as applicable to the Company which inter alia includes:-
1. Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
  2. Contract Labour (Regulations & Abolition) Act, 1970
  3. Compliance with the requirements of Foreign Exchange Management Act and Non-Banking Finance Companies (Reserve Bank) Directions 1998 with regard to non- acceptance of Deposits from Public;
  4. Compliance under Prevention of Money Laundering Act, (PMLA) 2002 for the purpose of compliance with the obligations under Know your Customer Norms / Anti Money Laundering (AMC) standards & Fair Pricing Code (FPC) and Combating of Finance of Terrorism (CFT) obligations under PMLA, 2002.
  5. Motor Vehicles Act, 1938;
  6. Income Tax Act, 1961 and the Income Tax Rules, 1962 and Finance Act;
  7. Profession Tax, 1992;
  8. Labour laws like Equal Remuneration Act, 1976 and rules made thereunder; Employees Provident Fund and Miscellaneous Provisions Act, 1952 & Employees Provident Fund Scheme, 1952; Apprentices Act, 1961; Employees' State Insurance Act, 1948; Payment of Wages Act, 1936; Payment of Gratuity Act, 1972 & the Payment of Gratuity (Central) Rules, 1972.; Payment of Bonus Act, 1965 & the Payment of Bonus Rules, 1975 and other applicable employee welfare or labour legislations covering the company and its establishments;
  9. Goods and Services Tax & Rules made thereunder; 10. Indian & State Stamp Act and Rules;
  11. Competition Act, 2002;
  12. Trade & Merchandise Marks Act, 1958; 13. Patents Act, 1970
  14. Copyright Act, 1957 or any licences issued thereunder.

I have also examined compliance with the applicable clauses of the following:

- i. The Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India in terms of Sub-Section 10 of Section 118 of the Companies Act, 2013, for the financial year under review;
- ii. The Company has listed its Commercial papers with National Stock Exchange of India Ltd (NSE) pursuant to SEBI circular dated 22nd October 2019. The Company has duly complied with the compliances as prescribed in the above mentioned circular.
- iii. From the verification of records and as per the information and explanation furnished to me, during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, wherever applicable.

I further report that:-

- i. The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- ii. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and in case where meeting was held on shorter notice, consent for shorter notice was obtained from all the Directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. However on perusal of the minutes of the Board or Audit Committee or Nomination & Remuneration Committee, or Asset Liability Management Committee, or Corporate Social Responsibility Committee meetings, or Risk Management Committee it was observed that there was no dissenting note made by any of the member.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The Company has

- i. Constituted Nomination and Remuneration Committee of Directors and has formulated "Nomination and Remuneration Policy" in terms of Section 178 of the Companies Act, 2013 and the Rules made thereunder;
- ii. Constituted the Audit Committee of Directors in terms of Section 177 of the Companies Act, 2013;
- iii. Constituted Corporate Social Responsibility Committee of Directors (CSR) and has formulated CSR Policy and the projects / programmes to be undertaken for CSR spending in terms of the Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

It was observed on verification of records and based on the information furnished to me that an amount of Rs. 4.00 Cr, constituting more than 2% of average net profits for the immediate past three financial years, has been spent for the financial year 2020-21 on the projects / programmes that have been identified to be undertaken for this purpose through Srinivasan Services Trust (SST) / other CSR compliant institutions in line with CSR Policy of the Company.

Considered and recorded the Risk Management Policy followed by the Company in terms of Section 134(3)(n) of the Companies Act, 2013 including identification therein of elements of risk, if any, which in the opinion of the Board, may threaten the existence of the Company;

- iv. Considered and approved the "Code of Business Conduct and Ethics" of the Company framed in terms of Section 149 read with Schedule IV of the Companies Act, 2013;
- v. Constituted Asset Liability Management Committee as required to be formed as per RBI directions for Non-Banking Finance Companies as part of their overall system for effective risk management in their various portfolios.
- vi. Has appointed woman Director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
- vii. Has provided Vigil Mechanism and approved Whistle Blower Policy in terms of Section 177(9) of Companies Act, 2013.
- viii. Has complied with the provisions of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.



I further report that from the information and explanations furnished to me, during the audit period under review, the Company has

- i. Made following Preferential allotment aggregating to 67,55,400 equity shares of Rs. 10/- each at a premium of Rs.138/- per equity share total aggregating to Rs. 99,97,99,200/- on private placement basis, during the year, comprised in two allotments on the following dates to the allottees as given below and has complied with the provisions of the Companies Act, 2013 and the rules made thereunder.

Date of allotment	Name of the allottee	No. of Equity shares allotted	Nominal value of shares @ ₹10/- per share (₹)	Premium @ ₹138/- per equity share (₹)	Total Amount of preferential allotment (₹)
21/09/2020	TVS Motor Company Ltd.	33,77,700	3,37,77,000/-	46,61,22,600/-	49,98,99,600/-
29/03/2021	TVS Motor Company Ltd.	33,77,700	3,37,77,000/-	46,61,22,600/-	49,98,99,600/-
Total		67,55,400	6,75,54,000/-	93,22,45,200/-	99,97,99,200/-

- ii. Not done any Redemption/ buyback of securities;
- iii. No major decisions were taken by the members in pursuance to Section 180 of the Companies Act 2013;
- iv. No Merger/ amalgamation / reconstruction etc. took place during the year under review;
- v. Not entered into any foreign technical collaborations during the year under review.

Signature:

Place: Chennai  
Date: 16<sup>th</sup> April, 2021

Name of the Company Secretary: **T N Sridharan**  
Certificate of Practice No. 4191

CIN: U65920TN2008PLC069758

Authorised Capital: ₹200,00,00,000/-

Paid-up capital: ₹191,93,77,000/-

To

The Members

TVS CREDIT SERVICES LIMITED  
"Chaitanya", No.12, Khader Nawaz Khan Road,  
Nungambakkam,  
Chennai - 600 006

My Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Signature:

Name of the Company Secretary: **T N Sridharan**  
Membership No. FCS 3797  
Certificate of Practice No. 4191

Place: Chennai  
Date: 16<sup>th</sup> April, 2021

To the Members of TVS Credit Services Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of **TVS Credit Services Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at 31st March 2021, the profit(financial performance including total Comprehensive Income), changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S.No.	Key Audit Matter	Auditor's Response.
1	<p><b>Allowance for Impairment under IND-AS 109</b></p> <p>Ind as 109 requires the company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life considering reasonable and supportable information about past events current conditions and forecasts of future economic conditions which could impact the credit quality of the company's loans and advances .</p> <p>In the process a significant degree of judgment has been applied by the management for</p>	<p><b>Principal Audit Procedures</b></p> <p>Evaluated the reasonableness of the management estimates by understanding the process of ecl estimation and related assumptions and tested the controls around data extraction and validation</p> <p>We have understood the company's estimation of the stage allocation of the loan assets and understood the policy in place for computation of parameters required to arrive at the expected credit loss and verified for the consistency in application of the policy.</p> <p>We have performed, substantive checks on the calculation, including independent calculation of the parameters, that are estimated by the company as part of computation of ECL. WE have also conducted analytical tests including but not limited to trend analysis of the ECL number against the loan receivables in comparison to some of the other companies in the same business profile.</p>

S.No.	Key Audit Matter	Auditor's Response
	a) Grouping of borrowers based on homogeneity by using appropriate statistical techniques b) Estimation of losses for loan products with no/minimal historical defaults	Tested the periods considered for capturing underlying data as base to PD and LGD calculations applied of group of Portfolio are in line with Company's recent experience of past observed periods. Tested the ECL model including assumptions and underlying computation

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon.**

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Management and Board of Directors, for the Standalone Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 standalone financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance, a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter, or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

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

As required by the 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 purpose our audit.
- (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with book of accounts.

- (d) In our opinion, the aforesaid standalone financial statements comply with Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014.
- (e) On the basis of written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 from being appointed as directors in term of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on the financial position in its standalone financial statements- Refer Note 39(3) to the financial statements;
  - ii. The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, the Investor Education and Protection Fund by the Company.

for **Raghavan, Chaudhuri & Narayanan**

Chartered Accountants

FRN: 007761S

**V. Sathyanarayanan**

Partner

Membership No. 027716

Place : Bangalore

Date : 26<sup>th</sup> April, 2021

UDIN : 21027716AAAAHW5549



- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- b) Fixed assets are physically verified by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such verifications;
- c) The title deeds of the immovable properties of the company are held in the name of the company;
- ii) The company is in the business of lending and does not carry any inventory. Hence, clause (ii) to paragraph 3 of the order does not apply;
- iii) The Company has granted loans to a party covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest;

The Company has granted loans to a party covered in the register maintained under section 189 of the Act. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular;

There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days;

- 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, as applicable. The company has not provided any guarantees or securities;
- v) The Company has not accepted any deposits from the public within the meaning of section 73 to 76. Hence, reporting under sub-clause (v) of paragraph 3 of the Order is not applicable to the company;
- vi) The Central Government has not specified the maintenance of cost records under section 148(1) of the Act. Therefore, the provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company;
- vii) a) According to the information and explanation given to us, and on the basis of our examination of the records of the company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, Income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax and any other material statutory dues with the appropriate authorities except for few marginal delays;
- b) According to the information and explanations given to us, following are the details of the disputed dues that were not been deposited on account of any dispute as on 31<sup>st</sup> March 2021:

Description	31 <sup>st</sup> March, 2021 (₹ in Crore)
Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹ 0.29 crores)	7.70

- viii) Based on our verification and according to the information and explanations given by the management, the company has not defaulted in repayment of borrowings, to financial institutions or banks and debenture holder.
- ix) In our opinion and according to the information and explanations given to us, the Company has utilized monies raised by way of term loans and issue of commercial paper for the purpose for which they have been raised. During the year, the Company has not raised money by way of initial public offer or further public offer;

- x) Based on the audit procedures adopted and the information and explanation given to us, no fraud by the Company or on the Company, by its officers or employees has been noticed or reported during the course of our audit, except for the 47 cases identified as committed upon the company, during the year (with individual cases not exceeding Rs. 1 crore), in the nature of misappropriation or criminal breach of trust. The total value of such frauds committed upon the company during the year were ₹ 2.77. crores of which the company has recovered Rs. 1.02 crores and appropriately provided for the balance;
- xi) In our opinion and according to the information and explanations given to us, Managerial remuneration paid/provided are in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act;
- xii) The Company is not a Nidhi Company and as such this clause of the order is not applicable;
- xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the act and details of such transactions have been disclosed in standalone Ind AS financial statements as required by the applicable accounting standards;
- xiv) According to the information and explanation given to us and in our opinion, the company has made a preferential allotment of shares during the year under review, and the requirements of Section 42 of the Act have been complied with in this regard. The amounts raised have been used for the purpose for which the funds have been raised;
- xv) According to the information and explanation given to us and in our opinion, the company has not entered into any non-cash transactions with directors or persons connected with them;
- xvi) The company is registered under section 45-IA of the Reserve Bank Act, 1934 and has obtained the certificate of registration dated 13th April 2010..

for **Raghavan, Chaudhuri & Narayanan**

Chartered Accountants  
FRN: 007761S

**V. Sathyanarayanan**

Partner  
Membership No. 027716  
Place : Bangalore  
Date : 26<sup>th</sup> April, 2020  
UDIN : 21027716AAAHW5549



**Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **TVS Credit Services Limited** ("the Company"), "Chaitanya", No.12, Khader Nawaz Khan Road, Chennai 600 006, as of **31<sup>st</sup> March 2021** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's and Board of Directors Responsibility for Internal Financial Controls**

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

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 Institute of Chartered Accountants of India 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained, and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

### 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2021, 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 **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
FRN: 007761S

#### **V. Sathyanarayanan**

Partner

Membership No. 027716

Place : Bangalore

Date : 26<sup>th</sup> April, 2021

UDIN : 21027716AAAAHW5549

# BALANCE SHEET AS ON 31ST MARCH, 2021



(All amounts in ₹ Crore, unless otherwise stated)

S.No.	Particulars	Note No.	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
	<b>ASSETS</b>			
<b>1</b>	<b>Financial Assets</b>			
(a)	Cash and Cash Equivalents	2	653.14	357.36
(b)	Bank balances other than (a) above	3	0.87	11.62
(c)	Derivative Financial Instruments	4	-	23.63
(d)	Receivables			
	i) Trade Receivables	5	30.80	55.20
(e)	Loans	6	11,154.95	9,455.55
(f)	Investments	7	12.01	12.01
(g)	Other Financial Assets	8	89.75	112.67
	<b>Total</b>		<b>11,941.52</b>	<b>10,028.04</b>
<b>2</b>	<b>Non-Financial Assets</b>			
(a)	Current Tax Assets (Net)	9	17.26	14.88
(b)	Deferred Tax Assets (Net)	10	115.69	75.82
(c)	Investment Property	11	85.16	85.16
(d)	Property, Plant and Equipment	12	16.53	19.09
(e)	Other Intangible Assets	12	4.04	6.17
(f)	Other Non-Financial Assets	13	45.65	54.57
	<b>Total</b>		<b>284.33</b>	<b>255.69</b>
	<b>Total Assets</b>		<b>12,225.85</b>	<b>10,283.73</b>
	<b>LIABILITIES AND EQUITY</b>			
	<b>LIABILITIES</b>			
<b>1</b>	<b>Financial Liabilities</b>			
(a)	Derivative Financial Instruments	4	14.57	-
(b)	Payables			
	I. Trade Payables			
	i) Total outstanding dues of micro enterprises and small enterprises	14	-	0.02
	ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	14	227.87	168.61
(c)	Debt Securities	15	1,170.85	496.19
(d)	Borrowings other than debt securities	16	8,041.11	7,450.59
(e)	Subordinated Liabilities	17	942.79	612.77
(f)	Other Financial Liabilities	18	207.57	129.70
	<b>Total</b>		<b>10,604.76</b>	<b>8,857.88</b>
<b>2</b>	<b>Non-Financial Liabilities</b>			
(a)	Provisions	19	33.75	36.42
(b)	Other Non-Financial Liabilities	20	23.64	17.40
	<b>Total</b>		<b>57.39</b>	<b>53.82</b>
<b>3</b>	<b>Equity</b>			
(a)	Equity Share Capital	21	191.94	185.18
(b)	Other Equity	22	1,371.76	1,186.85
	<b>Total</b>		<b>1,563.70</b>	<b>1,372.03</b>
	<b>Total Liabilities and Equity</b>		<b>12,225.85</b>	<b>10,283.73</b>
	<b>Significant Accounting Policies forming part of financial statements</b>	<b>1</b>		
	<b>Additional Notes forming part of financial statements</b>	<b>39</b>		

As per our report of even date

For and on behalf of the Board

**For Raghavan Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**  
Partner  
Membership No.: 027716

Place : Chennai  
Date : 26<sup>th</sup> April, 2021

Chairman

Chief Executive Officer

Chief Financial Officer

Company Secretary

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021



(All amounts in ₹ Crore, unless otherwise stated)

S.No.	Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
	<b>Revenue from Operations</b>			
i)	Interest Income	23	2,041.06	1,821.51
ii)	Fees and Commission Income	24	196.76	168.13
l)	<b>Total Revenue from Operations</b>		<b>2,237.82</b>	<b>1,989.64</b>
II)	Other Income	25	3.11	10.12
III)	<b>Total Income (I + II)</b>		<b>2,240.93</b>	<b>1,999.76</b>
	<b>Expenses</b>			
i)	Finance Costs	26	729.44	699.81
ii)	Fees and Commission Expenses		135.17	127.50
iii)	Impairment of Financial Instruments	27	466.79	258.80
iv)	Employee Benefit Expenses	28	584.81	477.73
v)	Depreciation, Amortisation and Impairment		19.92	20.10
vi)	Other Expenses	29	199.40	197.51
IV)	<b>Total Expenses</b>		<b>2,135.53</b>	<b>1,781.45</b>
V)	Profit / (Loss) before exceptional items and tax		<b>105.40</b>	<b>218.31</b>
VI)	Exceptional items		-	8.00
VII)	Profit / (Loss) before tax		<b>105.40</b>	<b>210.31</b>
VIII)	Tax Expenses	30		
	Current Tax		46.52	60.00
	Deferred Tax		(38.10)	(0.20)
IX)	Profit / (Loss) for the period		96.98	150.51
X)	Other Comprehensive Income	31		
A.	Items that will not be reclassified to Profit or Loss - Itemwise			
	Remeasurement of the defined benefit plans		(3.50)	(3.54)
	Income Tax relating to these items		0.88	0.89
B.	Items that will be reclassified to Profit or Loss - Itemwise			
	Fair value change on cash flow hedge		(3.55)	(20.05)
	Income Tax relating to these items		0.89	5.05
	Other Comprehensive Income (A+B)		(5.28)	(17.65)
XI)	<b>Total Comprehensive Income for the period (Comprising Profit / (Loss) and Other Comprehensive Income for the period)</b>		<b>91.70</b>	<b>132.86</b>
XII)	Earnings Per Share	32		
	Basic (₹)		5.19	8.25
	Diluted (₹)		5.19	8.25
	<b>Significant Accounting Policies forming part of financial statements</b>	<b>1</b>		
	<b>Additional Notes forming part of financial statements</b>	<b>39</b>		

As per our report of even date

For and on behalf of the Board

**For Raghavan Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**  
Partner  
Membership No.: 027716

Place : Chennai  
Date : 26<sup>th</sup> April, 2021

Chairman

Chief Executive Officer

Chief Financial Officer

Company Secretary

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021



(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>Cash Flow From Operating Activity</b>		
Profit Before Income Tax	105.40	210.31
<b>Adjustment For:-</b>		
Depreciation and amortisation expense	19.92	20.10
Impairment of Financial Assets	106.57	64.33
Profit / (Loss) on disposal of PPE	(0.33)	(0.01)
Finance Charges Paid	729.43	699.81
Foreign currency (gain)	-	(15.18)
Fair Value Losses on derivatives not designated as hedges	-	15.03
Unwinding of discount on security deposits	(2.68)	(9.71)
Remeasurement of defined benefit plans	(3.50)	(3.54)
Employee Benefit Obligations	5.77	6.38
<b>Cash generated from operations before working capital changes</b>	<b>855.18</b>	<b>777.21</b>
<b>Change in operating assets and liabilities</b>		
(Increase) / Decrease in Trade Receivables	14.94	(5.04)
(Increase) / Decrease in Loans	(1,796.96)	(1,283.72)
(Increase) in other financial assets	25.33	22.52
(Increase) / Decrease in Other Non Financial Assets	1.55	(38.91)
Increase / (Decrease) in Trade Payables	59.24	28.75
Increase / (Decrease) in Other financial liabilities	0.73	22.60
Increase / (Decrease) in Other Non financial liabilities	6.24	2.74
Financing Charges paid	(650.99)	(699.81)
<b>Cash generated from operations</b>	<b>(1,379.32)</b>	<b>(963.36)</b>
Income taxes paid	(48.91)	(68.12)
<b>Net cash inflow from operating activities</b>	<b>(1,428.23)</b>	<b>(1,031.48)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and Investment Property	(8.00)	(8.77)
Proceeds from sale of property, plant and equipment and Investment Property	0.36	0.01
Decrease in Deposits with Bank	10.75	15.65
<b>Net cash inflow from investing activities</b>	<b>3.11</b>	<b>6.89</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of Shares	99.98	90.00
Proceeds from Issue / (Repayment) of Debt Securities	674.66	3.75
Increase in / (Repayment) of Borrowings	887.64	1,821.52
Increase in / (Repayment) of Subordinated Liabilities	330.02	(26.99)
Payments for Principal Portion of Lease Liabilities (Refer Note 39)	(8.94)	(6.83)
<b>Net cash inflow (outflow) from financing activities</b>	<b>1,983.36</b>	<b>1,881.45</b>
<b>Net Increase Or (Decrease) in Cash &amp; Cash Equivalent</b>	<b>558.24</b>	<b>856.86</b>
Cash and cash equivalents at the beginning of the financial year	(62.00)	(918.86)
<b>Cash and cash equivalents at end of the year</b>	<b>496.24</b>	<b>(62.00)</b>

As per our report of even date

For and on behalf of the Board

**For Raghavan Chaudhuri & Narayanan**

Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**

Partner  
Membership No.: 027716

Place : Chennai  
Date : 26<sup>th</sup> April, 2021

Chairman

Chief Executive Officer

Chief Financial Officer

Company Secretary

(All amounts in ₹ Crore, unless otherwise stated)

## I) Equity Share Capital

	Notes	Amounts
Balance as at 1 <sup>st</sup> April, 2019		178.21
Changes in equity share capital during the year	21	6.97
Balance as at 31 <sup>st</sup> March 2020		185.18
Changes in equity share capital during the year	21	6.76
<b>Balance as at 31<sup>st</sup> March, 2021</b>		<b>191.94</b>

## II) Other Equity

Reserves and Surplus						
	Notes	Securities Premium Account	Statutory Reserve	Retained earnings	Other Reserves - Hedge Reserve	Total
<b>Balance as at 1<sup>st</sup> April, 2019</b>		<b>546.39</b>	<b>90.65</b>	<b>335.85</b>	-	<b>972.89</b>
Change in accounting Policy (Refer Note 38)		-	-	(1.93)	-	(1.93)
Profit for the Year	22	-	-	150.51	-	150.51
Other comprehensive income	22	-	-	(2.65)	(15.00)	(17.65)
<u>Transaction in the capacity as owners</u>						
Transfer to statutory reserve	22	-	30.10	(30.10)	-	-
Issue of equity shares	22	83.02	-	-	-	83.02
<b>Balance as at 31<sup>st</sup> March, 2020</b>		<b>629.41</b>	<b>120.75</b>	<b>451.69</b>	<b>(15.00)</b>	<b>1,186.85</b>
Profit for the Year	22	-	-	96.98	-	96.98
Other comprehensive income	22	-	-	(2.62)	(2.67)	(5.29)
<u>Transaction in the capacity as owners</u>						
Transfer to statutory reserve	22	-	19.40	(19.40)	-	-
Issue of equity shares	22	93.22	-	-	-	93.22
<b>Balance as at 31<sup>st</sup> March, 2021</b>		<b>722.63</b>	<b>140.15</b>	<b>526.65</b>	<b>(17.67)</b>	<b>1,371.76</b>

As per our report of even date

For and on behalf of the Board

For Raghavan Chaudhuri &amp; Narayanan

Chartered Accountants

Firm Regn No.: 007761S

V Sathyanarayanan

Partner

Membership No.: 027716

Place : Chennai

Date : 26<sup>th</sup> April, 2021

Chairman

Chief Executive Officer

Chief Financial Officer

Company Secretary

## 1. Significant Accounting Policies forming part of Financial Statements

### COMPANY BACKGROUND

TVS Credit Services Limited ('the Company') is a public limited company incorporated and domiciled in India. The registered office is located at "Chaitanya", No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006, Tamil Nadu, India. The company is a subsidiary of TVS Motor Company Limited.

The Company has received Certificate of Registration dated 13<sup>th</sup> April, 2010 from Reserve Bank of India (RBI) and commenced Non-Banking Financial activity there on. The company is categorised as Systemically Important Non-Banking Finance (Non-Deposit Accepting or Holding) Company, as defined under Section 45-IA of Reserve Bank of India (RBI) Act, 1934. The Company is engaged predominantly in Automobile Financing. The Company falls under the new category of "NBFC - Investment and Credit Company (NBFC-ICC)" post RBI merger of the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) in February 2019.

### SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of preparation of accounts:

The financial results of the Company have been prepared in accordance with Indian Accounting Standards (IND-AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with [Companies (Indian Accounting Standards) Rules, 2015] as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other accounting principles generally accepted in India.

The Company has adopted IND-AS from 1st April, 2018 with effective transition date of 1<sup>st</sup> April, 2017 pursuant to MCA notification dated 31<sup>st</sup> March, 2016 and financial statements has been prepared in accordance with Division III of Schedule III of Companies Act 2013 notified by MCA on 11<sup>th</sup> October, 2018. Further, the Company follows application guidance, clarifications, circulars and directions issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFC) or other regulators, as and when they are issued and applicable.

#### b. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value as stated in notes;
- Defined benefit plans – plan assets 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 judgements

The areas involving critical estimates are:

- Determining inputs into the ECL measurement model - (Refer Note 35)
- Estimation of defined benefit obligation - (Refer Note 33)

The areas involving critical judgements are:

- Classification of financial assets: Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI (Solely Payments of Principal and Interest) on the principal amount outstanding.
- Derecognition of financial assets and securitisation.
- Categorisation of loan portfolios



**e. Property, Plant and Equipment (PPE)**

Items of property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised 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. All repairs and maintenance are charged to the statement of profit or loss during the reporting period in which they are incurred.

**f. Depreciation**

Depreciation is provided on straight-line basis over the estimated useful lives of the assets. Useful life estimated by the company is in line with the useful life prescribed under Part C of Schedule II of the Companies Act, 2013 except in the case of mobile phone, based on the technical evaluation wherein the useful life is considered as 2 years.

Depreciation on PPE individually costing ₹5,000/- or less is provided 100% in the year of acquisition.

An asset's carrying amount is written down immediately to its estimated recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount. Gain and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

Depreciation on fixed assets added/disposed-off during the year is calculated on pro-rata basis with reference to the date of addition/disposal.

**g. Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

**h. Intangible assets**

Intangible assets acquired are recorded at their acquisition cost and are amortised on straight line basis over its useful life. Software is amortised over 3 years period or the license period whichever is lower on Straight Line basis.

**i. Financial Assets and Financial Liabilities:****1. Classification:**

The Company classifies its financial assets in the following categories, those to be measured subsequently at:

- Fair value through other comprehensive income (FVOCI),
- Fair value through profit or loss (FVTPL), and
- Amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Business Model Assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management.



Assessment of whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Financial Liabilities

The Company classifies its financial liabilities, other than fully hedged foreign currency loans, financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

**2. Measurement:**

At initial recognition, the company measures a financial assets that are not at FVTPL at its fair value plus/ (minus), transaction costs / origination income that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL 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:

i. 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 derecognised or impaired. Interest income from these financial assets is included in finance income 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.

ii. Fair Value through Profit or Loss:

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

**3. Revenue Recognition:**i. Income from Financing Activity

1. Interest income is recognised using the Effective Interest Rate (EIR) method for all financial assets measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to its gross carrying amount. The calculation of the effective interest rate includes transaction costs and transaction income that are directly attributable to the acquisition of a financial asset.

2. For financial assets that are not Purchases Originally Credit Impaired "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 of credit impaired asset.
3. Income by way of additional interest on account of delayed payment by the customers is recognised on realisation basis, due to uncertainty in collection.

ii. Other Revenue from Operations

1. Fees and commission income that are not integral part of the effective interest rate on the financial asset are recognised as the performance obligations are performed and there is no significant financing component of the consideration.
2. Dividend income is recognised when the right to receive income is established.
3. Incomes in the nature of bounce and related charges are recognised on realisation, due to uncertainty in collections.

4. **Impairment of Financial Assets:**

The Company recognises loss allowance for Expected Credit Loss "ECL" on the following financial instruments that are not measured at FVTPL:

- i. Loans
- ii. Trade receivables
- iii. Other receivables

i. Loans and Other Receivables

The Company measures loss allowances at an amount equal to lifetime ECL, except for financial instruments whose credit risk has not increased significantly since initial recognition, for which a 12-month ECL is computed.

Life-time ECL is based on the result from all possible default events over the expected life of the financial instrument.

12-month ECL is based on the result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company categorises loan assets into stages based on the Days Past Due status:

Stage	Past due	ECL	Regulatory standards
Stage 1	30 Days Past Due	12-Month ECL	Equivalent to standard assets as per RBI
Stage 2	31-90 Days Past Due	Life-time ECL	
Stage 3	More than 90 Days Past Due	Life-time ECL	Equivalent to NPA assets as per RBI

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: As the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive);
- Financial assets that are credit-impaired at the reporting date: As the difference between the gross carrying amount and the present value of estimated future cash flow.

ii. Trade Receivables:

For trade receivables only, the Company applies the simplified approach which requires life-time ECL to be recognised from initial recognition of the receivables.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position for financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets.

Write-off

Loans are written-off when there is no reasonable expectation of recovering in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**5. Derecognition of Financial Assets and Financial Liabilities:**

A financial asset is derecognised only when:

The Company has transferred the contractual rights to receive cash flows from the financial asset or 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 derecognised 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.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) The consideration received (including any new asset obtained less any new liability assumed) and (ii) Any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

A financial liability is derecognised when its contractual obligations are discharged or cancelled, or expires.

**6. Derivatives**

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

The Company designates derivatives taken on External Commercial Borrowings (ECB) as Cashflow Hedges (hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions).

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 cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 34. Movements in the hedging reserve in shareholders' equity are shown in Note 22.

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". The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

**7. Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## 8. Trade and other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured. They are recognised initially at their fair value and subsequently measured at amortised cost.

## 9. Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the balance sheet.

## 10. Taxation

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 the 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.

- i. Deferred income tax provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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.
- ii. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

## 11. Employee Benefits:

- a. 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 recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.
- b. The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.
- c. Post-employment Obligation:

The Company operates the following post-employment schemes:

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

i. Pension and Gratuity Obligation

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

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

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

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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

ii. Provident Fund:

Contributions to Provident Fund made to Regional Provident Fund Commissioner in respect of Employees' Provident Fund based on the statutory provisions are charged to Statement of Profit and Loss on accrual basis.

## 12. Functional Currency:

a. Functional and Presentation Currencies:

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

b. Transactions and Balances:

- Foreign currency transactions are translated into functional currency using exchange rates at the date of transaction.
- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

## 13. 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 rate 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).

Finance charges are expensed in the period in which they are incurred.

## 14. Borrowings cost

Borrowing costs are expensed in the period in which they are incurred.

## 15. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of the transactions of non-cash nature.

## 16. Earnings Per Share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

## 17. Impairment of Non-Financial Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. 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 impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 18. Lease

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under IND-AS 116.

The Company as a lessee, assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves:

- i. The use of an identified asset,
- ii. The right to obtain substantially all the economic benefits from use of the identified asset,
- iii. The right to direct the use of the identified asset.

The Company at the inception of the lease contract recognises a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments are discounted using the incremental borrowing rate.

For short-term leases and low value assets (assets of less than ₹ 5,00,000 in value) the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IND-AS 17.

Lease payments have been classified as cash flow used in financing activities.

## 19. Segment Reporting

There is no separate reportable segment as per IND-AS 108 on 'Operating Segments' in respect of the Company.

## 20. Provisions

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.

### 21. 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..

### 22. Share Based Payments

Equity-settled share-based payments for receipt of services are measured at the estimated average fair value of the equity instruments over the vesting period. The average fair value is determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

### 23. Equity

Equity shares are classified as equity. Distributions to holders of an equity instrument are recognised by the entity directly in equity. Transaction costs of an equity transaction shall be accounted for as a deduction from equity.



(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 2 Cash and Cash Equivalents**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Cash on hand*	15.42	1.71
b)	Balance with banks - current accounts	637.72	355.65
	Total	653.14	357.36

\* Represents cash collected from borrowers as on Balance Sheet date, deposited with Bank subsequently in the process of being deposited.

**Cash and Cash Equivalents for the purpose of Cash Flow Statement**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Cash and Cash Equivalents as shown above	653.14	357.36
b)	Less: overdrafts utilised (Grouped under Borrowings (other than debt securities) - Note 16)	156.89	419.36
	Total	496.24	(62.00)

**NOTE 3 Bank Balance other than Cash and Cash Equivalents\***

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Bank Balance other than Cash and Cash Equivalents	0.87	11.62
	Total	0.87	11.62

\* Balance maintained in Fixed Deposits as Cash Collateral towards Assets transferred on assignment of receivables, lien marked favouring SPVs (represent Fixed Deposits exceeding 3 months and Less than 12 months).

**NOTE 4 Derivative Financial Instruments**

S.No.	Description	As at 31 <sup>st</sup> March, 2021		
		Notional amounts	Fair Value - Assets	Fair Value - Liabilities
a)	Other Derivatives - Cross Currency Swap Derivatives designated as hedges	1,356.55	-	14.57
	Total			14.57
S.No.	Description	As at 31 <sup>st</sup> March, 2020		
		Notional amounts	Fair Value - Assets	Fair Value - Liabilities
a)	Other Derivatives- Cross Currency Swap Derivatives designated as hedges	634.84	23.63	-
	Total		23.63	

**NOTE 5 Trade Receivables**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Receivables considered good - Unsecured	44.29	59.23
b)	Less: Impairment Loss Allowance	13.49	4.03
c)	Receivables considered good - Unsecured (Net) (a) -(b)	30.80	55.20



(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 6 Loans**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
A		Amortised Cost	
a)	Bills Purchased and Bills discounted	-	21.30
b)	Term Loans		
	i) Automobile Financing	9,442.57	8,278.96
	ii) Consumer Lending	1,532.76	1,138.30
	iii) Small Business Lending	469.29	209.10
c)	Total Loans - Gross (a)+(b)	11,444.62	9,647.66
d)	Less: Impairment Loss Allowance	289.67	192.12
e)	Total Loans - Net (c)-(d)	11,154.95	9,455.55
B	<b>Nature</b>		
	Secured by Tangible Assets	9,509.84	8,307.11
	Unsecured Loans	1,934.78	1,340.55
	Total Gross	11,444.62	9,647.66
	Less: Impairment Loss Allowance	289.67	192.12
	Total - Net	11,154.95	9,455.55
C i)	Loans in India		
	Public Sector	-	-
	Others	11,444.62	9,647.66
	Total Gross	11,444.62	9,647.66
	Less: Impairment Loss Allowance	289.67	192.12
	Total - Net	11,154.95	9,455.55
ii)	Loans Outside India	-	-
iii)	Total Loans (i)+(ii)	11,154.95	9,455.55

a. The stock of loan (automobile finance) includes 13,292 nos. repossessed vehicles as at Balance Sheet date. (31<sup>st</sup> March, 2020: 13,998 nos.).

b. Automobile financing is secured by hypothecation of vehicles supported by Registration Certificate book issued by Regional Transport Officer and undertaking given by the borrower to register the vehicle with RTO.

**c. Transferred Loans**

The carrying amounts of the automobile financing include Loans which are subject to a Securitisation arrangement. Under this arrangement, company has transferred the relevant Loans to the Securitisation trust in exchange for cash. However, company has provided credit enhancements which in substance has been concluded has retention of risk and reward. The company therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the securitisation agreement is presented as secured borrowing.

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Total transferred receivables	-	12.57
Associated Secured Borrowing (Note 16)	-	12.57

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 7 Investments**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Investments		
	Equity instruments		
	<b>Subsidiaries*</b>		
i)	TVS Housing Finance Private Limited (1,20,00,000 equity shares @ ₹10/- each fully paid up)	12.00	12.00
ii)	TVS Two Wheeler Mall Private Ltd (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
iii)	TVS Commodity Financial Solutions Private Limited (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
iv)	Harita ARC Private Limited (2,500 equity shares @ ₹10 each fully paid up)	0.00	0.00
v)	TVS Micro Finance Private Limited (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
vi)	Harita Collection Services Private Limited (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
	Total – Gross (A)	12.01	12.01
	(i) Investments outside India	-	-
	(ii) Investments in India	12.01	12.01
	Total (B)	12.01	12.01
	Total	12.01	12.01
	Less: Allowance for Impairment Loss (C)	-	-
	<b>Total - Net (D) = (A)-(C)</b>	<b>12.01</b>	<b>12.01</b>

\* Investments in subsidiaries is carried at cost as per IND-AS 27.

**NOTE 8 Other Financial Assets**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Loan to Employees	4.62	8.72
b)	Security deposit for leased premises	7.49	7.54
c)	Advances to Related Parties	73.21	78.20
d)	Other Financial Assets - Related Parties	0.04	2.69
e)	Other Financial Assets - Non-Related Parties	0.00	12.17
f)	Deposit with Service Providers	4.39	3.34
	<b>Total</b>	<b>89.75</b>	<b>112.67</b>

**NOTE 9 Current Tax Assets**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Opening Balance	14.88	6.76
b)	Add: Taxes paid	48.90	68.12
c)	Less: Taxes payable	(46.52)	(60.00)
	<b>Total</b>	<b>17.26</b>	<b>14.88</b>

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 10 Deferred Tax Assets/(Liabilities)**

The balance comprises temporary differences attributable to:

S.No.	Description	As at 31 <sup>st</sup> March, 2021	Created/ (Provided) during the year	Balance as on 1 <sup>st</sup> April, 2020
	<b>Deferred Tax Assets/(Liabilities) on account of :</b>			
a)	Depreciation	5.07	0.47	4.60
b)	Provision for compensated absence	5.10	1.07	4.03
c)	Provision for expected credit loss	78.31	33.67	44.64
d)	Additional Provision	-	(2.13)	2.13
e)	Provision for gratuity	0.45	0.27	0.18
f)	Expenses Disallowed under Sec 40 (a) (ia)	6.10	1.88	4.22
g)	Provision for pension	2.94	0.11	2.82
h)	Automobile financing	8.56	3.97	4.59
i)	Advances to related parties	2.38	(0.35)	2.73
j)	Mark to market on derivative	5.94	0.89	5.05
k)	Lease Accounting	0.84	0.02	0.82
	<b>Total Deferred Tax Assets/(Liabilities)</b>	<b>115.69</b>	<b>39.87</b>	<b>75.82</b>

<b>Break-up of deferred tax expense/(benefit)</b>	
- to statement of profit and loss	38.10
- to other comprehensive income	1.77
<b>Total</b>	<b>39.87</b>

**NOTE 11 Investment Property**

Description	Land	Building	Total
Period Ended 31 <sup>st</sup> March, 2021			
Gross carrying amount	85.16	0.00	85.16
Additions	-	-	-
<b>Sub-total</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>
Disposals	-	-	-
<b>Closing gross carrying amount (A)</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>
Depreciation and amortisation	-	-	-
Opening accumulated depreciation	-	-	-
Depreciation/amortisation charge during the year	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>
Disposals	-	-	-
<b>Closing accumulated depreciation and amortisation(B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2021 (A)-(B)</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2020</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 11 Investment Property (Contd.)**

Description	Land	Building	Total
Period Ended 31 <sup>st</sup> March, 2020			
Gross carrying amount	85.47	0.40	85.86
Additions	-	-	-
<b>Sub-total</b>	85.47	0.40	85.86
Disposals	0.30	0.40	0.70
<b>Closing gross carrying amount (A)</b>	85.16	-	85.16
Depreciation and amortisation	-	-	-
Opening accumulated depreciation	-	-	-
Depreciation/amortisation charge during the year	-	-	-
<b>Sub-total</b>	-	-	-
Disposals	-	-	-
<b>Closing accumulated depreciation and amortisation(B)</b>	-	-	-
<b>Net Carrying value as at 31<sup>st</sup> March, 2020 (A)-(B)</b>	<b>85.16</b>	<b>-</b>	<b>85.16</b>

(i) Fair value

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Investment properties	414.90	414.90

The fair values of investment properties have been determined by independent valuers.

**NOTE 12 Property, Plant and Equipment**

Description	Property, Plant and Equipment					Other Intangible Assets (Computer Software)
	Computer	Furniture & Fixtures	Office Equipment	Vehicles	Total	
Period Ended 31 <sup>st</sup> March, 2021						
Gross carrying amount	20.44	11.29	11.17	0.02	42.92	14.26
Additions	3.35	0.63	2.20		6.18	1.82
<b>Sub-total</b>	<b>23.79</b>	<b>11.92</b>	<b>13.37</b>	<b>0.02</b>	<b>49.10</b>	<b>16.08</b>
Disposals	0.38	0.05	0.29	-	0.71	-
<b>Closing gross carrying amount (A)</b>	<b>23.41</b>	<b>11.87</b>	<b>13.08</b>	<b>0.02</b>	<b>48.39</b>	<b>16.08</b>
Depreciation and amortisation						
Opening accumulated depreciation	11.96	5.85	6.02	0.00	23.83	8.09
Depreciation/amortisation charge during the year*	5.25	1.49	1.95	0.00	8.69	3.95
<b>Sub-total</b>	<b>17.21</b>	<b>7.34</b>	<b>7.97</b>	<b>0.01</b>	<b>32.52</b>	<b>12.04</b>
Disposals	0.36	0.04	0.28	-	0.67	-
<b>Closing accumulated depreciation and amortisation(B)</b>	<b>16.85</b>	<b>7.30</b>	<b>7.69</b>	<b>0.01</b>	<b>31.86</b>	<b>12.04</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2021 (A)-(B)</b>	<b>6.56</b>	<b>4.57</b>	<b>5.39</b>	<b>0.01</b>	<b>16.53</b>	<b>4.04</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2020</b>	<b>8.49</b>	<b>5.44</b>	<b>5.14</b>	<b>0.02</b>	<b>19.09</b>	<b>6.17</b>

(All amounts in ₹ Crore, unless otherwise stated)

\* The amounts mentioned are below the rounding off norms of the Company.

**NOTE 12 Property, Plant and Equipment (Contd.)**

Description	Property, Plant and Equipment					Other Intangible Assets (Software)
	Computer	Furniture & Fixtures	Office Equipment	Vehicles	Total	
Period Ended 31 <sup>st</sup> March, 2020						
Gross carrying amount	15.67	10.33	9.72	0.02	35.74	12.78
Additions	4.78	1.00	1.50	-	7.29	1.48
<b>Sub-total</b>	<b>20.45</b>	<b>11.33</b>	<b>11.22</b>	<b>0.02</b>	<b>43.03</b>	<b>14.26</b>
Disposals	0.01	0.05	0.05	-	0.10	-
<b>Closing gross carrying amount (A)</b>	<b>20.44</b>	<b>11.29</b>	<b>11.17</b>	<b>0.02</b>	<b>42.93</b>	<b>14.26</b>
Depreciation and amortisation						
Opening accumulated depreciation	6.65	3.95	4.10	0.00	14.71	4.32
Depreciation/amortisation charge during the year	5.31	1.94	1.97	0.00	9.21	3.77
<b>Sub-total</b>	<b>11.96</b>	<b>5.89</b>	<b>6.07</b>	<b>0.00</b>	<b>23.92</b>	<b>8.09</b>
Disposals	0.00	0.04	0.05	-	0.09	-
<b>Closing accumulated depreciation and amortisation (B)</b>	<b>11.96</b>	<b>5.85</b>	<b>6.02</b>	<b>0.00</b>	<b>23.83</b>	<b>8.09</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2020 (A)-(B)</b>	<b>8.49</b>	<b>5.44</b>	<b>5.14</b>	<b>0.02</b>	<b>19.09</b>	<b>6.17</b>

**NOTE 13 Other Non Financial Assets**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Dealer Commission Advance	0.21	0.72
b)	Prepaid Expenses	17.65	6.05
c)	Vendor Advance	5.60	19.81
d)	Balance with GST/Service Tax Department	3.51	2.21
e)	Right-to-use asset*	18.68	25.78
	<b>Total</b>	<b>45.65</b>	<b>54.57</b>

\* Refer Note 38a

**NOTE 14 Trade Payables**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Total outstanding dues to micro enterprises and small enterprises*	-	0.02
b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	227.87	168.61
	<b>Total</b>	<b>227.87</b>	<b>168.63</b>

\* 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.

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 15 Debt Securities**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>At Amortised Cost</b>		
Commercial Paper (Unsecured)	746.11	496.19
Non Convertible Debentures (Secured)	424.74	-
<b>Total (A)</b>	<b>1,170.85</b>	<b>496.19</b>
Debt securities in India	1,170.85	496.19
Debt securities outside India	-	-
<b>Total (B)</b>	<b>1,170.85</b>	<b>496.19</b>

**NOTE 16 Borrowings (Other Than Debt Securities)**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>At Amortised Cost</b>		
(a) Term loans		
i) from banks (Secured)	4,590.31	4,800.35
ii) from other parties (Secured)	24.59	249.78
iii) External Commercial Borrowings (Secured)	1,364.32	678.53
(b) Loans repayable on demand		
i) cash credit from banks	156.89	419.36
ii) working capital demand loan (Secured)	1,565.00	1,150.00
iii) working capital demand loan (Unsecured)	340.00	140.00
(c) Securitised trust borrowing	0.00	12.57
<b>Total (A)</b>	<b>8,041.11</b>	<b>7,450.59</b>
Borrowings in India	6,676.79	6,772.06
Borrowings outside India	1,364.32	678.53
<b>Total (B)</b>	<b>8,041.11</b>	<b>7,450.59</b>

**NOTE 17 Subordinated Liabilities**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>At Amortised Cost</b>		
Unsecured		
Perpetual Debt Instruments to the extent that do not qualify as equity	99.84	99.81
Other Subordinated Liabilities:		
From Banks	199.93	199.87
From Others	643.02	313.09
<b>Total (A)</b>	<b>942.79</b>	<b>612.77</b>
Subordinated Liabilities in India	942.79	612.77
Subordinated Liabilities outside India	-	-
<b>Total (B)</b>	<b>942.79</b>	<b>612.77</b>

Refer annexure for the terms of the debt securities, borrowings and subordinated liabilities.

(All amounts in ₹ Crore, unless otherwise stated)

Annexure

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2021	Type of Security	Interest Rate	No. of Installments remaining	Frequency	Repayable from	Repayable to
<b>Debt Securities</b>							
CP	249.10	Unsecured	4.75%	1	Bullet	29/04/2021	29/04/2021
CP	248.54	Unsecured	4.60%	1	Bullet	18/05/2021	18/05/2021
CP	248.47	Unsecured	4.60%	1	Bullet	20/05/2021	20/05/2021
NCD	99.74	Secured	7.40%	1	Bullet	08/04/2022	08/04/2022
NCD	300.00	Secured	8.35%	1	Bullet	22/03/2023	22/03/2023
NCD	25.00	Secured	8.35%	1	Bullet	22/03/2023	22/03/2023
	<b>1,170.85</b>						
<b>Loans repayable on demand</b>							
	1,721.89	Secured	6.25% -	Repayable On Demand			
	340.00	Unsecured	7.50%				
	<b>2,061.89</b>						
<b>Term Loan</b>							
Bank	100.00	Secured	8.00%	1.00	Bullet	06/05/2021	06/05/2021
Bank	25.00	Secured	6.62%	1.00	Bullet	25/05/2021	25/05/2021
Bank	37.50	Secured	7.90%	1.00	Half Yearly	17/03/2020	17/09/2021
Bank	41.67	Secured	7.50%	6.00	Monthly	26/10/2018	26/09/2021
Bank	123.98	Secured	7.50%	3.00	Quarterly	28/03/2019	27/12/2021
Bank	33.33	Secured	8.00%	2.00	Half Yearly	28/06/2019	28/12/2021
Bank	59.89	Secured	7.35%	3.00	Quarterly	30/09/2019	30/12/2021
Bank	16.67	Secured	8.00%	2.00	Half Yearly	28/07/2019	28/01/2022
Bank	238.90	Secured	7.85%	4.00	Quarterly	04/11/2019	04/02/2022
Bank	39.97	Secured	7.90%	4.00	Quarterly	15/11/2019	15/02/2022
Bank	199.97	Secured	7.35%	4.00	Quarterly	27/11/2019	27/02/2022
Bank	182.56	Secured	8.57%	1.00	Bullet	29/05/2022	29/05/2022
Bank	182.56	Secured	8.57%	1.00	Bullet	10/06/2022	10/06/2022
FI	24.59	Secured	6.43%	5.00	Quarterly	10/03/2020	10/06/2022
Bank	179.97	Secured	7.35%	6.00	Quarterly	20/05/2020	20/08/2022
Bank	146.05	Secured	8.06%	1.00	Bullet	26/08/2022	26/08/2022
Bank	141.64	Secured	5.10%	17.00	Monthly	30/09/2019	30/08/2022
Bank	146.05	Secured	8.06%	1.00	Bullet	16/09/2022	16/09/2022
Bank	100.00	Secured	5.50%	18.00	Monthly	30/10/2019	30/09/2022
Bank	52.50	Secured	6.90%	7.00	Quarterly	15/07/2020	15/10/2022
Bank	199.96	Secured	7.45%	1.00	Bullet	19/11/2022	19/11/2022
Bank	100.00	Secured	7.90%	4.00	Half Yearly	18/06/2021	18/12/2022
Bank	166.63	Secured	7.50%	8.00	Quarterly	06/05/2020	06/02/2023
Bank	159.97	Secured	6.90%	8.00	Quarterly	24/11/2020	24/02/2023
Bank	333.33	Secured	5.85%	24.00	Monthly	19/04/2020	19/03/2023
Bank	199.86	Secured	7.35%	8.00	Quarterly	20/12/2020	20/03/2023
Bank	79.99	Secured	7.25%	8.00	Quarterly	31/12/2020	31/03/2023
Bank	224.89	Secured	8.00%	9.00	Quarterly	04/02/2021	04/05/2023
Bank	179.87	Secured	7.80%	9.00	Quarterly	30/03/2021	30/06/2023
Bank	363.87	Secured	6.94%	1.00	Bullet	13/07/2023	13/07/2023
Bank	241.67	Secured	5.90%	29.00	Monthly	21/09/2020	21/08/2023
Bank	130.00	Secured	6.30%	8.00	Quarterly	24/12/2020	24/09/2023
Bank	343.22	Secured	6.94%	1.00	Bullet	19/10/2023	19/10/2023
Bank	199.96	Secured	5.90%	8.00	Quarterly	18/02/2022	18/11/2023

(All amounts in ₹ Crore, unless otherwise stated)

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2021	Type of Security	Interest Rate	No. of Installments remaining	Frequency	Repayable from	Repayable to
Bank	183.33	Secured	5.00%	33.00	Monthly	31/01/2021	31/12/2023
Bank	150.00	Secured	7.40%	6.00	Half Yearly	12/08/2021	12/02/2024
Bank	250.00	Secured	7.30%	10.00	Quarterly	19/12/2021	19/03/2024
Bank	299.93	Secured	5.60%	8.00	Quarterly	29/06/2022	29/03/2024
Bank	99.95	Secured	7.40%	36.00	Monthly	30/04/2021	30/03/2024
	<b>5,979.22</b>						
<b>Subordinated Liabilities</b>							
<b>Perpetual Debt</b>	99.84	Unsecured	11.50%	1	Bullet	25/11/2027	25/11/2027
<b>Other Subordinated Liabilities</b>							
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	49.96	Unsecured	11.30%	1	Bullet	27/09/2021	27/09/2021
Bank	49.99	Unsecured	10.02%	1	Bullet	28/04/2022	28/04/2022
Others	49.98	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
Bank	25.00	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	24.97	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	49.98	Unsecured	8.70%	1	Bullet	29/05/2023	29/05/2023
Bank	50.00	Unsecured	9.76%	1	Bullet	24/07/2023	24/07/2023
Others	99.00	Unsecured	10.90%	1	Bullet	07/08/2024	07/08/2024
Others	146.62	Unsecured	9.40%	1	Bullet	10/06/2026	10/06/2026
Others	100.00	Unsecured	10.00%	1	Bullet	01/07/2026	01/07/2026
Others	122.46	Unsecured	9.40%	1	Bullet	26/08/2026	26/08/2026
Others	25.00	Unsecured	9.40%	1	Bullet	26/08/2026	26/08/2026
	<b>842.96</b>						
<b>Subordinated Liabilities</b>	<b>942.79</b>						

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2020	Type of Security	Interest Rate	No. of Installments	Frequency	From	To
<b>Loans repayable on demand</b>	<b>1,569.36</b>	Secured					
	<b>140.00</b>	Unsecured					
	<b>1,709.36</b>						
<b>Term Loan</b>							
Bank	150.00	Unsecured	8.35%	1.00	Bullet	19/05/2020	19/05/2020
Bank	25.00	Secured	7.99%	1.00	Bullet	01/06/2020	01/06/2020
Bank	20.00	Secured	8.40%	10.00	Quarterly	29/05/2018	29/08/2020
Bank	49.99	Secured	8.40%	2.00	2 Installment	25/09/2019	25/09/2020
Bank	200.00	Secured	8.25%	1.00	Bullet	13/10/2020	13/10/2020
Bank	50.00	Secured	8.05%	1.00	Bullet	23/10/2020	23/10/2020
Bank	24.99	Secured	8.30%	12.00	Quarterly	16/02/2018	16/11/2020
Bank	59.96	Secured	8.95%	10.00	Quarterly	21/08/2018	21/11/2020
Bank	30.00	Secured	8.65%	10.00	Quarterly	21/09/2018	21/12/2020
Bank	74.99	Secured	9.00%	10.00	Quarterly	10/01/2019	10/03/2021



(All amounts in ₹ Crore, unless otherwise stated)

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2020	Type of Security	Interest Rate	No. of Installments	Frequency	From	To
Bank	63.33	Secured	8.85%	12.00	Quarterly	23/06/2018	23/03/2021
Bank	100.00	Secured	8.20%	1.00	Bullet	06/05/2021	06/05/2021
Bank	50.00	Secured	8.40%	12.00	Quarterly	01/10/2018	01/06/2021
Bank	112.50	Secured	8.40%	4.00	Half Yearly	17/03/2020	17/09/2021
Bank	125.00	Secured	8.65%	36.00	Monthly	26/10/2018	26/09/2021
Bank	290.05	Secured	8.35%	12.00	Quarterly	28/03/2019	27/12/2021
Bank	66.66	Secured	8.40%	6.00	Half Yearly	28/06/2019	28/12/2021
Bank	139.78	Secured	9.00%	10.00	Quarterly	30/09/2019	30/12/2021
Bank	33.34	Secured	8.40%	6.00	Half Yearly	28/07/2019	28/01/2022
Bank	477.58	Secured	8.75%	10.00	Quarterly	04/11/2019	04/02/2022
Bank	79.93	Secured	9.00%	10.00	Quarterly	15/11/2019	15/02/2022
Bank	399.93	Secured	8.30%	10.00	Quarterly	27/11/2019	27/02/2022
Bank	188.48	Secured	8.63%	1.00	Bullet	29/05/2022	29/05/2022
Bank	188.48	Secured	8.63%	1.00	Bullet	10/06/2022	10/06/2022
FI	44.27	Secured	6.43%	10.00	Quarterly	10/03/2020	10/06/2022
Bank	299.95	Secured	8.40%	10.00	Quarterly	20/05/2020	20/08/2022
Bank	150.78	Secured	8.25%	1.00	Bullet	26/08/2022	26/08/2022
Bank	241.62	Secured	7.25%	36.00	Monthly	30/09/2019	30/08/2022
Bank	150.78	Secured	8.25%	1.00	Bullet	16/09/2022	16/09/2022
Bank	166.67	Secured	7.50%	36.00	Monthly	30/10/2019	30/09/2022
Bank	75.00	Secured	8.20%	10.00	Quarterly	15/07/2020	15/10/2022
Bank	199.93	Secured	8.40%	1.00	Bullet	19/11/2022	19/11/2022
Bank	100.00	Secured	8.30%	4.00	Half Yearly	18/06/2021	18/12/2022
Bank	249.95	Secured	8.35%	12.00	Quarterly	06/05/2020	06/02/2023
Bank	199.95	Secured	8.10%	10.00	Quarterly	24/11/2020	24/02/2023
Bank	500.00	Secured	7.00%	36.00	Monthly	19/04/2020	19/03/2023
Bank	249.78	Secured	8.20%	10.00	Quarterly	20/12/2020	20/03/2023
Bank	99.98	Secured	8.05%	10.00	Quarterly	31/12/2020	31/03/2023
	<b>5,728.66</b>						

(All amounts in ₹ Crore, unless otherwise stated)

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2020	Type of Security	Interest Rate	No. of Installments	Frequency	From	To
<b>Securitized Trust Borrowings</b>	<b>12.57</b>						
<b>Subordinated Liabilities</b>							
<b>Perpetual Debt</b>	99.81	Unsecured	11.50%	1	Bullet	24/11/2027	24/11/2027
<b>Other Subordinated Liabilities</b>							
Others	14.50	Unsecured	9.20%	1	Bullet	30/06/2020	30/06/2020
Others	49.96	Unsecured	12.25%	1	Bullet	30/09/2020	30/09/2020
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	49.92	Unsecured	11.25%	1	Bullet	27/09/2021	27/09/2021
Bank	49.96	Unsecured	10.09%	1	Bullet	28/04/2022	28/04/2022
Others	50.00	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
Bank	24.94	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	25.00	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	49.97	Unsecured	9.50%	1	Bullet	29/05/2023	29/05/2023
Bank	50.00	Unsecured	9.90%	1	Bullet	24/07/2023	24/07/2023
Others	98.71	Unsecured	10.90%	1	Bullet	07/08/2024	07/08/2024
<b>Total</b>	<b>512.96</b>						

Term Loan received from Banks and Other Parties of ₹5,979.22 inclusive of Current and Non-Current Dues (Previous Year: ₹5,578.66 as on 31<sup>st</sup> March, 2020) is secured against hypothecation of receivables under the financing activity of the Company.

Working Capital Demand Loan and Cash Credit of ₹1,721.88 (Previous Year: ₹1,569.36 as at 31<sup>st</sup> March, 2020) is secured by hypothecation of receivables under the financing activity of the Company.

#### External Commercial Borrowings

During the year, the Company had raised funds in the overseas market amounting to ₹721.70 crores (equivalent to USD 97 million) under External Commercial Borrowings (ECB) accessed through automatic route after receiving the Loan Registration Number from RBI as per ECB Master Directions. These are unlisted instruments, for total duration of 3 years and the loan has been fully hedged. The net proceeds from the issue of these ECB were applied for the purpose of on-lending, in accordance with the directions issued by the RBI.

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 18 Other Financial Liabilities**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Interest Accrued But Not Due	76.43	37.60
b)	Employee Related Liabilities	55.66	24.05
c)	Security Deposit	53.46	39.02
d)	Lease liability	22.02	29.03
	<b>Total</b>	<b>207.57</b>	<b>129.70</b>

**NOTE 19 Provisions**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Pension	11.68	11.22
b)	Gratuity	1.80	0.73
c)	Compensated Absences	20.27	16.02
d)	General Loss Provisions	-	8.45
	<b>Total</b>	<b>33.75</b>	<b>36.42</b>

**NOTE 20 Other Non Financial Liabilities**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
	<b>Others</b>		
a)	Statutory Dues	23.64	17.40
	<b>Total</b>	<b>23.64</b>	<b>17.40</b>

**NOTE 21 Equity Share capital**

	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	<b>Authorised Share Capital:</b> 20,00,00,000 Equity Shares of ₹10 each (Previous Year 20,00,00,000 Equity Shares)	200.00	200.00
		<b>200.00</b>	<b>200.00</b>
b)	<b>Issued, Subscribed and Fully Paid-up Share Capital:</b> 19,19,37,700 number of Equity Shares of ₹10 each (Previous year 18,51,82,300 Equity Shares of ₹10 each)	191.94	185.18
c)	<b>Par Value per Share</b>	₹10 each	₹10 each
d)	<b>Number of Equity Shares at the beginning of the year</b>	185,182,300	178,205,700
	Add: Preferential Allotment made during the year	6,755,400	6,976,600
	<b>Number of Equity Shares at the end of the year</b>	<b>191,937,700</b>	<b>185,182,300</b>

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 21 Equity Share Capital (Contd.)**

e)	<b>Equity Shares held by Holding Companies</b>				
	<b>Particulars</b>		<b>No. of Shares</b>	<b>No. of Shares</b>	
	Holding Company - TVS Motor Company Limited		162,224,928	155,469,528	
	Sundaram Clayton Limited (Holding Company of TVS Motor Company Limited)		2,180,250	2,180,250	
f)	<b>Number of shares held by shareholders holding more than 5% of total shares as at the end of the year</b>				
	<b>Name of the Shareholders</b>	<b>As at 31<sup>st</sup> March, 2021</b>		<b>As at 31<sup>st</sup> March, 2020</b>	
		<b>No. of Shares</b>	<b>% of Holding</b>	<b>No. of Shares</b>	<b>% of Holding</b>
	TVS Motor Company Limited	162,224,928	84.52%	155,469,528	83.95%
	Lucas-TVS Limited	11,337,297	5.91%	11,337,297	6.12%

**NOTE 22 Other Equity**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a) Securities Premium Reserves	722.63	629.41
b) Statutory Reserve	140.15	120.75
c) Retained Earnings	526.65	451.69
d) Other Reserves	(17.67)	(15.00)
<b>Total reserves and surplus</b>	<b>1,371.76</b>	<b>1,186.85</b>

a) Securities premium reserves	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	629.41	546.39
Additions during the year	93.22	83.02
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>722.63</b>	<b>629.41</b>

b) Statutory Reserve	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	120.75	90.65
Transfer from retained earnings	19.40	30.10
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>140.15</b>	<b>120.75</b>

c) Retained earnings	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	451.69	335.85
Lease Equivalisation restatement on 1st day of year	-	(1.93)
Restated Opening Balance	451.69	333.92
Net profit for the period	96.98	150.51
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation net off tax	(2.62)	(2.65)
Transaction in the capacity as owners		
Statutory Reserve	(19.40)	(30.10)
<b>Closing balance</b>	<b>526.65</b>	<b>451.69</b>

d) Other Reserves - Hedge Reserve	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	(15.00)	-
Add: Change in fair value of hedging instruments, net off tax	(2.66)	(15.00)
<b>Closing balance</b>	<b>(17.66)</b>	<b>(15.00)</b>

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 22 Other Equity (Contd.)**

**Statutory Reserves**

According to Section 45 - IC of the Reserve Bank of India Act, 1934, the company transfers a sum not less than 20% of its net profit every year as disclosed in the statement of Profit and Loss and before declaration of any dividend to the Statutory reserves.

**Securities Premium**

The reserve represents premium on issue of shares. It will be utilised in accordance with the provisions of the Companies Act, 2013.

**Retained Earnings**

Represents company's cumulative undistributed earnings since its inception. This is available for distribution to shareholders through dividends/capitalisation.

**NOTE 23 Interest Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>On Financial assets measured at amortised cost:</b>		
Interest on Loans	2,039.16	1,820.49
Interest on Deposits with Bank	1.90	1.02
<b>Total</b>	<b>2,041.06</b>	<b>1,821.51</b>

**NOTE 24 Fees and Commission Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Fee-based Income	146.68	112.81
Commission Income	2.64	11.17
Service Income	47.44	44.14
<b>Total</b>	<b>196.76</b>	<b>168.12</b>

**NOTE 25 Other Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Unwinding of discount on security deposits and receivable for investments	2.68	9.72
Other Non-Operating Income	0.43	0.40
<b>Total</b>	<b>3.11</b>	<b>10.12</b>

**NOTE 26 Finance Costs**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>On Financial liabilities measured at amortised cost</b>		
Interest Cost		
- Interest on Borrowings	544.45	553.55
- Interest on Debt Securities	77.85	50.12
- Interest on Subordinated Liabilities	66.83	62.18
- Interest on Lease Liabilities	2.02	2.32
Other Finance Charges	38.29	31.63
<b>Total</b>	<b>729.44</b>	<b>699.81</b>

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 27 Impairment of Financial Instruments**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
On Financial Instruments measured at Amortised Cost		
Bad Debts Written off (net)	252.00	144.03
Net Loss on Sale of Repossessed Assets	108.23	50.45
Impairment Provision on Loans	89.11	61.54
Trade Receivables and Other Financial Assets	17.45	2.79
<b>Total</b>	<b>466.79</b>	<b>258.80</b>

**NOTE 28 Employee Benefit Expenses**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Salaries and Wages	537.00	427.28
Contribution to Provident and other funds	31.43	28.97
Staff Welfare	16.38	21.48
<b>Total</b>	<b>584.81</b>	<b>477.73</b>

**NOTE 29 Other Expenses**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Auditors Fees and Expenses*	0.53	0.51
Communication Costs	62.50	57.69
Directors Fees, Allowances & expenses	0.57	0.50
Corporate Social Responsibility **	4.00	3.80
Donation	0.03	4.20
Repairs & Maintenance	2.46	2.05
Rent, Taxes and Energy Costs***	21.54	15.64
Insurance Expenses	1.37	1.80
Legal and Prof Charges	50.73	48.95
Others	13.70	15.89
Printing and Stationery	3.78	3.07
Travelling and Conveyance	38.18	43.40
<b>Total</b>	<b>199.40</b>	<b>197.51</b>

\*\*\* Refer note 38c

**\*Auditors Fees and Expenses**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Statutory Audit	0.24	0.24
Tax Audit	0.07	0.07
Certification	0.15	0.15
Reimbursement of Expenses	0.07	0.05
<b>Auditors Fees and Expenses</b>	<b>0.53</b>	<b>0.51</b>

\*\* Expenditure incurred on Corporate Social Responsibility activities:

- Gross amount required to be spent during the year is ₹3.98 crore
- Amount spent during the year - ₹4.00 crore

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 29 Other Expenses (Contd.)**

S.No.	Particulars	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
a.	Construction/acquisition of any asset	-	-
b.	Expenses incurred through trusts	4.00	3.80
c.	Donation to PM CARES Fund	-	8.00
	<b>Total</b>	<b>4.00</b>	<b>11.80</b>
	Amounts required to be spent for the year	4.00	-
	Amounts to be carried forward to subsequent years	-	-

**NOTE 30 Income Tax Expenses**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
(a) Income tax expense		
Current tax		
Current tax on profits for the year	47.05	60.00
Tax profits relating to prior period	(0.53)	-
<b>Total current tax expense</b>	<b>46.52</b>	<b>60.00</b>
Deferred tax		
Decrease (increase) in deferred tax assets	(38.10)	(0.20)
(Decrease) increase in deferred tax liabilities	-	-
<b>Total deferred tax expense/(benefit)</b>	<b>(38.10)</b>	<b>(0.20)</b>
Income tax expense	8.42	59.80
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	105.40	210.31
Tax at the Indian tax rate of 25.168% (PY – 25.168%)	26.53	52.93
Tax effect of amounts which are permanent differences in nature in calculation of taxable income	(17.80)	6.87
Income tax expense	(17.80)	6.87

**NOTE 31 Other Comprehensive Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of the defined benefit plans	(3.50)	(3.54)
Fair value change on cash flow hedge	(3.55)	(20.05)
Income tax relating to these items	1.77	5.94
<b>Other Comprehensive Income</b>	<b>(5.28)</b>	<b>(17.65)</b>

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 32 Earnings Per Share**

	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>(a) Basic earnings per share</b>		
Basic earnings per share attributable to the equity holders of the Company	5.19	8.25
<b>(b) Diluted earnings per share</b>		
Diluted earnings per share attributable to the equity holders of the Company	5.19	8.25
<b>(c) Reconciliations of earnings used in calculating earnings per share</b>		
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basis earnings per share	96.98	150.51
Diluted earnings per share		
Profit attributable to equity holders of the Company		
- used in calculating basis earnings per share	96.98	150.51
<b>(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share</b>	186,986,825	182,496,787
<b>(e) Weighted average number of equity shares used as the denominator in calculating diluted earnings per share</b>	186,986,825	182,496,787

**NOTE 33 Employee Benefit Obligations**

**Defined Benefit Obligation**

**(i) Gratuity**

Particulars	Gratuity			Pension			Compensated Absences		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
1 <sup>st</sup> April, 2019	12.15	(12.11)	0.04	10.02	-	10.02	11.53	-	11.53
Current service cost	1.90	-	1.90	-	-	-	-	-	-
Interest expense/(income)	0.93	(0.89)	0.04	0.71	-	0.71	0.82	-	0.82
<b>Total amount recognised in profit or loss</b>	<b>2.83</b>	<b>(0.89)</b>	<b>1.94</b>	<b>0.71</b>	<b>-</b>	<b>0.71</b>	<b>0.82</b>	<b>-</b>	<b>0.82</b>
Remeasurements	-	-	-	-	-	-	-	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.19	0.19	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	0.48	-	0.48	1.83	-	1.83	0.44	-	0.44
Experience (gains)/losses	2.37	-	2.37	(1.33)	-	(1.33)	4.52	-	4.52
<b>Total amount recognised in other comprehensive (income)/Losses</b>	<b>2.85</b>	<b>0.19</b>	<b>3.04</b>	<b>0.49</b>	<b>-</b>	<b>0.49</b>	<b>4.97</b>	<b>-</b>	<b>4.97</b>
Employer contributions	-	(4.30)	(4.30)	-	-	-	-	-	-
Benefit payments	(1.73)	1.73	-	-	-	-	(1.29)	-	(1.29)
<b>March 31, 2020</b>	<b>16.11</b>	<b>(15.38)</b>	<b>0.73</b>	<b>11.22</b>	<b>-</b>	<b>11.22</b>	<b>16.02</b>	<b>-</b>	<b>16.02</b>
1 <sup>st</sup> April, 2020	16.11	(15.38)	0.73	11.22	-	11.22	16.02	-	16.02
Current service cost	2.68	-	2.68	-	-	-	-	-	-
Interest expense/(income)	0.90	(0.84)	0.06	0.69	-	0.69	0.79	-	0.79



(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 33 Employee Benefit Obligations (Contd.)**

Particulars	Gratuity			Pension			Compensated Absences		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
<b>Total amount recognised in profit or loss</b>	3.58	(0.84)	2.74	0.69	-	0.69	0.79	-	0.79
Remeasurements	-	-	-	-	-	-	-	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.03)	(0.03)	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	0.19		0.19	0.01		0.01	0.14		0.14
Experience (gains)/losses	3.58		3.58	(0.25)		(0.25)	7.48		7.48
<b>Total amount recognised in other comprehensive (income)/Losses</b>	3.77	(0.03)	3.74	(0.23)	-	(0.23)	7.63	-	7.63
Employer contributions	-	(5.41)	(5.41)	-	-	-	-	-	-
Benefit payments	(1.33)	1.33	0.00	-	-	-	(4.17)	-	(4.17)
<b>March 31, 2021</b>	<b>22.13</b>	<b>(20.33)</b>	<b>1.80</b>	<b>11.68</b>	<b>-</b>	<b>11.68</b>	<b>20.27</b>	<b>-</b>	<b>20.27</b>

Details	Gratuity		Pension		Compensated Absence	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Discount Rate	4.99%	5.46%	5.98%	6.32%	4.82%	5.30%
Salary Growth Rate	6.00%	6.00%	5.50%	5.50%	6.00%	6.00%
Mortality inclusive of provision for disability	100% of Indian Assured Lives Mortality (IALM)					

**i. Sensitivity Analysis**

Particulars	Gratuity 2020-21			Pension 2020-21			Compensated Absences 2020-21		
	Change in Assumption	Due to increase in assumption	Due to decrease in assumption	Change in Assumption	Due to increase in assumption	Due to decrease in assumption	Change in Assumption	Due to increase in assumption	Due to decrease in assumption
Discount Rate	0.50%	21.85	22.40	1%	10.11	13.59	0.50%	20.05	20.50
Salary Growth Rate	0.50%	22.39	21.86	1%	13.66	1.00	0.50%	20.49	20.05
Mortality	5.00%	22.12	22.12	5%	11.58	11.78	5.00%	20.27	20.27

Particulars	Gratuity 2019-20			Pension 2019-20			Compensated Absences 2019-20		
	Change in Assumption	Due to increase in assumption	Due to decrease in assumption	Change in Assumption	Due to increase in assumption	Due to decrease in assumption	Change in Assumption	Due to increase in assumption	Due to decrease in assumption
Discount Rate	0.50%	15.91	16.31	1%	9.65	13.15	0.50%	15.85	16.2
Salary Growth Rate	0.50%	16.31	15.91	1%	13.22	9.57	0.50%	16.2	15.85
Mortality	5.00%	16.11	16.11	5%	11.13	11.31	5.00%	16.02	16.02

**ii. The following payments are expected contributions to the defined benefit plan in future years:**

Particulars	
Within the next 12 months (next annual reporting period)	6.77
Between 2 and 5 years	14.22
Beyond 5 years	3.72
<b>Total</b>	<b>24.71</b>

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 34 Fair Value Measurements**

**Financial instruments by category**

	Measurement Level	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Financial assets carried at amortised cost</b>			
Loans	Level 3	11,154.95	9,455.55
Trade Receivables	Level 3	30.80	55.20
Cash and Cash Equivalents		653.14	357.36
Other bank balances	Level 3	0.87	11.62
Loan to Employees	Level 3	4.62	8.72
Advances to Related Parties	Level 3	73.21	78.20
Other Financial Assets - Related Parties	Level 3	0.04	2.69
Other Financial Assets - Non Related Parties	Level 3	0.00	12.17
Security deposit for leased premises	Level 3	7.49	7.54
Deposit with Service Providers	Level 3	4.39	3.34
<b>Financial assets carried at fair value through Other Comprehensive Income</b>			
Derivative Financial Instruments	Level 2	-	23.63
<b>Total financial assets</b>		<b>11,929.50</b>	<b>10,016.03</b>
<b>Financial liabilities carried at amortised cost</b>			
Trade Payables	Level 3	227.87	168.63
Debt Securities	Level 3	1,170.85	496.19
Borrowings other than Debt Securities	Level 3	8,041.11	7,450.59
Subordinated Liabilities	Level 3	942.79	612.77
Security Deposit Received	Level 3	53.46	39.02
Other Financial Liabilities	Level 3	154.11	90.68
<b>Financial Liabilities carried at fair value through Other Comprehensive Income</b>			
Derivative Financial Instruments	Level 2	14.57	-
<b>Total financial liabilities</b>		<b>10,604.77</b>	<b>8,857.88</b>

**i. Fair value hierarchy**

Ind AS 113, 'Fair Value Measurement' requires classification of the valuation method of financial instruments measured at fair value in the Statement of Balance sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). Fair value of derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves. The three levels of the fair-value-hierarchy under Ind AS 113 are described below:

Financial assets and liabilities measured at fair value - recurring fair value measurements (Level 2)	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Financial assets</b>		
Derivative Financial Instruments	-	23.63
<b>Total financial assets</b>	<b>-</b>	<b>23.63</b>
<b>Financial assets</b>		
Loan to Employees	4.62	8.72
Advances to Related Parties	59.39	76.53
Security Deposit for Leased Premises	7.49	7.54
<b>Total financial assets</b>	<b>71.50</b>	<b>92.79</b>

There were no transfers between any levels during the year.

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 34 Fair Value Measurements (Contd.)**

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes publicly traded derivatives and mutual funds that have a quoted price. The quoted market price used for financial assets held by the company is the current bid price.

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

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**ii. Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the fair value of forward foreign exchange contracts and cross currency interest rate swaps (CCIRS) is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 3 where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

**iii. Valuation process**

Discount rates are determined using a market interest rate for a similar asset adjusted to the risk specific to the asset.

**iv. Fair value of financial assets and liabilities measured at amortised cost**

31 <sup>st</sup> March, 2021	Carrying amount	Fair value
<b>Financial assets</b>		
Loan to Employees	4.62	4.62
Advances to Related Parties	73.21	59.39
Security Deposit for Leased Premises	7.49	7.49
<b>Total financial assets</b>	<b>85.31</b>	<b>71.50</b>
31 <sup>st</sup> March, 2020	Carrying amount	Fair value
Loan to Employees	8.72	8.72
Advances to Related Parties	78.20	76.53
Security Deposit for Leased Premises	7.54	7.54
<b>Total financial assets</b>	<b>94.46</b>	<b>92.79</b>

The fair values for advance to related parties and rent advance were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The majority of borrowings are floating rate borrowings, the carrying value is representative of the fair value.

**NOTE 35 Financial Risk Management**

**(A) Credit Risk**

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored to determine significant increase in credit risk. The Company monitors the credit assessment on a portfolio basis, assesses all credit exposures in excess of designated limits. The Company does a risk grading based upon the credit worthiness of the borrowers. All these factors are taken into consideration for computation of EC.

**Other Financial Assets**

Credit risk with respect to other financial assets are extremely low. Based on the credit assessment the historical trend of low default is expected to continue. No provision for Expected Credit Loss (ECL) has been created for Other financial Assets.

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 35 Fair Value Measurements (Contd.)**

**Loans**

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on Number of Days past due information. The amount represents gross carrying amount.

Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Gross Carrying value of Loans		
Stage-1 (Less than 30 Days)	9,539.60	8,407.16
Stage-2 (30-90 Days)	1,481.27	869.84
Stage-3 (More than 90 Days)	423.75	370.66
<b>Total Gross Carrying Value on Reporting Date</b>	<b>11,444.62</b>	<b>9,647.66</b>

**Credit Quality**

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow ups and legal recourse.

**Inputs considered in the ECL model**

In assessing the impairment of loans assets under ECL model, the loan assets have been segmented into three stages.

The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The company categorises loan assets into stages based on the Days Past Due status:

- Stage 1: 30 Days Past Due
- Stage 2: 31-90 Days Past Due
- Stage 3: More than 90 Days Past Due

**Assumptions considered in the ECL model**

The financial services business has made the following assumptions in the ECL Model:

- Loss given default" (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. EIR has been taken as discount rate for all loans.

**Estimation Technique**

The financial services business has applied the following estimation technique in its ECL model :

- Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.
- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining tenor.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals. There is no change in estimation techniques or significant assumptions during the reporting period.

**Assessment of significant increase in credit risk**

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analysis based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 35 Fair Value Measurements (Contd.)**

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Company has offered moratorium upto six months on the payment of installments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers. The company has extended One-Time Resolution framework as for COVID-19-related Stress to eligible customers as per applicable RBI guidelines and as per the policy of the company. The staging classification under ECL computation has been done based on the performance of the restructured accounts as per revised the terms and conditions and credit risk assessment by the company.

COVID-19 (including second wave) has severe impact on global as well as domestic macro and micro economies, businesses and consumers. Due to this uncertainty, Company's assessments of impairment loss allowance on its loans are subject to a number of management judgements and estimates. Since the Company's impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates.

**Definition of default**

The Company considers a financial instrument is in defaulted when the borrower becomes 90 days past due on its contractual payments. The financial services business considers Loans under default as 'credit impaired' and classified as Stage-3.

**Impairment loss**

The expected credit loss allowance provision is determined as follows:

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31 <sup>st</sup> March, 2021	9,539.60	1,481.27	423.75	11,444.62
Expected Credit Loss	81.90	42.34	165.43	289.67
Expected Credit Loss Rate	0.86%	2.86%	39.04%	2.53%
Net of Impairment Provision	9,457.70	1,438.93	258.32	11,154.95

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31 <sup>st</sup> March, 2020	8,407.16	869.84	370.66	9,647.66
Expected Credit Loss	39.23	9.50	143.38	192.11
Expected Credit Loss Rate	0.47%	1.09%	38.68%	1.99%
Net of Impairment Provision	8,367.92	860.34	227.29	9,455.55

**Reconciliation of Expected Credit Loss**

Particulars	Stage-1	Stage-2	Stage-3	Grand Total
<b>Balance as at 1<sup>st</sup> April, 2019</b>	<b>30.99</b>	<b>3.42</b>	<b>104.61</b>	<b>139.02</b>
Transfer to Stage 1	(4.92)	3.27	1.66	-
Transfer to Stage 2	0.28	(1.90)	1.61	-
Transfer to Stage 3	0.71	1.33	(2.04)	-
Loans that have derecognised during the period	(6.58)	(0.72)	(25.18)	(32.49)
New Loans originated during the year	25.12	3.91	12.98	42.02
Net Remeasurement of Loss Allowance	(6.38)	0.19	49.75	43.57
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>39.22</b>	<b>9.50</b>	<b>143.38</b>	<b>192.11</b>
Transfer to Stage 1	(9.66)	7.54	2.11	-
Transfer to Stage 2	2.44	(4.61)	2.16	-
Transfer to Stage 3	0.99	0.45	(1.43)	-
Loan that have derecognised during the period	(8.35)	(1.43)	(41.06)	(50.85)
New Loans originated during the year	33.56	4.26	14.78	52.61
Net Remeasurement of Loss Allowance	23.69	26.63	45.48	95.80
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>81.89</b>	<b>42.34</b>	<b>165.43</b>	<b>289.67</b>

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 35 Financial Risk Management (Contd.)**

**Concentration of Credit Risk**

The business manages concentration of risk primarily by geographical region. The following details show the geographical concentrations of the loans at the year end:

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Carrying value		
Concentration by geographical region in India		
South	4,426.79	3,812.55
West	3,123.68	2,670.40
East	2,042.22	1,701.66
North	1,851.93	1,463.05
<b>Total Loans as at reporting period</b>	<b>11,444.62</b>	<b>9,647.66</b>

**(B) Liquidity Risk**

The liquidity risk is a risk that an entity will encounter difficulty in meeting Financial obligations.

As per companies policy, management ensures availability of sufficient fund either through Installment receivables/ sourcing through debts at each point of time. The Fund requirement ascertain at the begining of the period by taking into consideration Installment receivable, likely disbursement, Loan installment payment & other operational expenses. The company is continuously getting good supports from Bankers & Financial Institutions at the time of need.

**i. Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Floating rate</b>		
Expiring within one year (bank overdraft and other facilities)	227.23	332.04
Expiring beyond one year (bank loans)	-	-
	227.23	332.04

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

**ii. Maturities of financial liabilities**

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- All non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
<b>31<sup>st</sup> March, 2021</b>						
<b>Non-derivatives</b>						
Borrowings	1,986.89	834.91	2,421.99	4,417.06	493.90	10,154.75
Security Deposit	29.41	19.61	4.44	-	-	53.46
Trade Payables	94.40	70.13	55.54	7.80	-	227.87
Other Financial Liabilities	79.14	2.10	56.76	17.10	2.27	157.36
<b>Total non-derivative liabilities</b>	<b>2,189.84</b>	<b>926.75</b>	<b>2,538.73</b>	<b>4,441.96</b>	<b>496.17</b>	<b>10,593.45</b>

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 35 Financial Risk Management (Contd.)**

Contractual maturities of financial liabilities	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
<b>31<sup>st</sup> March, 2020</b>						
<b>Non-derivatives</b>						
Borrowings	956.35	582.44	3,187.78	3,733.19	99.80	8,559.56
Security Deposit	-	17.78	21.24	-	-	39.02
Trade Payables	13.55	120.47	34.61	-	-	168.63
Other Financial Liabilities	40.62	1.76	25.32	20.11	9.34	97.15
<b>Total non-derivative liabilities</b>	<b>1,010.52</b>	<b>722.45</b>	<b>3,268.95</b>	<b>3,753.30</b>	<b>109.14</b>	<b>8,864.37</b>

**(a) Foreign currency risk exposure:**

Foreign exchange risk arises on financial instruments being denominated in a currency that is not the functional currency of the entity. The Company is exposed to foreign exchange risk due to continuous fluctuation in the foreign currency(USD) of the loan originated. The Company has entered into cross currency swaps (CCS) /forward contracts/ Interest rate swap to fully hedge all foreign currency exchange risk on the principal and interest amount payable on borrowings.

	31st March 2021	31st March 2020
<b>Financial liabilities</b>		
Variable Foreign Currency Borrowings( USD 187 million ) (PY USD 90 million)	1,356.55	634.84
<b>Derivative liabilities</b>		
Hedged through forward contracts	1,356.55	634.84
Hedged through CCS		
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>-</b>	<b>-</b>

**(b) Sensitivity analysis**

The company has hedged all its foreign currency exposures by entering into CCS/ Forwards contracts, it shall not be subject any sensitivity on settlement due to foreign currency fluctuation due to the movements in foreign exchanges i.e. USD. Forward Contract & Cross Current Swap are to buy USD for Hedging Foreign Currency Loan. The Company shall not maintained as per IND AS 109 to be considered as Foreign Currency Loan.

Impact on profit after tax		
	31st March 2021	31st March 2020
USD sensitivity		
INR/USD Increases by 5% (31 March 2016 - 5%)	-	-
INR/USD Decreases by 5%	-	-

**(ii) Cash flow and fair value interest rate risk**

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. During 31 March 2021 and 31 March 2020, the Company's borrowings at variable rate were mainly denominated in INR, USD.

The Company's floating rate borrowings are carried at amortised cost. For NBFC business loan is the major source for running the business. In India loans are mostly available at Floating rate Interest. And there are no such option available to obtain an option for swapping the Floating rate Interest linked to respective bank MCLR with Fixed Interest. Hence except foreign currency loans, other loans are not hedged. The company has increased the component of fixed rate borrowings compared to last year (more than 10%)

**(a) Interest rate risk exposure**

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	31st March 2021	31st March 2020
Variable rate borrowings	7,126.66	7,173.54
<b>Total borrowings</b>	<b>10,154.75</b>	<b>8,559.56</b>



(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 35 Financial Risk Management (Contd.)**

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

31st March 2021			
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc	7.04%	7,126.66	70.18%

31st March 2020			
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc	8.30%	7,173.54	83.81%

An analysis by maturities is provided in note 35 b (ii) above.

**(b) Sensitivity**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

Impact on profit after tax		
	31st March 2021	31st March 2020
Interest rates – increase by 50 basis points (50 bps) *	38.00	32.03
Interest rates – decrease by 50 basis points (50 bps) *	(38.00)	(32.03)

\* Holding all other variables constant

**NOTE 36 Capital Management**

**(a) Risk management**

The Risk Management policy includes identification of element of risks, including those which in the opinion of Board may lead to company not meeting its financial objectives. The risk management process has been established across the Company and design to identify, assess & frame a response to threat that affect the achievement of its objectives. Further it is embedded across all the major functions and revolve around the goals and objectives of the company.

Maintaining optimal capital to debt is one such measure to ensure healthy returns to the shareholders. Company envisages maintaining gearing ratio of maximum 7 times to the total equity, the company monitors the ratio as below:

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Net debt (total borrowings, less cash and cash equivalents)	9,501.62	8,202.20
Total Equity (as shown in the balance sheet)	1,563.70	1,372.03
<b>Net debt to equity ratio</b>	<b>6.08</b>	<b>5.98</b>

**(b) Externally imposed capital restrictions**

- 1) As per RBI requirements Capital Adequacy Ratio should be minimum 15%, not meeting RBI requirements will lead cancellation of NBFC licenses issued by RBI.
- 2) As per various lending arrangements with banks TOL (Total Outside Liability) to TNW (Total Net Worth) ratio should be less than 8 not meeting the said requirements may lead to higher interest rates.

The Company has complied with these covenants throughout the reporting period.



(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 38 Leases**

**a. Lease Disclosures pertaining to Right to use Asset**

Particulars	31st March 2021	31st March 2020
<b>Building</b>		
Gross Block		
Opening/(On transition to Ind AS 116)	25.78	21.93
Revaluation due to change in future lease rentals	(3.70)	-
Additions during the year	3.88	10.97
(Deletions during the year)	-	-
Closing Balance during the year	25.96	32.90
<i>Amortisation</i>		
Additions	-	-
Amortisation for the year	7.28	7.12
<b>Closing Balance during the year</b>	<b>18.68</b>	<b>25.78</b>

- b. The company has offices across the country with varied lease period. The lease term considered for arriving at the Right to use Asset and Lease liabilities are based on the non-cancellable period of the respective agreements.
- c. Company has exercised the option of short term leases and low value asset exemption.

**Lease Disclosures pertaining to Statement of Profit & Loss**

	31st March 2021	31st March 2020
<b>Finance charges</b>		
Interest expense	2.02	2.32
<b>Depreciation</b>		
Amortisation of Right to use asset	7.28	7.28
<b>Other expenses</b>		
Rent expenses		
Expense relating to short-term leases (included in other expenses)	10.77	8.33
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)	-	-
Expense relating to variable lease payments not included in the measurement of lease liabilities	-	-
<b>Total</b>	<b>10.77</b>	<b>8.33</b>

**d. Addition disclosure in cash flow statement**

	31st March 2021	31st March 2020
Cash flow financing activities		
Principal repayments related to lease liabilities	6.92	6.83
Interest payments related to lease liabilities	2.02	2.32

(All amounts in ₹ Crore, unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021**

**1. Capital Commitments**

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Estimated amount of contracts remaining to be executed on Capital Account not provided for	2.52	2.18

**2. Other Commitments**

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Undrawn Loans sanctioned to borrowers	22.89	1.99

**3. Contingent Liabilities not provided for:**

Claims against the Company not acknowledged as debts.

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Disputed Income Tax Demand (adjusted out of refunds)	-	1.06
Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹ 0.29 Cr)	7.70	7.70
Legal cases filed by borrowers against the Company	1.23	1.29

The Company's pending litigations comprise of claims against the company and proceedings pending with Statutory Authorities. The future cash flows on the above items are determinable only on receipt of 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.

4. Pursuant to a Business Transfer Agreement (BTA) entered into with TVS Finance and Services Limited (TVSFS) on 21<sup>st</sup> April, 2010, the company acquired the retail finance business of TVSFS as a going concern along with the related assets (comprising of fixed assets, receivables, loans and advances and Bank balances) of ₹ 50.75 crore and liabilities (comprising of borrowings from Banks and Institution, current liabilities and provisions) of ₹ 298.75 crore. TVSFS issued Unsecured Redeemable Bonds to the Company, for the excess of liabilities over assets of ₹ 248 crore. The bonds are redeemable between 7<sup>th</sup> and 12<sup>th</sup> year from the date of allotment. The said bonds have been purchased by TVS Motor Services Limited (TVSMS), the holding Company, during 2010-11 at book value and the same is repayable by TVSMS in 6 years. The advance from TVSMS to the Company pertaining to this transaction stands at ₹ 73.21 crore as at 31<sup>st</sup> March, 2021 as per IND-AS fair valuation. Advance is partly secured to the extent of ₹ 52.15 crore and balance portion of ₹ 21.06 crore is unsecured. Considering the intrinsic value of land lying with TVSMS and equity shares held by TVSMS in the company, the unsecured advance is considered good and recoverable.
5. Pursuant to para 2 of general instructions for preparation of financial statements of a NBFC as mentioned in Division III of Schedule III of The Companies Act, 2013, the current and non-current classification has not been provided.

(All amounts in ₹ Crore, unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**6. Related Party Disclosure**

Disclosure in respect of Related Parties and their where transaction exists

Nature of Relationship	Parties name
Reporting Enterprise	TVS Credit Services Limited
Holding Company	TVS Motor Company Limited Sundaram-Clayton Limited
Ultimate Holding Company	TV Sundaram Iyengar & Sons Private Limited
Subsidiaries	TVS Housing Finance Private Limited Harita ARC Private Limited TVS Two Wheeler Mall Private Limited TVS Micro Finance Private Limited Harita Collection Services Private Limited TVS Commodity Financial Solutions Private Limited
Fellow Subsidiary	TVS Motor Services Limited Sundaram Auto Components Limited TVS Automobile Solutions Private Limited
Fellow Associate	Emerald Haven Realty Limited

**Transactions with Related Parties and Balance Outstanding as at the end of the year**

S.No.	Name of the Related Party	Nature of Transactions	Amount 2020-21	Amount 2019-20
1	TVS Motor Services Limited	Advance received	6.37	41.33
		Unwinding of advance	1.38	9.36
		Balance outstanding (Dr)	73.21	80.86
2	TVS Motor Company Limited	Contribution towards Equity Share Capital	6.78	3.49
		Contribution towards Security Premium	93.22	41.51
		Services Rendered	21.55	42.51
		Availing of services	6.96	5.76
		Balance outstanding (Dr)	8.49	18.92
3	Sundaram Clayton Limited	EMI Payment	0.10	0.10
		Availing of services	3.08	4.23
		Balance outstanding (Cr)	0.03	0.16
4	Sundaram Auto Components Limited	EMI Payment	0.11	0.10
		Balance outstanding (Dr)	0.15	0.26
5	Harita ARC Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
6	TVS Commodity Financial Solutions Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
7	TVS Two Wheeler Mall Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
8	TVS Micro Finance Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
9	Harita Collection Services Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
10	TVS Housing Finance Private Limited	Investments in Equity	-	-
		Advance Repaid	-	0.16
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
11	Emerald Haven Realty Limited	EMI Payment	-	0.47
		Balance outstanding (Dr)	-	-
12	TVS Automobile Solutions Private Limited (TASL)	Working Capital Financing	-	45.78
		Receivable Financing to Franchisees of TASL	-	13.68
		Balance outstanding (Dr)	-	2.06

\*\* Transaction value and balance outstanding is below the rounding off norms of the Company, wherever applicable.

(All amounts in ₹ Crore, unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**7. Segment Reporting**

There is no separate reportable segment as per IND-AS 108 on 'Operating Segments' in respect of the company.

8. The company has the process, whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, Company has reviewed and ensured that adequate provision as required under any law/ accounting standard for material foreseeable losses on such long-term contracts have been made in the books of account.

**9.1 Disclosure pursuant to Reserve Bank of India Notification DBNS.193DG (VL) – 2007 dated 22<sup>nd</sup> February, 2007**

(As required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

S.No.	Description	Amount Outstanding	Amount Overdue
		as at 31 <sup>st</sup> March, 2021	
	<b>Liabilities</b>		
(1)	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>		
A	Debtentures	-	-
	- Secured	449.03	-
	- Unsecured (other than falling within the meaning of public deposits)	103.57	-
B	Deferred Credits	-	-
C	Term Loans (including Sub Ordinated Debt)	8,775.58	-
D	Inter-corporate loans and borrowings	-	-
E	Commercial paper	746.11	-
F	Other loans:		-
	i. Cash Credit	156.89	-
	ii. Securitised Trust Borrowing	-	-
	<b>Total</b>	<b>10,231.18</b>	-
	<b>Assets</b>		
(2)	<b>Break-up of Loans and Advances including bills receivable (other than those included in (4) below) :</b>		
(a)	Secured	9509.85	8307.11
(b)	Unsecured considered good	1934.77	1340.55
(3)	<b>Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities:</b>		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed assets	-	-
	(iii) Other Loan counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
	<b>Total</b>	<b>11,444.62</b>	<b>9,647.66</b>

(All amounts in ₹ Crore, unless otherwise stated)

39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)

S.No.	Description	Amount Outstanding	Amount Overdue
		as at 31 <sup>st</sup> March, 2021	
<b>4.</b>	<b>Current Investments:</b>		
	1. Quoted :		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	<b>Long-term Investments:</b>		
	1. Quoted :		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted:		
	(i) Shares: (a) Equity	12.01	12.01
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Pass through Certificates - Securitisation)	-	-
	<b>Total</b>	-	-

(5)	Borrower group-wise classification of assets financed as in ( 2 ) and ( 3 ) above			
	Category	Amount (Net of provisions for Non-performing assets)		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	0.46	-	0.46
	(c) Other related parties	-	-	-
	2. Other than related parties	9386.30	1874.47	11260.77
	<b>Total</b>			<b>11261.23</b>

(All amounts in ₹ Crore, unless otherwise stated)

39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)

(6) Investor groupwise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)			
	Category	Market value / Breakup or fair value of NAV	Book value (Net of provisions)
1	Related parties		
	(a) Subsidiaries	12.01	12.01
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2	Other than related parties	-	-

(7) Other Information		Amount
(i)	Gross Non-performing assets	
	(a) Related Parties	-
	(b) Other than related parties	567.10
(ii)	Net Non-performing assets	
	(a) Related Parties	-
	(b) Other than related parties	383.70
(iii)	Assets acquired in satisfaction of debt	-

Disclosure pursuant to Reserve Bank of India Notification RBI/2014-15/299 DNBR (PD CC. No. 002/03/10/001/2014-15 dated 10<sup>th</sup> November, 2014)

Capital Adequacy Ratio

Description	2020-21	2019-20
Tier I Capital	1,543.82	1,401.89
Tier II Capital	580.67	265.72
<b>Total Capital</b>	<b>2,123.67</b>	<b>1,667.61</b>
<b>Total Risk Weighted Assets</b>	<b>11,480.43</b>	<b>9,813.40</b>
<b>Amount of Subordinated Debt as Tier II Capital (Discounted Value)</b>	530.00	220.00
<b>Capital Ratios</b>		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	13.45%	14.29%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	5.06%	2.71%
<b>Total (%)</b>	<b>18.51%</b>	<b>17.00%</b>
Amount of perpetual debt raised and qualifying as Tier I capital during the year	-	-
Amount of subordinated debt raised and qualifying as Tier II capital during the year	400.00	-

(All amounts in ₹ Crore, unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**a. Investments**

S.No.	Description	2020-21	2019-20
<b>1.</b>	<b>Value of Investments</b>		
	i) Gross Value of Investments		
	a) In India	12.01	12.01
	b) Outside India	-	-
	ii) Provision for Depreciation		
	a) In India	-	-
	b) Outside India	-	-
	iii) Net Value of Investments		
	a) In India	12.01	12.01
	b) Outside India	-	-
<b>2.</b>	<b>Movement of Provisions held towards depreciation on Investments</b>		
	i) Opening Balance	-	-
	ii) Add: Provisions made during the year	-	-
	iii) Less: Write off/write back of excess provisions during the year	-	-
	iv) Closing Balance	-	-

**b. Exposure to Real Estate sector, both Direct and Indirect**

Description	2020-21	2019-20
<b>(a) Direct/Indirect Exposure (Net of Advances from Customers)</b>		
<b>(i) Residential Mortgages -</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
- individual housing loans up to ₹15 Lakh		
- individual housing loans more than ₹15 Lakh	-	-
<b>(ii) Commercial Real Estate -</b>	-	-
Lending secured by mortgages on commercial real estates (office building, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.).	-	-
- Fund Based	-	-
- Non- Fund Based	-	-
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other Securitised exposures-</b>	-	-
a. Residential	-	-
b. Commercial Real Estate	-	-
Fund-based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFC's)	12.00	12.00

Note: The above summary is prepared based on the information available with the Company and relied upon by the auditors.

(All amounts in ₹ Crore, unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**c. Exposure to Capital Market**

S.No.	Description	2020-21	2019-20
1.	Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	-	-
2.	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds.	-	-
3.	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken a primary security.	-	-
4.	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances.	-	-
5.	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	-	-
6.	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
7.	Bridge loans to companies against expected equity flows/issues.	-	-
8.	All exposures to Venture Capital Funds (both registered and unregistered)	-	-

**d. Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities.**

Time Bucket	As at 31st March, 2021					
	Deposits	Advances	Invest-ments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Up to 1 month	-	742.00	-	307.99	-	-
Over 1 months up to 2 months	-	628.61	-	864.23	-	-
Over 2 months up to 3 months	-	710.00	-	214.67	-	-
Over 3 months up to 6 months	-	1,475.40	-	694.91	-	-
Over 6 months up to 1 year	0.87	2,372.36	-	3,161.99	-	-
Over 1 year up to 3 years	-	4,729.63	-	2,953.44	-	1,364.32
Over 3 years up to 5 years	-	600.51	-	99	-	-
Over 5 years	-	12.22	12.01	493.3	-	-
<b>Grand Total</b>	<b>0.87</b>	<b>11,261.23</b>	<b>12.01</b>	<b>8,790.44</b>	<b>-</b>	<b>1,364.32</b>



(All amounts in ₹ Crore, unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

- e. **Category-wise classification of frauds reported during the year vide DNBS.PPD.01/66.15.001/2016-17 dtd 29<sup>th</sup> September, 2016**

Category-wise classification of frauds reported during the year vide DNBS.PD.CC.No.256/03.10.042/2011-12 dated 31.03.2021

Category	Less than ₹ 1 Lakh		₹ 1 Lakh- ₹ 25 Lakh		₹ 25 Lakh and above		Total	
	Count	Value	Count	Value	Count	Value	Count	Value
<b>A Person Involved</b>								
Staff	27	0.11	10	0.22	-	-	37	0.33
Staff & Others	-	-	6	0.72	4	1.72	10	2.44
Others	4	0.02	9	0.68	4	4.15	17	4.85
<b>Staff and Customers</b>	<b>31</b>	<b>0.13</b>	<b>25</b>	<b>1.62</b>	<b>8</b>	<b>5.87</b>	<b>64</b>	<b>7.62</b>
<b>B Type of Fraud</b>								
Misappropriation and Criminal breach of trust	29	0.12	18	0.78	1	0.25	48	1.15
Fraudulent encashment / manipulation of books of accounts	-	-	-	-	-	-	-	-
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Cheating and Forgery	2	0.01	7	0.84	7	5.62	16	6.47
<b>Total</b>	<b>31</b>	<b>0.13</b>	<b>25</b>	<b>1.82</b>	<b>8</b>	<b>8.87</b>	<b>64</b>	<b>7.62</b>

Note:

Out of the above, ₹1.02 crore has been recovered and the Company has made adequate provision for the balance recoverable. The above information is prepared based on the information available with the Company and relied upon by the auditors.

**9.2 Note on Securitisation**

- a. **Disclosure pursuant to Reserve Bank of India Notification DNBS.PD.No.301/3.10.01/2012-13 dated 21<sup>st</sup> August, 2012 and DNBR (PD) CC.No.0029/03.10.001/2014-15 dated 10<sup>th</sup> April, 2015**

During the year, the Company has without recourse securitised on 'at Par' basis through Pass Through Certificate (PTC) route, and derecognised the said loan receivables from the books. In terms of the accounting policy stated in Note No.1 (g), securitisation income is recognised as per RBI guidelines dated 21<sup>st</sup> August 2012.

S.No.	Description	2020-21	2019-20
1.	No. of SPVs sponsored by the NBFC for securitisation transactions	-	1 nos.
2.	Total amount of securitised assets as per books of the SPVs sponsored by NBFC's	-	12.31
3.	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet:		
	a) Off-balance sheet exposures		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	- First loss (cash collateral term deposits with banks)	-	7.54
	- Second Loss	-	2.08
	- Others	-	-

(All amounts in ₹ Crore, unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

S.No.	Description	2020-21	2019-20
4.	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Loss	-	-
	ii) Exposure to third-party securitisations		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third-party securitisations		
	- First loss	-	-
	- Others	-	-

b. The value of "excess interest spread receivable" and "unrealised gain" on securitisation transactions undertaken in terms of guidelines on securitisation transaction issued by Reserve bank of India on 21<sup>st</sup> August, 2012 are given below:

S.No.	Description	2020-21		2019-20	
		Non-Current	Current	Non-Current	Current
1	Excess Interest Spread receivable	-	-	0.88	0.18
2	Unrealised gain on Securitisation Transactions	-	-	0.88	0.18

**c. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction**

Description	2020-21	2019-20
No. of Accounts	-	-
Aggregate value (net of Provisions) of accounts sold to SC/RC	-	-
Aggregate Consideration	-	-
Additional Consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate Gain/Loss over net book value	-	-

**d. Details of Assignment Transactions undertaken by NBFCs**

Description	2020-21	2019-20
No. of Accounts	-	-
Aggregate value (net of Provisions) of accounts sold	-	-
Aggregate Consideration	-	-
Additional Consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate Gain/Loss over net book value	-	-

(All amounts in ₹ Crore, unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**9.3 a. Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.0029/03.10.001/2014-15 dated 10<sup>th</sup> April, 2015**

S.No.	Movement of NPA	2020-21	2019-20
(I)	Net NPA to Net advances (%)	3.41%	2.39%
(II)	<b>Movement of gross NPA*</b>		
	a. Opening Balance	370.66	274.69
	b. Additions during the year	614.12	361.34
	c. Reductions during the year	152.10	109.76
	d. Write off during the year	265.59	155.61
	e. Closing Balance	567.10	370.66
(III)	<b>Movement of Net NPA</b>		
	a. Opening Balance	227.28	170.08
	b. Additions during the year	357.87	180.82
	c. Reductions during the year	114.75	79.16
	d. Write off during the year	86.70	44.46
	e. Closing Balance	383.70	227.28
(IV)	<b>Movement of Provision for NPAs**</b>		
	a. Opening Balance	143.38	104.61
	b. Provisions made during the Year	137.66	83.55
	c. Reductions/Write off during the year	97.64	44.77
	d. Closing Balance	183.40	143.38

\* NPA figures includes provision on assets taken over from Chennai Business Consulting Services Limited (erstwhile TVS Finance and Services Limited) vide BTA dated 21<sup>st</sup> April, 2010)

\*\* NPA figures mentioned above includes restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7<sup>th</sup> June, 2019.

**b. Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated 6<sup>th</sup> August, 2020 are given below.**

	(A)	(B)	(C)	(D)	(E)
Type of Borrower	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
Personal Loans	50,959	327.53	-	-	36.06
Corporate persons	1	0.01	-	-	0.00
Of which, MSMEs	0	0.00	-	-	0.00
Others	1	0.01	-	-	0.00
<b>Total</b>	<b>50,960</b>	<b>327.54</b>	<b>-</b>	<b>-</b>	<b>36.06</b>

**c. Disclosure pursuant to RBI notification- RBI/2020-21/17/DRO.NO.BP.BC/3/21.04.048/2020-21 dated 6<sup>th</sup> August, 2020 (for restricting of account of account micro, small & medium enterprises (MSME) sector- restructuring of advances having exposure less than or equal to ₹ 25 crore.**

Type of Borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan
MSMEs	137	14.46

(All amounts in ₹ Crore, unless otherwise stated)

39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)

d. Disclosure on Restructured Accounts

Particulars*	Amount	
Restructured loans as 1 <sup>st</sup> April, 2020	Amount Outstanding	-
	Provision thereon	-
Fresh restructuring during the year	Amount Outstanding	180.66
	Provision thereon	29.63
Upgradations to restructured category	Amount Outstanding	-
	Provision thereon	-
Restructured loans ceases to attract higher provision or additional risk weight at the end of year	Amount Outstanding	-
	Provision thereon	-
Downgrade of restructured accounts during the year	Amount Outstanding	-
	Provision thereon	-
Write-off of restructured accounts during the year	Amount Outstanding	-
	Provision thereon	-
Restructured loans as on 31 <sup>st</sup> March, 2021	Amount Outstanding	180.66
	Provision thereon	29.63

\* Restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7<sup>th</sup> June, 2019.

e. As per RBI notification dated 7<sup>th</sup> April, 2021, all the lending institution shall refund/adjust 'interest on interest' charged to borrowers during moratorium period. As required by the RBI notification, the methodology for calculation of such interest on interest has been circulated by the Indian Banks' Association. Accordingly, the Company has estimated the amount and reversed the income in the financial statement. The company has since refunded an amount of ₹ 2.7 crore to eligible customers.

f. Provisions and Contingencies

Break-up of 'Provisions and Contingencies' shown under the Head Expenditure in Statement of Profit and Loss

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Provision for Depreciation on Investments	-	-
Provision/Impairment allowance towards NPA (Net)	40.02	38.77
Provision/Impairment allowance towards Standard Assets	57.54	14.32
Provision for General Loss	(8.45)	8.45
Provision/Impairment allowance on Trade Receivables & Other Financial Assets	17.45	2.79
Provision made towards Income Tax	46.52	60.00
	124.07	115.64

(All amounts in ₹ Crore, unless otherwise stated)

39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)

9.4 Disclosure as required by DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

Asset Classification as per RBI Norms	Asset classification as per IND-AS 109	Gross Carrying Amount as per IND-AS 109	Loss Allowances (Provisions) as required under IND-AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between IND-AS 109 provisions and IRACP norms
<b>Performing Assets</b>						
Standard	Stage 1	9,538.49	81.90	9,456.60	59.45	22.22
	Stage 2	1,482.38	42.34	1,440.04	16.70	25.65
Subtotal		11,020.87	124.24	10,896.63	76.15	48.09
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	351.29	118.50	232.79	99.43	19.07
Doubtful - up to 1 year	Stage 3	40.23	17.23	23.00	13.53	3.70
1 to 3 years	Stage 3	4.71	2.85	1.87	2.16	0.69
More than 3 years	Stage 3	2,035.9	1.38	0.66	1.34	0.04
Subtotal for doubtful		46.98	21.46	25.52	17.03	4.42
Loss	Stage 3	25.48	25.48	-	25.48	-
Subtotal for NPA		423.74	165.43	258.31	141.94	23.49
<b>Total</b>	<b>Stage 1</b>	<b>9,538.49</b>	<b>81.90</b>	<b>9,456.60</b>	<b>59.45</b>	<b>22.44</b>
	<b>Stage 2</b>	<b>1,482.38</b>	<b>42.34</b>	<b>1,440.04</b>	<b>16.70</b>	<b>25.65</b>
	<b>Stage 3</b>	<b>423.74</b>	<b>165.43</b>	<b>258.31</b>	<b>141.94</b>	<b>23.49</b>
	<b>Total</b>	<b>11,444.62</b>	<b>289.68</b>	<b>11,154.94</b>	<b>218.09</b>	<b>71.58</b>

In terms of the above notification on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under IND-AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under IND-AS 109 made by the company exceeds the total provision required under IRACP (including standard asset provisioning), as at 31<sup>st</sup> March, 2021 and accordingly, no amount is required to be transferred to impairment reserve.

9.5 Disclosure on Asset Classification under the prudential norms on Income Recognition, Asset Classification as required by circular DOR.No.BP.BC.63/21.04.048/2019-20 dated 17<sup>th</sup> April, 2020

Particulars	Amount
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular (as of February 29, 2020)	2,241.30
Respective amount where asset classification benefit is extended *	457.15
Provisions made in terms of para 5 of the circular	45.71
Provisions adjusted against slippages in terms of paragraph 6 of the circular	6.34
Provisions adjusted against provision required under resolution framework in terms of paragraph 6 of the circular	16.44
Residual provisions written back as on 31 March 2021 in terms of paragraph 6 of the circular	22.94

\* as on March 31, 2021 in respect of osuch accounts.

(All amounts in ₹ Crore, unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**9.6 Concentration of Advances, Exposures & NPAs (Stage 3 Assets)**

**a) Concentration of Advances**

Description	2019-20	2018-19
Total Advances to Twenty Largest Borrowers	110.79	72.90
Percentage of advances to twenty largest borrowers to Total Advances	0.97%	0.76%

**b) Concentration of Exposures**

Description	2020-21	2019-20
Total Exposures to Twenty Largest Borrowers/Customers	110.79	72.90
Percentage of exposures to twenty largest borrowers to Total Advances	0.97%	0.76%

**c) Concentration of NPAs**

Description	2020-21	2019-20
Total Exposure to Top Four NPA Accounts	2.12	1.09

**d) Sector-wise distribution of NPA's**

S.No.	Sector	Percentage of NPA's to Total Advances in that Sector	
		2020-21	2019-20
1	Agriculture and Allied Activities	5.90%	3.87%
2	MSME	-	-
3	Corporate Borrowers	1.60%	0.20%
4	Services	-	-
5	Unsecured Personal Loans	6.61%	8.47%
6	Auto Loans (includes assets taken over from Chennai Business Consulting Services Limited)	4.89%	3.90%
7	Others	4.96%	2.37%

**9.7 Customer Complaints**

Description	2020-21 (Nos.)	2019-20 (Nos.)
No. of Complaints pending at the beginning of the year	61	19
No. of Complaints received during the year	2,295	2,389
No. of Complaints redressed during the year	2,313	2,347
No. of Complaints pending at the end of the year	43	61

**9.8 Details of Non-Performing Financial Assets Purchased/Sold**

Description	2020-21	2019-20
No. of Accounts	-	62
Aggregate Outstanding	-	0.06
Aggregate Consideration Received	-	0.02

(All amounts in ₹ Crore, unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**9.9 Registration under Other Regulators**

S.No.	Regulator	Registration No.
1	Ministry of Company Affairs	CIN:U65920TN2008PLC069758
2	Reserve Bank of India	Certificate of Registration dt 13/04/2010 No. 07-00783

**9.10 Penalties imposed by RBI and Other Regulators**

No penalties have been imposed by RBI and other regulators during FY 2020-21 and FY 2019-20.

**9.11 Details of Financing of Parent Company Products**

During the year the Company has financed 4,53,202 nos. of two-wheelers and 214 nos. of three-wheelers of TVS Motor Company Limited as against 5,70,679 nos. of two-wheelers and 2,329 nos. of three-wheelers in the previous year.

**9.12 Ratings assigned by Credit Rating Agencies**

Description	2020-21	2019-20
Commercial paper/STL	CRISIL/ICRA:A1+	CRISIL/ICRA:A1+
Working Capital Demand Loans	CRISIL/BWR:AA-	CRISIL/BWR:AA-
Cash Credit	CRISIL/BWR:AA-	CRISIL/BWR:AA-
Bank Term Loans	CRISIL/BWR:AA-	CRISIL/BWR:AA-
Non-Convertible Debentures - Long Term	CRISIL:AA-	CRISIL:AA-
Perpetual Debt	CRISIL/BWR: A+	CRISIL/BWR: A+
Subordinated Debt	CRISIL/BWR: AA-	CRISIL:AA-

**9.13 Directors' Sitting Fees and Commission**

S.No.	Name of the Director	Nature	2020-21 <sup>#</sup>	2019-20 <sup>#</sup>
1	Mr. Venu Srinivasan	Sitting Fees*		0.00
		Commission	-	-
2	Mr. T.K.Balaji	Sitting Fees*	0.01	0.00
		Commission	-	-
3	Mr. R.Ramakrishnan	Sitting Fees	-	0.01
		Commission	0.03	0.13
4	Mr. Sudarshan Venu	Sitting Fees	0.01	0.01
		Commission	-	-
5	Mr. S.Sanathanakrishnan	Sitting Fees*	-	-
		Commission	-	0.04
6	Mr. K.N.Radhakrishnan	Sitting Fees	0.02	0.02
		Commission	-	-
7	Mr. V.Srinivasa Rangan	Sitting Fees	0.02	0.02
		Commission	0.13	0.13
8	Ms. Sasikala Varadhachari	Sitting Fees	0.02	0.01
		Commission	0.13	0.10
9	Mr. Balasubramanyam Sriram	Sitting Fees	0.02	0.01
		Commission	0.06	-
10	Mr. R. Gopalan	Sitting Fees	0.02	0.01
		Commission	0.09	-
	<b>Total</b>		<b>0.57</b>	<b>0.50</b>

\* The amounts mentioned are below the rounding off norms of the Company.

(All amounts in ₹ Crore, unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**9.14 Details of Single Borrower Limits (SBL)/Group Borrower Limits (GBL) exceeded**

Company has not exceeded the single borrower limit as set by Reserve Bank of India.

**9.15 Advance against Intangible Securities**

Company has not given any loans against intangible securities.

**9.16 Derivatives**

**1. Forward Rate Agreement/Interest Rate Swap**

S.No.	Description	2020-21	2019-20
1.	Notional principal of swap agreements	1356.55	634.84
2.	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
3.	Collateral required by the NBFC upon entering into swaps	-	-
4.	Concentration of credit risk arising from the swaps	-	-
5.	Fair value of the swap books	1341.97	658.47

**2. Exchange Traded Interest Rate (IR) Derivatives**

S.No.	Description	Amount
1.	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-
2.	Notional principal amount of exchange traded IR derivatives outstanding as on 31 <sup>st</sup> March, 2020 (instrument-wise)	-
3.	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-
4.	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-

**3. Disclosure on Risk Exposure in Derivatives**

Towards the foreign currency loan availed, the Company has taken forward cover to hedge the foreign current risks and cross currency interest rate swap.

S.No.	Description	March 31, 2021	March 31, 2020
i)	Outstanding Derivatives		
	For Hedging (Currency/Interest Rate Derivatives)	1,341.97	658.47
ii)	Marked to Market Positions		
	a) Asset (+)	14.57	23.63
	b) Liability (-)		
iii)	Credit Exposure	1,356.55	634.84
iv)	Unhedged Exposures	-	-

**9.17 Overseas assets (for those with JV and Subsidiaries abroad)**

There are no overseas assets owned by the Company.

**9.18 Drawdown from Reserves**

No drawdown from reserves existed for the year.

**9.19 Off balance sheet SPV sponsored**

There are no SPVs which are required to be consolidated.

**9.20 There are no prior period items accounted during the year.**



(All amounts in ₹ Crore, unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

9.21 There are no circumstances in which revenue recognition postponed pending the resolution of significant uncertainties.

9.22 Disclosures as required for liquidity risk as required by Circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4<sup>th</sup> November, 2019

**(i) Funding Concentration based on significant counterparty (both deposits and borrowings)**

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Number of significant counter parties*	19	21
Amount (₹ In Crore)	9,587.59	8,128.76
Percentage of funding concentration to total deposits	NA	NA
Percentage of funding concentration to total liabilities**	89.92%	91.21%

\* Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4<sup>th</sup> November, 2019 on Liquidity Risk Management Framework for Non Banking Financial Companies and Core Investment Companies.

\*\* Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines.

**(ii) Top 20 large deposits (amount in ₹ Crore and % of total deposits) - NA**

**(iii) Top 10 borrowings (amount in ₹ Crore and % of total borrowings)**

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Total amount of top 10 borrowings	3,311.69	3,461.85
Percentage of amount of top 10 borrowings to total borrowings	32.61%	40.44%

**(iv) Funding Concentration based on significant instrument/product\***

Particulars	As at 31 <sup>st</sup> March, 2021	Percentage of total liabilities	As at 31 <sup>st</sup> March, 2020	Percentage of total liabilities
Loans from Bank	6,676.79	62.62%	6,759.50	75.85%
External Commercial Borrowings	1,364.32	12.80%	678.53	7.61%
Sub-ordinated Debts	842.96	7.91%	512.96	5.76%
Perpetual Debt Instrument	-	-	99.81	1.12%
Commercial Paper	746.11	7.00%	496.19	5.57%
NCD	424.74	3.98%	-	-

\* Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4<sup>th</sup> November, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(All amounts in ₹ Crore, unless otherwise stated)

### 39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)

#### (v) Stock Ratios

Sl. No	Particulars	As at 31 <sup>st</sup> March 2021	As at 31 <sup>st</sup> March 2020
1.	Commercial papers as a % of total public funds	7.35%	5.80%
2.	Commercial papers as a % of total liabilities	7.00%	5.57%
3.	Commercial papers as a % of total assets	6.10%	4.83%
4.	Non-convertible debentures (original maturity of less than one year) as a % of total public funds	NA	NA
5.	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	NA	NA
6.	Non-convertible debentures (original maturity of less than one year) as a % of total assets	NA	NA
7.	Other short- term liabilities as a % of total public funds	48.73%	58.29%
8.	Other short- term liabilities as a % of total liabilities	46.41%	55.99%
9.	Other short- term liabilities as a % of total assets	40.48%	48.52%

\* Other Short-term liabilities is computed as current maturities of long-term debt, short-term bank borrowings including outstanding CC/WCDL and other short-term liabilities has been considered, but excludes commercial paper and non-convertible debentures (original maturity of less than one year).

\* Public funds are as defined in Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016

#### (vi) Institutional set-up for liquidity risk management

The Company constituted an Asset Liability Management Committee as guideline issued by RBI to NBFCs. ALCO consists of members having requisite skill set and expertise of the business and sector of the Company. ALCO monitors asset liability mismatches to ensure that there are no excessive imbalances on either side of the balance sheet and also reviews Asset Liability Management strategy. ALCO also reviews the liquidity risk of the company at regular intervals. The company is maintaining adequate liquidity to manage its commitments.

The Company has taken various initiatives to raise funds at the cost commensurate with its rating by way of diversified funding mix with borrowings from Public sector banks, Private sector banks, Foreign Banks, Financial Institutions, ECB and Capital Markets. The Company has raised maiden listed NCDs to the extent of ₹ 425 crore under TLTRO and PCGS schemes and External Commercial Borrowings (ECB) to the tune of ₹ 722 crore on fully hedged basis during FY21. Besides, the company focused on increasing composition of fixed rate instruments with higher tenor in order to utilise benefit of the low interest environment.

(All amounts in ₹ Crore, unless otherwise stated)

### 39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)

#### (vii) Disclosure on Liquidity Coverage Ratio

##### Appendix 1

Sl No	LCR Disclosure Template	Total Unweighted Value (average) (i)	Total Weighted Value (average) (ii)
	<b>High Quality Liquid Assets</b>		
1.	Total High Quality Liquid Assets (HQLA)	653.14	653.14
	<b>Cash Outflows</b>		
2.	Deposits (for deposit taking companies)	-	-
3.	Unsecured wholesale funding (iii)	499.10	573.97
4.	Secured wholesale funding (iv)	58.89	67.72
5.	Additional requirements, of which	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	-	-
6.	Other contractual funding obligations	187.33	215.43
7.	Other contingent funding obligations	-	-
8.	<b>TOTAL CASH OUTFLOWS</b>	<b>745.32</b>	<b>857.12</b>
	<b>Cash Inflows</b>		
9.	Secured lending	524.26	393.20
10.	Inflows from fully performing exposures	190.02	142.52
11.	Other cash inflows	8.19	6.14
12.	<b>TOTAL CASH INFLOWS</b>	<b>722.48</b>	<b>541.86</b>
			<b>Total Adjusted Value</b>
	<b>TOTAL HQLA</b>		<b>653.14</b>
	<b>TOTAL NET CASH OUTFLOWS</b> (Weighted Value of Total Cash Outflows – Minimum of (Weighted Value of Total Cash Inflows, 75% of Weighted Value of Total Cash Outflows))		<b>315.26</b>
	<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>207%</b>

(i) Unweighted values calculated as outstanding balances maturing within one month (for inflows and outflows).

(ii) Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow (75%) and outflow (115%).

(iii) Unsecured wholesale funding includes cash outflow on account of Commercial Paper and other unsecured borrowing repayments.

(iv) Secured wholesale funding includes all secured borrowing repayments.

(All amounts in ₹ Crore, unless otherwise stated)

### 39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)

#### 9.23. Summary of total borrowings, receivables and provision

Category-wise breakup	2020-21	2019-20
Secured:		
Term Loan from Banks	5,979.22	5,578.67
Working Capital Demand Loan	1,721.88	1,569.36
Non Convertible Debenture	424.74	-
Securitized Trust Borrowing	-	12.57
Unsecured:		
Term Loan from Banks	-	150.00
Working Capital Demand Loan	340.00	140.00
Commercial Paper	746.11	496.19
Subordinated Debts	842.96	512.96
Perpetual Debt	99.84	99.81
<b>Total</b>	<b>10,154.75</b>	<b>8,559.56</b>

#### Total Loans

Description	2020-21	2019-20
<b>Category wise breakup</b>		
Secured Loans	9,502.20	8,307.11
Unsecured Loans	1,942.41	1,340.55
Total Loans	11,444.62	9,647.66
Less: Impairment Allowance	289.67	192.11
Net Loans	11,154.95	9,455.55

#### Total Assets Provisions

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Provision for Depreciation on Investments	-	-
Provision/Impairment allowance towards NPA	183.4	143.38
Provision/Impairment allowance towards Standard Assets	106.27	48.73
Provision/Impairment allowance for Trade Receivables and other Financial Assets	21.49	4.03
Provision for General Loss	-	8.45
	<b>311.16</b>	<b>104.77</b>

As per our report of even date

**For Raghavan Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**  
Partner  
Membership No.: 027716

Place : Chennai  
Date : 26<sup>th</sup> April, 2021

For and on behalf of the Board

Chairman

Chief Executive Officer

Chief Financial Officer

Company Secretary

To the members of TVS Credit Services Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of TVS Credit Services Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March, 2021, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act 2013, ('the Act') in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2021, the consolidated profit (consolidated financial performance including other comprehensive income), total comprehensive Income, consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India (ICAI), together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013 and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response
1	<p><b>Allowance for Impairment under IND-AS 109</b></p> <p>Ind as 109 requires the company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life considering reasonable and supportable information about past events current conditions and forecasts of future economic conditions which could impact the credit quality of the company's loans and advances</p>	<p><b>Principal Audit Procedures</b></p> <p>Evaluated the reasonableness of the management estimates by understanding the process of ecl estimation and related assumptions and tested the controls around data extraction and validation</p> <p>We have understood the company's estimation of the stage allocation of the loan assets and understood the policy in place for computation of parameters required to arrive at the expected credit loss and verified for the consistency in application of the policy.</p> <p>We have performed, substantive checks on the calculation, including independent calculation of the parameters, that are estimated by the company as part of computation of ECL. WE have also conducted analytical tests including but not limited to trend analysis of the ECL number against the loan receivables in comparison to some of the other companies in the same business profile.</p>

S.No.	Key Audit Matter	Auditor's Response
	In the process a significant degree of judgment has been applied by the management for a) Grouping of borrowers based on homogeneity by using appropriate statistical techniques b) Estimation of losses for loan products with no/minimal historical defaults	Tested the periods considered for capturing underlying data as base to PD and LGD calculations applied of group of Portfolio are in line with Company's recent experience of past observed periods. Tested the ECL model including assumptions and underlying computation.

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Board of Directors, for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation Of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group, in accordance with the Ind AS and other accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the each of the companies in the Group, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group, are responsible for overseeing the financial reporting process of each of the companies in the Group.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company, its subsidiary companies and its which are companies incorporated in India and outside India, has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and board of directors;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the companies in the Group, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Holding Company none of the directors of the Group companies, is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group consisting of subsidiaries, which are all incorporated in India, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. - Refer Note 38(3) to the consolidated financial statements.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund by the Holding Company and its subsidiary companies.

for **Raghavan, Chaudhuri & Narayanan**

Chartered Accountants

FRN: 007761S

**V. Sathyanarayanan**

Partner

Membership No. 027716

Place : Bangalore

Date : 26<sup>th</sup> April, 2021

UDIN : 21027716AAAAHX6979



**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2021, we have audited the internal financial controls over financial reporting of **TVS Credit Services Limited** (hereinafter referred to as the 'Holding Company'), "Chaitanya", No.12, Khader Nawaz Khan Road, Chennai 600 006, and its subsidiaries.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Company, its subsidiary companies, are responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (" the 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, its subsidiary companies, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 were established and maintained, and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the company, its subsidiaries, which are companies incorporated in India.

**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 and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies which are all incorporated in India, have, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, based on internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by Institute of Chartered Accountants of India.

for **Raghavan, Chaudhuri & Narayanan**

Chartered Accountants

FRN: 007761S

**V. Sathyanarayanan**

Partner

Membership No. 027716

Place : Bangalore

Date : 26<sup>th</sup> April, 2021

UDIN : 21027716AAAAHX6979

# CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2021



(All amounts in ₹ Crore, unless otherwise stated)

Particulars		Note No.	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March 2020
<b>ASSETS</b>				
<b>1</b>	<b>Financial Assets</b>			
(a)	Cash and Cash Equivalents	2	653.44	357.74
(b)	Bank balances other than (a) above	3	14.30	24.37
(c)	Derivative Financial Instruments	4	-	23.63
(d)	Receivables			
	i) Trade Receivables	5	30.80	55.20
(e)	Loans	6	11,154.95	9,455.55
(f)	Other Financial Assets	7	89.70	112.63
	<b>Total</b>		<b>11,943.19</b>	<b>10,029.12</b>
<b>2</b>	<b>Non-Financial Assets</b>			
(a)	Current Tax Assets (Net)	8	17.26	14.88
(b)	Deferred Tax Assets (Net)	9	115.69	75.82
(c)	Investment Property	10	85.16	85.16
(d)	Property, Plant and Equipment	11	16.53	19.09
(e)	Other Intangible Assets	11	4.04	6.17
(f)	Other Non Financial Assets	12	45.65	54.57
	<b>Total</b>		<b>284.33</b>	<b>255.69</b>
	<b>Total Assets</b>		<b>12,227.52</b>	<b>10,284.81</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>1</b>	<b>Financial Liabilities</b>			
(a)	Derivative Financial Instruments	4	14.57	-
(a)	Payables			
	I. Trade Payables			
	i) Total outstanding dues of micro enterprises and small enterprises	13	-	0.02
	ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	227.87	168.61
(b)	Debt Securities	14	1,170.85	496.19
(c)	Borrowings other than Debt Securities	15	8,041.11	7,450.59
(d)	Subordinated Liabilities	16	942.79	612.77
(e)	Other Financial Liabilities	17	207.57	129.69
	<b>Total</b>		<b>10,604.76</b>	<b>8,857.87</b>
<b>2</b>	<b>Non-Financial Liabilities</b>			
(a)	Provisions	18	33.74	36.42
(b)	Other Non-Financial Liabilities	19	23.64	17.40
	<b>Total</b>		<b>57.38</b>	<b>53.82</b>
<b>3</b>	<b>Equity</b>			
(a)	Equity Share Capital	20	191.94	185.18
(b)	Other Equity	21	1,373.43	1,187.94
	<b>Total</b>		<b>1,565.37</b>	<b>1,373.12</b>
	<b>Total Liabilities and Equity</b>		<b>12,227.52</b>	<b>10,284.81</b>
	Significant Accounting Policies forming part of financial statements	1		
	Additional Notes forming part of financial statements	39		

As per our report of even date

For and on behalf of the Board

For Raghavan Chaudhuri & Narayanan

Chartered Accountants

Firm Regn No.: 007761S

V Sathyanarayanan

Partner

Membership No.: 027716

Place : Chennai

Date : 26<sup>th</sup> April, 2021

Chairman

Chief Executive Officer

Chief Financial Officer

Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021



(All amounts in ₹ Crore, unless otherwise stated)

Particulars		Note No.	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Revenue from Operations</b>				
i)	Interest income	22	2,041.85	1,822.23
ii)	Fee and Commission Income	23	196.76	168.13
I)	<b>Total Revenue from Operations</b>		<b>2,238.61</b>	<b>1,990.36</b>
II)	Other Income	24	3.11	10.12
III)	<b>Total Income (I + II)</b>		<b>2,241.72</b>	<b>2,000.48</b>
<b>Expenses</b>				
i)	Finance Costs	25	729.44	699.81
ii)	Fees and Commission Expenses		135.17	127.50
iii)	Impairment of Financial Instruments	26	466.79	258.80
iv)	Employee Benefit Expenses	27	584.81	477.73
v)	Depreciation, Amortisation and Impairment		19.92	20.10
vi)	Other expenses	28	199.42	197.52
IV)	<b>Total Expenses</b>		<b>2,135.55</b>	<b>1,781.46</b>
V)	Profit/(Loss) before exceptional items and tax		<b>106.17</b>	<b>219.02</b>
VI)	Exceptional items		-	8.00
VII)	Profit/(Loss) before tax		<b>106.17</b>	<b>211.02</b>
VIII)	Tax Expenses	29		
	Current Tax		46.72	60.18
	Deferred Tax		(38.10)	(0.20)
IX)	Profit/(Loss) for the period		97.55	151.04
X)	Other Comprehensive Income	30		
A.	Items that will not be reclassified to Profit or Loss - Itemwise			
	Remeasurement of the defined benefit plans		(3.50)	(3.54)
	Income Tax relating to these items		0.88	0.89
B.	Items that will be reclassified to Profit or Loss - Itemwise			
	Fair value change on cash flow hedge		(3.55)	(20.05)
	Income Tax relating to these items		0.89	5.05
	Other Comprehensive Income (A+B)		(5.28)	(17.65)
XI)	Total Comprehensive Income for the period (Comprising Profit/(Loss) and other comprehensive income for the period)		92.27	133.38
XII)	Earnings Per Share	31		
	Basic (₹)		5.22	8.28
	Diluted (₹)		5.22	8.28
<b>Significant Accounting Policies forming part of financial statements</b>		<b>1</b>		
<b>Additional Notes forming part of financial statements</b>		<b>39</b>		

As per our report of even date

For and on behalf of the Board

**For Raghavan Chaudhuri & Narayanan**

Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**

Partner  
Membership No.: 027716

Place : Chennai  
Date : 26<sup>th</sup> April, 2021

Chairman

Chief Executive Officer

Chief Financial Officer

Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021



(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>Cash Flow From Operating Activity</b>		
Profit Before Income Tax	106.17	211.02
<b>Adjustment For:-</b>		
Depreciation and amortisation expense	19.92	20.10
Impairment of Financial Assets	106.57	64.33
(Profit)/Loss on disposal of PPE	(0.33)	(0.01)
Finance Charges Paid	729.43	699.81
Foreign currency gain	-	(15.18)
Fair Value Losses on derivatives not designated as hedges	-	15.03
Unwinding of discount on security deposits	(2.68)	(9.71)
Remeasurement of defined benefit plans	(3.50)	(3.54)
Employee Benefit Obligations	5.77	6.38
<b>Cash generated from operations before working capital changes</b>	<b>855.19</b>	<b>777.21</b>
<b>Change in operating assets and liabilities</b>		
(Increase)/Decrease in Trade Receivables	14.94	(5.04)
(Increase)/Decrease in Loans	(1,796.96)	(1,283.72)
(Increase) in other financial assets	25.34	22.36
(Increase)/Decrease in Other Non Financial Assets	1.54	(38.91)
Increase/(Decrease) in Trade Payables	59.24	28.75
Increase/(Decrease) in Other financial liabilities	0.73	22.60
Increase/(Decrease) in Other Non financial liabilities	6.24	2.74
Financing Charges paid	(650.99)	(699.81)
<b>Cash generated from operations</b>	<b>(1,378.54)</b>	<b>(962.80)</b>
Income taxes paid	(49.09)	(68.36)
<b>Net cash inflow from operating activities</b>	<b>(1,427.64)</b>	<b>(1,031.16)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and Investment Property	(8.00)	(8.77)
Proceeds from sale of property, plant and equipment and Investment Property	0.36	0.01
Decrease in Deposits with Bank	10.08	15.06
<b>Net cash outflow from investing activities</b>	<b>2.44</b>	<b>6.30</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of Shares	99.98	90.00
Proceeds from Issue/(Repayment) of Debt Securities	674.66	3.75
Proceeds/(Repayment) of Borrowings	887.64	1,821.52
Proceeds/(Repayment) of Subordinated Liabilities	330.02	(26.99)
Payments for Principal Portion of Lease Liabilities	(8.94)	(6.83)
<b>Net cash inflow (outflow) from financing activities</b>	<b>1,983.36</b>	<b>1,881.45</b>
<b>Net Increase Or (Decrease) in Cash &amp; Cash equivalent</b>	<b>558.16</b>	<b>856.59</b>
Cash and cash equivalents at the beginning of the financial year	(61.62)	(918.21)
<b>Cash and cash equivalents at end of the year</b>	<b>496.55</b>	<b>(61.62)</b>

As per our report of even date

For and on behalf of the Board

**For Raghavan Chaudhuri & Narayanan**

Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**

Partner  
Membership No.: 027716

Place : Chennai

Date : 26<sup>th</sup> April, 2021

Chairman

Chief Executive Officer

Chief Financial Officer

Company Secretary

(All amounts in ₹ Crore, unless otherwise stated)

1. Equity Share Capital

	Notes	Amounts
Balance as at April 1, 2019		178.21
Changes in equity share capital during the year	21	6.97
Balance as at March 31, 2020		185.18
Changes in equity share capital during the year	21	6.76
<b>Balance as at March 31, 2021</b>		<b>191.94</b>

2. Other Equity

	Notes	Reserves and Surplus				Total
		Securities Premium Account	Statutory Reserve	Retained earnings	Other Reserves - Hedge Reserve	
<b>Balance as at April 1, 2019</b>		<b>546.39</b>	<b>90.65</b>	<b>336.45</b>	-	<b>973.49</b>
Change in accounting Policy (Refer Note 38)		-	-	(1.93)	-	(1.93)
Profit for the Year	21	-	-	151.04	-	151.04
Other comprehensive income	21	-	-	(2.65)	(15.00)	(17.65)
<u>Transaction in the capacity as owners</u>						
Transfer to statutory reserve	21	-	30.10	(30.10)	-	-
Issue of equity shares	21	83.02	-	-	-	83.02
<b>Balance as at March 31, 2020</b>		<b>629.41</b>	<b>120.75</b>	<b>452.78</b>	<b>(15.00)</b>	<b>1,187.94</b>
Profit for the year	21	-	-	97.55	-	97.55
Other comprehensive income	21	-	-	(2.62)	(2.67)	(5.29)
<u>Transaction in the capacity as owners</u>						
Transfer to statutory reserve	21	-	19.40	(19.40)	-	-
Issue of equity shares	21	93.23	-	-	-	93.23
<b>Balance as at March 31, 2021</b>		<b>722.64</b>	<b>140.15</b>	<b>528.31</b>	<b>(17.67)</b>	<b>1,373.43</b>

As per our report of even date

For and on behalf of the Board

For Raghavan Chaudhuri & Narayanan

Chartered Accountants  
Firm Regn No.: 007761S

V Sathyanarayanan

Partner  
Membership No.: 027716

Place : Chennai

Date : 26<sup>th</sup> April, 2021

Chairman

Chief Executive Officer

Chief Financial Officer

Company Secretary

**1. Significant Accounting Policies forming part of Financial Statements**

**BRIEF DESCRIPTION OF THE GROUP**

TVS Credit Services Limited ('the Company') is a public limited company incorporated and domiciled in India. The registered office is located at "Chaitanya", No. 12 Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006, Tamil Nadu, India. The company is a subsidiary of TVS Motor Company Limited.

The Company has received Certificate of Registration dated 13th April, 2010 from Reserve Bank of India (RBI) and commenced Non-Banking Financial activity there on. The company is categorised as Systemically Important Non-Banking Finance (Non-Deposit Accepting or Holding) Company, as defined under Section 45-IA of Reserve Bank of India (RBI) Act, 1934. The Company is engaged predominantly in Automobile Financing. The Company falls under the new category of "NBFC - Investment and Credit Company (NBFC-ICC)" post RBI merger of the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) in February 2019.

**SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of Preparation of Accounts:**

The financial results of the Company have been prepared in accordance with Indian Accounting Standards (IND-AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with [Companies (Indian Accounting Standards) Rules, 2015] as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other accounting principles generally accepted in India.

The Company has adopted IND-AS from 1<sup>st</sup> April, 2018 with effective transition date of 1<sup>st</sup> April, 2017 pursuant to MCA notification dated 31<sup>st</sup> March, 2016 and financial statements has been prepared in accordance with Division III of Schedule III of Companies Act 2013 notified by MCA on 11th October, 2018. Further, the Company follows application guidance, clarifications, circulars and directions issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFC) or other regulators, as and when they are issued and applicable.

**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 are consistent 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.

The subsidiary companies considered in consolidated financial statements are:

S.No.	Name of the Subsidiary	Proportion of Ownership (interest/voting power -%)		Reporting Date
		2020-21	2019-20	
1	Haritha ARC Services Private Limited	100%	100%	31-03-2021
2	Haritha Collection Services Private Limited	100%	100%	31-03-2021
3	TVS Commodity Financial Solutions Private Limited	100%	100%	31-03-2021
4	TVS Housing Finance Private Limited	100%	100%	31-03-2021
5	TVS Micro Finance Private Limited	100%	100%	31-03-2021
6	TVS Two Wheeler Mall Private Limited	100%	100%	31-03-2021

All the subsidiaries are incorporated in India

**b. Historical Cost Convention**

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value as stated in notes;
- Defined benefit plans – plan assets 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 Judgements**

The areas involving critical estimates are:

- Determining inputs into the ECL measurement model - (Refer Note 34)
- Estimation of defined benefit obligation - (Refer Note 32)

The areas involving critical judgements are:

- Classification of financial assets: Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI (Solely Payments of Principal and Interest) on the principal amount outstanding.
- Derecognition of financial assets and securitisation.
- Categorisation of loan portfolios

**e. Property, Plant and Equipment (PPE)**

Items of property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised 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. All repairs and maintenance are charged to the statement of profit or loss during the reporting period in which they are incurred.

**f. Depreciation**

Depreciation is provided on straight-line basis over the estimated useful lives of the assets. Useful life estimated by the company is in line with the useful life prescribed under Part C of Schedule II of the Companies Act, 2013 except in the case of mobile phone, based on the technical evaluation wherein the useful life is considered as 2 years.

Depreciation on PPE individually costing ₹5,000/- or less is provided 100% in the year of acquisition.

An asset's carrying amount is written down immediately to its estimated recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount. Gain and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

Depreciation on fixed assets added/disposed-off during the year is calculated on pro-rata basis with reference to the date of addition/disposal.

**g. Investment Property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

**h. Intangible Assets**

Intangible assets acquired are recorded at their acquisition cost and are amortised on straight-line basis over its useful life. Software is amortised over 3 years period or the license period whichever is lower on straight-line basis.



**i. Financial Assets and Financial Liabilities:**

**1. Classification**

The Company classifies its financial assets in the following categories, those to be measured subsequently at:

- a. Fair value through other comprehensive income (FVOCI),
- b. Fair value through profit or loss (FVTPL), and
- c. Amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Business Model Assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Financial Liabilities

The Company classifies its financial liabilities, other than fully hedged foreign currency loans, financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

**2. Measurement**

At initial recognition, the company measures a financial assets that are not at FVTPL at its fair value plus/ (minus), transaction costs / origination Income that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL 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.

**1. 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 derecognised or impaired. Interest income from these financial assets is included in finance income 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.

2. Fair Value through Profit or Loss:

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

3. Revenue Recognition

i. Income from Financing Activity

1. Interest income is recognised using the Effective Interest Rate (EIR) method for all financial assets measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to its gross carrying amount. The calculation of the effective interest rate includes transaction costs and transaction income that are directly attributable to the acquisition of a financial asset.
2. For financial assets that are not Purchases Originally Credit Impaired "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 of credit impaired asset.
3. Income by way of additional interest on account of delayed payment by the customers is recognised on realisation basis, due to uncertainty in collections.

ii. Other Revenue from Operations

1. Fees and commission income that are not integral part of the effective interest rate on the financial asset are recognised as the performance obligations are performed and there is no significant financing component of the consideration.
2. Dividend income is recognised when the right to receive income is established.
3. Incomes in the nature of bounce and related charges are recognised on realisation, due to uncertainty in collections.

4. Impairment of Financial Assets

The Company recognises loss allowance for Expected Credit Loss "ECL" on the following financials instruments that are not measured at FVTPL:

- i. Loans
  - ii. Trade receivables
  - iii. Other receivables
- i. Loans and Other Receivables

The Company measures loss allowances at an amount equal to lifetime ECL, except for financial instruments whose credit risk has not increased significantly since initial recognition, for which a 12-month ECL is computed.

Life-time ECL is based on the result from all possible default events over the expected life of the financial instrument.

12-month ECL is based on the result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company categorises loan assets into stages based on the Days Past Due status:

Stage	Past due	ECL	Regulatory standards
Stage 1	30 Days Past Due	12-Month ECL	Equivalent to standard assets as per RBI
Stage 2	31-90 Days Past Due	Lifetime ECL	
Stage 3	More than 90 Days Past Due	Lifetime ECL	Equivalent to NPA assets as per RBI

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: As the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive);
- Financial assets that are credit-impaired at the reporting date: As the difference between the gross carrying amount and the present value of estimated future cash flows.

ii. Trade Receivables:

For trade receivables only, the Company applies the simplified approach which requires life-time ECL to be recognised from initial recognition of the receivables.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position for financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets.

Write-off

Loans are written-off when there is no reasonable expectation of recovering in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**5. Derecognition of Financial Assets and Financial Liabilities:**

A financial asset is derecognised only when:

The Company has transferred the contractual rights to receive cash flows from the financial asset or 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.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) The consideration received (including any new asset obtained less any new liability assumed) and (ii) Any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

A financial liability is derecognised when its contractual obligations are discharged or cancelled, or expires.

**6. Derivatives**

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

The Company designates derivatives taken on External Commercial Borrowings (ECB) as Cashflow Hedges (hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions).

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 cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 33. Movements in the hedging reserve in shareholders' equity are shown in Note 21.

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". The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

#### **7. Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously

#### **8. Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured. They are recognised initially at their fair value and subsequently measured at amortised cost.

#### **9. Cash and Cash Equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the balance sheet.

#### **10. Taxation**

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 the 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 on 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.

- i. Deferred income tax provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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.
- ii. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

**11. Employee Benefits:**

- a) 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 recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.
- b) The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.
- c) Post-Employment Obligation:

The Company operates the following post-employment schemes:

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

i. Pension and Gratuity Obligation:

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

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

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

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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

ii. Provident Fund:

Contributions to Provident Fund made to Regional Provident Fund Commissioner in respect of Employees' Provident Fund based on the statutory provisions are charged to Statement of Profit and Loss on accrual basis.

**12. Functional Currency:**

a) Functional and presentation currencies:

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

b) Transactions and balances:

- Foreign currency transactions are translated into functional currency using exchange rates at the date of transaction.
- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

**13. 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 rate 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).

Finance charges are expensed in the period in which they are incurred.

**14. Borrowings Cost:**

Borrowing costs are expensed in the period in which they are incurred.

**15. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of the transactions of non-cash nature.

**16. Earnings Per Share**

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

**17. Impairment of Non-Financial Assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. 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 impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**18. Lease**

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under IND-AS 116.

The Company as a lessee, assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves:

- (a) The use of an identified asset,
- (b) The right to obtain substantially all the economic benefits from use of the identified asset,
- (c) The right to direct the use of the identified asset.

The Company at the inception of the lease contract recognises a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.



For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments are discounted using the incremental borrowing rate.

For short-term leases and low value assets (assets of less than INR 5,00,000 in value) the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IND-AS 17.

Lease payments have been classified as Cash flow used in financing activities.

#### **19. Segment Reporting**

There is no separate reportable segment as per IND-AS 108 on 'Operating Segments' in respect of the Company.

#### **20. Provisions**

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.

#### **21. 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.

#### **22. Share Based Payments**

Equity-settled share-based payments for receipt of services are measured at the estimated average fair value of the equity instruments over the vesting period. The average fair value is determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

#### **23. Equity**

Equity shares are classified as equity. Distributions to holders of an equity instrument are recognised by the entity directly in equity. Transaction costs of an equity transaction shall be accounted for as a deduction from equity.

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 2 Cash and Cash Equivalents**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Cash on hand*	15.42	2.09
b)	Balance with banks - current accounts	638.02	355.65
	<b>Total</b>	<b>653.44</b>	<b>357.74</b>

\* Represents cash collected from borrowers as on Balance Sheet date, deposited with Bank subsequently in the process of being deposited.

**Cash and Cash Equivalents for the purpose of Cash Flow Statement**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Cash and Cash Equivalents as shown above	653.44	357.74
b)	Less: overdrafts utilised (Grouped under Borrowings (other than debt securities) - Note 16)	156.89	419.36
	<b>Total</b>	<b>496.55</b>	<b>(61.62)</b>

**NOTE 3 Bank Balance other than Cash and Cash Equivalents\***

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Bank Balance other than Cash and Cash Equivalents	14.30	24.37
	<b>Total</b>	<b>14.30</b>	<b>24.37</b>

\* Balance maintained in Fixed Deposits as Cash Collateral towards Assets transferred on assignment of receivables, lien marked favouring SPVs (represent Fixed Deposits exceeding 3 months and Less than 12 months)

**NOTE 4 Derivative Financial Instruments**

S.No.	Description	As at 31 <sup>st</sup> March, 2021		
		Notional amounts	Fair Value - Assets	Fair Value - Liabilities
a)	Other Derivatives- Cross Currency Swap Derivatives designated as hedges	1,356.55	-	14.57
	<b>Total</b>	<b>1,356.55</b>	<b>-</b>	<b>14.57</b>
S.No.	Description	As at 31 <sup>st</sup> March, 2020		
		Notional amounts	Fair Value - Assets	Fair Value - Liabilities
b)	Other Derivatives- Cross Currency Swap Derivatives designated as hedges	634.84	23.63	-
	<b>Total</b>	<b>634.84</b>	<b>23.63</b>	<b>-</b>

**NOTE 5 Trade Receivables**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Receivables considered good - Unsecured	44.29	59.23
b)	Less: Impairment Loss Allowance	13.49	4.03
c)	Receivables considered good - Unsecured (Net) (a) -(b)	30.80	55.20



(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 6 Loans**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
		Amortised Cost	
<b>A</b>	a) Bills Purchased and Bills discounted	-	21.30
	b) Term Loans		
	i) Automobile Financing	9,442.57	8,278.96
	ii) Consumer Lending	1,532.76	1,138.30
	iii) Small Business Lending	469.29	209.10
	c) Total Loans - Gross (a)+(b)	11,444.62	9,647.66
	d) Less: Impairment Loss Allowance	289.67	192.12
	e) Total Loans - Net (c)-(d)	11,154.95	9,455.55
<b>B</b>	<b>Nature</b>		
	Secured by Tangible Assets	9,509.84	8,307.11
	Unsecured Loans	1,934.78	1,340.55
	Total Gross	11,444.62	9,647.66
	Less: Impairment Loss Allowance	289.67	192.12
	Total - Net	11,154.95	9,455.55
<b>C</b>	<b>i) Loans in India</b>		
	Public Sector	-	-
	Others	11,444.62	9,647.66
	Total Gross	11,444.62	9,647.66
	Less: Impairment Loss Allowance	289.67	192.12
	Total - Net	11,154.95	9,455.55
	ii) Loans Outside India	-	-
	iii) Total Loans (i)+(ii)	11,154.95	9,455.55

- a. The stock of loan (automobile finance) includes 13292 nos. repossessed vehicles as at Balance Sheet date. March 31, 2020: 13998 nos.)
- b. Automobile financing is secured by hypothecation of vehicles supported by Registration Certificate book issued by Regional Transport Officer and undertaking given by the borrower to register the vehicle with RTO.

**c. Transferred Loans**

The carrying amounts of the automobile financing include Loans which are subject to a Securitisation arrangement. Under this arrangement, company has transferred the relevant Loans to the Securitisation trust in exchange for cash. However, company has provided credit enhancements which in substance has been concluded has retention of risk and reward. The company therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the securitisation agreement is presented as secured borrowing.

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Total transferred receivables	-	12.57
Associated Secured Borrowing (Note 16)	-	12.57

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 7 Other Financial Assets**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Loan to Employees	4.62	8.72
b)	Security deposit for leased premises	7.49	7.54
c)	Advances to Related Parties	73.21	78.20
d)	Other Financial Assets - Related Parties	-	2.66
e)	Other Financial Assets - Non Related Parties	0.00	12.17
f)	Deposit with Service Providers	4.39	3.34
	<b>Total</b>	<b>89.70</b>	<b>112.63</b>

**NOTE 8 Current Tax Assets**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Opening Balance	14.88	6.76
b)	Add: Taxes paid	49.10	68.12
c)	Less: Taxes Payable	(46.72)	(60.00)
	<b>Total</b>	<b>17.26</b>	<b>14.88</b>

**NOTE 9 Deferred Tax Assets/(liabilities)**

The balance comprises temporary differences attributable to:

S.No.	Description	As at 31 <sup>st</sup> March, 2021	Created/ (Provided) during the year	As at 31 <sup>st</sup> March, 2020
	<b>Deferred Tax Assets/(Liabilities) on account of:</b>			
a)	Depreciation	5.07	0.47	4.60
b)	Provision for compensated absence	5.10	1.07	4.03
c)	Provision for expected credit loss	78.31	33.67	44.64
d)	Additional Provision	-	(2.13)	2.13
e)	Provision for gratuity	0.45	0.27	0.18
f)	Expenses Disallowed under Sec 40 (a) (ia)	6.10	1.88	4.22
g)	Provision for pension	2.94	0.11	2.82
i)	Automobile financing	8.56	3.97	4.59
i)	Advances to related parties	2.38	(0.35)	2.73
j)	Mark to market on derivative	5.94	0.89	5.05
k)	Lease Accounting	0.84	0.02	0.82
	<b>Total Deferred Tax Assets/(Liabilities)</b>	<b>115.69</b>	<b>39.87</b>	<b>75.82</b>

**Break-up of deferred tax expense/(benefit)**

- to statement of profit and loss	38.10
- to other comprehensive income	1.77
<b>Total</b>	<b>39.87</b>

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 10 Investment Property**

Description	Land	Building	Total
Period Ended 31 <sup>st</sup> March, 2021			
Gross carrying amount	85.16	0.00	85.16
Additions	-	-	-
<b>Sub-total</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>
Disposals	-	-	-
<b>Closing gross carrying amount (A)</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>
Depreciation and amortisation	-	-	-
Opening accumulated depreciation	-	-	-
Depreciation/amortisation charge during the year	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>
Disposals	-	-	-
<b>Closing accumulated depreciation and amortisation (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2021 (A)-(B)</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2020</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>

Description	Land	Building	Total
Period Ended 31 <sup>st</sup> March, 2020			
Gross carrying amount	85.47	0.40	85.86
Additions	-	-	-
<b>Sub-total</b>	<b>85.47</b>	<b>0.40</b>	<b>85.86</b>
Disposals	0.30	0.40	0.70
<b>Closing gross carrying amount (A)</b>	<b>85.16</b>	<b>-</b>	<b>85.16</b>
Depreciation and amortisation	-	-	-
Opening accumulated depreciation	-	-	-
Depreciation/amortisation charge during the year	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>
Disposals	-	-	-
<b>Closing accumulated depreciation and amortisation (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2020 (A)-(B)</b>	<b>85.16</b>	<b>-</b>	<b>85.16</b>

(i) Fair value

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Investment properties	414.90	414.90

The fair values of investment properties have been determined by independent valuers.

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 11 Property, Plant and Equipment**

Description	Property, Plant and Equipment					Other Intangible Assets (Computer Software)
	Computer	Furniture & Fixtures	Office Equipment	Vehicles	Total	
Period Ended 31 <sup>st</sup> March, 2021						
Gross carrying amount	20.44	11.29	11.17	0.02	42.92	14.26
Additions	3.35	0.63	2.20		6.18	1.82
<b>Sub-total</b>	<b>23.79</b>	<b>11.92</b>	<b>13.37</b>	<b>0.02</b>	<b>49.10</b>	<b>16.08</b>
Disposals	0.38	0.05	0.29	-	0.71	-
<b>Closing gross carrying amount (A)</b>	<b>23.41</b>	<b>11.88</b>	<b>13.08</b>	<b>0.02</b>	<b>48.39</b>	16.08
Depreciation and amortisation						
Opening accumulated depreciation	11.96	5.85	6.02	0.00	23.83	8.09
Depreciation/amortisation charge during the year	5.25	1.49	1.95	0.00	8.69	3.95
<b>Sub-total</b>	<b>17.21</b>	<b>7.34</b>	<b>7.97</b>	<b>0.01</b>	<b>32.52</b>	<b>12.04</b>
Disposals	0.36	0.04	0.28	-	0.67	-
<b>Closing accumulated depreciation and amortisation (B)</b>	<b>16.85</b>	<b>7.30</b>	<b>7.69</b>	<b>0.01</b>	<b>31.86</b>	12.04
<b>Net Carrying value as at 31<sup>st</sup> March, 2021 (A)-(B)</b>	<b>6.56</b>	<b>4.58</b>	<b>5.39</b>	<b>0.02</b>	<b>16.53</b>	4.04
<b>Net Carrying value as at 31<sup>st</sup> March, 2020</b>	<b>8.49</b>	<b>5.44</b>	<b>5.14</b>	<b>0.02</b>	<b>19.09</b>	6.17

Description	Property, Plant and Equipment					Other Intangible Assets (Software)
	Computer	Furniture & Fixtures	Office Equipment	Vehicles	Total	
Period Ended 31 <sup>st</sup> March, 2020						
Gross carrying amount as on 31 <sup>st</sup> March, 2018	15.67	10.33	9.72	0.02	35.74	12.78
Additions	4.78	1.00	1.50	-	7.29	1.48
<b>Sub-total</b>	<b>20.45</b>	<b>11.33</b>	<b>11.22</b>	<b>0.02</b>	<b>43.03</b>	<b>14.26</b>
Disposals	0.01	0.05	0.05	-	0.10	-
<b>Closing gross carrying amount (A)</b>	<b>20.44</b>	<b>11.29</b>	<b>11.17</b>	<b>0.02</b>	<b>42.93</b>	14.26
Depreciation and amortisation						
Opening accumulated depreciation	6.65	3.95	4.10	0.00	14.71	4.32
Depreciation/amortisation charge during the year	5.31	1.94	1.97	0.00	9.21	3.77
<b>Sub-total</b>	<b>11.96</b>	<b>5.89</b>	<b>6.07</b>	<b>0.00</b>	<b>23.92</b>	<b>8.09</b>
Disposals	0.00	0.04	0.05	-	0.09	-
<b>Closing accumulated depreciation and amortisation (B)</b>	<b>11.96</b>	<b>5.85</b>	<b>6.02</b>	<b>0.00</b>	<b>23.83</b>	8.09
<b>Net Carrying value as at 31<sup>st</sup> March, 2020 (A)-(B)</b>	<b>8.49</b>	<b>5.44</b>	<b>5.14</b>	<b>0.02</b>	<b>19.09</b>	6.17

**NOTE 12 Other Non-Financial Assets**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Dealer Commission Advance	0.21	0.72
b)	Prepaid Expenses	17.65	6.05
c)	Vendor Advance	5.60	19.81
d)	Balance with GST/ Service Tax Department	3.51	2.21
e)	Right-to-use asset*	18.68	25.78
	<b>Total</b>	<b>45.65</b>	<b>54.57</b>

\* \* Refer Note 37a

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 13 Trade Payables**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Total outstanding dues to micro enterprises and small enterprises*	-	0.02
b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	227.87	168.61
	<b>Total</b>	<b>227.87</b>	<b>168.63</b>

\* 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.

**NOTE 14 Debt Securities**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>At Amortised Cost</b>		
Commercial Paper (Unsecured)	746.11	496.19
Non Convertible Debentures (Secured)	424.74	-
<b>Total (A)</b>	<b>1,170.85</b>	<b>496.19</b>
Debt securities in India	1,170.85	496.19
Debt securities outside India	-	-
<b>Total (B)</b>	<b>1,170.85</b>	<b>496.19</b>

**NOTE 15 Borrowings (Other Than Debt Securities)**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>At Amortised Cost</b>		
(a) Term loans		
i) from banks (Secured)	4,590.31	4,800.35
ii) from other parties (Secured)	24.59	249.78
iii) External Commercial Borrowings (Secured)	1,364.32	678.53
(b) Loans repayable on demand		
i) cash credit from banks	156.89	419.36
ii) working capital demand loan (Secured)	1,565.00	1,150.00
iii) working capital demand loan (Unsecured)	340.00	140.00
(c) Securitised trust borrowing	0.00	12.57
<b>Total (A)</b>	<b>8,041.11</b>	<b>7,450.59</b>
Borrowings in India	6,676.79	6,772.06
Borrowings outside India	1,364.32	678.53
<b>Total (B)</b>	<b>8,041.11</b>	<b>7,450.59</b>

**NOTE 16 Subordinated Liabilities**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>At Amortised Cost</b>		
Perpetual Debt Instruments to the extent that do not qualify as equity	99.84	99.81
Other Subordinated Liabilities:		
From Banks	199.93	199.87
From Others	643.02	313.09
<b>Total (A)</b>	<b>942.79</b>	<b>612.77</b>
Subordinated Liabilities in India	942.79	612.77
Subordinated Liabilities outside India	-	-
<b>Total (B)</b>	<b>942.79</b>	<b>612.77</b>

Refer annexure for the terms of the debt securities, borrowings and subordinated liabilities.

(All amounts in ₹ Crore, unless otherwise stated)

Annexure

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2021	Type of Security	Interest Rate	No. of Installments remaining	Frequency	Repayable from	Repayable to
<b>Debt Securities</b>							
CP	249.10	Unsecured	4.75%	1	Bullet	29/04/2021	29/04/2021
CP	248.54	Unsecured	4.60%	1	Bullet	18/05/2021	18/05/2021
CP	248.47	Unsecured	4.60%	1	Bullet	20/05/2021	20/05/2021
NCD	99.74	Secured	7.40%	1	Bullet	08/04/2022	08/04/2022
NCD	300.00	Secured	8.35%	1	Bullet	22/03/2023	22/03/2023
NCD	25.00	Secured	8.35%	1	Bullet	22/03/2023	22/03/2023
	<b>1,170.85</b>						
<b>Loans repayable on demand</b>							
	1,721.89	Secured	6.25% -	Repayable On Demand			
	340.00	Unsecured	7.50%				
	<b>2,061.89</b>						
<b>Term Loan</b>							
Bank	100.00	Secured	8.00%	1.00	Bullet	06/05/2021	06/05/2021
Bank	25.00	Secured	6.62%	1.00	Bullet	25/05/2021	25/05/2021
Bank	37.50	Secured	7.90%	1.00	Half Yearly	17/03/2020	17/09/2021
Bank	41.67	Secured	7.50%	6.00	Monthly	26/10/2018	26/09/2021
Bank	123.98	Secured	7.50%	3.00	Quarterly	28/03/2019	27/12/2021
Bank	33.33	Secured	8.00%	2.00	Half Yearly	28/06/2019	28/12/2021
Bank	59.89	Secured	7.35%	3.00	Quarterly	30/09/2019	30/12/2021
Bank	16.67	Secured	8.00%	2.00	Half Yearly	28/07/2019	28/01/2022
Bank	238.90	Secured	7.85%	4.00	Quarterly	04/11/2019	04/02/2022
Bank	39.97	Secured	7.90%	4.00	Quarterly	15/11/2019	15/02/2022
Bank	199.97	Secured	7.35%	4.00	Quarterly	27/11/2019	27/02/2022
Bank	182.56	Secured	8.57%	1.00	Bullet	29/05/2022	29/05/2022
Bank	182.56	Secured	8.57%	1.00	Bullet	10/06/2022	10/06/2022
FI	24.59	Secured	6.43%	5.00	Quarterly	10/03/2020	10/06/2022
Bank	179.97	Secured	7.35%	6.00	Quarterly	20/05/2020	20/08/2022
Bank	146.05	Secured	8.06%	1.00	Bullet	26/08/2022	26/08/2022
Bank	141.64	Secured	5.10%	17.00	Monthly	30/09/2019	30/08/2022
Bank	146.05	Secured	8.06%	1.00	Bullet	16/09/2022	16/09/2022
Bank	100.00	Secured	5.50%	18.00	Monthly	30/10/2019	30/09/2022
Bank	52.50	Secured	6.90%	7.00	Quarterly	15/07/2020	15/10/2022
Bank	199.96	Secured	7.45%	1.00	Bullet	19/11/2022	19/11/2022
Bank	100.00	Secured	7.90%	4.00	Half Yearly	18/06/2021	18/12/2022
Bank	166.63	Secured	7.50%	8.00	Quarterly	06/05/2020	06/02/2023
Bank	159.97	Secured	6.90%	8.00	Quarterly	24/11/2020	24/02/2023
Bank	333.33	Secured	5.85%	24.00	Monthly	19/04/2020	19/03/2023
Bank	199.86	Secured	7.35%	8.00	Quarterly	20/12/2020	20/03/2023
Bank	79.99	Secured	7.25%	8.00	Quarterly	31/12/2020	31/03/2023
Bank	224.89	Secured	8.00%	9.00	Quarterly	04/02/2021	04/05/2023
Bank	179.87	Secured	7.80%	9.00	Quarterly	30/03/2021	30/06/2023
Bank	363.87	Secured	6.94%	1.00	Bullet	13/07/2023	13/07/2023
Bank	241.67	Secured	5.90%	29.00	Monthly	21/09/2020	21/08/2023
Bank	130.00	Secured	6.30%	8.00	Quarterly	24/12/2020	24/09/2023
Bank	343.22	Secured	6.94%	1.00	Bullet	19/10/2023	19/10/2023
Bank	199.96	Secured	5.90%	8.00	Quarterly	18/02/2022	18/11/2023

(All amounts in ₹ Crore, unless otherwise stated)

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2021	Type of Security	Interest Rate	No. of Installments remaining	Frequency	Repayable from	Repayable to
Bank	183.33	Secured	5.00%	33.00	Monthly	31/01/2021	31/12/2023
Bank	150.00	Secured	7.40%	6.00	Half Yearly	12/08/2021	12/02/2024
Bank	250.00	Secured	7.30%	10.00	Quarterly	19/12/2021	19/03/2024
Bank	299.93	Secured	5.60%	8.00	Quarterly	29/06/2022	29/03/2024
Bank	99.95	Secured	7.40%	36.00	Monthly	30/04/2021	30/03/2024
	<b>5,979.22</b>						
<b>Subordinated Liabilities</b>							
<b>Perpetual Debt</b>	99.84	Unsecured	11.50%	1	Bullet	25/11/2027	25/11/2027
<b>Other Subordinated Liabilities</b>							
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	49.96	Unsecured	11.30%	1	Bullet	27/09/2021	27/09/2021
Bank	49.99	Unsecured	10.02%	1	Bullet	28/04/2022	28/04/2022
Others	49.98	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
Bank	25.00	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	24.97	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	49.98	Unsecured	8.70%	1	Bullet	29/05/2023	29/05/2023
Bank	50.00	Unsecured	9.76%	1	Bullet	24/07/2023	24/07/2023
Others	99.00	Unsecured	10.90%	1	Bullet	07/08/2024	07/08/2024
Others	146.62	Unsecured	9.40%	1	Bullet	10/06/2026	10/06/2026
Others	100.00	Unsecured	10.00%	1	Bullet	01/07/2026	01/07/2026
Others	122.46	Unsecured	9.40%	1	Bullet	26/08/2026	26/08/2026
Others	25.00	Unsecured	9.40%	1	Bullet	26/08/2026	26/08/2026
	<b>842.96</b>						
<b>Subordinated Liabilities</b>	<b>942.79</b>						

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2020	Type of Security	Interest Rate	No. of Installments	Frequency	From	To
<b>Loans repayable on demand</b>	<b>1,569.36</b>	Secured					
	<b>140.00</b>	Unsecured					
	<b>1,709.36</b>						
<b>Term Loan</b>							
Bank	150.00	Unsecured	8.35%	1.00	Bullet	19/05/2020	19/05/2020
Bank	25.00	Secured	7.99%	1.00	Bullet	01/06/2020	01/06/2020
Bank	20.00	Secured	8.40%	10.00	Quarterly	29/05/2018	29/08/2020
Bank	49.99	Secured	8.40%	2.00	2 Installment	25/09/2019	25/09/2020
Bank	200.00	Secured	8.25%	1.00	Bullet	13/10/2020	13/10/2020
Bank	50.00	Secured	8.05%	1.00	Bullet	23/10/2020	23/10/2020
Bank	24.99	Secured	8.30%	12.00	Quarterly	16/02/2018	16/11/2020
Bank	59.96	Secured	8.95%	10.00	Quarterly	21/08/2018	21/11/2020
Bank	30.00	Secured	8.65%	10.00	Quarterly	21/09/2018	21/12/2020
Bank	74.99	Secured	9.00%	10.00	Quarterly	10/01/2019	10/03/2021

(All amounts in ₹ Crore, unless otherwise stated)

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2020	Type of Security	Interest Rate	No. of Installments	Frequency	From	To
Bank	63.33	Secured	8.85%	12.00	Quarterly	23/06/2018	23/03/2021
Bank	100.00	Secured	8.20%	1.00	Bullet	06/05/2021	06/05/2021
Bank	50.00	Secured	8.40%	12.00	Quarterly	01/10/2018	01/06/2021
Bank	112.50	Secured	8.40%	4.00	Half Yearly	17/03/2020	17/09/2021
Bank	125.00	Secured	8.65%	36.00	Monthly	26/10/2018	26/09/2021
Bank	290.05	Secured	8.35%	12.00	Quarterly	28/03/2019	27/12/2021
Bank	66.66	Secured	8.40%	6.00	Half Yearly	28/06/2019	28/12/2021
Bank	139.78	Secured	9.00%	10.00	Quarterly	30/09/2019	30/12/2021
Bank	33.34	Secured	8.40%	6.00	Half Yearly	28/07/2019	28/01/2022
Bank	477.58	Secured	8.75%	10.00	Quarterly	04/11/2019	04/02/2022
Bank	79.93	Secured	9.00%	10.00	Quarterly	15/11/2019	15/02/2022
Bank	399.93	Secured	8.30%	10.00	Quarterly	27/11/2019	27/02/2022
Bank	188.48	Secured	8.63%	1.00	Bullet	29/05/2022	29/05/2022
Bank	188.48	Secured	8.63%	1.00	Bullet	10/06/2022	10/06/2022
FI	44.27	Secured	6.43%	10.00	Quarterly	10/03/2020	10/06/2022
Bank	299.95	Secured	8.40%	10.00	Quarterly	20/05/2020	20/08/2022
Bank	150.78	Secured	8.25%	1.00	Bullet	26/08/2022	26/08/2022
Bank	241.62	Secured	7.25%	36.00	Monthly	30/09/2019	30/08/2022
Bank	150.78	Secured	8.25%	1.00	Bullet	16/09/2022	16/09/2022
Bank	166.67	Secured	7.50%	36.00	Monthly	30/10/2019	30/09/2022
Bank	75.00	Secured	8.20%	10.00	Quarterly	15/07/2020	15/10/2022
Bank	199.93	Secured	8.40%	1.00	Bullet	19/11/2022	19/11/2022
Bank	100.00	Secured	8.30%	4.00	Half Yearly	18/06/2021	18/12/2022
Bank	249.95	Secured	8.35%	12.00	Quarterly	06/05/2020	06/02/2023
Bank	199.95	Secured	8.10%	10.00	Quarterly	24/11/2020	24/02/2023
Bank	500.00	Secured	7.00%	36.00	Monthly	19/04/2020	19/03/2023
Bank	249.78	Secured	8.20%	10.00	Quarterly	20/12/2020	20/03/2023
Bank	99.98	Secured	8.05%	10.00	Quarterly	31/12/2020	31/03/2023
	<b>5,728.66</b>						



(All amounts in ₹ Crore, unless otherwise stated)

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2020	Type of Security	Interest Rate	No. of Installments	Frequency	From	To
<b>Securitized Trust Borrowings</b>	<b>12.57</b>						
<b>Subordinated Liabilities</b>							
<b>Perpetual Debt</b>	99.81	Unsecured	11.50%	1	Bullet	24/11/2027	24/11/2027
<b>Other Subordinated Liabilities</b>							
Others	14.50	Unsecured	9.20%	1	Bullet	30/06/2020	30/06/2020
Others	49.96	Unsecured	12.25%	1	Bullet	30/09/2020	30/09/2020
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	49.92	Unsecured	11.25%	1	Bullet	27/09/2021	27/09/2021
Bank	49.96	Unsecured	10.09%	1	Bullet	28/04/2022	28/04/2022
Others	50.00	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
Bank	24.94	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	25.00	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	49.97	Unsecured	9.50%	1	Bullet	29/05/2023	29/05/2023
Bank	50.00	Unsecured	9.90%	1	Bullet	24/07/2023	24/07/2023
Others	98.71	Unsecured	10.90%	1	Bullet	07/08/2024	07/08/2024
<b>Total</b>	<b>512.96</b>						

Term Loan received from Banks and Other Parties of ₹5,979.22 inclusive of Current and Non-Current Dues (Previous Year: ₹5,578.66 as on 31<sup>st</sup> March, 2020) is secured against hypothecation of receivables under the financing activity of the Company.

Working Capital Demand Loan and Cash Credit of ₹1,721.88 (Previous Year: ₹1,569.36 as at 31<sup>st</sup> March, 2020) is secured by hypothecation of receivables under the financing activity of the Company.

#### External Commercial Borrowings

During the year, the Company had raised funds in the overseas market amounting to ₹721.70 crores (equivalent to USD 97 million) under External Commercial Borrowings (ECB) accessed through automatic route after receiving the Loan Registration Number from RBI as per ECB Master Directions. These are unlisted instruments, for total duration of 3 years and the loan has been fully hedged. The net proceeds from the issue of these ECB were applied for the purpose of on-lending, in accordance with the directions issued by the RBI.

#### NOTE 17 Other Financial Liabilities

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Interest Accrued But Not Due	76.43	37.60
b)	Employee Related Liabilities	55.66	24.05
c)	Security Deposit	53.46	39.02
d)	Lease liability	22.02	29.03
	<b>Total</b>	<b>207.57</b>	<b>129.70</b>

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 18 Provisions**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Pension	11.68	11.22
b)	Gratuity	1.80	0.73
c)	Compensated absences	20.27	16.02
d)	General Loss Provisions	-	8.45
	<b>Total</b>	<b>33.74</b>	<b>36.42</b>

**NOTE 19 Other Non-Financial Liabilities**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
	<b>Others</b>		
a)	Statutory Dues	23.64	17.40
	<b>Total</b>	<b>23.64</b>	<b>17.40</b>

**NOTE 20 Equity Share Capital**

	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	<b>Authorised Share Capital:</b> 20,00,00,000 Equity Shares of ₹10 each (Previous Year 20,00,00,000 Equity Shares)	200.00	200.00
		<b>200.00</b>	<b>200.00</b>
b)	<b>Issued, Subscribed and Fully Paid-up Share Capital:</b> 19,19,37,700 of Equity Shares of ₹10 each (Previous year 18,51,82,300 Equity Shares of ₹10 each)	191.94	185.18
c)	<b>Par Value per Share</b>	₹10 each	₹10 each
d)	<b>Number of Equity Shares at the beginning of the year</b>	185,182,300	178,205,700
	Add: Preferential Allotment made during the year	6,755,400	6,976,600
	<b>Number of Equity Shares at the end of the year</b>	<b>191,937,700</b>	<b>185,182,300</b>

e	Equity Shares held by Holding Companies	No. of Shares	No. of Shares
	Particulars		
	Holding Company - TVS Motor Company Limited	162,224,928	155,469,528
	Sundaram-Clayton Limited (Holding Company of TVS Motor Company Limited)	2,180,250	2,180,250

f	Number of shares held by shareholders holding more than 5% of total shares as at the end of the year			
Name of the Shareholders	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	No. of Shares	% of Holding	No. of Shares	% of Holding
TVS Motor Company Limited	162,224,928	84.52%	155,469,528	83.95%
Lucas-TVS Limited	11,337,297	5.91%	11,337,297	6.12%

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 21 Other Equity**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Securities Premium Reserves	722.64	629.41
Statutory Reserve	140.15	120.75
Retained Earnings	528.31	452.78
Other Reserves	(17.66)	(15.00)
<b>Total reserves and surplus</b>	<b>1,373.43</b>	<b>1,187.94</b>

a) Securities premium reserves	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	629.41	546.39
Additions during the year	93.23	83.02
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>722.64</b>	<b>629.41</b>

b) Statutory reserve	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	120.75	90.65
Transfer from retained earnings	19.40	30.10
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>140.15</b>	<b>120.75</b>

c) Retained earnings	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	452.78	336.45
Lease Equivalisation restatement on 1 <sup>st</sup> day of year	-	(1.93)
Restated Opening Balance	452.78	334.52
Net profit for the period	97.55	151.04
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation net off tax	(2.62)	(2.65)
Transaction in the capacity as owners		
Statutory Reserve	(19.40)	(30.10)
<b>Closing balance</b>	<b>528.31</b>	<b>452.78</b>

d) Other Reserves - Hedging Reserve	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	(15.00)	-
Add: Change in fair value of hedging instruments, net off tax	(2.66)	(15.00)
<b>Closing balance</b>	<b>(17.66)</b>	<b>(15.00)</b>

**Statutory Reserves:**

According to Section 45 - IC of the Reserve Bank of India Act, 1934, the company transfers a sum not less than 20% of its net profit every year as disclosed in the statement of Profit and Loss and before declaration of any dividend to the Statutory reserves.

**Securities Premium**

The reserve represents premium on issue of shares. It will be utilised in accordance with the provisions of the Companies Act, 2013.

**Retained Earnings:**

Represents company's cumulative undistributed earnings since its inception. This is available for distribution to shareholders through dividends/capitalisation.

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 22 Interest Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>On Financial assets measured at amortised cost:</b>		
Interest on Loans	2,039.16	1,820.49
Interest on Deposits with Bank	2.69	1.74
<b>Total</b>	<b>2,041.85</b>	<b>1,822.23</b>

**NOTE 23 Fees and Commission Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Fee-based Income	146.68	112.81
Commission Income	2.64	11.17
Service Income	47.44	44.14
<b>Total</b>	<b>196.76</b>	<b>168.12</b>

**NOTE 24 Other Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Unwinding of discount on security deposits and receivable for investments	2.68	9.72
Other Non-Operating Income	0.43	0.40
<b>Total</b>	<b>3.11</b>	<b>10.12</b>

**NOTE 25 Finance Costs**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>On Financial liabilities measured at amortised cost</b>		
Interest Cost	544.45	553.55
- Interest on Borrowings	77.85	50.12
- Interest on Debt Securities	66.83	62.18
- Interest on Subordinated Liabilities	2.02	2.32
- Interest on Lease Liabilities	38.29	31.63
Other Finance Charges	33.96	22.31
<b>Total</b>	<b>729.44</b>	<b>699.81</b>

**NOTE 26 Impairment of Financial Instruments**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>On Financial Instruments measured at Amortised Cost</b>		
Bad Debts Written off (net)	252.00	144.03
Net Loss on Sale of Repossessed Assets	108.23	50.45
Impairment Provision on Loans	89.11	61.54
Trade Receivables and Other Financial Assets	17.45	2.79
<b>Total</b>	<b>466.79</b>	<b>258.80</b>

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 27 Employee Benefit Expenses**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Salaries and Wages	537.00	427.28
Contribution to Provident and other funds	31.43	28.97
Staff Welfare	16.38	21.48
<b>Total</b>	<b>584.81</b>	<b>477.73</b>

**NOTE 28 Other Expenses**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Auditors Fees and Expenses*	0.53	0.51
Communication Costs	62.50	57.69
Directors Fees, Allowances & expenses	0.57	0.50
Corporate Social Responsibility **	4.00	3.80
Donation	0.03	4.20
Repairs & Maintenance	2.47	2.05
Rent, Taxes and Energy Costs***	21.54	15.64
Insurance Expenses	1.37	1.80
Legal and Prof Charges	50.73	48.95
Others	13.72	15.90
Printing and Stationery	3.78	3.07
Travelling and Conveyance	38.18	43.40
<b>Total</b>	<b>199.42</b>	<b>197.52</b>

\*\*\* Refer note 38c

**Auditors Fees and Expenses\***

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Statutory Audit	0.24	0.24
Tax Audit	0.07	0.07
Certification	0.15	0.15
Reimbursement of Expenses	0.07	0.05
<b>Auditors Fees and Expenses</b>	<b>0.53</b>	<b>0.51</b>

\*\* Expenditure incurred on Corporate Social Responsibility activities:

- Gross amount required to be spent during the year is ₹3.98 crores
- Amount spent during the year - ₹400 crores

S.No.	Particulars	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
a.	Construction/acquisition of any asset	-	-
b.	Expenses incurred through trusts	4.00	3.80
c.	Donation to PM CARES Fund	-	8.00
	<b>Total</b>	<b>4.00</b>	<b>11.80</b>
	Amounts required to be spent for the year	4.00	-
	Amounts to be carried forward to subsequent years	-	-

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 29 Income Tax Expenses**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
a. Income tax expense		
Current tax		
Current tax on profits for the year	47.25	60.18
Tax profits relating to prior period	(0.53)	-
<b>Total current tax expense</b>	<b>46.72</b>	<b>60.18</b>
Deferred tax		
Decrease (increase) in deferred tax assets	(38.10)	(0.20)
(Decrease) increase in deferred tax liabilities	-	-
<b>Total deferred tax expense/(benefit)</b>	<b>(38.10)</b>	<b>(0.20)</b>
Income tax expense	8.62	59.98
b. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	106.17	210.31
Tax at the Indian tax rate of 25.168% (PY – 25.168%)	26.72	52.93
Tax effect of amounts which are permanent differences in nature in calculation of taxable income	(17.80)	6.87
Income tax expense	8.92	59.80

**NOTE 30 Other Comprehensive Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of the defined benefit plans	(3.50)	(3.54)
Fair value change on cash flow hedge	(3.55)	(20.05)
Income tax relating to these items	1.77	5.94
<b>Other Comprehensive Income</b>	<b>(5.28)</b>	<b>(17.65)</b>

**NOTE 31 Earnings Per Share**

	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
<b>a. Basic earnings per share</b>		
Basic earnings per share attributable to the equity holders of the Company	5.22	8.28
<b>b. Diluted earnings per share</b>		
Diluted earnings per share attributable to the equity holders of the Company	5.22	8.28
<b>c. Reconciliations of earnings used in calculating earnings per share</b>		
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basis earnings per share	97.55	151.04
Diluted earnings per share		
Profit attributable to equity holders of the Company		
- used in calculating basis earnings per share	97.55	151.04
<b>d. Weighted average number of equity shares used as the denominator in calculating basic earnings per share</b>	186,986,825	182,496,787
<b>e. Weighted average number of equity shares used as the denominator in calculating diluted earnings per share</b>	186,986,825	182,496,787

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 32 Employee Benefit Obligations**

**Defined Benefit Obligation**

**(i) Gratuity**

Particulars	Gratuity			Pension			Compensated Absences		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
<b>April 1, 2019</b>	12.15	(12.11)	0.04	10.02	-	10.02	11.53	-	11.53
Current service cost	1.90	-	1.90	-	-	-	-	-	-
Interest expense/(income)	0.93	(0.89)	0.04	0.71	-	0.71	0.82	-	0.82
<b>Total amount recognised in profit or loss</b>	<b>2.83</b>	<b>(0.89)</b>	<b>1.94</b>	<b>0.71</b>	<b>-</b>	<b>0.71</b>	<b>0.82</b>	<b>-</b>	<b>0.82</b>
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.19	0.19	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	0.48	-	0.48	1.83	-	1.83	0.44	-	0.44
Experience (gains)/losses	2.37	-	2.37	(1.33)	-	(1.33)	4.52	-	4.52
<b>Total amount recognised in other comprehensive (income)/Losses</b>	<b>2.85</b>	<b>0.19</b>	<b>3.04</b>	<b>0.49</b>	<b>-</b>	<b>0.49</b>	<b>4.97</b>	<b>-</b>	<b>4.97</b>
Employer contributions	-	(4.30)	(4.30)	-	-	-	-	-	-
Benefit payments	(1.73)	1.73	-	-	-	-	(1.29)	-	(1.29)
<b>March 31, 2020</b>	<b>16.11</b>	<b>(15.38)</b>	<b>0.73</b>	<b>11.22</b>	<b>-</b>	<b>11.22</b>	<b>16.02</b>	<b>-</b>	<b>16.02</b>
<b>April, 2020</b>	<b>16.11</b>	<b>(15.38)</b>	<b>0.73</b>	<b>11.22</b>	<b>-</b>	<b>11.22</b>	<b>16.02</b>	<b>-</b>	<b>16.02</b>
Current service cost	2.68	-	2.68	-	-	-	-	-	-
Interest expense/(income)	0.90	(0.84)	0.06	0.69	-	0.69	0.79	-	0.79
<b>Total amount recognised in profit or loss</b>	<b>3.58</b>	<b>(0.84)</b>	<b>2.74</b>	<b>0.69</b>	<b>-</b>	<b>0.69</b>	<b>0.79</b>	<b>-</b>	<b>0.79</b>
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.03)	(0.03)	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	0.19	-	0.19	0.01	-	0.01	0.14	-	0.14
Experience (gains)/losses	3.58	-	3.58	(0.25)	-	(0.25)	7.48	-	7.48
<b>Total amount recognised in other comprehensive (income)/Losses</b>	<b>3.77</b>	<b>(0.03)</b>	<b>3.74</b>	<b>(0.23)</b>	<b>-</b>	<b>(0.23)</b>	<b>7.63</b>	<b>-</b>	<b>7.63</b>
Employer contributions	-	(5.41)	(5.41)	-	-	-	-	-	-
Benefit payments	(1.33)	1.33	0.00	-	-	-	(4.17)	-	(4.17)
<b>March 31, 2021</b>	<b>22.13</b>	<b>(20.33)</b>	<b>1.80</b>	<b>11.68</b>	<b>-</b>	<b>11.68</b>	<b>20.27</b>	<b>-</b>	<b>20.27</b>

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 32 Employee Benefit Obligations (Contd.)**

Details	Gratuity		Pension		Compensated Absence	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Discount Rate	4.99%	5.46%	5.98%	6.32%	4.82%	5.30%
Salary Growth Rate	6.00%	6.00%	5.50%	5.50%	6.00%	6.00%
Mortality inclusive of provision for disability	100% of Indian Assured Lives Mortality (IALM)					

**(i) Sensitivity Analysis**

Particulars	Gratuity 2020-21			Pension 2020-21			Compensated Absences 2020-21		
	Change in assumption	Due to increase in assumption	Due to decrease in assumption	Change in assumption	Due to increase in assumption	Due to decrease in assumption	Change in assumption	Due to increase in assumption	Due to decrease in assumption
Discount Rate	0.50%	21.85	22.40	1%	10.11	13.59	0.50%	20.05	20.50
Salary Growth Rate	0.50%	22.39	21.86	1%	13.66	1.00	0.50%	20.49	20.05
Mortality	5.00%	22.12	22.12	5%	11.58	11.78	5.00%	20.27	20.27

Particulars	Gratuity 2019-20			Pension 2019-20			Compensated Absences 2019-20		
	Change in assumption	Due to increase in assumption	Due to decrease in assumption	Change in assumption	Due to increase in assumption	Due to decrease in assumption	Change in assumption	Due to increase in assumption	Due to decrease in assumption
Discount Rate	0.50%	15.91	16.31	1%	9.65	13.15	0.50%	15.85	16.2
Salary Growth Rate	0.50%	16.31	15.91	1%	13.22	9.57	0.50%	16.2	15.85
Mortality	5.00%	16.11	16.11	5%	11.13	11.31	5.00%	16.02	16.02

**(ii) The following payments are expected contributions to the defined benefit plan in future years:**

Particulars	
Within the next 12 months (next annual reporting period)	6.77
Between 2 and 5 years	14.22
Beyond 5 years	3.72
<b>Total</b>	<b>24.71</b>



(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 33 Fair Value Measurements**

**Financial instruments by category**

	Measurement Level	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Financial assets carried at amortised cost</b>			
Loans	Level 3	11,154.95	9,455.55
Trade Receivables	Level 3	30.80	55.20
Cash and Cash Equivalents		653.44	357.74
Other bank balances	Level 3	14.30	24.37
Loan to Employees	Level 3	4.62	8.72
Advances to Related Parties	Level 3	73.21	78.20
Other Financial Assets - Related Parties	Level 3	-	2.66
Other Financial Assets - Non Related Parties	Level 3	0.00	12.17
Security deposit for leased premises	Level 3	7.49	7.54
Deposit with Service Providers	Level 3	4.39	3.34
<b>Financial assets carried at fair value through Other Comprehensive Income</b>			
Derivative Financial Instruments	Level 2	-	23.63
<b>Total financial assets</b>		<b>11,943.19</b>	<b>10,029.13</b>
<b>Financial liabilities carried at amortised cost</b>			
Trade Payables	Level 3	227.87	168.63
Debt Securities	Level 3	1,170.85	496.19
Borrowings other than debt securities	Level 3	8,041.11	7,450.59
Subordinated Liabilities	Level 3	942.79	612.77
Security Deposit Received	Level 3	53.46	39.02
Other financial liabilities	Level 3	154.11	90.68
<b>Financial Liabilities carried at fair value through Other Comprehensive Income</b>			
Derivative Financial Instruments	Level 2	14.57	-
<b>Total financial Liabilities</b>		<b>10,604.77</b>	<b>8,857.88</b>

**(i) Fair value hierarchy**

Ind AS 113, 'Fair Value Measurement' requires classification of the valuation method of financial instruments measured at fair value in the Statement of Balance sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). Fair value of derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves. The three levels of the fair-value-hierarchy under Ind AS 113 are described below:

Financial assets and liabilities measured at fair value - recurring fair value measurements (Level 2)	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Financial assets</b>		
Derivative Financial Instruments	-	23.63
Total financial assets	-	23.63
<b>Financial liabilities</b>		
Derivative Financial Instruments	14.57	-
Total financial assets	14.57	-
<b>Fair value of Financial assets and liabilities carried at amortised cost (Level - 3)</b>	<b>31<sup>st</sup> March, 2021</b>	<b>31<sup>st</sup> March, 2020</b>
<b>Financial assets</b>		
Loan to Employees	4.62	8.72
Advances to Related Parties	59.39	76.53
Security Deposit for Leased Premises	7.49	7.54
<b>Total financial assets</b>	<b>71.50</b>	<b>92.79</b>

There were no transfers between any levels during the year.

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 33 Fair Value Measurements (Contd.)**

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes publicly traded derivatives and mutual funds that have a quoted price. The quoted market price used for financial assets held by the company is the current bid price.

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

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the fair value of forward foreign exchange contracts and cross currency interest rate swaps (CCIRS) is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 3 where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

**(iii) Valuation process**

Discount rates are determined using a market interest rate for a similar asset adjusted to the risk specific to the asset.

**(iv) Fair value of financial assets and liabilities measured at amortised cost**

31 <sup>st</sup> March, 2021	Carrying amount	Fair value
<b>Financial assets</b>		
Loan to Employees	4.62	4.62
Advances to Related Parties	73.21	59.39
Security Deposit for Leased Premises	7.49	7.49
<b>Total financial assets</b>	<b>85.31</b>	<b>71.50</b>
31 <sup>st</sup> March, 2020	Carrying amount	Fair value
Loan to Employees	8.72	8.72
Advances to Related Parties	78.20	76.53
Security Deposit for Leased Premises	7.54	7.54
<b>Total financial assets</b>	<b>94.46</b>	<b>92.79</b>

The fair values for advance to related parties and rent advance were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The majority of borrowings are floating rate borrowings, the carrying value is representative of the fair value.

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 34 Financial Risk Management**

**Credit Risk**

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored to determine significant increase in credit risk. The Company monitors the credit assessment on a portfolio basis, assesses all credit exposures in excess of designated limits. The Company does a risk grading based upon the credit worthiness of the borrowers. All these factors are taken into consideration for computation of ECL.

**Other Financial Assets**

Credit risk with respect to other financial assets are extremely low. Based on the credit assessment the historical trend of low default is expected to continue. No provision for Expected Credit Loss (ECL) has been created for Other financial Assets.

**Loans**

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on Number of Days past due information. The amount represents gross carrying amount.

Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Gross Carrying value of Loans		
Stage-1 (Less than 30 Days)	9,539.60	8,407.16
Stage-2 (30-90 Days)	1,481.27	869.84
Stage-3 (More than 90 Days)	423.75	370.66
Total Gross Carrying value on Reporting Date	<b>11,444.62</b>	<b>9,647.66</b>

**Credit Quality**

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow ups and legal recourse.

**Inputs considered in the ECL model**

In assessing the impairment of loans assets under ECL model, the loan assets have been segmented into three stages.

The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The company categorises loan assets into stages based on the Days Past Due status:

- Stage 1: 30 Days Past Due
- Stage 2: 31-90 Days Past Due
- Stage 3: More than 90 Days Past Due

**Assumptions considered in the ECL model**

The financial services business has made the following assumptions in the ECL Model:

- "Loss given default" (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. EIR has been taken as discount rate for all loans.

**Estimation Technique**

The financial services business has applied the following estimation technique in its ECL model:

- "Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- 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.

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 34 Financial Risk Management (Contd.)**

- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining tenor.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals.

There is no change in estimation techniques or significant assumptions during the reporting period.

**Assessment of significant increase in credit risk**

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analysis based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Company has offered moratorium upto six months on the payment of installments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers. The company has extended One-Time Resolution framework as for COVID-19-related Stress to eligible customers as per applicable RBI guidelines and as per the policy of the company. The staging classification under ECL computation has been done based on the performance of the restructured accounts as per revised the terms and conditions and credit risk assessment by the company.

COVID-19 (including second wave) has severe impact on global as well as domestic macro and micro economies, businesses and consumers. Due to this uncertainty, Company's assessments of impairment loss allowance on its loans are subject to a number of management judgements and estimates. Since the Company's impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates.

**Definition of default**

The Company considers a financial instrument is in defaulted when the borrower becomes 90 days past due on its contractual payments. The financial services business considers Loans under default as 'credit impaired' and classified as Stage-3.

**Impairment loss**

The expected credit loss allowance provision is determined as follows:

	Stage-1	Stage-2	Stage-3	Grand Total
Gross Balance as at 31 <sup>st</sup> March 2021	9,539.60	1,481.27	423.75	11,444.62
Expected Credit Loss	81.90	42.34	165.43	289.67
Expected Credit Loss Rate	0.86%	2.86%	39.04%	2.53%
Net of Impairment Provision	9,457.70	1,438.93	258.32	11,154.95

	Stage-1	Stage-2	Stage-3	Grand Total
Gross Balance as at 31 <sup>st</sup> March 2020	8,407.16	869.84	370.66	9,647.66
Expected Credit Loss	39.23	9.50	143.38	192.11
Expected Credit Loss Rate	0.47%	1.09%	38.68%	1.99%
Net of Impairment Provision	8,367.92	860.34	227.29	9,455.55

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 34 Financial Risk Management (Contd.)**

**Reconciliation of Expected Credit Loss**

Particulars	Stage-1	Stage-2	Stage-3	Grand Total
<b>Balance as at 1<sup>st</sup> April 2019</b>	<b>30.99</b>	<b>3.42</b>	<b>104.61</b>	<b>139.02</b>
Transfer from Stage 1	(4.92)	3.27	1.66	-
Transfer from Stage 2	0.28	(1.90)	1.61	-
Transfer from Stage 3	0.71	1.33	(2.04)	-
Loans that have derecognised during the period	(6.58)	(0.72)	(25.18)	<b>(32.49)</b>
New Loans originated during the year	25.12	3.91	12.98	<b>42.02</b>
Net Remeasurement of Loss Allowance	(6.38)	0.19	49.75	<b>43.57</b>
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>39.22</b>	<b>9.50</b>	<b>143.38</b>	<b>192.11</b>
Transfer from Stage 1	(9.66)	7.54	2.11	-
Transfer from Stage 2	2.44	(4.61)	2.16	-
Transfer from Stage 3	0.99	0.45	(1.43)	-
Loan that have derecognised during the period	(8.35)	(1.43)	(41.06)	<b>(50.85)</b>
New Loans originated during the year	33.56	4.26	14.78	<b>52.61</b>
Net Remeasurement of Loss Allowance	23.69	26.63	45.48	<b>95.80</b>
<b>Balance as at 31<sup>st</sup> March 2021</b>	<b>81.89</b>	<b>42.34</b>	<b>165.43</b>	<b>289.67</b>

**Concentration of Credit Risk**

The business manages concentration of risk primarily by geographical region. The following details show the geographical concentrations of the loans at the year end:

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Carrying value		
Concentration by geographical region in India		
South	4,426.79	3,812.55
West	3,123.68	2,670.40
East	2,042.22	1,701.66
North	1,851.93	1,463.05
<b>Total Loans as at reporting period</b>	<b>11,444.62</b>	<b>9,647.66</b>

**(B) Liquidity Risk**

The liquidity risk is a risk that an entity will encounter difficulty in meeting Financial obligations.

As per companies policy, management ensures availability of sufficient fund either through Installment receivables/ sourcing through debts at each point of time. The Fund requirement ascertain at the begining of the period by taking into consideration Installment receivable, likely disbursement, Loan installment payment & other operational expenses. The company is continuously getting good supports from Bankers & Financial Institutions at the time of need.

**(i) Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Floating rate</b>		
Expiring within one year (bank overdraft and other facilities)	227.23	332.04
Expiring beyond one year (bank loans)	-	-
	227.23	332.04

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.

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 34 Financial Risk Management (Contd.)**

**(ii) Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
<b>31<sup>st</sup> March, 2021</b>						
<b>Non-derivatives</b>						
Borrowings	1,386.89	694.91	3,161.99	4,417.06	493.90	10,154.75
Security Deposit	29.41	19.61	4.44	-	-	53.46
Trade Payables	94.40	70.13	55.54	7.80	-	227.87
Other Financial Liabilities	79.14	2.10	56.76	17.10	2.27	157.36
<b>Total non-derivative liabilities</b>	<b>1,589.84</b>	<b>786.75</b>	<b>3,278.73</b>	<b>4,441.96</b>	<b>496.17</b>	<b>10,593.44</b>

Contractual maturities of financial liabilities	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
<b>31<sup>st</sup> March 2020</b>						
<b>Non-derivatives</b>						
Borrowings	956.35	582.44	3,187.78	3,733.19	99.80	8,559.56
Security Deposit	-	17.78	21.24	-	-	39.02
Trade Payables	13.55	120.47	34.61	-	-	168.63
Other Financial Liabilities	40.62	1.76	25.32	20.11	9.34	97.15
<b>Total non-derivative liabilities</b>	<b>1,010.52</b>	<b>722.45</b>	<b>3,268.95</b>	<b>3,753.30</b>	<b>109.14</b>	<b>8,864.37</b>

**(a) Foreign currency risk exposure:**

Foreign exchange risk arises on financial instruments being denominated in a currency that is not the functional currency of the entity. The Company is exposed to foreign exchange risk due to continuous fluctuation in the foreign currency(USD) of the loan originated. The Company has entered into cross currency swaps (CCS) /forward contracts/ Interest rate swap to fully hedge all foreign currency exchange risk on the principal and interest amount payable on borrowings.

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Financial liabilities</b>		
Variable Foreign Currency Borrowings( USD 187 million ) (PY USD 90 million)	1,356.55	634.84
<b>Derivative liabilities</b>		
Hedged through forward contracts	1,356.55	634.84
Hedged through CCS	-	-
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>-</b>	<b>-</b>

**(b) Sensitivity analysis:**

The company has hedged all its foreign currency exposures by entering into CCS/ Forwards contracts, it shall not be subject any sensitivity on settlement due to foreign currency fluctuation due to the movements in foreign exchanges i.e. USD. Forward Contract & Cross Current Swap are to buy USD for Hedging Foreign Currency Loan. The Company shall not maintained as per IND AS 109 to be considered as Foreign Currency Loan.

Impact on profit after tax		
USD sensitivity	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
INR/USD Increases by 5%	-	-
INR/USD Decreases by 5%	-	-

(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 34 Financial Risk Management (Contd.)**

**(i) Cash flow and fair value interest rate risk**

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. During 31 March 2021 and 31 March 2020, the Company's borrowings at variable rate were mainly denominated in INR, USD.

The Company's floating rate borrowings are carried at amortised cost. For NBFC business loan is the major source for running the business. In India loans are mostly available at Floating rate Interest. And there are no such option available to obtain an option for swapping the Floating rate Interest linked to respective bank MCLR with Fixed Interest. Hence except foreign currency loans, other loans are not hedged. The company has increased the component of fixed rate borrowings compared to last year (more than 10%).

**(a) Interest rate risk exposure**

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Variable rate borrowings	7,126.66	7,173.54
<b>Total borrowings</b>	<b>10,154.75</b>	<b>8,559.56</b>

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

	31 <sup>st</sup> March, 2021		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	7.04%	7,126.66	70.18%
	31 <sup>st</sup> March, 2020		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	8.30%	7,173.54	83.81%

An analysis by maturities is provided in Note 34 B (ii) above.

**(b) Sensitivity**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

	Impact on profit after tax	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Interest rates – increase by 50 basis points (50 bps)*	38.00	32.03
Interest rates – decrease by 50 basis points (50 bps)*	(38.00)	(32.03)

\* Holding all other variables constant.



(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 35 Capital management**

**a. Risk management**

The Risk Management policy includes identification of element of risks, including those which in the opinion of Board may lead to company not meeting its financial objectives. The risk management process has been established across the Company and design to identify, assess & frame a response to threat that affect the achievement of its objectives. Further it is embedded across all the major functions and revolve around the goals and objectives of the company.

Maintaining optimal capital to debt is one such measure to ensure healthy returns to the shareholders. Company envisages maintaining gearing ratio of maximum 7 times to the total equity, the company monitors the ratio as below:

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Net debt (total borrowings, less cash and cash equivalents)	9,501.31	8,201.82
Total Equity (as shown in the balance sheet)	1,565.37	1,373.12
<b>Net debt to equity ratio</b>	<b>6.07</b>	<b>5.97</b>

**b. Externally imposed capital restrictions**

- 1) As per RBI requirements Capital Adequacy Ratio should be minimum 15%, not meeting RBI requirements will lead cancellation of NBFC licenses issued by RBI
- 2) As per various lending arrangements with banks TOL (Total Outside Liability) to TNW (Total Net Worth) ratio should be less than 8 not meeting the said requirements may lead to higher interest rates.

The Company has complied with these covenants throughout the reporting period.

**NOTE 36 Leases**

**a. Lease Disclosures pertaining to Right to use Asset**

Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Building</b>		
Gross Block	25.78	21.93
Opening/(On transition to Ind AS 116)	(3.70)	-
Revaluation due to change in future lease rentals	3.88	10.97
Additions during the year	-	-
(Deletions during the year)	25.96	32.90
Closing Balance during the year	32.90	32.90
Amortisation		
Additions	-	-
Amortisation for the year	7.28	7.12
<b>Closing Balance during the year</b>	<b>18.68</b>	<b>25.78</b>

b. The company has offices across the country with varied lease period. The lease term considered for arriving at the Right to use Asset and Lease liabilities are based on the non-cancellable period of the respective agreements.

c. Company has exercised the option of short term leases and low value asset exemption.



(All amounts in ₹ Crore, unless otherwise stated)

**NOTE 36 Leases (Contd.)**

**Lease Disclosures pertaining to Statement of Profit & Loss**

Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Finance charges</b>		
Interest expense	2.02	2.32
<b>Depreciation</b>		
Amortisation of Right to use asset	7.28	7.28
<b>Other expenses</b>		
Rent expenses		
Expense relating to short-term leases (included in other expenses)	10.77	8.33
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)	-	-
Expense relating to variable lease payments not included in the measurement of lease liabilities	-	-
<b>Total</b>	<b>10.77</b>	<b>8.33</b>

**d. Lease Disclosures pertaining to Cash Flow Statement**

Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Cash flow from financing activities		
Principal repayments related to lease liabilities	6.92	6.83
Interest payments related to lease liabilities	2.02	2.32

(All amounts in ₹ Crore, unless otherwise stated)

**37. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021**

**1. Capital Commitments**

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Estimated amount of contracts remaining to be executed on Capital Account not provided for	2.52	2.18

**2. Other Commitments**

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Undrawn Loans sanctioned to borrowers	22.89	1.99

**3. Contingent Liabilities not provided for:**

Claims against the Company not acknowledged as debts.

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Disputed Income Tax Demand (adjusted out of refunds)	-	1.06
Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹0.29 crore)	7.70	7.70
Legal cases filed by borrowers against the Company	1.23	1.29

The Company's pending litigations comprise of claims against the company and proceedings pending with Statutory Authorities. The future cash flows on the above items are determinable only on receipt of 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.

4. Pursuant to a Business Transfer Agreement (BTA) entered into with TVS Finance and Services Limited (TVSFS) on 21<sup>st</sup> April, 2010, the company acquired the retail finance business of TVSFS as a going concern along with the related assets (comprising of fixed assets, receivables, loans and advances and Bank balances) of ₹ 50.75 crore and liabilities (comprising of borrowings from Banks and Institution, current liabilities and provisions) of ₹ 298.75 crore. TVSFS issued Unsecured Redeemable Bonds to the Company, for the excess of liabilities over assets of ₹ 248 crore. The bonds are redeemable between 7<sup>th</sup> and 12<sup>th</sup> year from the date of allotment. The said bonds have been purchased by TVS Motor Services Limited (TVSMS), the Holding Company, during 2010-11 at book value and the same is repayable by TVSMS in 6 years. The advance from TVSMS to the Company pertaining to this transaction stands at ₹ 73.21 crore as at 31<sup>st</sup> March, 2021 as per IND-AS fair valuation. Advance is partly secured to the extent of ₹ 52.15 crore and balance portion of ₹ 21.06 crore is unsecured. Considering the intrinsic value of land lying with TVSMS and equity shares held by TVSMS in the company, the unsecured advance is considered good and recoverable.
5. Pursuant to para 2 of general instructions for preparation of financial statements of a NBFC as mentioned in Division III of Schedule III of The Companies Act, 2013, the current and non-current classification has not been provided.

**6. Related Party Disclosures**

Disclosures in respect of Related Parties and their Relationship where transaction exists:

Nature of Relationship	Parties Name
Reporting Enterprise	TVS Credit Services Limited
Holding Company	TVS Motor Company Limited Sundaram-Clayton Limited
Ultimate Holding Company	TV Sundram Iyengar & Sons Private Limited
Subsidiaries	TVS Housing Finance Private Limited Harita ARC Private Limited TVS Two Wheeler Mall Private Limited TVS Micro Finance Private Limited Harita Collection Services Private Limited TVS Commodity Financial Solutions Private Limited
Fellow Subsidiary	TVS Motor Services Limited Sundaram Auto Components Limited TVS Automobile Solutions Private Limited
Fellow Associate	Emerald Haven Realty Limited

(All amounts in ₹ Crore, unless otherwise stated)

**37. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**Transactions with Related Parties and Balance Outstanding as at the end of the year**

S.No.	Name of the Related Party	Nature of Transactions	Amount 2020-21	Amount 2019-20
1	TVS Motor Services Limited	Advance received	6.37	41.33
		Unwinding of advance	1.38	9.36
		Balance outstanding (Dr)	73.21	80.86
2	TVS Motor Company Limited	Contribution towards Equity Share Capital	6.78	3.49
		Contribution towards Security Premium	93.22	41.51
		Services Rendered	21.55	42.51
		Availing of services	6.96	5.76
		Balance outstanding (Dr)	8.49	18.92
3	Sundaram Clayton Limited	EMI Payment	0.10	0.10
		Availing of services	3.08	4.23
		Balance outstanding (Cr)	0.03	0.16
4	Sundaram Auto Components Limited	EMI Payment	0.11	0.10
		Balance outstanding (Dr)	0.15	0.26
5	Harita ARC Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
6	TVS Commodity Financial Solutions Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
7	TVS Two Wheeler Mall Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
8	TVS Micro Finance Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
9	Harita Collection Services Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
10	TVS Housing Finance Private Limited	Investments in Equity	-	-
		Advance Repaid	-	0.16
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
11	Emerald Haven Realty Limited	EMI Payment	-	0.47
		Balance outstanding (Dr)	-	-
12	TVS Automobile Solutions Private Limited (TASL)	Working Capital Financing	-	45.78
		Receivable Financing to Franchisees of TASL	-	13.68
		Balance outstanding (Dr)	-	2.06

\*\* Transaction value and balance outstanding is below the rounding off norms of the Company, wherever applicable.

As per our report of even date

For and on behalf of the Board

**For Raghavan Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**  
Partner  
Membership No.: 027716

Place : Chennai  
Date : 26<sup>th</sup> April, 2021

Chairman

Chief Executive Officer

Chief Financial Officer

Company Secretary

## Directors' Report to the Shareholders

The Directors present the third annual report together with the annual audited statement of accounts for the year ended 31<sup>st</sup> March 2021.

### Financial Highlights

The Company is yet to commence its operations.

### Dividend

The Directors of the Company do not recommend any dividend for the period ended 31<sup>st</sup> March 2021.

### Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

### Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Companies Act, 2013 (the Act, 2013) with respect to Director's Responsibility Statement, it is hereby stated that:

- (a) in the preparation of the annual accounts for the period from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 both the existing Directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, Directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

### Number of Board meetings held

During the period under review, the Board met 5 times on 26<sup>th</sup> May 2020, 26<sup>th</sup> June 2020, 28<sup>th</sup> September 2020, 21<sup>st</sup> December 2020 and 08<sup>th</sup> March 2021 and the gap between two meetings did not exceed one hundred and twenty days.

### Statutory Auditors

M/s. V. Sankar Aiyar & Co., Chartered Accountants (Firm Registration No. 109208W) have tendered their resignation from the position of Statutory Auditors due to their pre-occupation in other assignments resulting into a casual vacancy in the office of Statutory Auditors of the Company as envisaged by Section 139(8) of the Companies Act, 2013. In view of this, the Board of Directors have recommended the appointment of M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants Firm having registration number 007761S as Statutory Auditors of the Company for a period of 5 years, for shareholders' approval at the 3<sup>rd</sup> AGM.

The Company has received consent from M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants to serve as Statutory Auditors of the company. They have also furnished necessary certificate under Section 139 of

the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 conveying their eligibility for appointment of statutory auditors of the Company.

The Directors place on record their sincere appreciation for the valuable services rendered by M/s. V. Sankar Aiyar & Co., Chartered Accountants, as its Statutory Auditors since inception of the Company.

### Disclosures

#### Material changes and commitments

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

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

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

#### Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31<sup>st</sup> March 2021 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

#### Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

#### Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

#### Details of loans / guarantees / investments made:

As regards furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the period ended 31<sup>st</sup> March 2021, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

#### Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31<sup>st</sup> March 2021 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Related Party disclosures as per the Indian Accounting Standards have been provided in Note 2 of Additional Notes forming part of the financial statements.

#### Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company. During the period under review, there was no foreign exchange earnings or expenditure in the Company.

## HARITA ARC PRIVATE LIMITED

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### Reporting of fraud:

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

### Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

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

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

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

### Shifting of Registered office of the Company

Your Directors in the meeting held on 28<sup>th</sup> September 2020 have approved Shifting of Registered office of the Company from Jayalakshmi Estates, No. 29, Haddows Road, Chennai – 600006 to “Chaitanya”, No.12, Khader Nawaz Khan Road, Nungambakkam Chennai 600006, and effective 28<sup>th</sup> September 2020 for operational convenience.

### **Acknowledgement**

The Directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	V GOPALAKRISHNAN	N SRINIVASA RAMANUJAM
Date : 24 <sup>th</sup> April 2021	Director	Director
	DIN: 03291640	DIN: 07384809

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN as on the financial year ended 31<sup>st</sup> March 2021**

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

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : U65999TN2017PTC118296
- ii) Registration Date : 25/08/2017
- iii) Name of the Company : Harita ARC Private Limited
- iv) Category / Sub-Category of the Company : Private Limited Company / Limited by Shares
- v) Address of the Registered office and contact details : "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai 600006
- vi) Whether listed company Yes / No : No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : NA

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
Not Applicable			

The Company is yet to commence its business activities.

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100%	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

- (i) Category-wise Share Holding: **N.A.**
- (ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	TVS Credit Services Limited along with its nominee	2,500	100	Nil	2,500	100	Nil	-

- (iii) Change in Promoters' Shareholding : **NIL.**
- (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**NA**
- V. Shareholding of Directors and key managerial personnel: **NIL**
- VI. Indebtedness of the Company including interest outstanding/accrued but not due for payment  
The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.
- VII. Remuneration of Directors and key managerial personnel  
Remuneration to Directors:  
All the Directors of the Company are non-executive Directors. The Directors of the Company do not draw any remuneration from the Company for attending the meetings of the Board and committees thereof.

Remuneration to Key Managerial Personnel other than MD/Manager/WTD

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

**VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its Directors or other officers in default during the period under review.

**FOR AND ON BEHALF OF THE BOARD**

Place : Chennai                      V GOPALAKRISHNAN    N SRINIVASA RAMANUJAM  
Date : 24<sup>th</sup> April 2021              Director    Director  
DIN: 03291640    DIN: 07384809

# HARITA ARC PRIVATE LIMITED

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

### To the Members of Harita ARC Private Limited

#### Report on the Audit of the Standalone financial statements

##### Opinion

We have audited the accompanying standalone financial statements of Harita ARC Private Limited ("the Company"), which comprise the standalone Balance Sheet as at 31<sup>st</sup> March 2021, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss, (financial performance including total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

##### Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

##### Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

##### Other Matter

The financial statements of the Company for the year ended 31 March 2020 were audited by the predecessor auditor, V. Sankar Aiyar & Co who have expressed an unmodified opinion on those financial statements vide their audit report dated 26<sup>th</sup> May 2020.

## Report on Other Legal and Regulatory Requirements

With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors.

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

1. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2021 taken on record by the Board of Directors,

none of the directors is disqualified as on 31<sup>st</sup> March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 143(3)(i) for reporting on the adequacy of internal financial controls over financial reporting and the operating effectiveness of such controls of the Company, are not applicable
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. There are no pending litigations as at 31<sup>st</sup> March 2021.
  - ii. The Company has not entered into any long term contract including derivate contracts.

There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN: 007761S

UDIN	21027716AAAAY1832
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Place : Bangalore  
Date : 25<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716



# HARITA ARC PRIVATE LIMITED

## Annexure "A" to Independent Auditors' Report 31<sup>st</sup> March 2021

(Referred to in our report of even date)

- i The Company does not own any fixed asset. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.
- ii The Company does not have any inventory. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.
- iii The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.
- iv In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and has not provided guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.
- v The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.
- vi The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.
- vii (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs  
(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.
- viii On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.
- ix According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.
- x Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.
- xi In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred under 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 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv During the year, the Company has not made any preferential allotment of equity shares and hence the requirement for compliance of Section 42 of the Act does not arise. The company has not made any private placement of shares or fully or partly convertible debentures during the year.
- xv In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- xvi The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN: 007761S

UDIN	21027716AAAAHY1832
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Place : Bangalore  
Date : 25<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# HARITA ARC PRIVATE LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2021

Particulars	Note No	(in Rs.)	
		As at 31st March 2021	As at 31st March 2020
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	1	24,056	24,410
<b>TOTAL ASSETS</b>		<b>24,056</b>	<b>24,410</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	2	25,000	25,000
Other Equity	3	(95,973)	(65,319)
<b>TOTAL EQUITY</b>		<b>(70,973)</b>	<b>(40,319)</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings		-	-
(ii) Trade Payables			
a) Total outstanding dues of creditors other than micro enterprises and small enterprises	4	11,800	11,800
b) Total outstanding dues of other than (ii) (a) above		-	-
(iii) Other Financial Liabilities	5	83,229	52,929
<b>TOTAL LIABILITIES</b>		<b>95,029</b>	<b>64,729</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,056</b>	<b>24,410</b>

As per our report annexed

**V GOPALAKRISHNAN**  
Director

**N SRINIVASA RAMANUJAM**  
Director

**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716

# HARITA ARC PRIVATE LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2021

( in Rs. )

Particulars	Note No	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>INCOME</b>			
Revenue from operations		-	-
<b>TOTAL INCOME</b>			
<b>EXPENSES</b>			
Other expenses	6	30,654	17,869
<b>TOTAL EXPENSE</b>		<u>30,654</u>	<u>17,869</u>
<b>Profit/(Loss) before tax</b>		<b>(30,654)</b>	<b>(17,869)</b>
<b>Tax expense:</b>		-	-
<b>Profit/(Loss) after tax for the year</b>		<u><b>(30,654)</b></u>	<u><b>(17,869)</b></u>
Other Comprehensive Income			
<b>Total Comprehensive Income</b>		<u><b>(30,654)</b></u>	<u><b>(17,869)</b></u>
<b>Earning per equity share:</b>			
Basic & Diluted earnings per share	7	(12.26)	(7.15)

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
Firm Regn No.: 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No.: 027716

# HARITA ARC PRIVATE LIMITED

## STATEMENT OF CHANGES IN EQUITY

( in Rs. )

A Equity Share Capital			B Other Equity		
	Note No.	Amount	Note No.	Retained Earnings	Total
Balance as at April 1, 2019	2	-	3	(47,450)	(47,450)
Changes in Equity share capital during the year	2	25,000	3	(17,869)	(17,869)
<b>Balance as at March 31, 2020</b>		<b>25,000</b>		<b>(65,319)</b>	<b>(65,319)</b>
Changes in Equity share capital during the year	2	-	3	(30,654)	(30,654)
<b>Balance as at March 31, 2021</b>		<b>25,000</b>		<b>(95,973)</b>	<b>(95,973)</b>

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
Firm Regn No.: 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No.: 027716

# HARITA ARC PRIVATE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

( in Rs. )

	As at 31st March 2021	As at 31st March 2020
<b>A. Cash Flow from Operating Activities</b>		
1. Profit/(Loss) Before Tax	(30,654)	(17,869)
<b>B. Operating Profit before Working Capital Changes</b>	(30,654)	(17,869)
<b>C. Change in Working Capital</b>		
(Increase)/Decrease in Loans & Advances	-	-
Changes in liability arising from financing activities	30,300	17,515
<b>Change in Working Capital</b>	<b>30,300</b>	<b>17,515</b>
<b>D. Cash generated from Operations (B+C)</b>	(354)	(354)
<b>E. Net Cash from Operating Activities</b>	<b>(354)</b>	<b>(354)</b>
<b>F. Net Cash Flow from Financing Activities</b>		
Proceeds from Issue of Equity Shares	-	-
<b>Net Cash from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>G. Net change in Cash and Cash Equivalents (E+F)</b>	<b>(354)</b>	<b>(354)</b>
<b>H. Cash and Cash Equivalents as at End</b>	<b>24,056</b>	<b>24,410</b>
<b>I. Less: Cash and Cash Equivalents as at Beginning</b>	<b>24,410</b>	<b>24,764</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS (H-I)</b>	<b>(354)</b>	<b>(354)</b>

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
Firm Regn No.: 109208W

Chennai  
Dated: 24<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No.: 027716

# HARITA ARC PRIVATE LIMITED

## NOTES TO BALANCE SHEET

(in Rs.)

1	Cash and cash equivalents	Amount as at	Amount as at
		31 March 2021	31 March 2020
	Balances with banks	24,056	24,410
	<b>Total cash and cash equivalents</b>	<b>24,056</b>	<b>24,410</b>

2	Share Capital	Number of	Amount
		Shares	

i)	<b>Authorised Share Capital:</b>		
	Equity shares of Rs.10/- each	2,500	25,000

ii)	<b>Issued, Subscribed and Fully Paid up Share Capital:</b>		
	Equity shares of Rs.10/- each	2,500	25,000

iii)	Movement in equity share capital	Number of	Amount
		Shares	
	Equity Shares as at April 1, 2019	2,500	25,000
	Additions	-	-
	<b>Equity Shares as at March 31, 2020</b>	<b>2500</b>	<b>25000</b>
	Additions	-	-
	<b>Equity Shares as at March 31, 2021</b>	<b>2500</b>	<b>25000</b>

iv) Details of share holders holding more than 5% & Shares held by holding company

Name of the Share Holder	As at March 31, 2021	
	No. of Shares	%
TVS Credit Services Limited	2,500	100%

Name of the Share Holder	As at March 31, 2020	
	No. of Shares	%
TVS Credit Services Limited	2,500	100%

v) Terms / Rights attached

The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held. Residual interest in the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

3 Other Equity

	Amount as at	Amount as at
	March 31, 2021	March 31, 2020
	Retained Earnings	(95,973) (65,319)
	<b>Total Other Equity</b>	<b>(95,973) (65,319)</b>

**Retained Earnings**

	Opening Balance	(65,319) (47,450)
	Add: Net profit for the year	(30,654) (17,869)
	<b>Closing Balance</b>	<b>(95,973) (65,319)</b>

4	Trade Payables	Amount as at	Amount as at
		March 31, 2021	March 31, 2020
	Audit fees payable	11,800	11,800
	<b>Total Trade Payables</b>	<b>11,800</b>	<b>11,800</b>

5	Other Financial Liabilities	Amount as at	Amount as at
		March 31, 2021	March 31, 2020

	Payable to Holding Company	83,229	52,929
	<b>Total Other Financial Liabilities</b>	<b>83,229</b>	<b>52,929</b>

## NOTES TO STATEMENT OF PROFIT AND LOSS

6	Other Expenses	For the period 1st	For the period 1st
		Apr 2020 to 31st	Apr 2019 to 31st
		March 2021	March 2020
	Professional charges	17,700	5,310
	Rates and taxes	1,154	405
	Payment to Auditors		
	- As Auditor	11,800	11,800
	Bank Charges		354
	<b>Total Other Expenses</b>	<b>30,654</b>	<b>17,869</b>

7	Earnings per share (Basic and Diluted)	For the period 1st	For the period 1st
		Apr 2020 to 31st	Apr 2019 to 31st
		March 2021	March 2020
	Earnings attributable to equity share holders	(30,654)	(17,869)
	Number of Shares	2,500	2,500
	Earnings per Share	(12.26)	(7.15)

# HARITA ARC PRIVATE LIMITED

## Brief Description of the Company:

The Company was incorporated on 22<sup>nd</sup> August 2017 under the name of Harita ARC Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The Company is yet to commence its business.

## 8. Significant Accounting Policies forming part of Financial Statements

### a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

### b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

### c. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

### d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

## Additional Notes forming part of Financial Statements for year ended 31<sup>st</sup> March 2021

1. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.

### 2. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

### Transactions with Related Parties

Sl. No	Nature of Transaction	Name of the Related Party	Amount (Rs.)	
			FY 2020-21	FY 2019-20
01.	Advance Received	TVS Credit Services Limited	30,300	17,515
02	Balance Payable as at the end of the year	TVS Credit Services Limited	83,229	52,929

As per our report annexed

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

For RAGHAVAN, CHAUDHURI  
& NARAYANAN  
Chartered Accountants  
ICAI No.: 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No.: 027716

## Directors' Report to the Shareholders

The Directors present the fourth annual report together with the annual audited statement of accounts for the year ended 31<sup>st</sup> March 2021.

### Financial Highlights

The Company is yet to commence its operations.

### Dividend

The Directors of the Company do not recommend any dividend for the period ended 31<sup>st</sup> March 2021.

### Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

### Directors' responsibility statement

- (a) Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:
- (b) in the preparation of the annual accounts for the period from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (c) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;
- (d) the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (e) the Directors had prepared the annual accounts on a going concern basis; and

### Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 both the existing Directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, Directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

### Number of Board meetings held

During the period under review, the Board met 5 times on 26<sup>th</sup> May 2020, 26<sup>th</sup> June 2020, 28<sup>th</sup> September 2020, 21<sup>st</sup> December 2020 and 08<sup>th</sup> March 2021 and the gap between two meetings did not exceed one hundred and twenty days.

### Statutory Auditors

M/s. V. Sankar Aiyar & Co., Chartered Accountants (Firm Registration No. 109208W) have tendered their resignation from the position of Statutory Auditors due to their pre-occupation in other assignments resulting into a casual vacancy in the office of Statutory Auditors of the Company as envisaged by Section 139(8) of the Companies Act, 2013. In view of this, the Board of Directors have recommended the appointment of M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants having registration number 007761S as Statutory Auditors of the Company for a period of 5 years, for shareholders' approval at the 4<sup>th</sup> AGM.

The Company has received consent from M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants to serve as Statutory Auditors of the company, if they are so appointed. They have also furnished necessary certificate under Section 139 of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 conveying their eligibility for appointment of statutory auditors of the Company.

Directors place on record their sincere appreciation of the valuable services rendered by M/s. V. Sankar Aiyar & Co., Chartered Accountants since inception of the Company as its Statutory Auditors

### Disclosures

#### Material changes and commitments

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

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

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

#### Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31<sup>st</sup> March 2021 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

#### Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

#### Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

#### Details of loans / guarantees / investments made:

As regards the furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the period ended 31<sup>st</sup> March 2021, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

#### Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31<sup>st</sup> March 2021 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of Board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Related Party disclosures as per the Indian Accounting Standards have been provided in Note 2 of Additional Notes forming part of the financial statements.

#### Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company. During the period under review, there was no foreign exchange earnings or expenditure in the Company.



## HARITA COLLECTION SERVICES PRIVATE LIMITED

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### Reporting of fraud:

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

### Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

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

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

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

### **Shifting of Registered office of the Company**

Your Directors in the meeting held on 28<sup>th</sup> September 2020 have approved Shifting of Registered office of the Company from Jayalakshmi Estates, No. 29, Haddows Road, Chennai – 600006 to "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai 600006, and effective 28<sup>th</sup> September 2020 for operational convenience.

Members are requested to take note of the above change.

### **Acknowledgement**

The Directors gratefully acknowledge the continued support and co-operation received from its shareholders, customers and bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	V Gopalakrishnan	N Srinivasa Ramanujam
Date : 24 <sup>th</sup> April 2021	Director	Director
	DIN: 03291640	DIN: 07384809

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN as on the financial year ended 31<sup>st</sup> March 2021**

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

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : U65100TN2017PTC118290
- ii) Registration Date : 25/08/2017
- iii) Name of the Company : Harita Collection Services Private Limited
- iv) Category / Sub-Category of the Company : Private Limited Company
- v) Address of the Registered office and contact details : "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai 600006
- vi) Whether listed company Yes / No : No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : NA

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
Not Applicable			

The Company is yet to commence its business activities.

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100%	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

- (i) Category-wise Share Holding: **N.A.**
- (ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	TVS Credit Services Limited along with its nominee	2,500	100	Nil	2,500	100	Nil	100

- (iii) Change in Promoters' Shareholding (please specify, if there is no change): **NIL.**
- (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): **NA.**
- V. Shareholding of Directors and key managerial personnel: **NIL.**
- VI. Indebtedness of the Company including interest outstanding/accrued but not due for payment  
The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.
- VII. Remuneration of Directors and key managerial personnel

Remuneration to Directors:

All the Directors of the Company are non-executive Directors. The Directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

Remuneration to Key Managerial Personnel other than MD/Manager/WTD

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

**VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its Directors or other officers in default during the period under review.

**FOR AND ON BEHALF OF THE BOARD**

Place : Chennai                      V GOPALAKRISHNAN    N SRINIVASA RAMANUJAM  
Date : 24<sup>th</sup> April 2021              Director                      Director  
DIN: 03291640    DIN: 07384809

# HARITA COLLECTION SERVICES PRIVATE LIMITED

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

### To the Members of Harita Collection Services Private Limited

#### Report on the Audit of the Stand-alone financial statements

##### Opinion

We have audited the accompanying standalone financial statements of Harita Collection Services Private Limited ("the Company"), which comprise the standalone Balance Sheet as at 31<sup>st</sup> March 2021, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss, (financial performance including total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

##### Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as

applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

##### Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

##### Other Matter

The financial statements of the Company for the year ended 31 March 2020 were audited by the predecessor auditor, V. Sankar Aiyar & Co who have expressed an unmodified opinion on those financial statements vide their audit report dated 26<sup>th</sup> May 2020.

##### Report on Other Legal and Regulatory Requirements

With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors.

## HARITA COLLECTION SERVICES PRIVATE LIMITED

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

1. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

(f) In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 143(3)(i) for reporting on the adequacy of internal financial controls over financial reporting and the operating effectiveness of such controls of the Company, are not applicable

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. There are no pending litigations as at 31<sup>st</sup> March 2021.
- ii. The Company has not entered into any long term contract including derivate contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company..

For RAGHAVAN, CHAUDHURI & NARAYANAN

Chartered Accountants  
FRN.007761S

UDIN	21027716AAAAHZ7178
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Place : Bangalore  
Date : 25<sup>th</sup> April 2020

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# HARITA COLLECTION SERVICES PRIVATE LIMITED

## Annexure "A" to Independent Auditors' Report 31<sup>st</sup> March 2021

(Referred to in our report of even date)

- i. The Company does not own any fixed asset. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.
- ii. The Company does not have any inventory. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.
- iii. The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and has not provided guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.
- vii. (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs  
(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.
- viii. On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.
- ix. According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred under 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 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment of equity shares and hence the requirement for compliance of Section 42 of the Act does not arise. The company has not made any private placement of shares or fully or partly convertible debentures during the year.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable..

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN.007761S

UDIN	21027716AAAAHZ7178
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Place : Bangalore  
Date : 25<sup>th</sup> April 2020

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# HARITA COLLECTION SERVICES PRIVATE LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2021

( in Rs. )

Particulars	Note No	As at 31st March 2021	As at 31st March 2020
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	1	24,646	24,646
<b>TOTAL ASSETS</b>		<b>24,646</b>	<b>24,646</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	2	25,000	25,000
Other Equity	3	(94,003)	(65,083)
<b>TOTAL EQUITY</b>		<b>(69,003)</b>	<b>(40,083)</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings		-	-
(ii) Trade Payables			
a) Total outstanding dues of creditors other than micro enterprises and small enterprises	4	11,800	11,800
b) Total outstanding dues of other than (ii) (a) above		-	-
(iii) Other Financial Liabilities	5	81,849	52,929
<b>TOTAL LIABILITIES</b>		<b>93,649</b>	<b>64,729</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,646</b>	<b>24,646</b>

As per our report annexed

**V GOPALAKRISHNAN**  
Director

**N SRINIVASA RAMANUJAM**  
Director

**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716

# HARITA COLLECTION SERVICES PRIVATE LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2021

( in Rs. )

Particulars	Note No	For the period ended 31st March 2021	For the year ended 31st March 2020
<b>INCOME</b>			
Revenue from operations		-	-
<b>TOTAL INCOME</b>			
<b>EXPENSES</b>			
Other expenses	6	28,920	17,633
<b>TOTAL EXPENSE</b>			
		<u>28,920</u>	<u>17,633</u>
<b>Profit/(Loss) before tax</b>		<b>(28,920)</b>	<b>(17,633)</b>
<b>Tax expense:</b>		-	-
<b>Profit/(Loss) after tax for the year</b>		<u><b>(28,920)</b></u>	<u><b>(17,633)</b></u>
Other Comprehensive Income			
<b>Total Comprehensive Income</b>		<u><b>(28,920)</b></u>	<u><b>(17,633)</b></u>
<b>Earning per equity share:</b>			
Basic & Diluted earnings per share	7	(11.57)	(7.05)

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
Firm Regn No.: 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No.: 027716

# HARITA COLLECTION SERVICES PRIVATE LIMITED

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## STATEMENT OF CHANGES IN EQUITY

( in Rs. )

A Equity			B Other Equity		
	Note No.	Amount	Note No.	Retained Earnings	Total
Balance as at April 1, 2019	2	25,000	3	(47,450)	(47,450)
Changes in Equity share capital during the year	2		3	(17,633)	(17,633)
<b>Balance as at March 31, 2020</b>		<u>25,000</u>		<u>(65,083)</u>	<u>(65,083)</u>
Changes in Equity share capital during the year	2	-	3	(28,920)	(28,920)
<b>Balance as at March 31, 2021</b>		<u>25,000</u>		<u>(94,003)</u>	<u>(94,003)</u>

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V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
Firm Regn No.: 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No.: 027716



# HARITA COLLECTION SERVICES PRIVATE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

( in Rs. )

	As at 31st March 2021	As at 31st March 2020
<b>A. Cash Flow from Operating Activities</b>		
1. Profit/(Loss) Before Tax	(28,920)	(17,633)
<b>B. Operating Profit before Working Capital Changes</b>	(28,920)	(17,633)
<b>C. Change in Working Capital</b>		
(Increase)/Decrease in Loans & Advances	-	-
Changes in liability arising from financing activities	17,515	17,515
Change in Working Capital	-	17,515
<b>D. Cash generated from Operations (B+C)</b>	(28,920)	(118)
<b>E. Net Cash from Operating Activities</b>	(28,920)	(118)
<b>F. Net Cash Flow from Financing Activities</b>		
Proceeds from Issue of Equity Shares	-	-
<b>Net Cash from Financing Activities</b>	-	-
<b>G. Net change in Cash and Cash Equivalents (E+F)</b>	(28,920)	(118)
<b>H. Cash and Cash Equivalents as at End</b>	24,646	24,646
<b>I. Less: Cash and Cash Equivalents as at Beginning</b>	24,646	24,764
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS (H-I)</b>	-	(118)

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
Firm Regn No.: 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No.: 027716

# HARITA COLLECTION SERVICES PRIVATE LIMITED

## NOTES TO BALANCE SHEET

(in Rs.)

	Amount as at 31-Mar-21	Amount as at 31-Mar-20
<b>1 Cash and cash equivalents</b>		
Balances with banks	24,646	24,646
<b>Total cash and cash equivalents</b>	<b>24,646</b>	<b>24,646</b>

### 2 Share Capital

	Number of Shares	Amount
<b>i) Authorised Share Capital:</b>		
Equity shares of Rs.10/- each	2,500	25,000
<b>ii) Issued, Subscribed and Fully Paid up Share Capital:</b>		
Equity shares of Rs.10/- each	2,500	25,000

### iii) Movement in equity share capital

	Number of Shares	Amount
<b>Equity Shares as at March 31, 2019</b>	<b>2,500</b>	<b>25,000</b>
Additions	-	-
<b>Equity Shares as at March 31, 2020</b>	<b>2500</b>	<b>25000</b>
Additions	-	-
<b>Equity Shares as at March 31, 2021</b>	<b>2500</b>	<b>25000</b>

### iv) Details of share holders holding more than 5% & Shares held by holding company

Name of the Share Holder	As at March 31, 2021	
	No. of Shares	%
TVS Credit Services Limited	2,500	100%

Name of the Share Holder	As at March 31, 2020	
	No. of Shares	%
TVS Credit Services Limited	2,500	100%

### v) Terms / Rights attached

The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held. Residual interest in the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

### 3 Other Equity

Retained Earnings	(94,003)	(65,083)
<b>Total Other Equity</b>	<b>(94,003)</b>	<b>(65,083)</b>

#### Retained Earnings

Opening Balance	(65,083)	(47,450)
Add: Net profit for the year	(28,920)	(17,633)
<b>Closing Balance</b>	<b>(94,003)</b>	<b>(65,083)</b>

### 4 Trade Payables

	Amount as at March 31, 2021	Amount as at March 31, 2020
Audit fees payable	11,800	11,800
<b>Total Trade Payables</b>	<b>11,800</b>	<b>11,800</b>

### 5 Other Financial Liabilities

Payable to Holding Company	81,849	52,929
<b>Total Other Financial Liabilities</b>	<b>81,849</b>	<b>52,929</b>

## NOTES TO STATEMENT OF PROFIT AND LOSS

	For the period 1st Apr 2020 to 31st March 2021	For the period 1st Apr 2019 to 31st March 2020
<b>6 Other Expenses</b>		
Professional charges	16,520	5,310
Rates and taxes	600	405
Payment to Auditors	11,800	
- As Auditor		11,800
Bank Charges		118
<b>Total Other Expenses</b>	<b>28,920</b>	<b>17,633</b>

### 7 Earnings per share (Basic and Diluted)

	For the period 1st Apr 2020 to 31st March 2021	For the period 1st Apr 2019 to 31st March 2020
Earnings attributable to equity share holders	(28,920)	(17,633)
Number of Shares	2,500	2,500
Earnings per Share	(11.57)	(7.05)

# HARITA COLLECTION SERVICES PRIVATE LIMITED

## Brief Description of the Company:

The Company was incorporated on 22nd August 2017 under the name of Harita Collection Services Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The Company is yet to commence its business.

## 8. Significant Accounting Policies forming part of Financial Statements

### a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

b. The Company was incorporated on 22nd August 2017 under the name of Harita Collection Services Private Limited.

### c. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

### d. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

### e. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

## Additional Notes forming part of Financial Statements for year ended 31<sup>st</sup> March 2021

1. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.

## 2. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

## Transactions with Related Parties

Sl. No	Nature of Transaction	Name of the Related Party	Amount (Rs.)	
			FY 2020-21	FY 2019-20
01.	Advance Received	TVS Credit Services Limited	28,920	17,515
02	Balance Payable as at the end of the year	TVS Credit Services Limited	81,849	52,929

V GOPALAKRISHNAN N SRINIVASA RAMANUJAM  
Director Director

As per our report annexed  
For Raghavan, Chaudhuri &  
Narayanan  
Chartered Accountants  
Firm Regn No.: 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No.: 027716

# TVS COMMODITY FINANCIAL SOLUTIONS PRIVATE LIMITED

## Directors' Report to the Shareholders

The Directors present the third annual report together with the annual audited statement of accounts for the year ended 31<sup>st</sup> March 2021.

### Financial Highlights

The Company is yet to commence its operations.

### Dividend

The Directors of the Company do not recommend any dividend for the period ended 31<sup>st</sup> March 2021.

### Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

### Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

- (a) in the preparation of the annual accounts for the period from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 both the existing Directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, Directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

### Number of Board meetings held

During the period under review, the Board met 5 times on 26<sup>th</sup> May 2020, 26<sup>th</sup> June 2020, 28<sup>th</sup> September 2020, 21<sup>st</sup> December 2020 and 08<sup>th</sup> March 2021 and the gap between two meetings did not exceed one hundred and twenty days.

### Statutory Auditors

M/s. V. Sankar Aiyar & Co., Chartered Accountants (Firm Registration No. 109208W) have tendered their resignation from the position of Statutory Auditors due to their pre-occupation in other assignments resulting into a casual vacancy in the office of Statutory Auditors of the Company as envisaged by Section 139(8) of the Companies Act, 2013. In view of this, the Board of Directors have recommended the appointment of M/s. Raghavan, Chaudhuri & Narayanan,

Chartered Accountants having registration number 007761S as Statutory Auditors of the Company for a period of 5 years, for shareholders' approval at the 3<sup>rd</sup> AGM.

The Company has received consent from M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants to serve as Statutory Auditors of the company. They have also furnished necessary certificate under Section 139 of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 conveying their eligibility for appointment of statutory auditors of the Company.

The Directors place on record their sincere appreciation for the valuable services rendered by M/s. V. Sankar Aiyar & Co., Chartered Accountants, as its Statutory Auditors since inception of the Company.

### Disclosures

#### Material changes and commitments:

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

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

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

#### Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31<sup>st</sup> March 2021 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

#### Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

#### Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

#### Details of loans / guarantees / investments made:

As regards the furnishing the details of loans, guarantees an investments made by the Company as per Section 186 of the Act 2013 for the period ended 31<sup>st</sup> March 2021, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

#### Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31<sup>st</sup> March 2021 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of Board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

## TVS COMMODITY FINANCIAL SOLUTIONS PRIVATE LIMITED

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Related Party disclosures as per the Indian Accounting Standards have been provided in Note 2 of Additional Notes forming part of the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

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

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

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

**Shifting of Registered office of the Company**

Your Directors in the meeting held on 28<sup>th</sup> September 2020 have approved Shifting of Registered office of the Company from Jayalakshmi Estates, No. 29, Haddows Road, Chennai – 600006 to “Chaitanya”, No.12, Khader Nawaz Khan Road, Nungambakkam Chennai 600006, and effective 28<sup>th</sup> September 2020 for operational convenience.

Members are requested to take note of the above change.

**Acknowledgement**

The Directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The Directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	V Gopalakrishnan	N Srinivasa Ramanujam
Date : 24 <sup>th</sup> April 2021	Director	Director
	DIN: 03291640	DIN: 07384809

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN as on the financial year ended 31<sup>st</sup> March 2021**

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

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : U65929TN2017PTC118316
- ii) Registration Date : 29/08/2017
- iii) Name of the Company : TVS Commodity Financial Solutions Private Limited
- iv) Category / Sub-Category of the Company : Private Limited Company
- v) Address of the Registered office and contact details : "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai 600006
- vi) Whether listed company Yes / No : No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : NA

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
Not Applicable			

The Company is yet to commence its business activities.

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100%	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
	TVS Credit Services Limited along with its nominee	2,500	100	Nil	2,500	100	Nil	100

(iii) Change in Promoters' Shareholding (please specify, if there is no change) : **NIL.**

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

V. Shareholding of Directors and key managerial personnel: **NIL**

VI. Indebtedness of the Company including interest outstanding/accrued but not due for payment

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of Directors and key managerial personnel

Remuneration to Directors:

All the Directors of the Company are non-executive Directors. The Directors of the Company do not draw any remuneration from the Company for attending the meetings of the Board and committees thereof.

Remuneration to Key Managerial Personnel other than MD/Manager/WTD

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

**VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its Directors or other officers in default during the period under review.

FOR AND ON BEHALF OF THE BOARD

Place : Chennai  
Date : 24<sup>th</sup> April 2021

V GOPALAKRISHNAN  
Director  
DIN: 03291640

N SRINIVASA RAMANUJAM  
Director  
DIN: 07384809

# TVS COMMODITY FINANCIAL SOLUTIONS PRIVATE LIMITED

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

### To the Members of TVS Commodity Financial Solutions Private Limited

#### Report on the Audit of the Stand-alone financial statements

##### Opinion

We have audited the accompanying standalone financial statements of TVS Commodity Financial Solutions Private Limited ("the Company"), which comprise the standalone Balance Sheet as at 31<sup>st</sup> March 2021, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss, (financial performance including total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

##### Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as

applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

##### Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

##### Other Matter

The financial statements of the Company for the year ended 31 March 2020 were audited by the predecessor auditor, V. Sankar Aiyar & Co who have expressed an unmodified opinion on those financial statements vide their audit report dated 26<sup>th</sup> May 2020.

##### Report on Other Legal and Regulatory Requirements

With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors.

## TVS COMMODITY FINANCIAL SOLUTIONS PRIVATE LIMITED

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

Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 143(3)(i) for reporting

on the adequacy of internal financial controls over financial reporting and the operating effectiveness of such controls of the Company, are not applicable

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i There are no pending litigations as at 31<sup>st</sup> March 2021.
  - ii The Company has not entered into any long term contract including derivate contracts.
  - iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN: 007761S

UDIN	21027716AAAAIB1452
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Place : Bangalore  
Date : 25<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716



## TVS COMMODITY FINANCIAL SOLUTIONS PRIVATE LIMITED

### Annexure "A" to Independent Auditors' Report 31<sup>st</sup> March 2021

(Referred to in our report of even date)

- |  |   |
|--|---|
| <p>i The Company does not own any fixed asset. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.</p> <p>ii The Company does not have any inventory. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.</p> <p>iii The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.</p> <p>iv In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and has not provided guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.</p> <p>v The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.</p> <p>vi The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.</p> <p>vii (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs</p> <p>(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.</p> <p>viii On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.</p> <p>ix According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.</p> | <p>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 and the representations obtained from the management, we report that no fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.</p> <p>xi In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred under section 197 read with Schedule V to the Act.</p> <p>xii The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.</p> <p>xiii In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.</p> <p>xiv During the year, the Company has not made any preferential allotment of equity shares and hence the requirement for compliance of Section 42 of the Act does not arise. The company has not made any private placement of shares or fully or partly convertible debentures during the year.</p> <p>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.</p> <p>xvi The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable.</p> |
|--|---|

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN: 007761S

UDIN	21027716AAAAIB1452
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Place : Bangalore  
Date : 25<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS COMMODITY FINANCIAL SOLUTIONS PRIVATE LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2021

( in Rs. )

Particulars	Note No	As at 31st March 2021	As at 31st March 2020
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	1	24,056	24,410
<b>TOTAL ASSETS</b>		<b>24,056</b>	<b>24,410</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	2	25,000	25,000
Other Equity	3	(95,785)	(64,319)
<b>TOTAL EQUITY</b>		<b>(70,785)</b>	<b>(39,319)</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings		-	-
(ii) Trade Payables			
a) Total outstanding dues of creditors other than micro enterprises and small enterprises	4	11,800	11,800
b) Total outstanding dues of other than (ii) (a) above		-	-
(iii) Other Financial Liabilities	5	83,041	51,929
<b>TOTAL LIABILITIES</b>		<b>94,841</b>	<b>63,729</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,056</b>	<b>24,410</b>

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No.: 027716

# TVS COMMODITY FINANCIAL SOLUTIONS PRIVATE LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2020

( in Rs. )

Particulars	Note No	For the period ended 31st March 2021	For the year ended 31st March 2020
<b>INCOME</b>			
Revenue from operations		-	-
<b>TOTAL INCOME</b>			
<b>EXPENSES</b>			
Other expenses	6	31,466	17,869
<b>TOTAL EXPENSE</b>			
		<b>31,466</b>	<b>17,869</b>
<b>Profit/(Loss) before tax</b>		<b>(31,466)</b>	<b>(17,869)</b>
<b>Tax expense:</b>		-	-
<b>Profit/(Loss) after tax for the year</b>		<b>(31,466)</b>	<b>(17,869)</b>
Other Comprehensive Income			
<b>Total Comprehensive Income</b>		<b>(31,466)</b>	<b>(17,869)</b>
<b>Earning per equity share:</b>			
Basic & Diluted earnings per share	7	(12.59)	(7.15)

**V GOPALAKRISHNAN**  
Director

**N SRINIVASA RAMANUJAM**  
Director

As per our report annexed  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716

# TVS COMMODITY FINANCIAL SOLUTIONS PRIVATE LIMITED

## STATEMENT OF CHANGES IN EQUITY

( in Rs. )

A Equity Share Capital			B Other Equity		
	Note No.	Amount	Note No.	Retained Earnings	Total
Balance as at April 1, 2019	2	-	3	(46,450)	(46,450)
Changes in Equity share capital during the year	2	25,000	3	(17,869)	(17,869)
<b>Balance as at March 31, 2020</b>		<b>25,000</b>		<b>(64,319)</b>	<b>(64,319)</b>
Changes in Equity share capital during the year	2	-	3	(31,466)	(31,466)
<b>Balance as at March 31, 2021</b>		<b>25,000</b>		<b>(95,785)</b>	<b>(95,785)</b>

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No.: 027716

# TVS COMMODITY FINANCIAL SOLUTIONS PRIVATE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(in Rs.)

	As at 31st March 2021	As at 31st March 2020
<b>A. Cash Flow from Operating Activities</b>		
1. Profit/(Loss) Before Tax	(31,466)	(17,869)
<b>B. Operating Profit before Working Capital Changes</b>	(31,466)	(17,869)
<b>C. Change in Working Capital</b>		
(Increase)/Decrease in Loans & Advances		
Changes in liability arising from financing activities	31,112	17,515
Change in Working Capital	31,112	17,515
<b>D. Cash generated from Operations (B+C)</b>	(354)	(354)
<b>E. Net Cash from Operating Activities</b>	(354)	(354)
<b>F. Net Cash Flow from Financing Activities</b>		
Proceeds from Issue of Equity Shares		
<b>Net Cash from Financing Activities</b>	-	-
<b>G. Net change in Cash and Cash Equivalents (E+F)</b>	(354)	(354)
<b>H. Cash and Cash Equivalents as at End</b>	24,056	24,410
<b>I. Less: Cash and Cash Equivalents as at Beginning</b>	24,410	24,764
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS (H-I)</b>	(354)	(354)

**V GOPALAKRISHNAN**  
Director

**N SRINIVASA RAMANUJAM**  
Director

As per our report annexed  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716

# TVS COMMODITY FINANCIAL SOLUTIONS PRIVATE LIMITED

## NOTES TO BALANCE SHEET

(in Rs.)

<b>1 Cash and cash equivalents</b>	<b>Amount as at 31 March 2021</b>	<b>Amount as at 31 March 2020</b>
Balances with banks	24,056	24,410
<b>Total cash and cash equivalents</b>	<b>24,056</b>	<b>24,410</b>

### 2 Share Capital

	<u>Number of Shares</u>	<u>Amount</u>
<b>i) Authorised Share Capital:</b>		
Equity shares of Rs.10/- each	2,500	25,000
<b>ii) Issued, Subscribed and Fully Paid up Share Capital:</b>		
Equity shares of Rs.10/- each	2,500	25,000
<b>iii) Movement in equity share capital</b>		
	<u>Number of Shares</u>	<u>Amount</u>
Equity Shares as at April 1, 2019	2,500	25,000
Additions	-	-
<b>Equity Shares as at March 31, 2020</b>	<b>2500</b>	<b>25000</b>
Additions	-	-
<b>Equity Shares as at March 31, 2021</b>	<b>2500</b>	<b>25000</b>

### iv) Details of share holders holding more than 5% & Shares held by holding company

Name of the Share Holder	As at March 31, 2020	
	No. of Shares	%
TVS Credit Services Limited	2,500	100%
Name of the Share Holder	As at March 31, 2021	
	No. of Shares	%
TVS Credit Services Limited	2,500	100%

### v) Terms / Rights attached

The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held. Residual interest in the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

### 3 Other Equity

	<u>Amount as at March 31, 2021</u>	<u>Amount as at March 31, 2020</u>
Retained Earnings	(95,785)	(64,319)
<b>Total Other Equity</b>	<b>(95,785)</b>	<b>(64,319)</b>
<b>Retained Earnings</b>		
Opening Balance	(64,319)	(46,450)
Add: Net profit for the year	(31,466)	(17,869)
<b>Closing Balance</b>	<b>(95,785)</b>	<b>(64,319)</b>

### 4 Trade Payables

	<u>Amount as at March 31, 2021</u>	<u>Amount as at March 31, 2020</u>
Audit fees payable	11,800	11,800
<b>Total Trade Payables</b>	<b>11,800</b>	<b>11,800</b>

### 5 Other Financial Liabilities

	<u>Amount as at March 31, 2021</u>	<u>Amount as at March 31, 2020</u>
Payable to Holding Company	83,041	51,929
<b>Total Other Financial Liabilities</b>	<b>83,041</b>	<b>51,929</b>

## NOTES TO STATEMENT OF PROFIT AND LOSS

### 6 Other Expenses

	<u>For the period 1st Apr 2020 to 31st March 2021</u>	<u>For the period 1st Apr 2019 to 31st March 2020</u>
Professional charges	17,700	5,310
Rates and taxes	1,966	405
Payment to Auditors		
- As Auditor	11,800	11,800
Bank Charges	-	354
<b>Total Other Expenses</b>	<b>31,466</b>	<b>17,869</b>

### 7 Earnings per share (Basic and Diluted)

	<u>For the period 1st Apr 2020 to 31st March 2021</u>	<u>For the period 1st Apr 2019 to 31st March 2020</u>
Earnings attributable to equity share holders	(31,466)	(17,869)
Number of Shares	2,500	2,500
Earnings per Share	(12.59)	(7.15)

# TVS COMMODITY FINANCIAL SOLUTIONS PRIVATE LIMITED

## Brief Description of the Company:

The Company was incorporated on 22<sup>nd</sup> August 2017 under the name of TVS Commodity Financial Services Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The Company is yet to commence its business.

## 8. Significant Accounting Policies forming part of Financial Statements

### a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

### b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

### c. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

### d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

## Additional Notes forming part of Financial Statements for year ended 31<sup>st</sup> March 2021

1. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.

## 2. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

## Transactions with Related Parties

Sl. No	Nature of Transaction	Name of the Related Party	Amount (Rs.)	
			FY 2020-21	FY 2019-20
01.	Advance Received	TVS Credit Services Limited	31,112	17,515
02	Balance Payable as at the end of the year	TVS Credit Services Limited	83,041	51,929

As per our report annexed

**V GOPALAKRISHNAN**  
Director

**N SRINIVASA RAMANUJAM**  
Director

**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716

## Directors' Report to the Shareholders

The Directors present the third annual report together with the annual audited statement of accounts for the year ended 31<sup>st</sup> March 2021.

### Financial Highlights

The Company is yet to commence its operations.

### Dividend

The Directors of the Company do not recommend any dividend for the period ended 31<sup>st</sup> March 2021.

### Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

### Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

- (a) in the preparation of the annual accounts for the period from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 both the existing Directors, viz., Mr V Gopalakrishnan and Mr Srinivasa Ramanujam, Directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

### Number of Board meetings held

During the period under review, the Board met 5 times on 26<sup>th</sup> May 2020, 26<sup>th</sup> June 2020, 28<sup>th</sup> September 2020, 21<sup>st</sup> December 2020 and 08<sup>th</sup> March 2021 and the gap between two meetings did not exceed one hundred and twenty days.

### Statutory Auditors

M/s. V. Sankar Aiyar & Co., Chartered Accountants (Firm Registration No. 109208W) have tendered their resignation from the position of Statutory Auditors due to their pre-occupation in other assignments resulting into a casual vacancy in the office of Statutory Auditors of the Company as envisaged by Section 139(8) of the Companies Act, 2013. In view of this, the Board of Directors have recommended the appointment of M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants having registration number 007761S as Statutory Auditors of the Company for a period of 5 years, for shareholders' approval at the 3<sup>rd</sup> AGM.

The Company has received consent from M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants to serve as Statutory Auditors of the company. They have also furnished necessary certificate under Section 139 of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 conveying their eligibility for appointment of statutory auditors of the Company.

The Directors place on record their sincere appreciation for the valuable services rendered by M/s. V. Sankar Aiyar & Co., Chartered Accountants, as its Statutory Auditors since inception of the Company.

### Disclosures

#### Material changes and commitments

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

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

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

#### Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31<sup>st</sup> March 2021 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

#### Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

#### Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

#### Details of loans / guarantees / investments made:

As regards furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the period ended 31<sup>st</sup> March 2021, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

#### Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31<sup>st</sup> March 2021 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of Board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Related Party disclosures as per the Indian Accounting Standards have been provided in Note 2 of Additional Notes forming part of the financial statements.



## TVS MICRO FINANCE PRIVATE LIMITED

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### Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company. During the period under review, there was no foreign exchange earnings or expenditure in 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.

### Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

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

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

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

### **Shifting of Registered office of the Company**

Your Directors in the meeting held on 28<sup>th</sup> September 2020 have approved Shifting of Registered office of the Company from Jayalakshmi Estates, No. 29, Haddows Road, Chennai – 600006 to “Chaitanya”, No.12, Khader Nawaz Khan Road, Nungambakkam Chennai 600006, and effective 28<sup>th</sup> September 2020 for operational convenience.

Members are requested to take note of the above change.

### **Acknowledgement**

The Directors gratefully acknowledge the continued support and co-operation received from its shareholders, customers and bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai  
Date : 24<sup>th</sup> April 2021

V Gopalakrishnan  
Director  
DIN: 03291640

N Srinivasa Ramanujam  
Director  
DIN: 07384809



# TVS MICRO FINANCE PRIVATE LIMITED

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

### To the Members of TVS Micro Finance Private Limited

#### Report on the Audit of the Stand-alone financial statements

##### Opinion

We have audited the accompanying standalone financial statements of TVS Micro Finance Private Limited ("the Company"), which comprise the standalone Balance Sheet as at 31<sup>st</sup> March 2021, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss, (financial performance including total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

##### Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

##### Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

##### Other Matter

The financial statements of the Company for the year ended 31 March 2020 were audited by the predecessor auditor, V. Sankar Aiyar & Co who have expressed an unmodified opinion on those financial statements vide their audit report dated 26<sup>th</sup> May 2020.

## Report on Other Legal and Regulatory Requirements

With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors.

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

Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2021 taken on record by the Board of Directors,

none of the directors is disqualified as on 31<sup>st</sup> March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 143(3)(i) for reporting on the adequacy of internal financial controls over financial reporting and the operating effectiveness of such controls of the Company, are not applicable
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i There are no pending litigations as at 31<sup>st</sup> March 2021.
  - ii The Company has not entered into any long term contract including derivate contracts.
  - iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN.007761S

UDIN	21027716AAAAID2864
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Place : Bangalore  
Date : 25<sup>th</sup> April, 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

## TVS MICRO FINANCE PRIVATE LIMITED

### Annexure "A" to Independent Auditors' Report 31<sup>st</sup> March 2021 (Referred to in our report of even date)

- i The Company does not own any fixed asset. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.
- ii The Company does not have any inventory. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.
- iii The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.
- iv In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and has not provided guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.
- v The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.
- vi The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.
- vii (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs  
(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.
- viii On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.
- ix According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.
- x Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.
- xi In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred under 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 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv During the year, the Company has not made any preferential allotment of equity shares and hence the requirement for compliance of Section 42 of the Act does not arise. The company has not made any private placement of shares or fully or partly convertible debentures during the year.
- xv In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- xvi The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN.007761S

UDIN	21027716AAAAID2864
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Place : Bangalore  
Date : 25<sup>th</sup> April, 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS MICRO FINANCE PRIVATE LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2021

( in Rs. )

Particulars	Note No	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	1	24,056	24,410
<b>TOTAL ASSETS</b>		<b>24,056</b>	<b>24,410</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	2	25,000	25,000
Other Equity	3	(91,233)	(64,319)
<b>TOTAL EQUITY</b>		<b>(66,233)</b>	<b>(39,319)</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings		-	-
(ii) Trade Payables			
a) Total outstanding dues of creditors other than micro enterprises and small enterprises	4	11,800	11,800
b) Total outstanding dues of other than (ii) (a) above		-	-
(iii) Other Financial Liabilities	5	78,489	51,929
<b>TOTAL LIABILITIES</b>		<b>90,289</b>	<b>63,729</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,056</b>	<b>24,410</b>

**V GOPALAKRISHNAN**  
Director

**N SRINIVASA RAMANUJAM**  
Director

As per our report annexed  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716

# TVS MICRO FINANCE PRIVATE LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2020

( in Rs. )

Particulars	Note No	For the period ended 31st March 2021	For the year ended 31st March 2020
<b>INCOME</b>			
Revenue from operations		-	-
<b>TOTAL INCOME</b>			
<b>EXPENSES</b>			
Other expenses	6	26,914	17,869
<b>TOTAL EXPENSE</b>			
		<u>26,914</u>	<u>17,869</u>
Profit/(Loss) before tax		(26,914)	(17,869)
Tax expense:		-	-
Profit/(Loss) after tax for the year		<u>(26,914)</u>	<u>(17,869)</u>
Other Comprehensive Income			
Total Comprehensive Income		<u>(26,914)</u>	<u>(17,869)</u>
<b>Earning per equity share:</b>			
Basic & Diluted earnings per share	7	(10.77)	(7.15)

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No.: 027716

# TVS MICRO FINANCE PRIVATE LIMITED

## STATEMENT OF CHANGES IN EQUITY

( in Rs. )

A Equity Share Capital			B Other Equity		
	Note No.	Amount	Note No.	Retained Earnings	Total
Balance as at April 1, 2019	2	-	3	(46,450)	(46,450)
Changes in Equity share capital during the year	2	25,000	3	(17,869)	(17,869)
<b>Balance as at March 31, 2020</b>		<b>25,000</b>		<b>(64,319)</b>	<b>(64,319)</b>
Changes in Equity share capital during the year	2	-	3	(26,914)	(26,914)
<b>Balance as at March 31, 2021</b>		<b>25,000</b>		<b>(91,233)</b>	<b>(91,233)</b>

**V GOPALAKRISHNAN**  
Director

**N SRINIVASA RAMANUJAM**  
Director

As per our report annexed  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716



# TVS MICRO FINANCE PRIVATE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(in Rs.)

	As at 31st March 2021	As at 31st March 2020
<b>A. Cash Flow from Operating Activities</b>		
1. Profit/(Loss) Before Tax	(26,914)	(17,869)
<b>B. Operating Profit before Working Capital Changes</b>	(26,914)	(17,869)
<b>C. Change in Working Capital</b>		
(Increase)/Decrease in Loans & Advances		
Changes in liability arising from financing activities	26,560	17,515
<b>Change in Working Capital</b>	<b>26,560</b>	<b>17,515</b>
<b>D. Cash generated from Operations (B+C)</b>	(354)	(354)
<b>E. Net Cash from Operating Activities</b>	(354)	(354)
<b>F. Net Cash Flow from Financing Activities</b>		
Proceeds from Issue of Equity Shares		
<b>Net Cash from Financing Activities</b>	-	-
<b>G. Net change in Cash and Cash Equivalents (E+F)</b>	(354)	(354)
<b>H. Cash and Cash Equivalents as at End</b>	24,056	24,410
<b>I. Less: Cash and Cash Equivalents as at Beginning</b>	24,410	24,764
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS (H-I)</b>	(354)	(354)

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No.: 027716

# TVS MICRO FINANCE PRIVATE LIMITED

## NOTES TO BALANCE SHEET

(in Rs.)

1 Cash and cash equivalents	Amount as at March 31, 2021	Amount as at March 31, 2020
Balances with banks	24,056	24,410
<b>Total cash and cash equivalents</b>	<b>24,056</b>	<b>24,410</b>

2 Share Capital	Number of Shares	Amount
-----------------	------------------	--------

<b>i) Authorised Share Capital:</b>		
Equity shares of Rs.10/- each	2,500	25,000

<b>ii) Issued, Subscribed and Fully Paid up Share Capital:</b>		
Equity shares of Rs.10/- each	2,500	25,000

iii) Movement in equity share capital	Number of Shares	Amount
---------------------------------------	------------------	--------

Equity Shares as at March 31, 2019	2,500	25,000
Additions	-	-
<b>Equity Shares as at March 31, 2020</b>	<b>2500</b>	<b>25000</b>
Additions	-	-
<b>Equity Shares as at March 31, 2021</b>	<b>2500</b>	<b>25000</b>

<b>iv) Details of share holders holding more than 5% &amp; Shares held by holding company</b>		
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Name of the Share Holder	As at March 31, 2020	
	No. of Shares	%
TVS Credit Services Limited	2,500	100%

Name of the Share Holder	As at March 31, 2021	
	No. of Shares	%
TVS Credit Services Limited	2,500	100%

<b>v) Terms / Rights attached</b>		
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The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held. Residual interest in the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

3 Other Equity	Amount as at March 31, 2021	Amount as at March 31, 2020
Retained Earnings	(91,233)	(64,319)
<b>Total Other Equity</b>	<b>(91,233)</b>	<b>(64,319)</b>

<b>Retained Earnings</b>		
Opening Balance	(64,319)	(46,450)
Add: Net profit for the year	(26,914)	(17,869)
<b>Closing Balance</b>	<b>(91,233)</b>	<b>(64,319)</b>

4 Trade Payables	Amount as at March 31, 2021	Amount as at March 31, 2020
Audit fees payable	11,800	11,800
<b>Total Trade Payables</b>	<b>11,800</b>	<b>11,800</b>

5 Other Financial Liabilities	Amount as at March 31, 2021	Amount as at March 31, 2020
Payable to Holding Company	78,489	51,929
<b>Total Other Financial Liabilities</b>	<b>78,489</b>	<b>51,929</b>

## NOTES TO STATEMENT OF PROFIT AND LOSS

6 Other Expenses	For the period 1st Apr 2020 to 31st March 2021	For the period 1st Apr 2019 to 31st March 2020
Professional charges	14,360	5,310
Rates and taxes	754	405
Payment to Auditors		
- As Auditor	11,800	11,800
Bank Charges	-	354
<b>Total Other Expenses</b>	<b>26,914</b>	<b>17,869</b>

7 Earnings per share (Basic and Diluted)	For the period 1st Apr 2020 to 31st March 2021	For the period 1st Apr 2019 to 31st March 2020
Earnings attributable to equity share holders	(26,914)	(17,869)
Number of Shares	2,500	2,500
Earnings per Share	(10.77)	(7.15)

# TVS MICRO FINANCE PRIVATE LIMITED

## Brief Description of the Company:

The Company was incorporated on 22nd August 2017 under the name of TVS Micro Finance Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The Company is yet to commence its business.

## 8. Significant Accounting Policies forming part of Financial Statements

### a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

### b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

### c. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

### d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

## Additional Notes forming part of Financial Statements for year ended 31<sup>st</sup> March 2021

1. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.

### 2. Related Party Disclosures:

#### Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

#### Transactions with Related Parties

Sl. No	Nature of Transaction	Name of the Related Party	Amount (Rs.)	
			FY 2020-21	FY 2019-20
01.	Advance Received	TVS Credit Services Limited	26,560	17,515
02	Balance Payable as at the end of the year	TVS Credit Services Limited	78,489	51,929

As per our report annexed

**V GOPALAKRISHNAN**  
Director

**N SRINIVASA RAMANUJAM**  
Director

**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

Chennai  
Dated: 24<sup>th</sup> May 2021

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716

# TVS TWO WHEELER MALL PRIVATE LIMITED

## Directors' Report to the Shareholders

The Directors present the third annual report together with the annual audited statement of accounts for the year ended 31<sup>st</sup> March 2021.

### Financial Highlights

The Company is yet to commence its operations.

### Dividend

The Directors of the Company do not recommend any dividend for the period ended 31<sup>st</sup> March 2021.

### Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

### Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

- (a) in the preparation of the annual accounts for the period from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 both the existing Directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, Directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

### Number of Board meetings held

During the period under review, the Board met 5 times on 26<sup>th</sup> May 2020, 26<sup>th</sup> June 2020, 28<sup>th</sup> September 2020, 21<sup>st</sup> December 2020 and 08<sup>th</sup> March 2021 and the gap between two meetings did not exceed one hundred and twenty days.

### Statutory Auditors

M/s. V. Sankar Aiyar & Co., Chartered Accountants (Firm Registration No. 109208W) have tendered their resignation from the position of Statutory Auditors due to their pre-occupation in other assignments resulting into a casual vacancy in the office of Statutory Auditors of the Company as envisaged by Section 139(8) of the Companies Act, 2013. In view of this, the Board of Directors have recommended the appointment of M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants having registration number 007761S as Statutory Auditors of the Company for a period of 5 years, for shareholders' approval at the 3<sup>rd</sup> AGM.

The Company has received consent from M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants to serve as Statutory Auditors of the company. They have also furnished necessary certificate under Section 139 of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 conveying their eligibility for appointment of statutory auditors of the Company.

The Directors place on record their sincere appreciation for the valuable services rendered by M/s. V. Sankar Aiyar & Co., Chartered Accountants, as its Statutory Auditors since inception of the Company.

### Disclosures

#### Material changes and commitments:

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

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

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

#### Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31<sup>st</sup> March 2020 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

#### Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

#### Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

#### Details of loans / guarantees / investments made:

As regards furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the period ended 31<sup>st</sup> March 2021, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

#### Related Party Transactions:

All contracts / arrangements entered by the Company during the period ended 31<sup>st</sup> March 2021 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of Board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Related Party disclosures as per the Indian Accounting Standards have been provided in Note 2 of Additional Notes forming part of the financial statements.

## TVS TWO WHEELER MALL PRIVATE LIMITED

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### Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company. During the period under review, there was no foreign earning or expenditure in 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.

### Maintenance of cost records:

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

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

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

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

### **Shifting of Registered office of the Company**

Your Directors in the meeting held on 28<sup>th</sup> September 2020 have approved Shifting of Registered office of the Company from Jayalakshmi Estates, No. 29, Haddows Road, Chennai – 600006 to “Chaitanya”, No.12, Khader Nawaz Khan Road, Nungambakkam Chennai 600006, and effective 28<sup>th</sup> September 2020 for operational convenience.

Members are requested to take note of the above change.

### **Acknowledgement**

The Directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The Directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai  
Date : 24<sup>th</sup> April 2021

V Gopalakrishnan  
Director  
DIN: 03291640

N Srinivasa Ramanujam  
Director  
DIN: 07384809

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN as on the financial year ended 31<sup>st</sup> March 2021**

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

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : U65923TN2017PTC118211
- ii) Registration Date : 22/08/2017
- iii) Name of the Company : TVS Two Wheeler Mall Private Limited
- iv) Category / Sub-Category of the Company : Private Limited Company
- v) Address of the Registered office and contact details : "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai 600006
- vi) Whether listed company Yes / No : No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : NA

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
Not Applicable			

The Company is yet to commence its business activities.

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100%	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

- (i) Category-wise Share Holding: **N.A.**
- (ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
	TVS Credit Services Limited along with its nominee	2,500	100	Nil	2,500	100	Nil	100

- (iii) Change in Promoters' Shareholding (please specify, if there is no change): **NIL.**
- (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**NA.**
- V. Shareholding of Directors and key managerial personnel: **NIL**
- VI. Indebtedness of the Company including interest outstanding/accrued but not due for payment  
The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.
- VII. Remuneration of Directors and key managerial personnel

Remuneration to Directors:

All the Directors of the Company are non-executive Directors. The Directors of the Company do not draw any remuneration from the Company for attending the meetings of the Board and committees thereof.

**Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

**VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its Directors or other officers in default during the period under review.

FOR AND ON BEHALF OF THE BOARD

Place : Chennai  
Date : 24<sup>th</sup> April 2021

V Gopalakrishnan  
Director  
DIN: 03291640

N Srinivasa Ramanujam  
Director  
DIN: 07384809

# TVS TWO WHEELER MALL PRIVATE LIMITED

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

To the Members of TVS Two Wheeler Mall Private Limited

### Report on the Audit of the Stand-alone financial statements

#### Opinion

We have audited the accompanying standalone financial statements of TVS TW Mall Private Limited ("the Company"), which comprise the standalone Balance Sheet as at 31<sup>st</sup> March 2021, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss, (financial performance including total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Other Matter

The financial statements of the Company for the year ended 31 March 2020 were audited by the predecessor auditor, V. Sankar Aiyar & Co who have expressed an unmodified opinion on those financial statements vide their audit report dated 26<sup>th</sup> May 2020.

## Report on Other Legal and Regulatory Requirements

With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors.

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

1. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors,

none of the directors is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 143(3)(i) for reporting on the adequacy of internal financial controls over financial reporting and the operating effectiveness of such controls of the Company, are not applicable
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i There are no pending litigations as at 31st March 2021.
  - ii The Company has not entered into any long term contract including derivate contracts.
  - iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN: 007761S

UDIN	21027716AAAAIC7177
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Place : Bangalore  
Date : 25<sup>th</sup> April, 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716



## TVS TWO WHEELER MALL PRIVATE LIMITED

### Annexure "A" to Independent Auditors' Report 31<sup>st</sup> March 2021 (Referred to in our report of even date)

- i The Company does not own any fixed asset. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.
- ii The Company does not have any inventory. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.
- iii The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.
- iv In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and has not provided guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.
- v The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.
- vi The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.
- vii (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs  
(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.
- viii On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.
- ix According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.
- x Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.
- xi In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred under 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 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv During the year, the Company has not made any preferential allotment of equity shares and hence the requirement for compliance of Section 42 of the Act does not arise. The company has not made any private placement of shares or fully or partly convertible debentures during the year.
- xv In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- xvi The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN: 007761S

UDIN	21027716AAAIC7177
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Place : Bangalore  
Date : 25<sup>th</sup> April, 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS TWO WHEELER MALL PRIVATE LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2021

(in Rs.)

Particulars	Note No	As at	As at
		31st March 2021	31st March 2020
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	1	24,056	24,410
<b>TOTAL ASSETS</b>		<b>24,056</b>	<b>24,410</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	2	25,000	25,000
Other Equity	3	(93,568)	(64,294)
<b>TOTAL EQUITY</b>		<b>(68,568)</b>	<b>(39,294)</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings		-	-
(ii) Trade Payables			
a) Total outstanding dues of creditors other than micro enterprises and small enterprises	4	11,800	11,800
b) Total outstanding dues of other than (ii) (a) above		-	-
(iii) Other Financial Liabilities	5	80,824	51,904
<b>TOTAL LIABILITIES</b>		<b>92,624</b>	<b>63,704</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,056</b>	<b>24,410</b>

**V GOPALAKRISHNAN**  
Director

**N SRINIVASA RAMANUJAM**  
Director

As per our report annexed  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 24<sup>th</sup> April, 2021

**V. SATHYANARAYANAN**  
Partner  
Membership No. 027716

# TVS TWO WHEELER MALL PRIVATE LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2020

( in Rs. )

Particulars	Note No	For the period ended 31st March 2021	For the year ended 31st March 2020
<b>INCOME</b>			
Revenue from operations		-	-
<b>TOTAL INCOME</b>			
<b>EXPENSES</b>			
Other expenses	6	29,274	17,869
<b>TOTAL EXPENSE</b>			
		<b>29,274</b>	<b>17,869</b>
Profit/(Loss) before tax		(29,274)	(17,869)
Tax expense:		-	-
Profit/(Loss) after tax for the year		<b>(29,274)</b>	<b>(17,869)</b>
Other Comprehensive Income		-	-
Total Comprehensive Income		<b>(29,274)</b>	<b>(17,869)</b>
<b>Earning per equity share:</b>			
Basic & Diluted earnings per share	7	(11.71)	(7.15)

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 25<sup>th</sup> April, 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS TWO WHEELER MALL PRIVATE LIMITED

## STATEMENT OF CHANGES IN EQUITY

( in Rs. )

A Equity Share Capital			B Other Equity		
	Note No.	Amount	Note No.	Retained Earnings	Total
Balance as at April 1, 2019	2	-	3	(46,425)	(46,425)
Changes in Equity share capital during the year	2	25,000	3	(17,869)	(17,869)
<b>Balance as at March 31, 2020</b>		<b>25,000</b>		<b>(64,294)</b>	<b>(64,294)</b>
Changes in Equity share capital during the year	2	-	3	(29,274)	(29,274)
<b>Balance as at March 31, 2021</b>		<b>25,000</b>		<b>(93,568)</b>	<b>(93,568)</b>

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 25<sup>th</sup> April, 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS TWO WHEELER MALL PRIVATE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(in Rs.)

	As at 31st March 2021	As at 31st March 2020
<b>A. Cash Flow from Operating Activities</b>		
1. Profit/(Loss) Before Tax	(29,274)	(17,869)
<b>B. Operating Profit before Working Capital Changes</b>	(29,274)	(17,869)
<b>C. Change in Working Capital</b>		
(Increase)/Decrease in Loans & Advances		
Changes in liability arising from financing activities	28,920	17,515
<b>Change in Working Capital</b>	<b>28,920</b>	<b>17,515</b>
<b>D. Cash generated from Operations (B+C)</b>	(354)	(354)
<b>E. Net Cash from Operating Activities</b>	<b>(354)</b>	<b>(354)</b>
<b>F. Net Cash Flow from Financing Activities</b>		
Proceeds from Issue of Equity Shares		
<b>Net Cash from Financing Activities</b>	-	-
<b>G. Net change in Cash and Cash Equivalents (E+F)</b>	<b>(354)</b>	<b>(354)</b>
<b>H. Cash and Cash Equivalents as at End</b>	<b>24,056</b>	<b>24,410</b>
<b>I. Less: Cash and Cash Equivalents as at Beginning</b>	<b>24,410</b>	<b>24,764</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS (H-I)</b>	<b>(354)</b>	<b>(354)</b>

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 24<sup>th</sup> April, 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS TWO WHEELER MALL PRIVATE LIMITED

## NOTES TO BALANCE SHEET

(in Rs.)

1 Cash and cash equivalents	Amount as at 31st March 2021	Amount as at 31st March 2020
Balances with banks	24,056	24,410
<b>Total cash and cash equivalents</b>	<b>24,056</b>	<b>24,410</b>

2 Share Capital	Number of Shares	Amount
<b>i) Authorised Share Capital:</b>		
Equity shares of Rs.10/- each	2,500	25,000
<b>ii) Issued, Subscribed and Fully Paid up Share Capital:</b>		
Equity shares of Rs.10/- each	2,500	25,000

iii) Movement in equity share capital	Number of Shares	Amount
Equity Shares as at March 31, 2019	2,500	25,000
Additions	-	-
<b>Equity Shares as at March 31, 2020</b>	<b>2500</b>	<b>25000</b>
Additions	-	-
<b>Equity Shares as at March 31, 2021</b>	<b>2500</b>	<b>25000</b>

**iv) Details of share holders holding more than 5% & Shares held by holding company**

Name of the Share Holder	As at March 31, 2020	
	No. of Shares	%
TVS Credit Services Limited	2,500	100%

Name of the Share Holder	As at March 31, 2021	
	No. of Shares	%
TVS Credit Services Limited	2,500	100%

**v) Terms / Rights attached**

The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held. Residual interest in the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

3 Other Equity	Amount as at March 31, 2021	Amount as at March 31, 2020
Retained Earnings	(93,568)	(64,294)
<b>Total Other Equity</b>	<b>(93,568)</b>	<b>(64,294)</b>

Retained Earnings		
Opening Balance	(64,294)	(46,425)
Add: Net profit for the year	(29,274)	(17,869)
<b>Closing Balance</b>	<b>(93,568)</b>	<b>(64,294)</b>

4 Trade Payables	Amount as at March 31, 2021	Amount as at March 31, 2020
Audit fees payable	11,800	11,800
<b>Total Trade Payables</b>	<b>11,800</b>	<b>11,800</b>

5 Other Financial Liabilities	Amount as at March 31, 2021	Amount as at March 31, 2020
Payable to Holding Company	80,824	51,904
<b>Total Other Financial Liabilities</b>	<b>80,824</b>	<b>51,904</b>

## NOTES TO STATEMENT OF PROFIT AND LOSS

6 Other Expenses	For the period 1st Apr 2020 to 31st March 2021	For the period 1st Apr 2019 to 31st March 2020
Professional charges	16,520	5,310
Rates and taxes	954	405
Payment to Auditors		
- As Auditor	11,800	11,800
Bank Charges		354
<b>Total Other Expenses</b>	<b>29,274</b>	<b>17,869</b>

7 Earnings per share (Basic and Diluted)	For the period 1st Apr 2020 to 31st March 2021	For the period 1st Apr 2019 to 31st March 2020
Earnings attributable to equity share holders	(29,274)	(17,869)
Number of Shares	2,500	2,500
Earnings per Share	(11.71)	(7.15)

## TVS TWO WHEELER MALL PRIVATE LIMITED

### Brief Description of the Company:

The Company was incorporated on 22<sup>nd</sup> August 2017 under the name of TVS Two Wheeler Mall Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The Company is yet to commence its business.

### 8. Significant Accounting Policies forming part of Financial Statements

#### a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

#### b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

#### c. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

#### d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

### Additional Notes forming part of Financial Statements for year ended 31<sup>st</sup> March 2021

1. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.
2. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

#### Transactions with Related Parties

Sl. No	Nature of Transaction	Name of the Related Party	Amount (Rs.)	
			FY 2020-21	FY 2019-20
01.	Advance Received	TVS Credit Services Limited	28,920	17,515
02	Balance Payable as at the end of the reporting year	TVS Credit Services Limited	80,824	51,904

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For V. RAGHAVAN,  
CHAUDHURI & NARAYANAN  
Chartered Accountants  
ICAI Regn No: 007761S

Chennai  
Dated: 24<sup>th</sup> April 2021

V. SATHYANARAYANAN  
Partner  
Membership No.: 027716

## Directors' Report to the Shareholders

The Directors present the third annual report together with the annual audited statement of accounts for the year ended 31<sup>st</sup> March 2021.

### Financial Highlights

The Company is yet to commence its operations.

### Dividend

The Directors, in order to conserve the resources for its future business activities, have not proposed any dividend for the period under review.

### Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

### Directors' Responsibility Statement

Pursuant to the requirement of Section 134(5) of the Companies Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

- (a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2021 on a going concern basis; and
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 all the existing Directors, viz., Mr V Gopalakrishnan and Mr Venu Srinivasan, Mr Sudarshan Venu Mr K Gopala Desikan, Ms Kalpana Unadkat and Mr G Venkatraman, Directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

### Number of Board meetings held

During the period under review, the Board met 5 times on 26<sup>th</sup> May 2020, 26<sup>th</sup> June 2020, 28<sup>th</sup> September 2020, 21<sup>st</sup> December 2020 and 08<sup>th</sup> March 2021 and the gap between two meetings did not exceed one hundred and twenty days.

### Key Managerial Personnel (KMPs)

The following persons have been designated as Key Managerial Personnel of the Company pursuant to Section 2(51) and Section 203 of the Act 2013, read with the Rules framed thereunder.

1. Mr G Venkatraman, Whole-time Director
2. Mr V Gopalakrishnan, Chief Financial Officer
3. Mr Ashwin J, Company Secretary

## Statutory Auditors

M/s. V. Sankar Aiyar & Co., Chartered Accountants (Firm Registration No. 109208W) have tendered their resignation from the position of Statutory Auditors due to their pre-occupation in other assignments resulting into a casual vacancy in the office of Statutory Auditors of the Company as envisaged by Section 139(8) of the Companies Act, 2013. In view of this, the Board of Directors have recommended the appointment of M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants having registration number 007761S as Statutory Auditors of the Company for a period of 5 years, for shareholders' approval at the 3<sup>rd</sup> AGM.

The Company has received consent from M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants to serve as Statutory Auditors of the company. They have also furnished necessary certificate under Section 139 of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 conveying their eligibility for appointment of statutory auditors of the Company.

The Directors place on record their sincere appreciation for the valuable services rendered by M/s. V. Sankar Aiyar & Co., Chartered Accountants, as its Statutory Auditors since inception of the Company.

### Disclosures

#### Material changes and commitments

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

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

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

#### Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31<sup>st</sup> March 2021 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

#### Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

#### Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

#### Details of loans / guarantees / investments made:

As regards furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the financial year 2020-21, the Company has not extended any guarantee or has given loans to other companies during the period under review.

#### Related Party Transactions:

All contracts / arrangements entered by the Company during the period ended 31<sup>st</sup> March 2021 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.



## TVS HOUSING FINANCE PRIVATE LIMITED

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Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Related Party disclosures as per the Indian Accounting Standards have been provided in Note 3 of Additional Notes forming part of the financial statements.

### Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company and there are no foreign exchange earnings and outgo. During the period under review, there was no foreign exchange earnings or expenditure in 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.

### Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

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

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention,

Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

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

### **Shifting of Registered office of the Company**

Your Directors in the meeting held on 28<sup>th</sup> September 2020 have approved Shifting of Registered office of the Company from Jayalakshmi Estates, No. 29, Haddows Road, Chennai – 600006 to “Chaitanya”, No.12, Khader Nawaz Khan Road, Nungambakkam Chennai 600006, and effective 28<sup>th</sup> September 2020 for operational convenience.

### **Acknowledgement**

The Directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The Directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai  
Date : 24<sup>th</sup> April 2021

K Gopala Desikan  
Director  
DIN: 00067107

G Venkatraman  
Whole-Time Director  
DIN: 08098890

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN as on the financial year ended 31<sup>st</sup> March 2020**

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

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : U65999TN2017PTC118512
- ii) Registration Date : 08/09/2017
- iii) Name of the Company : TVS Housing Finance Private Limited
- iv) Category / Sub-Category of the Company : Private Limited Company
- v) Address of the Registered office and contact details : "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai 600006 Tel: 044- 28272233 Fax: 044- 28257121
- vi) Whether listed company Yes / No : No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : NA

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1	Housing Finance	65922	Nil

The Company is yet to commence its business activities.

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
TVS Credit Services Limited No. 29, Haddows Road, Chennai – 600006	U65920TN2008PLC069758	Holding	100%	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

- (i) Category-wise Share Holding: **N.A.**
- (ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	TVS Credit Services Limited along with its nominee	1,20,00,000	100%	Nil	1,20,00,000	100%	Nil	Nil
	Total	1,20,00,000	100%	Nil	1,20,00,000	100%	Nil	Nil

- (iii) Change in Promoters' Shareholding: **NIL.**
- (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**NIL.**
- (v). Shareholding of Directors and key managerial personnel: **NA**

**V. INDEBTEDNESS**

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

- VI. Remuneration of Directors and key managerial personnel: **NIL**

**VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its Directors or other officers in default during the Period under review.

For and on behalf of the Board

Place : Chennai  
Date : 24<sup>th</sup> May 2020

K Gopala Desikan  
Director  
DIN: 00067107

G Venkatraman  
Whole-Time Director  
DIN: 08098890

# TVS HOUSING FINANCE PRIVATE LIMITED

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

### To the Members of TVS Housing Finance Private Limited

#### Report on the Audit of the Stand-alone financial statements

##### Opinion

We have audited the accompanying standalone financial statements of TVS Housing Finance Private Limited ("the Company"), which comprise the standalone Balance Sheet as at 31<sup>st</sup> March 2021, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit (financial performance including total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

##### Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company

or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

##### Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

##### Other Matter

The financial statements of the Company for the year ended 31 March 2020 were audited by the predecessor auditor, V. Sankar Aiyar & Co who have expressed an unmodified opinion on those financial statements vide their audit report dated 26<sup>th</sup> May 2020.

##### Report on Other Legal and Regulatory Requirements

With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors.

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

1. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 143(3)(i) for reporting on the adequacy of internal financial controls over financial reporting

and the operating effectiveness of such controls of the Company, are not applicable

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. There are no pending litigations as at 31<sup>st</sup> March 2021.
  - ii. The Company has not entered into any long term contract including derivate contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For RAGHAVAN, CHAUDHURI & NARAYANAN.,  
Chartered Accountants  
FRN.007761S

UDIN	21027716AAAAIA1243
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Place : Bangalore  
Date : 25<sup>th</sup> April, 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

## TVS HOUSING FINANCE PRIVATE LIMITED

### Annexure "A" to Independent Auditors' Report 31<sup>st</sup> March 2021

(Referred to in our report of even date)

- (i) The Company does not own any fixed asset. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.
- (ii) The Company does not have any inventory. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.
- (iii) The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and has not provided guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.
- (v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.
- (vii) (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs
- (b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.
- (viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.
- (ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred under 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 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment of equity shares and hence the requirement for compliance of Section 42 of the Act does not arise. The company has not made any private placement of shares or fully or partly convertible debentures during the year.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable..

For RAGHAVAN, CHAUDHURI & NARAYANAN.,  
Chartered Accountants  
FRN.007761S

UDIN	21027716AAAAIA1243
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Place : Bangalore  
Date : 25<sup>th</sup> April, 2021

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS HOUSING FINANCE PRIVATE LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2021

( in Rs. )

Particulars	Note No.	As on 31st March 2021	As on 31st March 2020
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Financial Assets</b>			
Cash and Cash equivalents	1	2,969,160	3,707,413
Bank balances other than Cash and Cash Equivalents	2	113,900,000	113,900,000
Other Financial Assets	3	20,380,709	13,581,627
Current Tax Assets (Net)	4	1,957,851	135,111
<b>TOTAL ASSETS</b>		<b>139,207,720</b>	<b>131,324,150</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	5	120,000,000	120,000,000
Other Equity	6	17,188,555	11,312,350
<b>TOTAL EQUITY</b>		<b>137,188,555</b>	<b>131,312,350</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings		-	-
(ii) Trade Payables			
a) Total outstanding dues of creditors other than micro enterprises and small enterprises	7	25,560	11,800
b) Total outstanding dues of other than (ii) (a) above		-	-
(iii) Other Financial Liabilities	8	-	-
<b>Current tax liabilities (Net)</b>	9	<b>1,993,605</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>2,019,165</b>	<b>11,800</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>139,207,720</b>	<b>131,324,150</b>

**G Venkatraman**  
Whole-Time Director

**K Gopala Desikan**  
Director

As per our report annexed  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
ICAI Regn No: 007761S

**V Gopalakrishnan**  
Chief Financial Officer

**J Ashwin**  
Company Secretary

**S.VENKATARAMAN**  
Partner  
Membership No.: 23116

Chennai  
Dated: 24<sup>th</sup> April 2021

# TVS HOUSING FINANCE PRIVATE LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2021

( in Rs. )

Particulars	Note No	For the period ended 31st March 2021	For the year ended 31st March 2020
<b>INCOME</b>			
Revenue from operations			
Other Income	10	7,921,188	7,180,917
<b>Total revenue</b>		<b>7,921,188</b>	<b>7,180,917</b>
<b>EXPENSES</b>			
Other expenses	11	51,373	54,948
<b>Total Expense</b>		<b>51,373</b>	<b>54,948</b>
<b>Profit before tax</b>		<b>7,869,815</b>	<b>7,125,969</b>
<b>Tax expense:</b>			
Current year taxes		1,993,610	1,807,437
Tax relating to earlier years		-	(9,441)
<b>Profit/(Loss) after tax for the year</b>		<b>5,876,205</b>	<b>5,327,973</b>
<b>Earning per equity share:</b>	12	0.49	0.44

**G Venkatraman**  
Whole-Time Director

**K Gopala Desikan**  
Director

As per our report annexed  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
ICAI Regn No: 007761S

**V Gopalakrishnan**  
Chief Financial Officer

**J Ashwin**  
Company Secretary

**S.VENKATARAMAN**  
Partner  
Membership No.: 23116

Chennai  
Dated: 24<sup>th</sup> April 2021

# TVS HOUSING FINANCE PRIVATE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

( in Rs. )

	<u>As at 31st March 2021</u>	<u>As at 31st March 2020</u>
<b>A. Cash Flow from Operating Activities</b>		
1. Profit/(Loss) Before Tax	7,869,815	7,125,969
Interest Income		-
<b>B. Operating Profit before Working Capital Changes</b>	<u>7,869,815</u>	<u>7,125,969</u>
<b>C. Change in Working Capital</b>		
(Increase)/Decrease in Short Term Receivable	(7,376,338)	(5,858,991)
Increase/(Decrease) in Trade and other Payables	13,760	(481,821)
Change in Working Capital	<u>(7,362,578)</u>	<u>(6,340,812)</u>
<b>D. Income Tax Paid</b>	<b>(1,245,490)</b>	<b>(1,933,107)</b>
<b>E. Cash generated from Operations (B+C)</b>	(738,253)	(1,147,950)
<b>F. Net Cash from Operating Activities</b>	<u>(738,253)</u>	<u>(1,147,950)</u>
<b>G. Net Cash Flow from Financing Activities</b>		
Borrowings		(1,660,196)
Proceeds from Issue of Equity Shares		
<b>Net Cash from Financing Activities</b>		<b>(1,660,196)</b>
<b>H. Net change in Cash and Cash Equivalents (E+F)</b>	<b>(738,253)</b>	<b>(2,808,146)</b>
<b>I. Cash and Cash Equivalents as at End</b>	<b>2,969,160</b>	<b>3,707,413</b>
<b>J. Less: Cash and Cash Equivalents as at Beginning</b>	<b>3,707,413</b>	<b>6,515,559</b>
<b>K. NET CHANGE IN CASH &amp; CASH EQUIVALENTS (I-J)</b>	<b>(738,253)</b>	<b>(2,808,146)</b>

**G Venkatraman**  
Whole-Time Director

**K Gopala Desikan**  
Director

As per our report annexed  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
ICAI Regn No: 007761S

**V Gopalakrishnan**  
Chief Financial Officer

**J Ashwin**  
Company Secretary

**S.VENKATARAMAN**  
Partner  
Membership No.: 23116

Chennai  
Dated: 24<sup>th</sup> April 2021



# TVS HOUSING FINANCE PRIVATE LIMITED

## STATEMENT OF CHANGES IN EQUITY

(in Rs.)

A Equity		B Other Equity			
	Note No.	Amount	Note No.	Retained Earnings	Total
Balance as at April 1, 2019	5	120,000,000	6	5,984,377	5,984,377
Changes in Equity share capital during the year	5	-	6	5,327,973	5,327,973
<b>Balance as at March 31, 2020</b>		<b>120,000,000</b>		<b>11,312,350</b>	<b>11,312,350</b>
Changes in Equity share capital during the year		-	6	5,876,205	5,876,205
<b>Balance as at March 31, 2021</b>		<b>120,000,000</b>		<b>17,188,555</b>	<b>17,188,555</b>

G Venkatraman  
Whole-Time Director

K Gopala Desikan  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No: 007761S

V Gopalakrishnan  
Chief Financial Officer

J Ashwin  
Company Secretary

S.VENKATARAMAN  
Partner  
Membership No.: 23116

Chennai  
Dated: 24<sup>th</sup> April 2021

# TVS HOUSING FINANCE PRIVATE LIMITED

## NOTES TO BALANCE SHEET

(in Rs.)

	As at 31-Mar-21	As at 31-Mar-20
<b>1 Cash and cash equivalents</b>		
Balances with banks	2,969,160	3,707,413
<b>Total cash and cash equivalents</b>	<b>2,969,160</b>	<b>3,707,413</b>
<b>2 Balances with Banks other than Cash and Cash Equivalents</b>	<b>As at 31-Mar-21</b>	<b>As at 31-Mar-20</b>
Deposits with banks	113,900,000	113,900,000
<b>Total Balances with Banks other than Cash and Cash Equivalents</b>	<b>113,900,000</b>	<b>113,900,000</b>
<b>3 Other Financial Assets</b>	<b>As at 31-Mar-21</b>	<b>As at 31-Mar-20</b>
Interest accrued on Fixed Deposits	20,380,709	13,581,627
<b>Total Other Financial Assets</b>	<b>20,380,709</b>	<b>13,581,627</b>
<b>4 Current tax Assets (Net)</b>	<b>As at 31-Mar-21</b>	<b>As at 31-Mar-20</b>
Advance tax and TDS receivable	1,957,851	135,111
<b>Total Current tax Assets (Net)</b>	<b>1,957,851</b>	<b>135,111</b>
<b>5 Share Capital</b>	<b>Number of Shares</b>	<b>Amount</b>
<b>i) Authorised Share Capital:</b>		
Equity shares of Rs.10/- each	12,00,000.00	1,20,00,000
<b>ii) Issued, Subscribed and Fully Paid up Share Capital:</b>		
Equity shares of Rs.10/- each	12,00,000	120,00,000
<b>iii) Movement in equity share capital</b>	<b>Number of Shares</b>	<b>Amount</b>
Equity Shares as at April 1, 2020	12,00,000	120,00,000
Additions	-	-
Equity Shares as at March 31, 2021	12,00,000	120,00,000
<b>iv) Details of share holders holding more than 5%</b>		
<b>Name of the Share Holder</b>	<b>As at March 31, 2021</b>	
	<b>No. of Shares</b>	<b>%</b>
TVS Credit Services Limited	12,00,000	100.00
<b>Name of the Share Holder</b>	<b>As at March 31, 2020</b>	
	<b>No. of Shares</b>	<b>%</b>
TVS Credit Services Limited	12,00,000	100.00
<b>v) Terms / Rights attached</b>		
The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held.		
<b>6 Other Equity</b>	<b>Amount as at March 31, 2021</b>	<b>Amount as at March 31, 2020</b>
Retained Earnings	17,188,555	11,312,350
<b>Total Other Equity</b>	<b>17,188,555</b>	<b>11,312,350</b>

	Amount as at March 31, 2021	Amount as at March 31, 2020
<b>i) Retained Earnings</b>		
Opening Balance	11,312,350	5,984,377
Add: Net profit for the year	5,876,205	5,327,973
<b>Closing Balance</b>	<b>17,188,555</b>	<b>11,312,350</b>
<b>7 Trade Payables</b>	<b>Amount as at March 31, 2021</b>	<b>Amount as at March 31, 2020</b>
Other Payables	25,560	11,800
<b>Total Trade Payables</b>	<b>25,560</b>	<b>11,800</b>
<b>8 Other Financial Liabilities</b>	<b>Amount as at March 31, 2021</b>	<b>Amount as at March 31, 2020</b>
Payable to Holding Company	-	-
<b>Total other Financial Liabilities</b>	<b>-</b>	<b>-</b>
<b>9 Current Tax Liability</b>	<b>Amount as at March 31, 2021</b>	<b>Amount as at March 31, 2020</b>
Provision for Taxation	1,993,605	-
<b>Total Current Tax Liability</b>	<b>1,993,605</b>	<b>-</b>

## NOTES TO STATEMENT OF PROFIT AND LOSS

	For the period ended 31st March 2021	For the Year ended 31st March 2020
<b>10 Other Income</b>		
Interest Income	7,921,188	7,180,917
<b>Total Other Income</b>	<b>7,921,188</b>	<b>7,180,917</b>
<b>11 Other Expenses</b>	<b>For the period ended 31st March 2021</b>	<b>For the Year ended 31st March 2020</b>
Professional charges	20,680	29,580
Rates and taxes	18,421	2,414
Payment to Auditors		
- As Auditor	11,800	22,600
Bank Charges	472	354
License Fees	-	-
Other Expenses	-	-
<b>Total Other Expenses</b>	<b>51,373</b>	<b>54,948</b>
<b>12 Earnings per share</b>	<b>For the period ended 31st March 2021</b>	<b>For the Year ended 31st March 2020</b>
Earnings attributable to equity share holders	5,876,205	5,327,973
Number of Shares	12,00,000	12,00,000
<b>Earnings per Share</b>	<b>0.49</b>	<b>0.44</b>

# TVS HOUSING FINANCE PRIVATE LIMITED

## Brief Description of the company:

The Company was incorporated on 22<sup>nd</sup> August 2017 under the name of TVS Housing Finance Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The company is yet to commence its business.

## 13. Significant Accounting Policies forming part of Financial Statements

### a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

### b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

### c. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

### d. Taxes on Income

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.

### e. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

## Additional Notes forming part of Financial Statements for year ended 31<sup>st</sup> March 2021

1. The Company has applied for the registration under Housing Finance Companies (NHB) Act, 1987 and the same is pending and hence it has not commenced its business of Housing Finance. Consequently, the requirements of disclosures and other compliances under NHB Act and Directions are not applicable..
2. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.
3. Related Party Disclosures:

### Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

### Transactions with Related Parties

Sl. No	Nature of Transaction	Name of the Related Party	Amount (Rs.)	
			FY 2020-21	FY 2019-20
01.	Advance Received	TVS Credit Services Limited	1,358,142	3,28,074
02	Balance Payable as at the end of the year	TVS Credit Services Limited	Nil	Nil

As per our report annexed

**G Venkatraman**  
Whole-Time Director

**K Gopala Desikan**  
Director

**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
ICAI Regn No: 007761S

**V Gopalakrishnan**  
Chief Financial Officer

**J Ashwin**  
Company Secretary

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716

Chennai  
Dated: 24<sup>th</sup> April 2021

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## Directors' Statement

The directors present their statement to the member together with the audited financial statements of **TVS MOTOR (SINGAPORE) PTE. LIMITED** (the "company") for the financial year ended 31 March 2021.

### 1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- the financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2021 and the financial performance, changes in equity and cash flows of the company for the year then ended; and
- at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

### 2. DIRECTORS

The directors of the company in office at the date of this statement are:

Venu Srinivasan  
Hari Hara Iyer Lakshmanan  
Seenivasan Elayalwar  
Rajesh Narasimhan (Appointed on 10 March 2021)

### 3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object are, or one of whose objects is, to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

### 4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors who held office at the end of the financial year, had no interest in the share capital of the company and related corporations as recorded in the register of directors' shareholdings

required to be kept by the company under Section 164 of the Singapore Companies Act, Chapter 50 except as stated below:

Name of directors and corporation In which interests are held	Number of ordinary shares of INR1 each	
	At beginning of year	At end of year
TVS Motor Company Limited (Holding company)		
Venu Srinivasan	2,569,726	2,569,726
Hari Hara Iyer Lakshmanan	55,870	55,870

### 5. SHARE OPTION

During the financial year, no option to take up unissued shares of the company was granted. During the financial year, there were no shares of the company issued by virtue of the exercise of options to take up unissued shares.

As at the end of the financial year, there were no unissued shares of the company under option.

### 6. AUDITOR

Rama & Co. has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board

venu srinivasan

Director

Singapore,

27<sup>th</sup> April 2021

HARI HARA IYER LAKSHMANAN

Director

## Independent Auditors' report to the Member of TVS Motor (Singapore) Pte. Limited

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of **TVS MOTOR (SINGAPORE) PTE. LIMITED** (the "company"), which comprise the statement of financial position as at 31 March 2021, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 31 March 2021 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on Other Legal and Regulatory Requirement

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

**RAMA & CO.**  
**PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS**  
**SINGAPORE**

Singapore,  
27<sup>th</sup> April 2021

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	2021	2020
ASSETS		S\$	S\$
<b>Non-current assets:</b>			
Plant and equipment	(8)	14,551,484	17,067,887
Investment in subsidiary	(9)	65,094,437	-
Investments in associates	(10)	100,123,559	83,434,344
Other investments	(11)	-	12,746,390
Other receivables	(12)	4,581,063	2,313,382
<b>Total non-current assets</b>		<b>184,350,543</b>	<b>115,562,003</b>
<b>Current assets:</b>			
Other receivables	(12)	3,546,513	910,195
Prepayments	(13)	279,929	300,399
Bank balances	(14)	2,043,879	46,866,365
<b>Total current assets</b>		<b>5,870,321</b>	<b>48,076,959</b>
<b>Total assets</b>		<b>190,220,864</b>	<b>163,638,962</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity:</b>			
Share capital	(15)	200,829,458	118,528,579
Share application money	(16)	-	46,860,000
Accumulated losses		(25,320,798)	(20,829,338)
<b>Total equity</b>		<b>175,508,660</b>	<b>144,559,241</b>
<b>Non-current liability:</b>			
Lease liability	(17)	10,693,344	14,476,176
<b>Current liabilities:</b>			
Lease liability	(17)	3,040,673	3,110,379
Other payables	(18)	978,187	1,493,166
<b>Total current liabilities</b>		<b>4,018,860</b>	<b>4,603,545</b>
<b>Total liabilities</b>		<b>14,712,204</b>	<b>19,079,721</b>
<b>Total equity and liabilities</b>		<b>190,220,864</b>	<b>163,638,962</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021	2020
		S\$	S\$
<b>Revenue</b>	(19)	<b>6,087,413</b>	6,709,845
<b>Cost of services</b>	(20)	<b>(5,939,271)</b>	(6,494,296)
<b>Gross profit</b>		<b>148,142</b>	215,549
Other income	(21)	104,950	70,900
Administrative expenses		(4,711,686)	(6,695,577)
Other expense		(32,866)	(2,334,825)
<b>Loss before income tax</b>		<b>(4,491,460)</b>	(8,743,953)
Income tax	(22)	-	-
<b>Loss for the year</b>	(23)	<b>(4,491,460)</b>	(8,743,953)
<b>Other comprehensive income</b>		<b>-</b>	-
<b>Total comprehensive loss for the year</b>		<b>(4,491,460)</b>	<b>(8,743,953)</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital	Share Application Money	Accumulated Losses	Total
	S\$	S\$	S\$	S\$
Balance as at 1 April 2019	91,480,287	-	(12,085,385)	79,394,902
Issuance of shares (Note 15)	27,048,292	-	-	27,048,292
Share application money received	-	46,860,000	-	46,860,000
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(8,743,953)</b>	<b>(8,743,953)</b>
Balance as at 31 March 2020	118,528,579	46,860,000	(20,829,338)	144,559,241
Issuance of shares (Note 15)	82,300,879	(46,860,000)	-	35,440,879
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(4,491,460)</b>	<b>(4,491,460)</b>
Balance as at 31 March 2021	200,829,458	-	(25,320,798)	175,508,660

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021	2020
		S\$	S\$
<b>Cash flow from operating activities:</b>			
Loss before income tax		(4,491,460)	(8,743,953)
Adjustment for:			
Depreciation of plant and equipment	(8)	2,895,378	2,933,416
Foreign currency exchange difference	(24)	(891,626)	1,011,396
Interest on lease liability	(24)	464,316	558,947
Interest income		(67,581)	(65,730)
Operating loss before working capital changes		(2,090,973)	(4,305,924)
Other receivables		(5,211,293)	1,793,320
Prepayments		20,470	378,124
Other payables		(514,979)	(512,624)
<b>Net cash used in operating activities</b>		<b>(7,796,775)</b>	<b>(2,647,104)</b>
<b>Investing activities:</b>			
Investment in subsidiary	(9)	(65,094,437)	-
Investment in associate	(10)	(3,942,825)	(8,736,801)
Investment in other investments		-	(12,746,390)
Purchase of plant and equipment	(8)	(4,100)	(120,060)
<b>Net cash used in investing activities</b>		<b>(69,041,362)</b>	<b>(21,603,251)</b>
<b>Financing activities:</b>			
Amount due to holding company	(24)	-	392,000
Issuance of shares	(15)	35,440,879	26,215,397
Payment of lease liability	(24)	(3,425,228)	(3,424,108)
Share application money received	(16)	-	46,860,000
<b>Net cash from financing activities</b>		<b>32,015,651</b>	<b>70,043,289</b>
Net (decrease)/ increase in bank balances		(44,822,486)	45,792,934
Bank balance at beginning of year		46,866,365	1,073,431
<b>Bank balance at end of year</b>	(14)	<b>2,043,879</b>	<b>46,866,365</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. GENERAL

#### a) Corporate Information

TVS Motor (Singapore) Pte. Limited (the "company") (Registration number: 200301438H) is a private limited company incorporated and domiciled in the Republic of Singapore with its registered office at:

17 Phillip Street #05-01  
Grand Building  
Singapore 048695

The principal activities of the company are to carry on the business as an investment holding company.

#### b) Authorisation of financial statements for issue

The financial statements of the company for the year ended 31 March 2021 were authorised for issue by the Board of Directors on 27<sup>th</sup> April, 2021.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1. Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up and in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in the exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purpose, fair value measurements are described in Note 5.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumption. The areas involving a higher degree of judgement or complexity or areas where assumption and estimates are significant to the financial statements as disclosed in Note 4.

#### 2.2. Changes in Accounting Policies

##### a) Adoption of new revised FRSs and INT FRSs

In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2020. The adoption of these new/ revised FRSs and INT FRSs did not result in substantial changes to the company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

##### b) Standards issued but not yet effective

At the date of authorisation of financial statements, the following FRSs that are relevant to the company were issued but not effective as follows

Reference	Description	Effective for annual periods beginning on or after
FRS 1	Classification of Liabilities as Current or Non-Current (Amendments)	1 January 2023
FRS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Annual Improvements to FRSs 2018-2020 cycle:		
- Amendments to FRS 109 Financial Instruments – Fees in the "10 percent" Test for Derecognition of Financial Liabilities		1 January 2022

The directors anticipate that the adoption of the above FRSs, INT FRS and amendments to FRS in future periods standards will not have a materials impact on the financial statements of the company in the period of their initial adoption.

### 2.3. Functional and Foreign Currency

#### a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The financial statements of the company are presented in Singapore dollar, which is also the functional currency of the company.

#### b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss.

### 2.4. Subsidiary

Subsidiary is an entity controlled by the company. The company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss. On disposal of such investment, the difference between the net disposal proceed and their carrying amounts is included in profit or loss.

These financial statements are the separate financial statements of the company.

The company is exempted from the requirement to prepare consolidated financial statements as the company itself is the wholly owned subsidiary of another entity, which produces the consolidated financial statements which are available for public use.

### 2.5. Associates

An associate is an entity over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in the associate companies is stated at cost, less impairment if any.

### 2.6. Plant and Equipment

#### a) Measurement

Plant and equipment are initially stated at cost and subsequently carried at cost less accumulated depreciation and any impairment losses.

#### b) Components of costs

The cost of an item of plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

#### c) Depreciation

Depreciation is calculated on the straight line method to write off the cost of the plant and equipment over their estimated useful lives, or in the case of right-of-use asset, over the lease term, as follows:

Years	
Office equipment	3
Vehicle (Right-of-Use asset)	7

No depreciation is provided for office artwork.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021 (Continued)

### d) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset 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. Other subsequent expenditure is recognised as repair and maintenance expense in profit or loss during the financial year in which it is incurred.

### e) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

## 2.7. Impairment of Non-Financial Assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## 2.8. Bank balances

Bank balances in statements of cash flows comprise cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are classified as measured at amortised cost under FRS 109.

## 2.9. Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### As a lessee

For any new contracts entered into on or after 1 April 2019, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At lease commencement date, the company recognises a right-of-use asset within "Plant and Equipment" and a lease liability on the statement of financial position.

### Right-of-Use Asset

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life (which is determined on the same basis as those of plant and equipment).

The company also assesses the right-of-use asset for impairment when such indicators exist. In addition, the right-of-use asset is periodically adjusted for certain remeasurements of the lease liability.

### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate, being the rate, it would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee, lease payments arising from extension options reasonably certain to be exercised, exercise price under purchase option reasonably certain to be exercised and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

### Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise items of office equipment with individual values not exceeding S\$5,000.

## 2.10. Revenue Recognition

Revenue from sale of goods and services in the ordinary course of business is recognised when the company satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of consideration in the contract to which the company expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the completion reflecting the progress towards complete satisfaction of that PO.

### Passenger service income

The company provides aircraft usage and passenger transport services and, operational and maintenance services for customers. Revenue from these services are recognised when services are performed over the usage and service period (i.e. over time).

## 2.11. Other income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

## 2.12. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

### a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

### b) Deferred tax

Deferred tax is provided, using the liability method on all temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences carry-forward of unutilised tax assets and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unutilised

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021 (Continued)

tax assets and unutilised tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit or loss nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed at the each of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 2.13. Employee Benefits

#### a) Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the company's obligations under the plans are equivalent to those arising in a defined contribution plan.

#### b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrued to employees. All unused leave at the end of the reporting period is encashed to the employees.

### 2.14. Related Parties

A related party is a person or an entity related to the company and is further defined as follows:

- a) A person or a close member of that person's family is related to the company if that person:
  - i) has control or joint control over the company;
  - ii) has significant influence over the company; or
  - iii) is a member of the key management personnel of the company or of a parent of the company.
- b) An entity is related to the company if any of the following conditions applies:
  - i) the entity and the company are members of the same group i.e each parent, subsidiary and fellow subsidiary is related to the others;
  - ii) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
  - iii) both entities are joint ventures of the same third party;
  - iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
  - vi) the entity is controlled or jointly controlled by a person identified in (a);
  - vii) a person identified in (a) i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity; or
  - viii) the entity, or any member of the group of which it is a part, provides key management personnel services to the company or to the parent of the company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning,

directing and controlling the activities of the entity, directly or indirectly, including any director of the company.

Related party transactions and outstanding balances disclosed in the financial statement are in accordance with the above definition as per FRS 24 – Related Party Disclosures.

### 2.15. Provisions

Provisions are recognised when the company has present obligations (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 2.16. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When changes in the probability of an outflow occur so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

### 2.17. Events after the Reporting Period

Events after the reporting period that provide additional information about the company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

## 3. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the company's statement of financial position when and only when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3.1. Financial Assets

#### a) Classification and subsequent measurement

Financial assets are classified, at initial recognition, at amortised cost and fair value through other comprehensive income (OCI).

The classification of financial assets, at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. The company initially measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

#### Financial assets at amortised cost

A financial asset is measured at amortised cost if the financial asset is held with the objective of collecting contractual cash flows and these contractual cash flows comprises solely principal and interest payments.



## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021 (Continued)

After initial measurement at fair value, debt instruments are measured at amortised cost using the effective interest rate (EIR) method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised, or impaired, and through the amortisation process. Interest income from these financial assets is included in interest income using the effective interest rate (EIR) method.

As at the reporting date, the company's debt instruments at amortised cost consist of other receivables and bank balances.

### Financial assets at fair value through other comprehensive income (FVTOCI)

Equity instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that solely payments of principal and interest on the principal amount outstanding.

As at the reporting date, the company's financial assets at FVTOCI cost consist of unquoted equity investments.

### b) Impairment of financial assets

When applicable, the company recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

When applicable, the company will recognise lifetime ECL for trade receivables. The expected credit losses on these financial assets will be estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the company will recognise lifetime ECL when there has been significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the company measured the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition instead of an evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month expected credit loss is the expected credit loss that result from default events that are possible within 12 months after the reporting date.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets gross carrying amount at the reporting date; or for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows for the company in accordance with the contract and all the cash flows that the company expects to receive, discount at the original effective interest rate.

### c) Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains

substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### 3.2. Equity and Financial Liabilities

Equity instruments issued by the company and financial liabilities are classified accordingly to the substance of the contractual arrangements entered into and the definitions of an equity instrument and a financial liability.

#### a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital is classified as equity.

#### b) Financial liabilities

Financial liabilities at amortised cost

The company determines the classification of its financial liabilities at initial recognition. Financial liabilities are initially recognised at fair value of consideration received net of transaction costs.

After initial recognition, they are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Financial liabilities at amortised cost consist of other payables and lease liability.

#### c) Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payables, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### 4.1. Critical Accounting Judgements

#### Determination of functional currency

In determining the functional currency of the company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the company is determined based on management's assessment of the primary economic environment in which the company operates and the company's process of determining sales prices.

### 4.2. Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### a) Impairment of investment in subsidiary, investments in associates and other investments

The company follows the guidance of FRS 36 in determining the recoverability of its investment in subsidiary, investments in associate and other investments. The company determines the recoverable amount of the subsidiaries based on the subsidiaries' net assets values at the end of the reporting period as in the opinion of the management, the net assets values of these subsidiaries reasonably approximate the fair values less costs to sell.

The carrying amounts of investment in subsidiary, investments in associate and other investments are disclosed in Note 9, Note 10 and Note 11 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021 (Continued)

### b) Impairment of plant and equipment

As the end of the reporting period, the company assesses whether plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of plant and equipment have been determined based on value-in use calculations. These calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted.

The carrying amounts of the company's plant and equipment are disclosed in Note 8 to the financial statements.

### c) Depreciation of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over their estimated useful lives or over their lease terms, in the case of right-of-use asset. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

## 5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

### 5.1. Categories of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	2021	2020
	S\$	S\$
<b>Financial asset</b>		
At amortised cost:		
- Other receivables	8,127,576	3,223,577
- Bank balances	2,043,879	46,866,365
At fair value through other comprehensive income:		
- Other investments	-	12,746,390
	<u>10,171,455</u>	<u>62,836,332</u>
<b>Financial liabilities</b>		
At amortised cost:		
- Other payables	978,187	1,493,166
- Lease liability	13,734,017	17,586,555
	<u>14,712,204</u>	<u>19,079,721</u>

### 5.2. Financial Risk Management Policies and Objectives

The company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The company, however, does not have any written risk management policies and guidelines. The management meet periodically to analyse, formulate and monitor the following risk management of the company and believe that the financial risks associated with these financial instruments are minimal. The company adopt systematic approach towards risk assessment and management. This is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, and monitoring and reporting of risk profile.

The company is exposed to credit risk, foreign currency exchange rate risk and liquidity risk. The company is not significantly exposed to interest rate risk.

There has been no change to the company's exposure to these financial risks or the manner in which it manages measures the risk.

#### a) Credit risk

Credit risk refers to risk that a counter party will default on its contractual obligations to repay amounts owing to company resulting in a loss to the company. The company's primary exposure to credit risk arises through its bank balance. It is the company's policy to enter into transactions with creditworthy customers and high credit rating counter-parties to mitigate any significant credit risk. The company has procedures in place to control credit risk and that exposure to such risk is monitored on an ongoing basis.

#### Credit risk management

The company considers the probability of default upon initial recognition of asset and at each reporting date, assesses whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

#### Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and includes forward-looking information such as the following:

- Credit rating information supplied by publicly available financial information;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- Significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase on credit risk is presumed if a debtor is more than 30 days past due in making contractual payment unless the company has reasonable and supportable information that demonstrates otherwise.

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

#### Low credit risk

The company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

A financial asset is considered to have low credit risk if:

- The financial instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

#### Credit-impaired

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counter-party or the borrower;
- A breach of contract, such as default or past due event; or
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

#### Default event

The company considers the following as constituting an event of default when:

- The borrower fails to make contractual payments, within 90 days when they fall due, unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate; or
- Internal or external information indicates that the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held).

#### Write-off policy

The company categorises a receivable for potential write-off when:

- There is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery or
- When a debtor fails to make contractual payments more than 365 days past due.

Where receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

#### Credit risk grading framework

The company's current credit risk grading framework comprises the following categories:

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021 (Continued)

Category	Definition of category	Basis for recognizing expected credit loss (ECL)
I - Performing	Counterparty has a low risk of default and does not have any past due amounts and a strong capacity to meet contractual cash flows.	12-month ECL
II - Under performing	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit impaired
III - Default	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL - credit impaired
IV - Write off	Amount is > 365 days past due or there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.	Amount is written off

There are no significant changes to estimation techniques or assumptions made during the reporting period.

### Simplified approach

When applicable, the company will apply the simplified approach using the provision matrix to provide for ECLs for trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

The provision matrix is based on historical credit loss experience over the past three years and adjusted for forward-looking estimates. Trade receivables are grouped based on similar credit risk characteristics and days past due.

### Expected credit loss assessment

The following are qualitative information on expected credit loss for financial assets under amortised cost:

- Other receivables

Management determined credit risk for the amount due from third parties has not increased significantly since their initial recognition. Accordingly, the company measured the impairment loss allowance at 12-month ECL and determined that the ECL is insignificant.

- Bank balances

The company places its bank deposit with credit worthy financial institution. Impairment on bank balances is measured on the 12-month expected loss basis. Management considers that its bank balances have low credit risk based on the external credit ratings of the counterparty. Therefore, management considers the amount of ECL is insignificant.

### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market interest rate.

The company has bank balances that is non-interest bearing, therefore has no exposure to cash flow interest rate risk.

No interest rate sensitivity analysis is disclosed as the impact of changes in interest rate is not expected to be material.

### c) Foreign currency exchange rate risk

Foreign currency exchange rate risk arose from the change in foreign exchange rates that may have an adverse effect on the company in the current reporting period and in the future periods.

The company transacts mainly in Singapore dollar. Management believes that the foreign exchange rate risk is manageable. Hence, the company does not use derivative financial instruments to mitigate this risk.

The company's exposure to foreign currency exchange rate risk in equivalent Singapore dollar is as follows:

	2021	2020
	US\$	US\$
<b>In Singapore dollar</b>		
Financial assets		
Other investments	-	12,746,390
Other receivables	4,964,463	2,696,782
Bank balances	2,012,298	46,865,381
	<b>6,976,761</b>	<b>62,308,553</b>
Financial liabilities		
Lease liability	13,734,017	17,586,555
Other payables	234,413	66,492
	<b>13,968,430</b>	<b>17,653,047</b>
Net exposure	<b>(6,991,669)</b>	<b>44,655,506</b>

### Sensitivity analysis

A 10% increase or decrease is used when reporting foreign currency exchange rate risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates.

A 10% strengthening of Singapore dollar against the following currency would increase/(decrease) profit or loss and equity by the amount shown below:

	2021	2020
	S\$	S\$
US\$ impact	699,167	(4,465,551)

A 10% weakening of Singapore dollar against the above currency would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

### d) Liquidity risk management

Liquidity risk refer to risk that the company will not have sufficient funds to pay its debts as and when they fall due.

In the management of the liquidity risk, the company monitors and maintains a level of bank balances deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuations in cash flows.

The following table summarises the company's remaining contractual maturity for its non-derivative financial liabilities at the end of the reporting period based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the company is expected to pay.

### Contractual undiscounted cash flows

2021	Effective interest rate	Carrying amount	Less than a year	Within 2 to 5 years	Later than 5 years	Total
	(%)	S\$	S\$	S\$	S\$	S\$
<b>Financial liabilities:</b>						
Lease liability	3%	13,734,017	3,411,110	11,290,614	-	14,701,724
Other payables	-	978,187	978,187	-	-	978,187
		<b>14,712,204</b>	<b>4,389,297</b>	<b>11,290,614</b>	<b>-</b>	<b>15,679,911</b>

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021 (Continued)

### Contractual undiscounted cash flows

2020	Effective interest rate (%)	Carrying amount	Less than a year	Within 2 to 5 years	Later than 5 years	Total
		S\$	S\$	S\$	S\$	S\$
<b>Financial liabilities:</b>						
Lease liability	3%	17,586,555	3,595,440	13,141,248	2,354,928	19,091,616
Other payables	-	1,493,166	1,493,166	-	-	1,493,166
		<u>19,079,721</u>	<u>5,088,606</u>	<u>13,141,248</u>	<u>2,354,928</u>	<u>19,415,513</u>

### e) Fair value of financial assets and financial liabilities

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained through discounted cash flow models as appropriate.

#### i) Financial assets and liabilities

Management has determined that the carrying amounts of bank balances, other receivables, lease liability and other payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature. The fair value of non-current receivables is disclosed in Note 12 to the financial statements.

#### ii) Fair value hierarchy

The company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;

b) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

c) Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

During the financial year ended 31 March 2021, there was no transfer between instruments in Level 1, Level 2 and Level 3, or vice versa.

The company does not anticipate that the carrying amounts recorded at end of the reporting period would significantly be different from the values that would eventually be received or settled.

#### iii) Assets measured at fair value

Financial Assets	Assets 2020 S\$	Fair Value Hierarchy	Valuation Technique and Key Impact	Significant unobservable input	Relationship of unobservable inputs to fair value
At fair value through other comprehensive income					
Other investments - Equity securities (unquoted)	12,746,390	Level 3	Income approach – discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.	Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries accordingly recognised at cost.	A significant increase in the discount for lack of marketability would result in a significant decrease in fair value.

### 5.3. Capital Risk Management Policies and Objectives

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as other payables plus lease liability less bank balances. Total capital is calculated as equity and net debt. The company's overall strategy remains unchanged during the period.

	2021	2020
	S\$	S\$
Other payables	978,187	1,493,166
Lease liability	13,734,017	17,586,555
Less: Bank balances	(2,043,879)	(46,866,365)
Net debt/ (cash position)	<u>12,668,325</u>	<u>(27,786,244)</u>
Total equity	<u>175,508,660</u>	<u>144,559,241</u>
Total capital	<u>188,176,985</u>	<u>116,772,997</u>
Gearing ratio	<u>6.7%</u>	<u>N.M.</u>

N.M. - Not meaningful.

The company is not subject to externally imposed capital requirements.

### 6. HOLDING COMPANY

The company is wholly-owned subsidiary of TVS Motor Company Ltd, incorporated in India. The company's ultimate holding company is Sundaram Clayton Limited, incorporated in India. The registered office of the holding company is at No.12, Chaitanya Building, Khader Nawaz Khan Road, Chennai – 600 006, India.

Some of the company's transactions and arrangements are between members of the company and the effects of these on the basis determined between the parties are reflected in these financial statements.

Significant holding company transactions:

	2021	2020
	S\$	S\$
Recovery of consultancy fees	-	(287,018)

### 7. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements.

#### (a) Significant related parties' transactions:

	2021	2020
	S\$	S\$
Service income	6,067,413	6,709,845
Rental expense	<u>129,258</u>	<u>60,933</u>

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021 (Continued)

### (b) Key management personnel compensation:

	2021	2020
	S\$	S\$
Salaries, bonus and allowances	669,440	-
Employer's contribution to Central Provident Fund	780	-

### 8. PLANT AND EQUIPMENT

	Office equipment	Office artwork	Vehicle	Total
	S\$	S\$	S\$	S\$
<b>Cost</b>				
As at 01.04.2019	21,139	-	-	21,139
Additions	-	120,060	19,867,150	19,987,210
As at 31.03.2020	21,139	120,060	19,867,150	20,008,349
Additions	4,100	-	374,875	378,975
<b>As at 31.03.2021</b>	<b>25,239</b>	<b>120,060</b>	<b>20,242,025</b>	<b>20,387,324</b>
<b>Accumulated depreciation</b>				
As at 01.04.2019	7,046	-	-	7,046
Charged for the year	7,047	-	2,926,369	2,933,416
As at 31.03.2020	14,093	-	2,926,369	2,940,462
Charged for the year	8,413	-	2,886,965	2,895,378
<b>As at 31.03.2021</b>	<b>22,506</b>	<b>-</b>	<b>5,813,334</b>	<b>5,835,840</b>
<b>Carrying amount</b>				
As at 31.03.2020	7,046	120,060	16,940,781	17,067,887
<b>As at 31.03.2021</b>	<b>2,733</b>	<b>120,060</b>	<b>14,428,691</b>	<b>14,551,484</b>

The company leases an aircraft for business use. The lease has a total tenure of 84 months and the remaining lease term as at 31 March 2021 is 50 months (2020: 72 months).

Management has reviewed for the impairment of its plant and equipment at the end of each reporting period. No allowance for impairment is required as the carrying amount of the plant and equipment is expected to be less than its recoverable value, which is the higher of the fair value less cost to sell and its value-in-use.

### 9. INVESTMENT IN SUBSIDIARY

	2021	2020
	S\$	S\$
Unquoted equity shares at cost:		
At beginning of the year	-	-
Additions	65,094,437	-
At end of the year	65,094,437	-

Details of the subsidiary are as follows:

Name of subsidiary / Country of incorporation	Principal activity	Proportion of ownership Interest	
		2021	2020
The Norton Motorcycle Co. Limited United Kingdom	Manufacturing and selling of Norton Brand motorcycles and trading of vehicle spares & accessories	100%	-

One set consolidated financial statements of the company and its subsidiary are not prepared as the company itself is a wholly owned subsidiary of another corporation. The holding company, TVS Motor Company Ltd prepares consolidated financial statements which are available for public use.

At the end of the reporting period, the company carried out a review on the recoverable amount of its investment in subsidiary. The recoverable amount of the relevant investment in subsidiary has been determined on the basis of its net assets value at the end of the reporting period as in the opinion of the management of the company, the net assets values of the subsidiary reasonably approximate the fair values less costs to sell.

### 10. INVESTMENTS IN ASSOCIATES

	2021	2020
	S\$	S\$
Unquoted equity shares at cost:		
At beginning of the year	83,434,344	74,697,543
Additions	16,689,215	8,736,801
At end of the year	100,123,559	83,434,344

Details of the associates are as follows:

Name of associate/ Country of incorporation	Principal activity	Proportion of ownership Interest	
		2021	2020
PT. TVS Motor Company Indonesia	Manufacturers of motorcycles, motorcycles spare parts and accessories	31.7%	32.7%
Tagbox Pte Ltd Singapore	Providing Internet of Things (IoT) based solutions for sensing, monitoring and analysis across supply chain activities	24.3%	24.3%
Predictronics Corp. United States of America	Providing end to end customisable predictive analytics platform and best in class predictive robot monitoring solution driven by high performing proprietary machine learning Artificial Intelligence (AI) models	23.5%	23.5%
Altizon Inc. United States of America	Empowering Industrial Digital Revolutions globally by digitizing legacy factories and helping enterprises use machine data to drive business decisions	20%	-
Scienaptic Systems Inc. United States of America	A leading AI-powered credit underwriting decisioning platform company	21.7%	-

The company did not perform equity accounting of the results of the associate as the holding company, TVS Motor Company Ltd will be preparing the consolidated financial statements, which are available for public use at their registered office at No.12, Chaitanya Building, Khader Nawaz Khan Road, Chennai – 600 006, India.

### 11. OTHER INVESTMENTS

	2021	2020
	S\$	S\$
Equity instruments		
At fair value through other comprehensive income:		
Unquoted equity investments	-	12,746,390

The above investments offer the company the opportunity for return through dividend income and fair value gains.

Equities investment are categorised as at fair value through other comprehensive income. The company has elected to measure these equity securities at FVTOCI due to the company's intention to hold these equity instruments for long-term appreciation.

Details of the other investments are as follows:

Name of company	Country of incorporation	Proportion of ownership Interest	
		2021	2020
Altizon Inc.	United States of America	-	14.1%
Scienaptic Systems Inc.	United States of America	-	17%

Other investments are denominated in United States dollar.

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021 (Continued)

### 12. OTHER RECEIVABLES

	2021	2020
	S\$	S\$
<b>Non-current</b>		
Long-term deposit	4,581,063	2,313,382
<b>Current</b>		
Amount due from holding company	-	287,018
Amount due from subsidiary (Note 9)	2,202,129	-
Amount due from a related party	747,731	236,524
Refundable deposits	596,653	386,653
	3,546,513	910,195
Total other receivables	8,127,576	3,223,577

Long-term deposit of US\$3,950,000 (2020: US\$1,950,000) was paid to the lessor as good faith deposit and is refundable. It has been discounted to its present value using a discount rate of 3% per annum.

Amount due from holding company, subsidiary and a related party are unsecured, interest free and repayable on demand.

Other receivables are denominated in the following currencies:

	2021	2020
	S\$	S\$
Indian rupee	-	287,018
Singapore dollar	3,163,113	239,777
United States dollar	4,964,463	2,696,782
	8,127,576	3,223,577

### 13. PREPAYMENTS

	2021	2020
	S\$	S\$
Prepayments	279,929	300,399

### 14. BANK BALANCES

	2021	2020
	S\$	S\$
Cash at bank	2,043,879	46,866,365
Bank balances are denominated in the following currencies:		
Singapore dollar	31,581	984
United States dollar	2,012,298	46,865,381
	2,043,879	46,866,365

### 15. SHARE CAPITAL

	2021	2020	2021	2020
	Number of ordinary shares		S\$	S\$
Issued and Paid Up:				
At beginning of the year	118,528,579	91,480,287	118,528,579	91,480,287
Issued during the year	82,300,879	27,048,292	82,300,879	27,048,292
At the end of the year	200,829,458	118,528,579	200,829,458	118,528,579

During the financial year, the company issued 82,300,879 ordinary shares in the capital of the company for a consideration of S\$82,300,879.

During the previous financial year,

- the company issued 832,895 ordinary shares to TVS Motor Company Ltd, holding company by way of capitalisation of amount due to holding company amounting to S\$832,895.
- the company issued 26,215,397 ordinary shares in the capital of the company for a consideration of S\$26,215,397.

The newly issued shares rank pari passu in all respect with the existing ordinary shares of the company.

The ordinary shares with no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

### 16. SHARE APPLICATION MONEY

The share application money is advance receipt for application for shares in the company.

### 17. LEASE LIABILITY

	2021	2020
	S\$	S\$
<i>Maturity analysis:</i>		
Within one year	3,411,110	3,595,440
Within two to five years	11,290,614	13,141,248
After five years	-	2,354,928
	14,701,724	19,091,616
Less: future finance charges	(967,707)	(1,505,061)
	13,734,017	17,586,555
<i>Analysed as:</i>		
Current	3,040,673	3,110,379
Non-current	10,693,344	14,476,176
	13,734,017	17,586,555

The company leases a vehicle for its business use (Note 8). The effective borrowing rate is 3% (2020: 3%) per annum.

Lease liability is denominated in United States dollar.

### 18. OTHER PAYABLES

	2021	2020
	S\$	S\$
Other payables – third parties	69,349	185,655
Accrued expenses	908,838	1,307,511
	978,187	1,493,166

Other payables are denominated in the following currencies:

	2021	2020
	S\$	S\$
British pound	69,349	34,613
Singapore dollar	674,425	1,392,061
United State dollar	234,413	66,492
	978,187	1,493,166

### 19. REVENUE

	2021	2020
	S\$	S\$
Passenger service income	6,087,413	6,709,845
Timing of transfer of good or service		
Over time	6,087,413	6,709,845

### 20. COST OF SERVICES

	2021	2020
	S\$	S\$
Aircraft operation and maintenance charges	2,514,412	3,016,798
Depreciation of plant and equipment	2,886,965	2,853,626
Interest on lease liability	464,316	558,947
Withholding tax	73,578	64,925
	5,939,271	6,494,296

### 21. OTHER INCOME

	2021	2020
	S\$	S\$
CPF credit	-	5,170
Interest income	67,581	65,730
Jobs Support Scheme	23,369	-
Jobs Growth Incentive	14,000	-
	104,950	70,900

During the year, the company received wage support for local employees under the Jobs Support Scheme ("JSS") from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19.

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021 (Continued)

### 22. INCOME TAX

The income tax benefit varied from the amount of income tax determined by applying the Singapore income tax rate of 17% (2020: 17%) to loss before income tax as a result of the following differences:

	2021	2020
	S\$	S\$
Loss before income tax	(4,491,460)	(8,743,953)
Income tax benefit at statutory rate of 17% (2020: 17%)	(763,548)	(1,486,472)
Income tax effect of:		
- (non-taxable)/ non-deductible expense	(161,698)	128,012
- tax losses carried forward	925,246	1,358,460
	-	-

### 23. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2021	2020
	S\$	S\$
Aircraft operation and maintenance charges	2,514,412	3,016,798
Depreciation of plant and equipment	2,895,378	2,933,416
Foreign currency exchange loss	24,453	1,581,010
Office rental	129,258	60,933
Professional and consultancy fees	2,052,878	4,720,182
Software development expense	97,789	-
Travelling expenses	-	166,413
Short-term employee's benefits	2,114,080	1,622,955
Cost of defined benefits plans included in employee benefits expenses	40,001	17,340

### 24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the company's liabilities arising from financing activities, including both cash and non-cash changes.

Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

	2021	2020
	S\$	S\$
Lease liability (Note 17)	-	-
Balance as at beginning of the year	17,586,555	-
Addition during the year	-	19,097,634
<i>Financing cash flows on cash transaction:</i>		
- Repayment of lease liability	(3,425,228)	(3,424,108)
<i>Non-cash transactions:</i>		
- Foreign currency exchange (gain)/ loss	(891,626)	1,074,194
- Interest expense	464,316	558,947
Balance at the end of year	13,734,017	17,586,555

	2021	2020
	S\$	S\$
Payable to holding company (Note 18)	-	-
Balance as at beginning of the year	-	503,693
<i>Financing cash flow on cash transaction:</i>		
Add: Advances from holding company	-	392,000
<i>Non-cash transactions:</i>		
Less: Issuance of shares	-	(832,895)
Less: Foreign currency exchange gain	-	(62,798)
Balance at the end of year	-	-

### 25. EVENTS AFTER THE REPORTING PERIOD

No items, transactions or events of material and unusual nature have arisen between the end of the reporting period and the date of authorisation for issue of the financial statements which are likely to affect substantially the results of operations of the company for the succeeding financial year.

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021 (Continued)

### DETAILED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST MARCH 2021

	2021	2020
	S\$	S\$
<b>Revenue</b>		
Service income	6,087,413	6,709,845
<b>Cost of services</b>		
Aircraft operation and maintenance charges	2,514,412	3,016,798
Depreciation	2,886,965	2,853,626
Interest on lease liability	464,316	558,947
Withholding tax	73,578	64,925
	<u>5,939,271</u>	<u>6,494,296</u>
<b>Gross profit</b>	148,142	215,549
<b>Other income</b>		
CPF credit	-	5,170
Interest income	67,581	65,730
Jobs Support Scheme	23,369	-
Jobs Growth Incentive	14,000	-
	<u>104,950</u>	<u>70,900</u>
Total income	253,092	286,449
<b>Less: expenses</b>		
- Schedule 'A'	(4,744,552)	(9,030,402)
<b>Loss before income tax</b>	<u>(4,491,460)</u>	<u>(8,743,953)</u>

This schedule does not form part of the statutory audited financial statements.

### Schedule 'A'

#### EXPENSES

#### FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	S\$	S\$
Administrative expenses		
Auditors' remuneration	16,000	12,000
Bank charges	14,635	31,224
Book keeping fee	9,600	9,600
CPF contribution	40,001	17,340
Donation	36,100	-
Entertainment	121	7,394
Insurance expense	14,535	4,452
Legal and professional fee	177,616	23,036
Medical expense	6,634	1,858
Office expense	36,082	9,853
Office rental	129,258	60,933
Other interest	130	-
Printing and stationery	100	2,816
Professional and consultancy fee	2,052,878	4,720,182
Salary, bonus and allowance	2,067,445	1,603,757
Secretarial fee	4,526	7,113
Skill development levy	411	132
Software development expense	97,789	-
Subscription and membership fee	1,132	856
Telecommunication expense	5,487	9,970
Transport charges	1,206	6,648
Travelling expense	-	166,413
Other expense		
Deposit written off	-	674,025
Depreciation	8,413	79,790
Foreign currency exchange loss	24,453	1,581,010
	<u>4,744,552</u>	<u>9,030,402</u>

This schedule does not form part of the statutory audited financial statements.



**RE-STATED ACCOUNTS OF  
TVS MOTOR (SINGAPORE) PTE. LIMITED**

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2021

	Notes	SGD in Mn.	Rupees in crores
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	0.82	4.45
Right of use asset	2	13.73	74.63
Non-current investments	3	165.21	734.61
Other non current assets	4	4.58	24.91
		<u>184.34</u>	<u>838.60</u>
<b>Current assets</b>			
Financial assets			
Trade receivables	5	2.95	16.03
Cash and cash equivalents	6	2.05	11.11
Other current assets	7	0.88	4.76
		<u>5.88</u>	<u>31.90</u>
Total Assets		<u>190.22</u>	<u>870.50</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	8	200.83	922.20
Other equity	9	(25.32)	(131.67)
		<u>175.51</u>	<u>790.53</u>
Share application money pending allotment			
<b>Liabilities</b>			
<b>Non-Current liabilities</b>			
Financial liabilities			
Lease liability		<u>10.69</u>	<u>58.12</u>
		<u>10.69</u>	<u>58.12</u>
<b>Current liabilities</b>			
Financial liabilities			
(i) Lease liability		3.04	16.53
(ii) Trade payables	10		
a. Total outstanding dues of micro and small enterprises		-	-
b. Total outstanding dues of other than (ii) (a) above		0.98	5.32
		<u>4.02</u>	<u>21.85</u>
Total liabilities		<u>14.71</u>	<u>79.97</u>
Total equity and liabilities		<u>190.22</u>	<u>870.50</u>

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

	Notes	SGD in Mn.	Rupees in crores
I Revenue from operations	11	6.09	33.09
II Other income	12	0.11	0.57
III Total Income (I + II)		<u>6.20</u>	<u>33.66</u>
IV Expenses:			
Employee benefits expense	13	2.12	11.50
Finance costs	14	0.46	2.52
Depreciation and amortisation expense	15	2.89	15.74
Other expenses	16	5.22	28.32
		<u>10.69</u>	<u>58.08</u>
V Profit before exceptional items (III - IV)		(4.49)	(24.42)
VI Exceptional items		-	-
VII Profit before tax (V+ VI)		<u>(4.49)</u>	<u>(24.42)</u>
VIII Tax expense			
i) Current tax		-	-
ii) Deferred tax		-	-
IX Profit for the year (VII - VIII)		<u>(4.49)</u>	<u>(24.42)</u>
X Other Comprehensive Income			
A. Items that will not be reclassified to profit or loss		-	-
B. Items that will be reclassified to profit or loss			
Foreign currency translation adjustments		-	5.02
		<u>-</u>	<u>5.02</u>
XI Total Comprehensive Income (IX + X)		<u>(4.49)</u>	<u>(19.40)</u>
XII Earnings per equity share (Face value of SGD 1/- each)			
Basic & Diluted earnings per share (in SGD / in rupees)		(0.02)	(1.22)

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## Notes on Accounts

### 1 Property, Plant & Equipment

SGD in Mn.

Description	Office equipment	Vehicles	Furniture and fixtures	Total
	1	2	3	4
Cost of assets				
Gross carrying value as at 01-04-2020	0.02	0.12	0.77	0.91
Additions	-	-	-	-
Sub-total	0.02	0.12	0.77	0.91
Sales / deletion	-	-	-	-
<b>Total</b>	<b>0.02</b>	<b>0.12</b>	<b>0.77</b>	<b>0.91</b>
Depreciation / Amortisation				
Upto 31-03-2020	0.02	-	0.07	0.09
For the year	-	-	-	-
Sub-total	0.02	-	0.07	0.09
Withdrawn on assets sold / deleted	-	-	-	-
<b>Total</b>	<b>0.02</b>	<b>-</b>	<b>0.07</b>	<b>0.09</b>
Carrying value				
As at 31-03-2021	-	0.12	0.70	0.82

### 1 Property, Plant & Equipment

Rupees in crores

Description	Office equipment	Vehicles	Furniture and fixtures	Total
	1	2	3	4
Cost of assets				
Gross carrying value as at 01-04-2020	0.11	4.08	0.64	4.83
Additions	0.02	-	-	0.02
Foreign Currency translation reserve difference	0.01	0.10	0.01	0.12
Sub-total	0.14	4.18	0.65	4.97
Sales / deletion	-	-	-	-
<b>Total</b>	<b>0.14</b>	<b>4.18</b>	<b>0.65</b>	<b>4.97</b>
Depreciation / Amortisation				
Upto 31-03-2020	0.07	0.39	-	0.46
For the year	0.05	-	-	0.05
Foreign Currency translation reserve difference	-	0.01	-	0.01
Sub-total	0.12	0.40	-	0.52
Withdrawn on assets sold / deleted	-	-	-	-
<b>Total</b>	<b>0.12</b>	<b>0.40</b>	<b>-</b>	<b>0.52</b>
Carrying value As at 31-03-2021	0.02	3.78	0.65	4.45

### 2. RIGHT OF USE ASSET

SGD in Mn.

S.No.	Particulars	Others	Total
(a)	Opening balance as on 01-04-2020	16.25	16.25
(b)	Add : Additions	0.37	0.37
(c)	Less : Amortisation	2.89	2.89
(d)	Add : Foreign exchange translation reserve adjustments	-	-
(e)	Less : Deletions (Preclosures)	-	-
(f)	Closing net balance as on 31-03-2021	<b>13.73</b>	<b>13.73</b>

Rupees in Crores

S.No.	Particulars	Others	Total
(a)	Opening balance as on 01-04-2020	86.13	86.13
(b)	Add : Additions	2.04	2.04
(c)	Less : Amortisation	15.69	15.69
(d)	Add : Foreign exchange translation reserve adjustments	2.15	2.15
(e)	Less : Deletions (Preclosures)	-	-
(f)	Closing net balance as on 31-03-2021	<b>74.63</b>	<b>74.63</b>



# THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

## STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2021

The directors present the strategic report for the period ended 31 March 2021.

### Fair review of the business

The Norton Motorcycles Co. Limited's (Norton) principal activity is design, engineering, manufacturing and selling of high-end premium motorcycles.

Post-acquisition of the "Norton" brand and certain assets from administrators on 17 April 2020 for a consideration of £16m, amidst the COVID-19 Pandemic, the company focused on enhancing the organisation strength, establishing supply chain network, product development and developing marketing strategy. The company created intangible assets of £21.3m which comprise the Norton brand name acquired in the year as well as some other patents and trademarks.

A new state of the art manufacturing facility is being established in Solar Park, Solihull and this facility will be ready for production by Q1 of FY 2021-22. Facility related capital expenditure incurred to date on Solar Park is £3.8m. A customer experience centre will also be a part of this facility which will enhance the customer experience about Norton brand vehicles and also would enable converting the leads into sales. This facility along with robust supply system will support the Norton to deliver its future product plans. Commercial Production and sales from the new facility will commence during the first half of FY 2021-22.

Up until March 2021, the company has been funded with £36.8m of equity from the parent company. These are used to fund the initial acquisition cost including acquiring various rights, capital expenditure spending and operational costs.

The company also has healthy cash balances of £1.5m which will service working capital requirements.

Though the company has not taken over any liabilities or obligations as part of the acquisition, the company plans to deliver the motorcycles to customers who had paid deposits and placed orders with the erstwhile Norton company. Such deposits amounting to £3.2m has been recognised as a liability in the financial statements.

Since the primary focus during FY 2020-21 was on establishing the facility and starting up the operations there was no revenue from the sale of motorcycles to customers. Summary of the financial results are as under:

Details	£m
Revenue	0.52
Loss before tax	(10.30)

### Corporate Structure

The Norton Motorcycle Co. Limited (formerly known as Project 303 Bidco Ltd) is a wholly owned subsidiary of TVS Motor (Singapore) Pte Limited. TVS Motor (Singapore) Pte Limited is 100% held by TVS Motor Company Limited which is the 3rd largest two-wheeler manufacturer in India and world's 5th largest two-wheeler manufacturer.

### Principal Risks and uncertainties

The company's products would be sold in the UK to start with. Subsequently, the company would be selling its products in other European countries, the United States of America and other countries. Norton's business prospects would depend on the economic activities and growth prospects in each

of those geographies in which it operates. Having business spread over multiple geographies would help Norton manage this risk better.

Customer preference to products will be critical to Norton's business. As part of the growth plan Norton is focused on developing the customer attractive products portfolio which would be a mix of premium and super premium motorcycles. Products portfolio is expected to drive the top line and the growth of the business and will also attract the customers of all segments.

The company is also working on creating and strengthening the distribution network both inside and outside of UK. Taking the brand and exploring the sales opportunities through digital media and social/networking platforms would also be part of the distribution strategy to reach global customers.

With a strong distribution network, well developed supply chain, state of the art manufacturing facility, excellent design and engineering capabilities, delivering superior customer experience with a portfolio of products, the company will be making sustainable revenue and growth in the upcoming financial years.

TVS Motor's vendor network and the supply chain network will be constantly leveraged to bring more efficiencies in quality, cost and delivery.

### Research and Development

The Research and Development (R&D) team will focus on in-depth customer understanding, technology development and design innovations. The team is in the process of developing the technologies to meet the stringent emission norms across the markets where Norton products would be sold.

The R&D team will continue their efforts in developing cutting edge technologies that are relevant for the near and long-term requirements of the company's business plans. These developments are centred on customers, emerging mobility needs, advanced safety regulations and sustainability. The company also collaborates with leading research establishments and educational institutions in the UK, both within and outside the country to develop breakthrough technologies.

### Going Concern

The company is presently in development stage with setting up of new manufacturing facility, establishing the supply chain network and implementing sales & marketing strategy. The company's activities are supported and complemented by the parent company. The Directors are satisfied that the company will continue to operate in the foreseeable future and thus the company adopts the going concern basis.

### Key performance indicators

Since the commercial production had not commenced by 31 March 2021, review of the KPIs to track the performance of the business was not undertaken. However, on commencement of production, periodic reviews will be undertaken on tracking gross margin, overhead levels to turnover stock, debtors and creditors ratios.

On behalf of the Board

S M MISHRA

Director

16<sup>th</sup> April 2021

## DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the period ended 31 March 2021.

### Principal activities

The company was incorporated as Project 303 Bidco Limited on 2 April 2020 and commenced trading immediately. The company changed its name to The Norton Motorcycle Co. Limited on 2 July 2020. The principal activity of the company was that of the design, manufacture and sale of motorcycles.

### Results and dividends

The results for the period are set out on page 4.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

P Houghton	(Appointed 9 April 2020)
S M Mishra	(Appointed 3 April 2020)
R Kunnath Narayanan	(Appointed 3 April 2020 and resigned 30 April 2020)
N Von Bismarck	(Appointed 2 April 2020 and resigned 3 April 2020)
Trusec Limited	(Appointed 2 April 2020 and resigned 3 April 2020)

### Auditor

Spencer Gardner Dickens Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Strategic report

The company has chosen in accordance with Companies Act 2006, Sec. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management objectives, review of performance, research and development activities and future developments.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Board

S M MISHRA

Director

16<sup>th</sup> April 2021

# THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

## DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent Auditor's Report to the Member of The Norton Motorcycle co. Limited (Formerly Project 303 Bidco Limited)

### Opinion

We have audited the financial statements of The Norton Motorcycle Co. Limited (formerly Project 303 Bidco Limited) (the 'company') for the period ended 31 March 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires

us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- Enquiring of management and those charged with governance around actual and potential litigation and claims.
- Enquiring of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.

Susan Thomas-Walls BSc BFP FCA (Senior Statutory Auditor)

For and on behalf of Spencer Gardner Dickens Audit LLP

Chartered Accountants

Statutory Auditor

3 Coventry Innovation Village  
Cheetah Road  
Coventry  
CV1 2TL  
Date 21/05/2021

# THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

## STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2021

	Notes	Period ended 31 March 2021 £
<b>Turnover</b>	<b>3</b>	522,409
Cost of sales		<u>(176,976)</u>
Gross profit		345,433
Administrative expenses		(10,873,696)
Other operating income		<u>228,068</u>
<b>Operating loss</b>	<b>4</b>	(10,300,195)
Interest receivable and similar income	<b>8</b>	<u>1,206</u>
<b>Loss before taxation</b>		(10,298,989)
Tax on loss	<b>9</b>	-
<b>Loss for the financial period</b>		<u>(10,298,989)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

## BALANCE SHEET AS AT 31 MARCH 2021

	Notes	2021	
		£	£
<b>Fixed assets</b>			
Intangible assets	10		21,354,938
Tangible assets	11		<u>5,880,609</u>
			27,235,547
<b>Current assets</b>			
Stocks	12	2,530,078	
Debtors	13	2,380,504	
Cash at bank and in hand		<u>1,568,098</u>	
		6,478,680	
<b>Creditors: amounts falling due within one year</b>	<b>14</b>	<u>(7,213,215)</u>	
<b>Net current liabilities</b>			(734,535)
<b>Total assets less current liabilities</b>			<u>26,501,012</u>
<b>Capital and reserves</b>			
Called up share capital	16		36,800,001
Profit and loss reserves	17		<u>(10,298,989)</u>
<b>Total equity</b>			<u>26,501,012</u>

The financial statements were approved by the board of directors and authorised for issue on 16<sup>th</sup> April 2021 and are signed on its behalf by:

S M Mishra  
Director  
Company Registration No. 12545195

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Period ended 31 March 2021:</b>				
Loss and total comprehensive income for the period		-	(10,298,989)	(10,298,989)
Issue of share capital	16	<u>36,800,001</u>	-	<u>36,800,001</u>
Balance at 31 March 2021		<u>36,800,001</u>	<u>(10,298,989)</u>	<u>26,501,012</u>

# THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

### 1 Accounting policies

#### Company information

The Norton Motorcycle Co. Limited (formerly Project 303 Bidco Limited) is a private company limited by shares incorporated in England and Wales. The registered office is 1 Bartholomew Lane, London, EC2N 2AX.

### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of intangible assets and certain tangible fixed assets at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

At the reporting date, the company was 100% owned by TVS Motor (Singapore) Pte Ltd, a company incorporated in Singapore. The ultimate parent company was TVS Motor Company Limited, a company incorporated in India. This company is the parent of the smallest group for which consolidated accounts are drawn up of which the company is a member. The registered office is "Chaitanya" No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai 600 006, Tamil Nadu, India.

### 1.2 Going concern

The company has made significant losses in this financial year, since being the first year it had incurred expenses on setting up of the business and mobilising the resources.

The directors have prepared cashflow forecasts and undertaken a review of the future financing requirements on the basis of both the expected further investment required into the next financial year as well as for ongoing operations of the company. The directors are satisfied that sufficient cash facilities being secured from its bankers and from the parent company to meet its working capital requirements for at least 12 months following the date of signing of these financial statements.

Further, the parent company has confirmed its continuing support for the company and its intention to continue supporting the company with working capital as and when required. The directors are therefore confident that the company has adequate resources and working capital to continue in operational existence for the foreseeable future to meet its ongoing liabilities and to deal with the issues arising from the continuing COVID-19 pandemic.

### 1.3 Reporting period

The financial statements cover the first period from incorporation on 2 April 2020 to 31 March 2021.

### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred,

mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

License fee income is recognised at fair value in the period to which it relates.

### 1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

### 1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost or valuation and are subsequently measured at cost or valuation less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Intangible assets comprise acquired brand names, intellectual property and goodwill and are carried at valuation less amortisation.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents and licences	8 years straight line
Development costs	8 years straight line
Brand names and trademarks	8 years straight line

### 1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	5 years straight line
Plant and equipment	3 and 10 years straight line
Fixtures and fittings	3 years straight line
Computers	3 years straight line
Motor vehicles	6 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

### 1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.



# THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021 (Continued)

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

### 1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### 1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

### 1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another

more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

### 1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

### 1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

## 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### Critical judgements

The following judgements, estimates and assumptions which have had the most significant effect on amounts recognised in the financial statements and which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

### Stock obsolescence provisions

At each balance sheet date the directors assess stock for obsolescence. Due to the size and nature of stock this is a key accounting estimate.

The provision is calculated based on an estimate of the remaining life of stock held at the balance sheet date.

### Tangible and intangible fixed assets

Judgements are required on estimating the useful economic lives of tangible and intangible fixed assets. Where an indication of impairment is identified the estimation of recoverable value requires estimation.

### Deferred tax

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

## 3. Turnover and other revenue

	<b>2021</b>
	£
Motorcycle sales	73,000
Parts and servicing	108,007
Royalty income	18,901
Other income	322,501
	<u>522,409</u>
Other significant revenue	
	<b>2021</b>
	£
Interest income	1,206
Grants received	228,068
	<u>229,274</u>

# THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021 (Continued)

### 4. Operating loss

	<b>2021</b>
Operating loss for the period is stated after charging/(crediting):	£
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	23,249
Research and development costs	480,048
Government grants	(228,068)
Depreciation of owned tangible fixed assets	120,715
Amortisation of intangible assets	2,488,903
Operating lease charges	394,381
	<u>                    </u>

### 5 Auditor's remuneration

	<b>2021</b>
Fees payable to the company's auditor and associates:	£
For audit services	
Audit of the financial statements of the company	14,000
For other services	
Taxation compliance services	1,000
All other non-audit services	4,200
	<u>                    </u>
	5,200

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	<b>2021</b>
	<b>Number</b>
Administration	26
Production	58
Total	<u>                    </u>
	84

Their aggregate remuneration comprised:

	<b>2021</b>
	<b>£</b>
Wages and salaries	3,269,220
Social security costs	330,090
Pension costs	187,442
	<u>                    </u>
	3,786,752

### 7. Directors' remuneration

	<b>2021</b>
	<b>£</b>
Remuneration for qualifying services	<u>                    </u>
	19,108

### 11 Tangible fixed assets

	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 2 April 2020	-	-	-	-	-	-
Additions	3,826,075	1,392,154	69,827	151,410	567,239	6,006,705
Disposals	-	-	-	-	(5,381)	(5,381)
At 31 March 2021	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	3,826,075	1,392,154	69,827	151,410	561,858	6,001,324
<b>Depreciation and impairment</b>						
At 2 April 2020	-	-	-	-	-	-
Depreciation charged in the period	-	29,671	9,111	13,553	68,380	120,715
At 31 March 2021	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	-	29,671	9,111	13,553	68,380	120,715
<b>Carrying amount</b>						
At 31 March 2021	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	3,826,075	1,362,483	60,716	137,857	493,478	5,880,609

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0.

### 8. Interest receivable and similar income

	<b>2021</b>
	<b>£</b>
Interest income	
Interest on bank deposits	<u>                    </u>
	1,206

### 9 Taxation

The actual charge for the period can be reconciled to the expected credit for the period based on the profit or loss and the standard rate of tax as follows:

	<b>2021</b>
	<b>£</b>
Loss before taxation	<u>(10,298,989)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00%	(1,956,808)
Tax effect of expenses that are not deductible in determining taxable profit	86,131
Unutilised tax losses carried forward	<u>                    </u>
	1,870,677
Taxation charge for the period	<u>                    </u>
	-

### 10 Intangible fixed assets

	Patents and licences	Development costs	Brand names and trademarks	Total
	£	£	£	£
<b>Cost</b>				
At 2 April 2020	-	-	-	-
Additions	429,000	73,139	23,341,702	23,843,841
At 31 March 2021	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	429,000	73,139	23,341,702	23,843,841
<b>Amortisation and impairment</b>				
At 2 April 2020	-	-	-	-
Amortisation charged for the period	26,813	-	2,462,090	2,488,903
At 31 March 2021	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	26,813	-	2,462,090	2,488,903
<b>Carrying amount</b>				
At 31 March 2021	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	402,187	73,139	20,879,612	21,354,938

# THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021 (Continued)

### 12 Stocks

	2021
	£
Raw materials and consumables	2,212,803
Work in progress	317,275
	<u>2,530,078</u>

### 13 Debtors

	2021
	£
<b>Amounts falling due within one year:</b>	
Trade debtors	893,778
Other debtors	846,853
Prepayments and accrued income	639,873
	<u>2,380,504</u>

### 14 Creditors: amounts falling due within one year

	2021
	£
Trade creditors	945,340
Amounts owed to group undertakings	2,376,056
Taxation and social security	134,450
Other creditors	3,213,814
Accruals and deferred income	543,555
	<u>7,213,215</u>

### 15 Retirement benefit schemes

	2021
	£
<b>Defined contribution schemes</b>	
Charge to profit or loss in respect of defined contribution schemes	187,442

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 16 Share capital

	2021	2021
	£	
<b>Ordinary share capital Number Issued and fully paid</b>		
Ordinary shares of £1 each	36,800,001	36,800,001

The company has one class of ordinary shares which have full rights to voting, dividends and capital distribution. They do not confer any rights of redemption.

On incorporation 1 ordinary share of £1 was issued for cash at par. Subsequent to this 36,800,000 ordinary shares of £1 each were issued for cash at par at various points during the period.

### 17. Reserves

#### Profit and loss reserves

Profit and loss reserves represent the retained profits of the company since its inception.

### 18. Operating lease commitments

#### Lease

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021
	£
Within one year	493,685
Between two and five years	764,506
In over five years	10,440
	<u>1,268,631</u>

### 19. Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021
	£
Acquisition of tangible fixed assets	1,798,541

### 20. Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is disclosed in note 7.

#### Other information

The company has taken advantage of the exemption under the terms of FRS102 not to disclose related party transactions with wholly owned companies within the group.

**RE-STATED ACCOUNTS OF  
THE NORTON MOTORCYCLE CO. LIMITED  
(FORMERLY PROJECT 303 BIDCO LIMITED)**

# THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2021

	Notes	GBP in Mn.	Rupees in crores
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	5.88	59.25
Right of use asset	2	2.12	21.33
Other Intangible assets	1	23.84	240.23
		<u>31.84</u>	<u>320.81</u>
<b>Current assets</b>			
Inventories	3	2.53	25.49
Financial assets			
Trade receivables	4	0.89	8.94
Cash and cash equivalents	5	1.57	15.80
Other current assets	6	1.49	14.98
		<u>6.48</u>	<u>65.21</u>
Total Assets		<u>38.32</u>	<u>386.02</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	7	36.80	353.50
Other equity	8	(7.82)	(61.58)
		<u>28.98</u>	<u>291.92</u>
<b>Liabilities</b>			
<b>Non-Current liabilities</b>			
Financial liabilities			
Lease liability		<u>1.31</u>	<u>13.19</u>
		<u>1.31</u>	<u>13.19</u>
<b>Current liabilities</b>			
Financial liabilities			
(i) Lease liability		0.82	8.30
(ii) Trade payables	9		
a. Total outstanding dues of micro and small enterprises		-	-
b. Total outstanding dues of other than (ii) (a) above		4.15	41.84
(iii) Other financial liabilities		2.38	23.94
Other current liabilities	10	0.68	6.83
		<u>8.03</u>	<u>80.91</u>
Total liabilities		<u>9.34</u>	<u>94.10</u>
Total equity and liabilities		<u>38.32</u>	<u>386.02</u>

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

	Notes	GBP in Mn.	Rupees in crores
I Revenue from operations	11	0.43	4.15
II Other income	12	0.32	3.14
III Total Income (I +II)		<u>0.75</u>	<u>7.29</u>
IV Expenses:			
Cost of material consumed		0.10	1.01
Purchase of stock in trade		0.07	0.71
Employee benefits expense	13	4.21	40.90
Finance costs	14	0.02	0.21
Depreciation and amortisation expense	15	0.17	1.66
Other expenses	16	4.00	38.76
		<u>8.57</u>	<u>83.25</u>
V Profit before exceptional items (III - IV)		(7.82)	(75.96)
VI Exceptional items		-	-
VII Profit before tax (V+ VI)		<u>(7.82)</u>	<u>(75.96)</u>
VIII Tax expense			
i) Current tax		-	-
ii) Deferred tax		-	-
IX Profit for the year (VII - VIII)		<u>(7.82)</u>	<u>(75.96)</u>
X Other Comprehensive Income			
A. Items that will not be reclassified to profit or loss		-	-
B. Items that will be reclassified to profit or loss			
Foreign currency translation adjustments		-	14.38
		<u>-</u>	<u>14.38</u>
XI Total Comprehensive Income (IX + X)		<u>(7.82)</u>	<u>(61.58)</u>
XII Earnings per equity share (Face value of GBP 1/- each)			
Basic & Diluted earnings per share (in GBP/ in rupees)		(0.21)	(20.64)

# THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

## Notes on Accounts

### 1. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

GBP in Mn.

Description	Property, Plant & Equipment						Other Intangible	
	Land	Plant & equipments	Furniture and fixtures	Office equipments	Vehicles	Total	Trade Mark	Total
Cost of assets								
Gross carrying value as at 01-04-2020	-	-	-	-	-	-	-	-
Additions	3.83	1.39	0.07	0.15	0.57	6.01	240.23	240.23
Sub-total	3.83	1.39	0.07	0.15	0.57	6.01	240.23	240.23
Sales / deletion	-	-	-	-	0.01	0.01	-	-
Total	3.83	1.39	0.07	0.15	0.56	6.00	240.23	240.23
Depreciation / Amortisation								
Upto 31-03-2020	-	-	-	-	-	-	-	-
For the year	-	0.03	0.01	0.01	0.07	0.12	-	-
Sub-total	-	0.03	0.01	0.01	0.07	0.12	-	-
Withdrawn on assets sold / deleted	-	-	-	-	-	-	-	-
Total	-	0.03	0.01	0.01	0.07	0.12	-	-
Carrying value								
As at 31-03-2021	3.83	1.36	0.06	0.14	0.49	5.88	240.23	240.23

### 1. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rupees in crores

Description	Property, Plant & Equipment						Other Intangible	
	Land	Plant & equipments	Furniture and fixtures	Office equipments	Vehicles	Total	Total	Total
Cost of assets								
Gross carrying value as at 01-04-2020	-	-	-	-	-	-	-	-
Additions	38.55	14.03	0.70	1.53	5.72	60.53	23.84	23.84
Foreign Currency translation reserve difference	-	-	-	-	-	-	-	-
Sub-total	38.55	14.03	0.70	1.53	5.72	60.53	23.84	23.84
Sales / deletion	-	-	-	-	0.06	0.06	-	-
Total	38.55	14.03	0.70	1.53	5.66	60.47	23.84	23.84
Depreciation / Amortisation								
Upto 31-03-2020	-	-	-	-	-	-	-	-
For the year	-	0.29	0.09	0.13	0.66	1.17	-	-
Foreign Currency translation reserve difference	-	0.01	-	0.01	0.03	0.05	-	-
Sub-total	-	0.30	0.09	0.14	0.69	1.22	-	-
Withdrawn on assets sold / deleted	-	-	-	-	-	-	-	-
Total	-	0.30	0.09	0.14	0.69	1.22	-	-
Carrying value								
As at 31-03-2021	38.55	13.73	0.61	1.39	4.97	59.25	23.84	23.84

### 2. RIGHT OF USE ASSET

GBP in Mn

Rupees in Crores

S.No.	Particulars	Building	Total
(a)	Opening balance as on 01-04-2020	-	-
(b)	Add : Additions	2.17	2.17
(c)	Less : Amortisation	0.05	0.05
(d)	Add : Foreign exchange translation reserve adjustments	-	-
(e)	Less : Deletions (Preclosures)	-	-
(f)	Closing net balance as on 31-03-2021	2.12	2.12

S.No.	Particulars	Building	Total
(a)	Opening balance as on 01-04-2020	-	-
(b)	Add : Additions	21.84	21.84
(c)	Less : Amortisation	0.49	0.49
(d)	Add : Foreign exchange translation reserve adjustments	(0.02)	(0.02)
(e)	Less : Deletions (Preclosures)	-	-
(f)	Closing net balance as on 31-03-2021	21.33	21.33



## TVS MOTOR COMPANY (EUROPE) B.V.

### General

TVS Motor Company (Europe) B.V. (the Company) is a private company with limited liability (a wholly-owned subsidiary of TVS Motor Company Ltd.), incorporated under the laws of The Netherlands on 21 July 2005, having its corporate seat in Amsterdam, with offices at Hoogoordreef 15, 1101 BA Amsterdam, The Netherlands.

### Results

As presented in the profit and loss account, the net result for 2020/2021 amounts to a loss of USD 88,441 (2019/2020: a loss of USD 83,409).

### Summary of activities

The principal activities of the Company are to act as a holding and financing company.

On 24 June 2020 Mr. Peter Jan Stegeman resigned as director of the company and Mr. Anand Bhugra was assigned as director of the Company.

The percentage of shareholding in PT TVS Motor Company Indonesia (the Participation) decreased from 17.62% to 17.09% due to the issue of additional shares acquired by the major shareholder of the Participation during the year ended 31 March 2021.

### BALANCE SHEET AS AT 31 MARCH 2021

(Before appropriation of result)

	31 March 2021		31 March 2020	
	USD	USD	USD	USD
<b>ASSETS</b>				
<b>Fixed assets</b>				
Financial fixed assets	3,754,748		3,754,748	
		<b>3,754,748</b>		<b>3,754,748</b>
<b>Current assets</b>				
Receivables and prepayments	11,572		11,225	
Cash and cash equivalents	82,283		183,076	
		<b>93,855</b>		<b>194,301</b>
		<b>3,848,603</b>		<b>3,949,049</b>
<b>LIABILITIES</b>				
<b>Equity</b>				
Share capital	26,416,542		24,683,978	
Other reserves	(22,486,153)		(20,670,179)	
Result for the year	(88,441)		(83,409)	
		<b>3,841,948</b>		<b>3,930,390</b>
<b>Current liabilities</b>				
	6,655		18,659	
		<b>6,655</b>		<b>18,659</b>
		<b>3,848,603</b>		<b>3,949,049</b>

### PROFIT AND LOSS ACCOUNT FOR THE YEAR 2020/2021

	2020 / 2021		2019 / 2020	
	USD	USD	USD	USD
Gross margin		(2,976)		(904)
Other general expenses	85,465		82,505	
Total general expenses		<b>85,465</b>		<b>82,505</b>
		<b>(88,441)</b>		<b>(83,409)</b>
Result before taxation		<b>(88,441)</b>		<b>(83,409)</b>
Taxation result		-		-
Result after taxation		<b>(88,441)</b>		<b>(83,409)</b>



# TVS MOTOR COMPANY (EUROPE) B.V.

## General notes

### 1. General

TVS Motor Company (Europe) B.V. (the Company) is a private company with limited liability (a wholly-owned subsidiary of TVS Motor Company Ltd.), incorporated under the laws of The Netherlands on 21 July 2005, having its corporate seat in Amsterdam, with offices at Hoogoordreef 15, 1101 BA Amsterdam, The Netherlands.

The Company is registered at the Chamber of Commerce under number 34229984.

#### Activities

The principal activities of the Company are to act as a holding and financing company.

#### Group structure

The Company is part of the TVS group. The head of this group is T V Sundram Iyengar & Sons Private Limited in Chennai, India. The financial statements of the Company are included in the consolidated financial statements of T V Sundram Iyengar & Sons Private Limited.

#### Going concern

The accounting policies used are based on the going concern assumption. However, as a result of the worldwide outbreak of the Coronavirus, drastic measures have been taken by the Dutch government to control the spread of this virus. These measures and possible further measures are expected to have important financial consequences for companies in the Netherlands. Consequences are not clear at this time. The measures taken by the Dutch government may have an impact on the development of net turnover and thus the development of the result of the Company. This can also put pressure on the financial position (liquidity and solvency) of the Company, resulting in a possible (serious) uncertainty about the going concern assumption. The Dutch government has taken a wide range of measures to support companies and additional measures may still be taken. Due to the financial position of the Company at the balance sheet date and given the positive impact of government support measures that will limit the negative financial consequences of the Coronavirus outbreak, the board of the Company considers a sustainable continuation of the business operations not impossible. The annual accounts are therefore prepared on the assumption of continuity of the company.

#### Directors' report

The Company has taken advantage of Article 395a section 6, Title 9, Book 2 of the Dutch Civil Code and has not presented a directors' report.

#### Estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure.

The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

#### Comparison with previous year

The principles of valuation and determination of the result remained unchanged in comparison to previous year.

#### Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of the Company or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

### 2. General accounting principles

#### Accounting policies

The financial statements have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards applicable for micro legal entities, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Based on Title 9, Book 2 of the Dutch Civil Code, the Company can be qualified as a so-called 'micro-sized company', but voluntarily discloses more information to meet the legal requirement to provide a true and fair view.

Valuation of assets and liabilities and determination of the result take place under the historical cost convention, unless presented otherwise.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account, if they have become known before preparation of the financial statements.

#### Foreign currency

Items included in the financial statements of the Company are valued with due regard for the currency in the economic environment in which the Company carries out most of its activities (the functional currency).

The financial statements are denominated in USD, this is both the functional currency and presentation currency of the Company.

Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as at balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

#### Group companies

Foreign group companies and associated companies outside the Netherlands qualify as carrying on business operations in a foreign country, with a functional currency different from that of the Company. For the translation of the financial statements of these business operations in a foreign country the balance sheet items are translated at the exchange rate as at balance sheet date and the profit and loss account items at the average rate. The translation differences that arise are directly deducted from or added to shareholders' equity.

### 3. Principles of valuation of assets and liabilities

#### FIXED ASSETS

##### Participations

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the realizable value (see also section "Impairment of non-current assets"); an impairment is recognized and charged to the profit and loss account.

##### Impairment of non-current assets

On each balance sheet date, the Company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realizable value of the asset is determined. If it is not possible to determine the realizable value of the individual asset, the realizable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realizable value; the realizable value is the higher of the fair value less cost to sell and the value in use. An impairment loss is directly recognized in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

If it is established that an impairment that was recognized in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

#### CURRENT ASSETS

##### Receivables

Upon initial recognition the receivables are valued at fair value and then valued at amortized cost. The fair value and amortized cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

##### Cash at banks

Cash at banks represents bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognized as part of debts to lending institutions under current liabilities. Cash at banks is carried at nominal value.

#### LIABILITIES

##### Current liabilities

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

### 4. Principles for the determination of the result

#### Costs

Costs are determined on a historical basis and allocated to the financial year to which they relate.

#### Dividends

Dividends to be received from participations and securities not carried at net asset value are recognized as soon as the Company has acquired the right to them.

#### Financial income and expenses

Interest income and expenses are recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. When accounting for interest expenses, the recognized transaction expenses for loans received are taken into consideration.

#### Income tax

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Also changes are taken into account which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

# TVS MOTOR COMPANY (EUROPE) B.V.

Notes to the balance sheet as at 31 March 2021

## ASSETS

Financial fixed assets	31 Mar 2021
	USD
A summary of the financial fixed assets is included below:	
<b>Participation</b>	
PT. TVS Motor Company Indonesia	3,754,748
	<u>3,754,748</u>

	Place, Country	Valuation method	Share in issued capital
			%
PT. TVS Motor Company Indonesia	Kuningan, Indonesia	cost price	17.09

### PT. TVS Motor Company Indonesia

Gedung Wirusaha Lt. 3, Jl. H.R. Rasuna Said Kav. C5, Kuningan - Jakarta Selatan, Indonesia (office address)

The proportional net assets value of PT. TVS Motor Company Indonesia as per 31 March 2021 amounted to IDR 40,178,213,824 (USD 2,766,142) based on annual accounts of the Participation for the year ended 31 March 2020. During the year ended 31 March 2021 the Participation issued new shares which were acquired by the major shareholder resulting in decrease of percentage of shareholding of the Company in the Participation to 17.09%.

The proportional net asset value of PT. TVS Motor Company Indonesia as at 31 March 2021 is lower than the cost price. Based on the market valuation of this participation as at 31 March 2019 the results were expected to improve in the coming years.

### Receivables and prepayments

	31 Mar 2021	31 Mar 2020
	USD	USD
Other receivables	11,572	11,225
	<u>11,572</u>	<u>11,225</u>

## EQUITY AND LIABILITIES:

### EQUITY

#### Share capital

The issued and fully paid up share capital of the Company amounts to EUR 22,530,100, divided into 225,301 ordinary shares of EUR 100.

At year-end share capital is converted into USD at spot rate 1.1725 (2019/2020: 1.0956). The conversion result for the year (USD 1,732,565) is carried directly to other reserves.

#### Proposed appropriation of result for the financial year

The board of directors proposes that the result for the financial year 2020/2021 amounting to a loss of USD 88,441 should be transferred to the other reserves.

Current liabilities	31 Mar 2021	31 Mar 2020
	USD	USD
Trade payables	655	12,659
Other payables	6,000	6,000
	<u>6,655</u>	<u>18,659</u>

All payables will be resolved within one year.

#### Contingent assets and liabilities

The Company has no contingent assets and liabilities that are not already included in the annual report.

### Notes to the profit and loss account for the year 2020/2021

	2020 / 2021	2019 / 2020
	USD	USD
<b>Gross margin</b>		
Finance expenses	2,976	904
	<u>2,976</u>	<u>904</u>

### The Finance expenses consists of:

	2020 / 2021	2019 / 2020
	USD	USD
Interest expenses and similar expenses		
Currency exchange loss	2,976	904
	<u>2,976</u>	<u>904</u>

### General expenses

Management fee	18,042	19,216
Tax advisory fees	2,204	3,729
Administration fees	49,596	46,177
Legal fees	8,238	5,933
Bank charges	7,260	7,253
Salary administration fees	125	197
	<u>85,465</u>	<u>82,505</u>

### Average number of employees

The Company had no employees during the year under review (2019/2020: none).

### Events after balance sheet date

At the time of preparation of the annual accounts, the Coronavirus (COVID-19) prevails in the Netherlands and its neighbouring countries, as well as in several parts of the world. Government measures are now being taken and it is likely that additional government measures will be taken to minimize the effects of this virus as much as possible. We cannot exclude that the economic impact of the Coronavirus, partly influenced by the aforementioned government measures, will lead to serious impediments of the company's business operations for some time, which could (seriously) endanger the company's financial position. At the same time, the government offers various facilities to help healthy companies survive the crisis as much as possible, offering a reasonable expectation that healthy companies in principle will be helped. For this reason, the principles of valuation and determination of result used in the financial statements are based on the assumption of continuity.

No other major activities have occurred after balance sheet date that could have a material effect on the annual accounts.

Amsterdam, 18 May 2021

\_\_\_\_\_  
R.C. Elshout  
Director

\_\_\_\_\_  
H. Lakshmanan  
Director

\_\_\_\_\_  
A. Bhugra  
Director

\_\_\_\_\_  
V.N. Venkatanathan  
Director

\_\_\_\_\_  
IQ EQ Management (Netherlands) B.V.  
Director

**RE-STATED ACCOUNTS OF  
TVS MOTOR COMPANY (EUROPE) B.V.**

## TVS MOTOR COMPANY (EUROPE) B.V.

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2021

	Notes	USD in Mn.	Rupees in crores
<b>ASSETS</b>			
<b>Non-current assets</b>			
Non-current investments	1	-	-
		<u>-</u>	<u>-</u>
<b>Current assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2	0.08	0.60
Other current assets	3	0.01	0.08
		<u>0.09</u>	<u>0.68</u>
Total Assets		<u>0.09</u>	<u>0.68</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	4	31.06	126.52
Other equity	5	(30.98)	(125.88)
		<u>0.08</u>	<u>0.64</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other current liabilities		0.01	0.04
		<u>0.01</u>	<u>0.04</u>
Total equity and liabilities		<u>0.09</u>	<u>0.68</u>

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

	Notes	USD in Mn.	Rupees in crores
I Revenue from operations		-	-
II Other income		-	-
III Total Income (I + II)		<u>-</u>	<u>-</u>
IV Expenses:			
Other expenses	6	0.09	0.65
		<u>0.09</u>	<u>0.65</u>
V Profit before exceptional items (III - IV)		(0.09)	(0.65)
VI Exceptional items		-	-
VII Profit before tax (V + VI)		<u>(0.09)</u>	<u>(0.65)</u>
VIII Tax expense			
i) Current tax		-	-
ii) Deferred tax		-	-
IX Profit for the year (VII - VIII)		<u>(0.09)</u>	<u>(0.65)</u>
X Other Comprehensive Income			
A. Items that will not be reclassified to profit or loss		-	-
B. Items that will be reclassified to profit or loss			
Foreign currency translation adjustments		-	(0.03)
		<u>-</u>	<u>(0.03)</u>
XI Total Comprehensive Income (IX + X)		<u>(0.09)</u>	<u>(0.68)</u>
XII Earnings per equity share (Face value of EUR 100/- each)			
Basic & Diluted earnings per share (in USD / in rupees)		(0.40)	(28.85)



# PT. TVS MOTOR COMPANY INDONESIA

## Independent Auditors' Report

No. 00212/2.1265/AU.1/04/1208-1/1/IV/2021

The Stockholders, Board of Commissioners and Director  
PT. TVS Motor Company Indonesia

We have audited the accompanying financial statements of PT. TVS Motor Company Indonesia, which comprise the statement of financial position as of March 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT. TVS Motor Company Indonesia as of March 31, 2021, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

IMELDA & REKAN

Theodorus Bambang Dwi K.A  
License of Public Accountant No. AP.1208

April 27, 2021

## STATEMENT OF FINANCIAL POSITION MARCH 31, 2021

	Notes	March 31, 2021	March 31, 2020
		Rp	Rp
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	24,377,134,810	70,361,133,361
Trade accounts receivable	6		
Related parties	25	1,230,707,258	8,081,135,736
Third parties - net			
Other accounts receivable from related party	7,25	10,800,872,704	21,999,044,331
Inventories - net	8	274,890,935,466	212,210,692,696
Prepaid taxes	9	61,235,675,211	66,597,233,207
Advances to suppliers	10	16,257,055,777	9,404,811,110
Other current assets		3,996,441,462	7,341,035,529
Total Current Assets		718,601,276,882	764,974,471,142
<b>NONCURRENT ASSETS</b>			
Trade accounts receivable from third party	6	2,486,680,434	28,706,677,314
Deferred tax assets - net	24	-	21,496,290,559
Right-of-use assets		2,098,130,480	-
Property, plant, and equipment - net	11	414,950,851,410	424,348,063,554
Security deposits		770,631,632	1,077,652,187
Other noncurrent assets		358,299,448	1,780,569,498
Total Noncurrent Assets		420,664,593,404	477,409,253,112
<b>TOTAL ASSETS</b>		<b>1,139,265,870,286</b>	<b>1,242,383,724,254</b>

See accompanying notes to financial statements which are an integral part of the financial statements.

# PT. TVS MOTOR COMPANY INDONESIA

## STATEMENT OF FINANCIAL POSITION MARCH 31, 2021 (Continued)

	Notes	March 31, 2021 Rp	March 31, 2020 Rp
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Bank loans	12	370,870,203,368	498,483,813,857
Trade accounts payable	13		
Related party	25	221,398,653,071	326,674,494,272
Third parties			
Other accounts payable	14	45,376,906,009	41,098,306,254
Related party	25	2,091,348,230	556,870,808
Third parties		7,512,468,492	7,761,157,968
Taxes payable	15	817,660,650	941,959,157
Accrued expenses	16	41,453,822,656	28,347,696,969
Deposit from customers		8,481,748,748	1,389,875,630
Contract Liabilities		6,528,834,901	1,069,839,102
Lease liabilities		1,647,927,289	-
Total Current Liabilities		<u>706,179,573,414</u>	<u>906,324,014,017</u>
<b>NONCURRENT LIABILITY</b>			
Lease liabilities		322,506,893	-
Deferred tax liabilities - net	24	7,936,231,537	-
Post-employment benefits obligation	17	<u>20,382,336,000</u>	<u>18,653,913,000</u>
Total Liabilities		<u>734,820,647,844</u>	<u>924,977,927,017</u>
<b>EQUITY</b>			
Capital stock - Rp 97,400 (US\$ 10)			
par value per share			
Authorized - 17,500,000 shares			
Subscribed and paid-up - 16,791,187			
ordinary shares at March 31, 2021 and			
16,291,187 ordinary shares at March 31, 2020	18	1,635,461,613,800	1,586,761,613,800
Foreign exchange rate difference on			
paid-in capital	19	216,192,517,840	191,710,517,840
Revaluation surplus	20	276,495,214,244	276,495,214,244
Other comprehensive income		6,993,774,500	8,811,092,100
Deficit		<u>(1,730,697,897,942)</u>	<u>(1,746,372,640,747)</u>
Total Equity		<u>404,445,222,442</u>	<u>317,405,797,237</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>1,139,265,870,286</u>	<u>1,242,383,724,254</u>

See accompanying notes to financial statements which are an integral part of the financial statements.

## PT. TVS MOTOR COMPANY INDONESIA

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended March 31, 2021

	Notes	2021	2020
		Rp	Rp
<b>NET SALES</b>	21,25	767,774,548,041	710,809,864,682
<b>COST OF GOODS SOLD</b>	22,25	(669,207,622,183)	(652,892,195,911)
<b>GROSS PROFIT</b>		<u>98,566,925,858</u>	<u>57,917,668,771</u>
Marketing	23	(14,318,116,298)	(8,924,985,782)
General and administrative	23,25	(59,676,895,894)	(62,906,356,700)
Finance cost		(29,627,121,991)	(33,128,916,367)
Gain (loss) on foreign exchange - net		40,808,828,941	(47,367,084,242)
Interest income		530,710,664	341,592,533
Loss on sale and disposal of property, plant and equipment	11	(37,534,640)	(4,783,678)
Others - net		<u>9,315,956,661</u>	<u>11,676,098,185</u>
<b>PROFIT (LOSS) BEFORE TAX</b>		<u>45,562,753,301</u>	<u>(82,396,767,280)</u>
<b>INCOME TAX EXPENSE</b>	24	(29,888,010,496)	(10,474,426,091)
<b>PROFIT (LOSS) FOR THE YEAR</b>		<u>15,674,742,805</u>	<u>(92,871,193,371)</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation deficit	20	-	(2,254,500,680)
Remeasurement of defined benefits obligation	17	(2,271,647,000)	1,294,962,000
Related tax expense	24	454,329,400	(258,992,400)
Total Other Comprehensive Loss, net of tax		<u>(1,817,317,600)</u>	<u>(1,218,531,080)</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<u>13,857,425,205</u>	<u>(94,089,724,451)</u>

See accompanying notes to financial statements which are an integral part of the financial statements.

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

	Notes	Capital stock	Foreign exchange rate difference on paid-in capital	Other comprehensive income			Total equity
				Revaluation surplus	Remeasurement of defined benefits obligation	Deficit	
		Rp	Rp	Rp	Rp	Rp	Rp
Balance as of March 31, 2019		1,528,321,613,800	165,802,517,840	278,749,714,924	7,775,122,500	(1,653,501,447,376)	327,147,521,688
Issuance of shares	18,19	58,440,000,000	25,908,000,000	-	-	-	84,348,000,000
Other comprehensive loss							
Revaluation deficit	20	-	-	(2,254,500,680)	-	-	(2,254,500,680)
Remeasurement on defined benefits obligation, net of tax		-	-	-	1,035,969,600	-	1,035,969,600
Loss for the year		-	-	-	-	(92,871,193,371)	(92,871,193,371)
Balance as of March 31, 2020		<u>1,586,761,613,800</u>	<u>191,710,517,840</u>	<u>276,495,214,244</u>	<u>8,811,092,100</u>	<u>(1,746,372,640,747)</u>	<u>317,405,797,237</u>
Issuance of shares	18,19	48,700,000,000	24,482,000,000	-	-	-	73,182,000,000
Remeasurement on defined benefits obligation, net of tax							
benefits obligation, net of tax		-	-	-	(1,817,317,600)	-	(1,817,317,600)
Profit for the year		-	-	-	-	15,674,742,805	15,674,742,805
Balance as of March 31, 2021		<u>1,635,461,613,800</u>	<u>216,192,517,840</u>	<u>276,495,214,244</u>	<u>6,993,774,500</u>	<u>(1,730,697,897,942)</u>	<u>404,445,222,442</u>

See accompanying notes to financial statements which are an integral part of the financial statements.



## PT. TVS MOTOR COMPANY INDONESIA

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

		2021	2020
		Rp	Rp
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit (loss) before tax per statement of profit or loss and other comprehensive income		45,562,753,301	(82,396,767,280)
Adjustments for:			
Interest and finance charges		29,615,156,225	31,993,745,360
Depreciation of property, plant and equipment and right of use asset		14,189,882,852	13,163,861,996
Loss on sale and disposal of property, plant and equipment	11	37,534,640	4,783,678
Provision for employee benefits expense	17	(248,019,000)	2,659,674,000
Provision of allowance for inventory obsolescence	8	1,512,624,697	3,619,502,452
Provision for allowance for credit losses	6	9,529,908,237	6,235,139,425
Interest income		(530,710,664)	(341,592,533)
Net unrealized (gain) loss on foreign exchange		(46,816,366,067)	55,721,966,638
Operating cash flows before changes in working capital		52,852,764,221	30,660,313,737
Changes in working capital:			
Trade accounts receivable		28,757,941,015	(128,875,599,195)
Other accounts receivable		11,198,171,627	(11,411,617,099)
Inventories		(64,192,867,467)	(65,324,431,581)
Prepaid taxes		(56,464,240,587)	(63,695,775,549)
Advances to suppliers		(6,852,244,667)	(3,950,960,086)
Other current assets		3,094,394,817	2,038,982,847
Trade accounts payable		(72,787,820,474)	119,999,784,367
Other accounts payable		1,675,536,756	(7,452,261,034)
Taxes payable		(124,298,507)	472,061,662
Accrued expenses		13,881,209,872	(3,811,024,472)
Deposit from customers		7,091,873,118	155,460,446
Contract liabilities		5,458,995,799	1,069,839,102
Net cash used in operations		(76,410,584,477)	(130,125,226,856)
Income tax paid	24	(1,562,797,365)	(864,363,000)
Employee benefits paid	17	(295,205,000)	(593,291,000)
Proceeds from tax refund		64,809,706,998	38,731,977,627
Net Cash Used in Operating Activities		(13,458,879,844)	(92,850,903,229)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Increase in security deposits		292,810,675	14,098,210
Interest received		530,710,664	341,592,533
Acquisitions of property, plant and equipment	11	(3,245,215,967)	(4,653,537,111)
Proceeds from sale of property, plant and equipment	11	-	5,340,000
Net Cash Used in Investing Activities		(2,421,694,628)	(4,292,506,368)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from stock issuance	18	73,182,000,000	84,348,000,000
Proceeds from bank loans		1,103,256,724,704	803,475,051,064
Payments of bank loans		(1,174,025,239,303)	(754,905,343,150)
Payments of lease liabilities		(1,786,517,000)	-
Interest and finance charges paid		(29,291,125,654)	(31,993,745,360)
Net Cash (Used in) Provided by Financing Activities		(28,664,157,253)	100,923,962,554
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		(44,544,731,725)	3,780,552,957
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	70,361,133,361	58,118,052,945	
Effect of foreign exchange rate changes		(1,439,266,826)	8,462,527,459
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		24,377,134,810	70,361,133,361

See accompanying notes to financial statements which are an integral part of the financial statements.

# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended

### 1. GENERAL

PT. TVS Motor Company Indonesia (the "Company") was established within the framework of the Foreign Capital Investment Law No. 1 year 1967 as amended by Law No. 11 year 1970 based on notarial deed No. 21 dated August 8, 2005 of Siti Rayhana, S.H., substitute of Bandooro Raden Ayu Mahyastoeti Notonagoro, S.H., notary in Jakarta. The Deed of Establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. C-24361 HT.01.01.TH.2005 dated September 5, 2005. The Company's Articles of Association have been amended several times, most recently by notarial deed No. 40 dated March 19, 2021 of Susana Tanu, S.H., notary in Jakarta, regarding the reappointment of Board of Commissioners by the Minister of Law and Human Rights of the Republic of Indonesia in his Notification Letter No. AHU-AH.01.03-0187516 dated March 24, 2021.

In accordance with article 3 of the Company's Articles of Association, the scope of its activities include production of motorcycles, motorcycle component parts and accessories, three wheelers and its components. The Company started commercial operations on April 29, 2007.

The Company is domiciled in Jakarta and its head office is located at Wirusaha Building, 3rd Floor, Jl. HR. Rasuna Said, Kav. C5 Kuningan, Jakarta. As of March 31, 2021, the Company has 470 employees (2020: 445 employees).

The Company's management consists of the following:

	March 31, 2021	March 31, 2020
President Commissioner	Kunnath Narayanan Radhakrishnan	Kunnath Narayanan Radhakrishnan
Commissioners	Ramgopal Dilip	Ramgopal Dilip
	Ramaswami	Ramaswami Anandakrishnan
	Anandakrishnan	
President Director	Jeyanandan Thangarajan	Venkataraman Thiyagarajan
Director	Rajesh Ramani	-

### 2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATIONS OF PSAK ("ISAK")

#### a. Standards, Amendments/Improvements and Interpretation to Standards Effective in the Current Year

In the current year, the Company has applied standards and a number of amendments/improvements to PSAK that are relevant to its operations and effective for accounting period beginning on or after April 1, 2020.

##### • Amendments PSAK 1 and PSAK 25 Definition of Material

The amendments are intended to make the definition of material in PSAK 1 easier to understand and are not intended to alter the underlying concept of materiality in PSAK Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in PSAK 25 has been replaced by a reference in the definition of material in PSAK 1. In addition, the Indonesian Financial Accounting Standards Board amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

##### • PSAK 71 Financial Instruments

PSAK 71 introduces new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the financial statements are described below.

The Company applied PSAK 71 with an initial application date of April 1, 2020. The Company has not restated the comparative information, which continues to be reported under PSAK 55 Financial Instruments ("PSAK 55").

The significant accounting policies for financial instruments under PSAK 71 are as disclosed in Note 3e.

##### (a) Classification and measurement of financial assets and financial liabilities

The Company has applied the requirements of PSAK 71 to instruments that have not been derecognized as at April 1, 2020 and has not applied the requirements to instruments that have already been derecognized as at April 1, 2020. The classification of financial assets is based on two criteria: the Company's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. The changes in classification and measurement of the Company's financial assets did not have any impact on the Company's financial position on April 1, 2020 and its profit or loss and other comprehensive income for the year. There are no changes in the classification and measurement of the Company's financial liabilities.

##### (b) Impairment of financial assets

PSAK 71 requires an expected credit loss model as opposed to an incurred credit loss model under PSAK 55. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, PSAK 71 requires the Company to recognize a loss allowance for expected credit losses on i) debt investments subsequently measured at amortized cost or at FVTOCI, ii) lease receivables, iii) contract assets and iv) loan commitments and financial guarantee contracts to which the impairment requirements of PSAK 71 apply.

The impact of PSAK 71 impairment requirements on the Company's financial statements is not material.

##### • PSAK 72 Revenue from Contracts with Customers

PSAK 72 supersedes PSAK 34 Construction Contracts ("PSAK 34"), PSAK 23 Revenue ("PSAK 23") and the related Interpretations. PSAK 72 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in PSAK 72 to deal with specific scenarios. Details of these new requirements as well as their impact on the financial statements are described below.

The Company has applied PSAK 72 using the modified retrospective method with the cumulative effect of initially applying this standard recognized at the date of initial application (April 1, 2020). Therefore, the comparative information was not restated and continues to be reported under PSAK 34, PSAK 23 and the related Interpretations. The Company has selected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application.

PSAK 72 uses the term 'contract liability' to describe what might more commonly be known as 'advance from customers', however the standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Company has adopted the terminology used in PSAK 72 to describe such balances.

There is no material impact on the Company's financial statements on adoption of PSAK 72. The Company's significant accounting policies for its revenue streams are disclosed in Note 3l.

##### • PSAK 73 Leases

PSAK 73 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3k. The impact of the adoption of PSAK 73 on the Company's financial statements is described below.

The date of initial application of PSAK 73 for the Company is April 1, 2020.

The Company has applied PSAK 73 using the using the cumulative catch-up approach which:

- requires the Company to recognize the cumulative effect of initially applying PSAK 73 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under PSAK 30 and ISAK 8 Determining whether an Arrangement contains a Lease ("ISAK 8").

##### (a) Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to PSAK 73 not to reassess whether a contract contains a lease. Accordingly, the definition of a lease in accordance with PSAK 30 and ISAK 8 will continue to be applied to those leases entered or modified before April 1, 2020.

The change in definition of a lease mainly relates to the concept of control. PSAK 73 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies the definition of a lease and related guidance set out in PSAK 73 to all lease contracts entered into or modified on or after April 1, 2020 (whether it is a lessor or a lessee in the lease contract). The new definition in PSAK 73 does not change significantly the scope of contracts that meet the definition of a lease for the Company.

##### (b) Impact on Lessee Accounting

Former operating leases

PSAK 73 changes how the Company accounts for leases previously classified as operating leases under PSAK 30, which were off-balance-sheet.

Applying PSAK 73, for all leases (except as noted below), the Company:

- Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;
- Recognizes depreciation of right-of-use assets and interest on lease liabilities in the statement profit or loss and other comprehensive income; and
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended (Continued)

Lease incentives (e.g. free rent period) are recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under PSAK 30 they resulted in the recognition of a lease incentive liability, amortized as a reduction of rental expense on a straight-line basis.

Under PSAK 73, right-of-use assets are tested for impairment in accordance with PSAK 48 Impairment of Assets ("PSAK 48"). This replaces the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognize a lease expense on a straight-line basis as permitted by PSAK 73. This expense is presented within "general administrative expenses" in the statement of profit or loss and other comprehensive income.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying PSAK 30:

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The Company has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognized under PSAK 57 Provisions Contingent Liabilities and Contingent Assets ("PSAK 57") in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review;
- The Company has elected not to recognize right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application;
- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

### Former finance leases

For leases that were classified as finance leases applying PSAK 30, the carrying amount of the leased assets and obligations under finance leases measured applying PSAK 30 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Company has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying PSAK 73 from April 1, 2020.

### (c) Impact on Lessor Accounting

PSAK 73 does not substantially change how a lessor accounts for leases. Under PSAK 73, a lessor continues to classify leases as either finance leases or operating leases and accounts for those two types of leases differently.

However, PSAK 30 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognized in the statement of financial position on April 1, 2021 is 10.85%.

The following table shows the operating lease commitments disclosed applying PSAK 30 at March 31, 2020, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognized in the statement of financial position at the date of initial application:

	April 1, 2020
	Rp
Operating lease commitments at March 31, 2020	5,237,941,181
Short-term leases and leases of low value assets	(1,326,308,181)
Effect of discounting the above amounts	(478,712,389)
Lease liabilities recognized as at April 1, 2020	3,432,920,611

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of Rp 3,683,119,861 were recognized on April 1, 2020, prepayment decrease by Rp 250,199,250 was recognized on April 1, 2020 and the net impact on retained earnings is not material.

## Impact of PSAK 73 on the statement of financial position as of April 1, 2020 (date of initial application)

	As previously reported as of March 31, 2020	Adoption of PSAK 73	Explanatory note	Adjusted as of April 1, 2020
	Rp	Rp		Rp
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Other current assets	7,341,035,529	(250,199,250)	(a)	7,090,836,279
<b>NON-CURRENT ASSETS</b>				
Right-of-use assets	-	3,683,119,861	(a)	3,683,119,861
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Current maturity of lease liabilities	-	(2,690,946,122)	(a)	(2,690,946,122)
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities - net of current maturity	-	(741,974,489)	(a)	(741,974,489)

### Explanatory notes:

#### PSAK 73

- a) The application of PSAK 73 to leases previously classified as operating leases under PSAK 30 resulted in the recognition of right-of-use assets and lease liabilities.

Impact of PSAK 72 and 73 on the statement of cash flows for the year ended December 31, 2020 (current reporting period)

The adoption of PSAK 72 and 73 did not have a material impact on the Company's operating, investing and financing cash flows.

### b. Standards, amendments/improvements and interpretation to standards issued not yet adopted

At the date of authorization of these financial statements, the following standard, interpretation and amendments to PSAK relevant to the Company were issued but not effective, with early application permitted:

Effective for periods beginning on or after June 1, 2020

- PSAK 73 (amendment) Leases: Rental Concessions related to COVID-19. Effective for periods beginning on or after January 1, 2021
- Interest Rate Benchmark Reform - Phase 2 (Amendments to PSAK 71 Financial Instruments, PSAK 55 Financial Instruments: Recognition and Measurement, PSAK 60 Financial Instruments: Disclosures, PSAK 62 Insurance Contracts, and PSAK 73 Leases

Effective for periods beginning on or after January 1, 2023

- PSAK 1 (amendment) Presentation of financial statements: Classification of Liabilities as Current or Non-current
- PSAK 16 (amendment) Property, Plant and Equipment: Proceeds before Intended Use

As of the issuance date of the financial statements, the effects of adopting these standards, amendments and interpretations on the financial statements are not known nor reasonably estimable by management.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Statement of Compliance

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards.

### b. Basis of Presentation

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The statement of cash flows is prepared using the indirect method with classifications of cash flows into operating, investing and financing activities.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended (Continued)

c. Foreign Currency Transactions and Translation

The financial statements are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Company are presented in Indonesian Rupiah, which is the functional currency and the presentation currency for the financial statement.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period.

d. Transactions with Related Parties

A related party is a person or entity that is related to the Company (the reporting entity):

- a. A person or a close member of that person's family is related to the reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b. An entity is related to the reporting entity if any of the following conditions applies:
  - i. The entity, and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii. Both entities are joint ventures of the same third party.
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - vi. The entity is controlled or jointly controlled by a person identified in (a).
  - vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

e. Financial Instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Financial Assets (before April 1, 2020)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

Income and expense is recognized on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Trade and other accounts receivables and cash in banks

Cash in banks, trade and other accounts receivable are classified as loan and receivables and are subsequently measured at amortized cost using the effective interest method less impairment losses. Interest is recognized by applying the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Impairment of loans and receivables

The amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount is reduced through the use of an allowance account. When the receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received

Financial assets (from April 1, 2020)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipt (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest is recognized using the effective interest method for debt instruments measured subsequently at amortized cost, except for short term balances when the effect of discounting is immaterial.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses ("ECL") on trade and other accounts receivable and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade accounts receivable and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit impaired at the reporting date or an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2021 and for the year then ended *(Continued)*

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

**Definition of default**

The Company considers that default has occurred when a financial asset is more than 365 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

**Credit-impaired financial assets**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

**Write-off policy**

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade accounts receivable, when the amounts are over 360 days past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

**Measurement and recognition of ECL**

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

**Derecognition of Financial Assets**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

**Financial Liabilities and Equity Instruments**

**Classification as Debt or Equity**

Debt and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Trade and other accounts payable**

Trade, other accounts payable and accrued expense are initially measured at fair value and subsequently measured at amortized cost, using the effective interest method, except for short-term balances when the effect of discounting is immaterial.

**Bank loans**

Interest-bearing bank loans are initially measured at fair value and subsequently measured at amortized cost, using the effective interest method. Interest expense calculated using the effective interest method is recognized over the term of the borrowing in accordance with the Company's accounting policy for borrowing costs.

**Effective interest method**

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other

premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period to the net carrying amount on initial recognition.

**Derecognition of Financial Liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**f. Cash and Cash Equivalents**

For cash flow presentation purposes, cash and cash equivalents consist of cash on hand and in banks with maturities of three months or less from the date of placement.

**g. Inventories**

Inventories are stated at cost or net realizable value, whichever is lower. Cost is determined using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**h. Property, Plant and Equipment**

Property, plant and equipment held for use in the production or supply of goods or services or for administrative purposes, are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is recognized so as to write off the cost of assets less residual values using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Buildings	20
Machinery and tools	4 - 10
Office equipment and furnitures	4
Vehicles	5

Moulds and dies are depreciated based on units of production of 125,000 - 150,000 units in 2019 and 2020.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Land stated in the statement of financial position at its revalued amount, being the fair value at the date of the revaluation. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting date.

Any revaluation increase arising on the revaluation of land is credited in other comprehensive income and accumulated in equity and presented as revaluation surplus, under other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit of loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation land is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of property, plant and equipment, are recognized as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation and any impairment loss are removed from the accounts and any resulting gain or loss is reflected in the current operations.

An items of property, plant, and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant, and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

**i. Impairment of Non-Financial Assets**

At the end of each reporting period, the Company reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of a non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately in profit or loss.

**NOTES TO FINANCIAL STATEMENTS**

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When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Accounting policy for impairment of financial assets is discussed in Note 3e.

**j. Leases**

**Before April 1, 2020**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**The Company as lessee**

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligations.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or where shorter, the term of the relevant lease.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**From April 1, 2020**

The Company as lessee

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The weighted average lessee's incremental borrowing rate is determined by government's bond rate and credit risk in existing loan.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured

by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurements of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying assets to the conditions required by the terms and conditions of the lease, a provision is recognized and measured under PSAK 57. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying assets. If a lease transfers ownership of the underlying assets or the cost of the right-of-use assets reflects that of the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying assets. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies PSAK 48 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the impairment of assets policy.

Variable rents that do not depend on an index or rate are not included in the measurements of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occur and are included in the line 'Other expenses' in the statement of profit or loss and other comprehensive income.

As a practical expedient, PSAK 73 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

**k. After Sales Warranty**

The Company makes a provision to cover possible cost on after sales warranty granted to customers. Such provision is recognized based on certain percentage of sales by comparing the actual claim with sales.

**l. Revenue and Expense Recognition**

**Before April 1, 2020**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

**Sale of Goods**

Revenue from sales of goods is recognized when all of the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

**From April 1, 2020**

The Company recognizes revenue from sale of goods. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product to a customer. The Company has generally concluded that it is the principal in its revenue arrangements and records revenue on a gross basis because it typically controls the goods or services before transferring them to the customer.

Revenue is recognized at the point in time when service is delivered and control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points, shipping and handling).

**Expenses**

Expenses are recognized when incurred.

# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended *(Continued)*

### m. Employee Benefits

The Company provides post-employment benefits as required under Labor Law No. 13/2003 (the "Labor Law").

#### Defined benefit plan

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement comprising actuarial gains and losses are recognized immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in "retained earnings" and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss when the plan amendment or curtailment occurs, or when the Company recognizes related restructuring costs or termination benefits, if earlier. Curtailment gains and losses are accounted for as past service costs. Interest is calculated by applying a discount rate at the beginning of the period to the defined benefit liability. Defined benefit costs are divided into three categories:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Interest expense.
- Remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss.

### n. Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside of profit or loss.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities [appropriate for Group financial statements, delete when not relevant] when there is an intention to settle its current tax assets and current tax liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Company accounting policies, which are described in Note 3, the director are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical Judgments in Applying Accounting Policies

In the process of applying the accounting policies described in Note 3, management has not made any critical judgment that has significant impact on the amounts recognized in the financial statements, apart from those involving estimates, which are dealt with below.

#### Key Sources of Estimation Uncertainty

The key assumptions concerning future and other key sources of estimation at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Calculation of Loss Allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- Allowance for Decline in Value of Inventories

The Company provides allowance for decline in value of inventories based on estimated future usage of such inventories. While it is believed that the assumptions used in the estimation of the allowance for decline in value of inventories are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of the allowance for decline in value of inventories, which ultimately will impact the result of the Company's operations. The carrying amount of inventories is disclosed in Note 8.

- Income Taxes and Realization of Deferred Tax Assets

The Company is exposed to assessments on its income taxes and significant judgment is involved in determining the provision for income taxes. In certain circumstances, the Company may not be able to determine the exact amount of its current or future tax liabilities due to ongoing investigations by, or negotiations with, the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Company recognizes liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Company recognizes deferred tax assets on deductible temporary differences and fiscal loss carry forwards to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences and fiscal loss can be utilized. In assessing whether deferred tax assets should be recognized, management makes judgement as to the assumptions used in estimating future taxable income. Any significant changes in the assumptions may materially affect the amount of deferred tax assets and ultimately will have an impact on its results of operations.

The carrying amounts of the prepaid taxes, taxes payable and deferred tax assets (net of deferred tax liabilities) at the end of the reporting period are disclosed in Notes 9, 15 and 24.

- Fair Value of Land

Effective April 1, 2013, the Company's land is measured at fair value. In estimating the fair value of land, management engages third party qualified appraisal to perform the valuation. Management works closely with the qualified external appraisal to establish the appropriate valuation techniques and inputs. Any changes in the inputs and valuation techniques may have a material effect in the financial statements.

The carrying value of land is disclosed in Note 11.

# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended (Continued)

### 5. CASH AND CASH EQUIVALENTS

	March 31			March 31	
	2021	2020		2021	2020
	Rp	Rp		Rp	Rp
Cash on hand	103,617,830	150,655,568	PT Utama Sulawesi Makmur	2,899,369,418	4,141,800,286
Cash in banks			Getu Tefera Sido	1,481,469,812	-
Rupiah			STE Mahira Distribution	1,393,876,208	-
PT. Bank Mandiri (Persero) Tbk	4,119,396,063	1,123,647,278	Moon Princess Co., Ltd	1,098,495,648	-
PT. Bank Danamon Indonesia Tbk	2,510,929,824	1,008,480,772	Good Brothers' Company Limited	-	4,523,314,729
PT. Bank DBS Indonesia	767,370,957	2,544,081,294	PT Motormart Multi Artha	-	467,785,429
Deutsche Bank AG, Jakarta branch	127,560,000	-	Others (Below Rp 1,000,000,000 each)	5,281,933,025	2,887,547,106
PT. Bank SBI Indonesia	82,279,522	311,514,733	Subtotal	339,829,042,865	403,388,422,956
Standard Chartered Bank Indonesia	54,814,000	54,988,000	Allowance for impairment losses	(11,529,908,237)	(5,702,360,470)
PT. Bank Ina Perdana Tbk	-	42,984,653	Net	328,299,134,628	397,686,062,486
Subtotal	7,662,350,366	5,085,696,730	Total	329,529,841,886	405,767,198,222
US Dollar			Less: Noncurrent portion	2,486,680,434	28,706,677,314
Standard Chartered Bank Indonesia	4,477,393,449	180,023,579	Current portion	327,043,161,452	377,060,520,908
PT. Bank DBS Indonesia	3,725,701,492	47,985,047,693	b. By age category		
PT. Bank Mandiri (Persero) Tbk	2,678,353,709	186,029,613	Not yet due	180,722,581,000	232,391,858,005
Deutsche Bank AG, Jakarta branch	729,717,964	16,773,680,178	Past due		
Subtotal	11,611,166,614	65,124,781,063	1 - 30 days	34,516,554,534	33,851,171,719
Total	19,377,134,810	70,361,133,361	31 - 60 days	10,536,930,851	28,533,916,279
Time deposit			61 - 90 days	3,077,303,398	35,343,092,189
Rupiah			91 - 120 days	2,054,775,867	11,641,613,713
PT. Bank SBI Indonesia	5,000,000,000	-	121 - 180 days	4,081,455,953	12,852,817,264
Total	24,377,134,810	70,361,133,361	181 - 360 days	71,279,449,384	17,052,715,212
Interest rate per annum:			Over 360 days	34,790,699,136	39,802,374,312
Rupiah	3.75%		Subtotal	341,059,750,123	411,469,558,693

### 6. TRADE ACCOUNTS RECEIVABLE

	March 31			March 31	
	2021	2020		2021	2020
	Rp	Rp		Rp	Rp
a. By debtor			c. By currency		
Related parties (Note 25) -			US Dollar	307,906,579,746	350,883,884,952
TVS Motor Company Limited, India	1,230,707,258	933,468,632	Rupiah	33,153,170,377	60,585,673,740
TVS Auto Bangladesh Ltd.	-	7,147,667,104	Subtotal	341,059,750,123	411,469,558,692
Subtotal	1,230,707,258	8,081,135,736	Allowance for impairment losses	(11,529,908,237)	(5,702,360,470)
Third parties			Total	329,529,841,886	405,767,198,222
TVS Global Automobile Traders FZCO	197,016,682,270	225,451,433,743			
Premier Top Trading Limited	38,328,061,288	-			
Kosambh Multitred Private., Ltd.	32,087,922,581	35,659,055,411			
PT Gamma Sakti Indonesia	21,035,243,925	53,094,542,149			
Agrocorp International Pte., Ltd.	20,480,951,100	62,755,565,013			
Stargold Motorcycle Co	9,267,617,136	11,097,480,680			
Wandel International Nigeria Limited	4,802,896,081	3,309,898,410			
PT Super Sukses Anugerah	4,654,524,373	-			

The average credit period on sale of goods is 90 days in 2021 (2020: 90 days). No interest is charged on the outstanding balance.

Allowance for credit losses for trade accounts receivable has been measured at an amount equal to lifetime ECL. The ECL on trade accounts receivable is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The following table details the risk profile of trade accounts receivable from contracts with customers based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.



# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended (Continued)

### Trade Accounts Receivable – Days Past Due

	Not past due	Past due						Total
		< 30 days	31 – 60 days	61 – 90 days	91 – 120 days	121 - 180 days	> 180 days	
	Rp	Rp	Rp	Rp	Rp	Rp	Rp	Rp
Expected credit loss rate	1.42%	2.97%	6.79%	7.27%	8.61%	9.58%	6.13%	
Estimated total gross carrying amount at default	180,476,751,068	34,516,554,534	10,517,745,502	3,043,583,790	2,007,854,027	4,080,599,119	105,185,954,825	339,829,042,865
Lifetime ECL	(2,559,061,288)	(1,025,399,940)	(713,752,396)	(221,399,408)	(172,970,953)	(390,729,969)	(6,446,594,284)	(11,529,908,237)
Total								<u>328,299,134,628</u>

The movements in allowance for credit losses are as follows:

	2021
	Rp
Balance at beginning of year	5,702,360,470
Adoption of PSAK 71 (Note 2)	-
Balance at beginning of the year (adjusted)	5,702,360,470
Loss allowance recognized in profit or loss during the year (Note 23)	9,529,908,237
Amounts recovered recorded in Others - Net	(3,702,360,470)
Balance at end of year	<u>11,529,908,237</u>

Previous accounting policy for impairment of trade accounts receivable

In 2020, the Company had recognized the allowance for impairment losses against the related trade accounts receivable from customers that were deemed uncollectible. Allowance for impairment losses was recognized based on estimated irrecoverable amounts as determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

	2020
	Rp
0 days	277,621,900
1-30 days	-
31-60 days	538,749,746
61-90 days	341,817,144
91-120 days	230,920,019
121-180 days	74,705,620
Over than 180 days	4,238,546,040
Total	<u>5,702,360,470</u>

Movements in the allowance for doubtful accounts:

	2020
	Rp
Balance at beginning of year	679,129,737
Provision during the year (Note 23)	6,235,139,425
Write off during the year	(1,211,908,692)
Balance at end of year	<u>5,702,360,470</u>

### 7. OTHER ACCOUNTS RECEIVABLE FROM RELATED PARTY

Other accounts receivable from related party represents service fees and claim for reimbursements in 2021 and 2020 from TVS Motor Company Limited, India (Note 25).

### 8. INVENTORIES

	March 31	
	2021	2020
	Rp	Rp
Finished goods	36,997,168,363	47,266,553,922
Materials, components and spare parts	242,204,798,676	169,285,738,600
Others	1,136,765,971	484,512,120
Total	280,338,733,010	217,036,804,642
Allowance for inventory obsolescence	(5,447,797,544)	(4,826,111,946)
Net	<u>274,890,935,466</u>	<u>212,210,692,696</u>

The change in allowance for inventory obsolescence is as follows:

	2021	2020
	Rp	Rp
Balance at beginning of year	4,826,111,946	1,719,549,300
Provision during the year	1,512,624,697	3,619,502,452
Write-off during the year	(890,939,099)	(512,939,806)
Balance at end of year	<u>5,447,797,544</u>	<u>4,826,111,946</u>

Management believes that allowance for inventory obsolescence is adequate.

All inventories are insured with total coverage of US\$ 15,000,000 and Rp 8,000,000,000 as of March 31, 2021 (2020: US\$ 12,000,000 and Rp 8,000,000,000) to PT. Asuransi Multi Artha Guna Tbk for both years.

Inventories are used as collateral for bank loans (Note 12).

### 9. PREPAID TAXES

	March 31	
	2021	2020
	Rp	Rp
Income tax (Note 24)	2,999,344,363	1,954,648,998
Value added tax (VAT)		
2021	58,236,330,848	-
2020	-	64,398,202,265
2019	-	12,743,220
2018	-	231,638,724
Total	<u>61,235,675,211</u>	<u>66,597,233,207</u>

# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended (Continued)

### VAT – 2018

In November 2018, the Company received Rp 34,841,492,200 out of its total claim of Rp 35,386,935,603. The difference of Rp 254,804,104 was recorded as tax expense under others-net in the statement of profit or loss and other comprehensive income. The remaining amount of Rp 290,639,299 will be appealed by the Company.

In March 2020, the Company recorded Rp 59,000,575 as tax expense under others-net in the statement of profit or loss and other comprehensive income, related with the tax claim for year 2018.

In March 2021, the Company recorded Rp 231,638,724 as tax expense under others-net in the statement of profit or loss and other comprehensive income, related with the tax claim for year 2018.

### VAT – 2019

In 2020, the Company received Rp 38,731,977,627 out of its total claim of Rp 38,980,455,707. The difference of Rp 235,734,860 was recorded as tax expense under others-net in the statement of

profit or loss and other comprehensive income. The remaining amount of Rp 12,743,220 have been received fully on April 2020.

### VAT – 2020

In 2021, the Company received Rp 64,174,105,517 out of its total claim of Rp 64,330,820,351. The difference of Rp 156,714,834 was recorded as tax expense under others-net in the statement of profit or loss and other comprehensive income.

Management believes that the above claims are recoverable.

### 10. ADVANCES TO SUPPLIERS

This account represents advances made by the Company to its suppliers for the purchase of raw materials, tools and other components.

### 11. PROPERTY, PLANT AND EQUIPMENT

	April 1, 2020	Additions	Deductions	Reclassification	March 31, 2021
	Rp	Rp	Rp	Rp	Rp
Revalued amount:					
Land	304,162,000,000	-	-	-	304,162,000,000
Cost:					
Buildings	88,040,280,996	104,000,000	-	-	88,144,280,996
Machinery and tools	111,108,796,984	1,318,782,973	78,925,000	4,689,000	112,353,343,957
Moulds and dies	101,243,396,703	579,711,655	-	-	101,823,108,358
Office equipment and furnitures	10,649,295,310	1,242,721,339	-	54,250,000	11,946,266,649
Vehicles	1,219,363,584	-	-	-	1,219,363,584
Construction in Progress Machinery and tools	58,939,000	-	-	(58,939,000)	-
Total	616,482,072,577	3,245,215,967	78,925,000	-	619,648,363,544
Accumulated depreciation:					
Buildings	51,738,454,477	4,391,750,296	-	-	56,130,204,773
Machinery and tools	96,169,520,385	2,750,473,618	41,390,360	-	98,878,603,643
Moulds and dies	33,719,937,746	4,863,137,857	-	-	38,583,075,603
Office equipment and furnitures	9,660,136,229	479,884,260	-	-	10,140,020,489
Vehicles	845,960,186	119,647,440	-	-	965,607,626
Total	192,134,009,023	12,604,893,471	41,390,360	-	204,697,512,134
Net Book Value	424,348,063,554				414,950,851,410
	April 1, 2019	Additions	Deductions	Revaluation	March 31, 2020
	Rp	Rp	Rp	Rp	Rp
Revalued amount:					
Land	306,416,500,680	-	-	(2,254,500,680)	304,162,000,000
Cost:					
Buildings	87,392,480,993	647,800,003	-	-	88,040,280,996
Machinery and tools	109,120,964,992	2,506,226,790	518,394,798	-	111,108,796,984
Moulds and dies	100,261,562,084	981,834,619	-	-	101,243,396,703
Office equipment and furnitures	10,325,066,721	458,736,699	134,508,110	-	10,649,295,310
Vehicles	1,219,363,584	-	-	-	1,219,363,584
Construction in Progress Machinery and tools	-	58,939,000	-	-	58,939,000
Total	614,735,939,054	4,653,537,111	652,902,908	(2,254,500,680)	616,482,072,577
Accumulated depreciation:					
Buildings	47,372,972,350	4,365,482,127	-	-	51,738,454,477
Machinery and tools	93,791,132,602	2,886,658,903	508,271,120	-	96,169,520,385
Moulds and dies	28,361,716,713	5,358,221,033	-	-	33,719,937,746
Office equipment and furnitures	9,360,791,846	433,852,493	134,508,110	-	9,660,136,229
Vehicles	726,312,746	119,647,440	-	-	845,960,186
Total	179,612,926,257	13,163,861,996	642,779,230	-	192,134,009,023
Net Book Value	435,123,012,797				424,348,063,554

# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended (Continued)

Depreciation expense was allocated to the following:

	2021	2020
	Rp	Rp
Manufacturing cost	12,005,361,771	12,597,856,837
General and administrative expenses (Note 23)	599,531,700	566,005,159
Total	12,604,893,471	13,163,861,996

The Company owns a piece of land located in Karawang, Ciampel – Kutaneegara, Jawa Barat with a total area of 126,541 square meters as of March 31, 2021 and 2020, with Building Use Rights (HGB) expiring on November 11, 2028. Management believes that there will be no difficulty in the extension of the landrights since the land were acquired legally and supported by sufficient evidence of ownership.

The fair value of land was obtained from independent sources and was determined based on market approach that considers current market value from identical or comparable assets transaction and is classified as level two. Level two fair value measurements are those derived from inputs that are observable for the asset either directly or indirectly.

Property, plant and equipment except land were insured with PT. Asuransi Multi Artha Guna Tbk., PT Asuransi Harta Aman Pratama Tbk., and PT. Asuransi FPG Indonesia, against earthquake, fire, lightning, explosion and other possible risks for US\$ 33,000,000 as of March 31, 2021 (2020: US\$ 31,500,000). Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

Sales and disposal of property, plant and equipment are as follows:

	2021	2020
	Rp	Rp
Net book value	37,534,640	10,123,678
Proceeds from sales of property, plant and equipment	-	(5,340,000)
Loss on sale and disposal	37,534,640	4,783,678

## 12. BANK LOANS

	March 31	
	2021	2020
	Rp	Rp
Short-term bank loans		
Rupiah		
PT. Bank DBS Indonesia	19,193,392,235	15,837,280,579
U.S. Dollar		
PT. Bank SBI Indonesia (US\$ 9,219,337 in 2021 and US\$ 12,191,904 in 2020)	134,344,181,096	199,545,010,595
Deutsche Bank AG, Jakarta Branch (US\$ 2,500,000 in 2021 and US\$ 3,000,000 in 2020)	36,430,000,000	49,101,030,000
PT. Bank DBS Indonesia (US\$ 1,835,109 in 2020 and US\$ 2,297,020 in 2020 ) 26,741,202,811	37,595,325,194	
Deutsche Bank AG, Singapore Branch (US\$ 10,500,000 and US\$ 12,000,064 in 2020)	153,006,000,000	196,405,167,489
Chinese Yuan		
PT. Bank DBS Indonesia (CNH 521,234 in 2021)	1,155,427,226	-
Total	370,870,203,368	498,483,813,857

The bank loans are repayable as follows:

	March 31	
	2021	2020
	Rp	Rp
Due in the year		
2020	-	498,483,813,857
2021	370,870,203,368	-
Total	370,870,203,368	498,483,813,857
Accrued interest (Note 16)	3,502,034,115	3,490,068,349
Total	374,372,237,483	501,973,882,206

PT. Bank DBS Indonesia

In May 2013, the Company obtained the following loan facilities from PT. Bank DBS Indonesia:

- Trade finance facility for accounts payable financing with a maximum limit of US\$ 5,000,000 which also can be drawn in Indonesian Rupiah.
- Overdraft working capital facility with a maximum credit of Rp 15,000,000,000.

The outstanding balances are as follows:

	March 31	
	2021	2020
	Rp	Rp
Trade finance facility		
Rupiah 15,636,390,507 13,477,541,905		
US Dollar (US\$ 1,359,620 in 2021 and US\$ 2,208,135 in 2020)	19,812,383,515	36,140,544,890
Chinese Yuan (CNH 521,234 in 2021)	1,155,427,226	-
Subtotal	36,604,201,248	49,618,086,795
Overdraft working capital facility		
Rupiah	3,557,001,728	2,359,738,674
US Dollar (US\$ 475,489 in 2021 and US\$ 88,885 in 2020)	6,928,819,296	1,454,780,304
Total	47,090,022,272	53,432,605,773

In 2021, interest rate per annum is at 7.80% (2020: 7.30%) for US Dollar denominated loans, at 10.50% (2020: 13.00%) for IDR denominated loans and at 6.50% for CNH denominated loans.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp 3,758,140,529 in 2021 (2020: Rp 5,793,093,805).

The above loan facilities with DBS Indonesia contains certain covenant such as maintaining gearing ratio not to exceed more than 6 times, computed based on the financial statements. The loan facilities require the Company to maintain certain positive covenants. As of March 31, 2021, and 2020, the Company is compliant to the loan covenants.

## PT. Bank SBI Indonesia

In 2020, the Company renewed the revolving credit facility from PT. Bank SBI Indonesia with a maximum credit limit of US\$ 13,350,000, which is a combination of demand loan, foreign exchange facility and LC facility which is due within twelve months since the signing of the credit agreement. The facilities are secured by a Standby Letter of Credit (SBLC) issued by the State Bank of India, CAG, Chennai – India amounting to US\$ 13,000,000. The loan bears an interest rate of 7.50% per annum.

In 2021, the Company renewed the revolving credit facility from PT. Bank SBI Indonesia with a maximum credit limit of US\$ 14,350,000, which is a combination of demand loan, foreign exchange facility and LC facility which is due within twelve months since the signing of the credit agreement. The facilities are secured by a Standby Letter of Credit (SBLC) issued by the State Bank of India, CAG, Chennai – India amounting to US\$ 10,000,000. The loan bears an interest rate of 7.00% per annum.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp 9,758,754,355 in 2021 (2020: Rp 10,278,436,854).

The above loan facilities with Bank SBI Indonesia contains certain covenant which, among other, submits a quarterly financial report, with submission no later than 30 days from the reporting date and annual financial statement, with submission no later than 90 days from reporting date. As of March 31, 2021, and 2020, the Company is compliant to the loan covenants.

## Deutsche Bank AG, Singapore branch

In March 2019, the Company obtained a working capital loan facility of US\$ 15,000,000 from Deutsche Bank AG, Singapore branch. The loan bears an interest rate of three months LIBOR + 4.45%. The Company drew the first tranche of US\$ 10,000,000 in March 2019 and several tranches of US\$ 2,000,064 during March 2020, which are outstanding as of March 31, 2020.

During March 2021, Company made several payments of US\$ 1,500,064 and the outstanding balance amounted to US\$ 10,500,000 as of March 31, 2021.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp 9,941,081,750 in 2021 (2020: Rp 12,207,134,065).

## Deutsche Bank AG, Jakarta branch

In 2020, Company obtained a revolving credit facility with Deutsche Bank, Jakarta for US\$ 3,000,000 which is renewable. The interest rate is 5.75%.

In 2021, Company obtained a revolving credit facility with Deutsche Bank, Jakarta for US\$ 2,500,000 which is renewable. The interest rate is 4.82%.

## PT. TVS MOTOR COMPANY INDONESIA

### NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended (Continued)

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp 2,021,651,556 in 2021 (2020: Rp 676,792,664).

The above loan facilities with Deutsche Bank AG, Singapore branch and Jakarta branch contains certain covenant which, among other, submits a semesterly financial report, with submission no later than 90 days from the reporting date, and annual financial statement, with submission no later than 180 days from reporting date. As of March 31, 2021, and 2020, the Company is compliant to the loan covenants.

As per loan agreements entered with banks, all the above short term loans are renewable in nature and there are no fixed due dates.

#### 13. TRADE ACCOUNTS PAYABLE

	March 31	
	2021	2020
	Rp	Rp
a. By Creditors		
Related party - TVS Motor Company Limited, India (Note 25)	221,398,653,071	326,674,494,272
Third parties		
PT. Setia Guna Sejati	5,839,228,841	5,398,729,154
PT. GS Battery	4,658,547,800	4,680,697,500
PT. Dharma Polimetal	2,553,736,446	824,599,004
PT. Excel Metal Industry	2,143,229,783	1,492,747,280
PT. Gajah Tunggal Tbk	2,059,511,170	1,959,327,220
PT. Insako Jaya Sejahtera	2,007,734,375	1,090,393,480
PT National Assemblers	1,368,026,080	5,764,653,142
PT Kimu Sukses Abadi	413,190,450	2,041,751,802
Other (below Rp 2,000,000,000 each)	24,333,701,064	17,845,407,672
Subtotal	45,376,906,009	41,098,306,254
Total	266,775,559,080	367,772,800,526
b. By Currency		
U.S. Dollar	228,879,555,903	330,696,302,362
Rupiah	37,882,248,460	36,500,147,026
Chinese Yuan	13,754,717	576,351,138
Total	266,775,559,080	367,772,800,526

#### 14. OTHER ACCOUNTS PAYABLE

	March 31	
	2021	2020
	Rp	Rp
Related party - TVS Motor Company Limited, India (Note 25)	2,091,348,230	556,870,808
Third parties		
PT. Pan Asia Logistics Indonesia	1,787,866,918	1,015,326,149
PT. Senator International Indonesia	1,172,228,080	87,552,393
PT. Talisman Insurance Brokers	1,070,078,195	1,406,363,895
PT. Agility International	382,964,969	2,190,167,993
Others (below Rp 600,000,000 each)	3,099,330,330	3,061,747,538
Subtotal	7,512,468,492	7,761,157,968
Total	9,603,816,722	8,318,028,776

Other accounts payable to a related party represents information technology service fees.

#### 15. TAXES PAYABLE

	March 31	
	2021	2020
	Rp	Rp
Income taxes		
Article 21	428,815,801	471,743,242
Article 26	222,131,945	342,919,028
Article 4(2) Final	92,257,038	70,699,820
Article 23	70,023,100	50,727,795
Article	22 4,432,766	5,869,272
Total	817,660,650	941,959,157

#### 16. ACCRUED EXPENSES

	March 31	
	2021	2020
	Rp	Rp
Provision for sales and marketing	16,581,780,506	11,272,231,599
Warranty expense	2,690,925,288	795,237,415
Interest (Note 12)	3,502,034,115	3,490,068,349
Professional fees	2,548,400,000	1,075,000,000
Employees' social security	463,141,064	402,241,647
Others	15,667,541,683	11,312,917,959
Total	41,453,822,656	28,347,696,969

#### 17. POST-EMPLOYMENT BENEFITS OBLIGATION

The Company provides post-employment benefits for its qualifying employees in accordance with Labor Law No. 13/2003. The number of employees entitled to the benefits are 385 employees (2020: 330 employees).

The defined benefit pension plan typically exposes the Company to actuarial risks such as: interest rate risk and salary risk.

##### Interest risk

A decrease in the bond interest rate will increase the plan liability.

##### Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Amounts recognized in the statement of profit or loss and other comprehensive income with respect to these post-employment benefits are as follows:

	2021	2020
	Rp	Rp
	Service cost:	
Current service cost (Note 23)	2,658,842,000	2,726,069,000
Past service cost and gain on settlements	(4,498,404,000)	(1,517,227,000)
Interest cost (Note 23)	1,591,543,000	1,450,832,000
Components of defined benefits cost recognised in profit or loss	(248,019,000)	2,659,674,000
Remeasurement on the net defined benefit obligation	2,232,835,000	(793,616,000)
Actuarial loss (gains) arising from changes in financial assumptions		
Actuarial loss (gains) arising from experience adjustments	38,812,000	(501,346,000)
Components of defined benefit costs recognised in other comprehensive income	2,271,647,000	(1,294,962,000)
Total	2,023,628,000	1,364,712,000

## PT. TVS MOTOR COMPANY INDONESIA

### NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended (Continued)

Past service cost and gain on settlement is recorded under Others – net in the statement of profit or loss and other comprehensive income

The amounts recognized in the statements of financial position arising from the Company's obligation with respect to its post-employment benefits are as follows:

	March 31	
	2021	2020
	Rp	Rp
Present value of post-employment benefits obligation	20,382,336,000	18,653,913,000

Changes in the present value of unfunded defined benefits obligations are as follows:

	2021	2020
	Rp	Rp
Balance at beginning of year	18,653,913,000	17,882,492,000
Component of defined benefit cost recognized in profit or loss	(248,019,000)	2,659,674,000
Component of defined benefit cost recognized in other comprehensive income	2,271,647,000	(1,294,962,000)
Benefits payment	(295,205,000)	(593,291,000)
Balance at end of year	20,382,336,000	18,653,913,000

Significant actuarial assumptions for the determination of the defined benefits obligation is discount rate and expected salary growth. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

• If the discount rate is 1% higher (lower), the defined benefits obligation would decrease to Rp 18,149,501,000 (increase to Rp 23,042,804,000).

• If the expected salary growth is 1% higher (lower), the defined benefits obligation would increase to Rp 23,247,298,000 (decrease to Rp 17,949,306,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefits obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefits obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefits obligation liability recognized in the statement of financial position.

The cost of providing post-employment benefits is calculated by an independent actuary, PT. Milliman Indonesia. The actuarial valuation was carried out using the following key assumptions:

	2021	2020
Discount rate per annum	7.6%	8.8%
Salary increment rate per annum	7.0%	7.0%
Normal retirement age	56 years old and can be extended up to 60 years old	56 years old and can be extended up to 60 years old
Mortality rate	TMI III	TMI III
Resignation rate	5% p.a. at age of 25 and decreasing linearly to 0% p.a. at age 45 and thereafter	5% p.a. at age of 25 and decreasing linearly to 0% p.a. at age 45 and thereafter
Disability	10% of TMI III	10% of TMI III

### 18. CAPITAL STOCK

Name of Stockholders	March 31, 2021		
	Ordinary Shares	Percentage of Ownership	Total Capital Stock
		%	Rp
TVS Motor (Singapore) Pte., Limited	5,324,187	32%	518,575,813,800
TVS Motor Company (Europe) B.V.	2,870,000	17%	279,538,000,000
TVS Motor Company Limited, India	8,597,000	51%	837,347,800,000
Total	16,791,187	100%	1,635,461,613,800

Name of Stockholders	March 31, 2020		
	Ordinary Shares	Percentage of Ownership	Total Capital Stock
		%	Rp
TVS Motor (Singapore) Pte., Limited	5,324,187	33%	518,575,813,800
TVS Motor Company (Europe) B.V.	2,870,000	18%	279,538,000,000
TVS Motor Company Limited, India	8,097,000	49%	788,647,800,000
Total	16,291,187	100%	1,586,761,613,800

Movements in paid-in capital are as follows:

	2021	2020
	Rp	Rp
Beginning of the year	1,586,761,613,800	1,528,321,613,800
Issuance of capital stock	48,700,000,000	58,440,000,000
End of the year	1,635,461,613,800	1,586,761,613,800

Changes in the Company's outstanding shares are as follows:

	2021	2020
	Number of Shares	Number of Shares
Beginning of the year	16,291,187	15,691,187
Issuance of capital stock for cash	500,000	600,000
End of the year	16,791,187	16,291,187

# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended (Continued)

In 2021, the Company received additional capital stock subscription amounting to US\$ 5,000,000 (equivalent to Rp 73,182,000,000) from TVS Motor Company Limited, India.

In 2020, the Company received additional capital stock subscription amounting to US\$ 5,000,000 (equivalent to Rp 70,672,000,000) from TVS Motor Company Limited, India.

In 2020, the Company received additional capital stock subscription amounting to US\$ 1,000,000 (equivalent to Rp 13,676,000,000) from TVS Motor (Singapore) Pte., Limited.

### 19. FOREIGN EXCHANGE RATE DIFFERENCE ON PAID-IN CAPITAL

This account represents the difference between the exchange rate stated in the articles of association and the actual exchange rate at the date the payments for capital subscription were received, with details as follows:

	2021	2020
	Rp	Rp
Balance at beginning of year	191,710,517,840	165,802,517,840
Foreign exchange rate difference on issuance of shares	24,482,000,000	25,908,000,000
Balance at end of year	<u>216,192,517,840</u>	<u>191,710,517,840</u>

### 20. REVALUATION SURPLUS

This amount represents the increase in value of land due to revaluation.

	2021	2020
	Rp	Rp
Balance at beginning of year	276,495,214,244	278,749,714,924
Revaluation deficit (Note 11)	-	<u>(2,254,500,680)</u>
Balance at end of year	<u>276,495,214,244</u>	<u>276,495,214,244</u>

### 21. NET SALES

A disaggregation of the Company's revenue for the year is as follows:

	2021	2020
	Rp	Rp
Type of goods		
Sale of vehicles	737,052,207,097	681,888,676,145
Sale spare parts	<u>30,722,340,944</u>	<u>28,921,188,537</u>
Total	<u>767,774,548,041</u>	<u>710,809,864,682</u>
Geographical markets		
Export	677,315,597,598	672,983,632,369
Domestic	<u>90,458,950,443</u>	<u>37,826,232,313</u>
Total	<u>767,774,548,041</u>	<u>710,809,864,682</u>

The Company's by timing of transfer of goods is mostly at point in time. The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for sales of goods at March 31, 2021 is Rp 6,528,834,901 (2020: Rp 1,069,839,102) and are presented as contract liabilities.

0.9% (2020: 3.1%) of the total revenues were made with related parties (Note 25).

Details of net sales to dealers representing more than 10% of the sales are as follows:

Name of Customers	2021	2020
	Rp	Rp
Premier Top Trading Limited	253,963,412,857	-
Koshambh Multitred Pvt., Ltd.	159,381,035,379	204,313,678,766
TVS Global Automobile Traders FZCO	129,438,467,573	190,632,468,832
Agrocorp International Pte., Ltd.	<u>36,364,033,237</u>	<u>138,020,648,406</u>
Total	<u>579,146,949,046</u>	<u>532,966,796,004</u>

### 22. COST OF GOODS SOLD

	2021	2020
	Rp	Rp
Raw materials and components used	565,655,387,016	586,938,161,808
Direct labor	16,579,082,684	17,433,287,195
Overhead	<u>76,703,766,924</u>	<u>78,226,733,895</u>
Total Manufacturing Cost	658,938,236,624	682,598,182,898
Finished goods		
At beginning of year	47,266,553,922	17,560,566,935
At end of year	<u>(36,997,168,363)</u>	<u>(47,266,553,922)</u>
Cost of Goods Sold	<u>669,207,622,183</u>	<u>652,892,195,911</u>

68% in 2021 (2020: 63%) of the total purchases of raw materials and components were made from TVS Motor Company Limited, India, the ultimate holding company (Note 25).

### 23. OPERATING EXPENSES

	2021	2020
	Rp	Rp
Marketing		
Advertising and market research	12,242,175,080	7,516,586,705
Free service charges	1,021,955,969	302,715,116
Warranty	943,425,249	678,072,358
Others	<u>110,560,000</u>	<u>427,611,603</u>
Total	<u>14,318,116,298</u>	<u>8,924,985,782</u>
General and administrative		
Salaries and allowances	18,438,601,590	22,327,330,903
Loss allowance (Note 6)	9,529,908,237	6,235,139,425
Consultancy fees	5,473,091,420	5,786,911,676
Short term and low value leases	4,664,024,048	6,385,188,885
Training and development	4,365,629,223	4,573,588,177
Post-employment benefits (Note 17)	4,250,385,000	4,176,901,000
Taxes, permit and license	2,742,976,170	1,244,751,820
Travel and transportation	1,850,719,698	5,134,611,677
Data processing (Note 25d)	1,741,985,252	1,642,056,430
Right-of-use assets depreciation	1,584,989,381	-
Insurance	1,434,769,840	1,255,119,562
Professional fees	830,000,000	699,256,609
Office supplies	645,671,243	98,568,898
Property, plant, and equipment depreciation (Note 11)	599,531,700	566,005,159
Research and development	364,946,113	669,750,273
Telecommunication	334,323,579	388,851,614
Recruitment	126,040,000	76,390,550
Postage and courier	105,837,703	120,989,390
Business meeting	7,720,000	-
Honorarium	-	192,294,000
Others	<u>585,745,697</u>	<u>832,650,652</u>
Total	<u>59,676,895,894</u>	<u>62,906,356,700</u>

# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended (Continued)

### 24. INCOME TAX

The tax expense of the Company consist of the following:

	2021	2020
	Rp	Rp
Current tax		
Adjustment of Tax Assessment Letter		
2019	1,159,000	-
2017	-	467,640,000
Deferred tax	29,886,851,496	10,006,786,091
Total	29,888,010,496	10,474,426,091

#### Current tax

The reconciliation between profit (loss) before tax per statements of profit or loss and other comprehensive income and fiscal profit (loss) is as follows:

	2021	2020
	Rp	Rp
Profit (loss) before tax per statements of profit or loss and other comprehensive income	45,562,753,301	(82,396,767,280)
Temporary differences:		
Provision for employee benefits - net	(543,224,000)	2,066,383,000
Depreciation of property, plant and equipment	4,399,250,839	2,742,192,021
Provision for accrued expenses	(7,205,236,780)	(1,152,269,886)
Total	(3,349,209,941)	3,656,305,135

#### Permanent differences:

Employee welfare	3,330,374,161	4,021,965,245
Tax expenses	1,557,886,963	590,196,628
Provision for inventory obsolescence	1,512,624,697	3,619,502,452
Interest income already subjected to final tax	(530,710,664)	(341,592,533)
Provision for impairment losses	9,529,908,237	6,235,139,425
Others	302,488,166	273,673,675
Total	15,702,571,560	14,398,884,892
Fiscal profit (loss) before fiscal loss carryforward	57,916,114,919	(64,341,577,253)
Fiscal loss carryforward - net of expired portion	(298,217,673,419)	(376,438,741,822)
Total accumulated fiscal loss	(240,301,558,500)	(440,780,319,075)

#### Current tax

	Nil	Nil
	2021	2020
	Rp	Rp

#### Prepaid taxes

2021	1,562,797,365	-
2020	864,363,000	864,363,000
2019	-	518,102,000
2018	572,183,998	572,183,998
Prepaid taxes (Note 9)	2,999,344,363	1,954,648,998

	April 1, 2019	Credited (charged) to profit or loss for the year	Charged to Other Comprehensive Income	March 31, 2020	Charged to profit or loss for the year	Credited to Other Comprehensive Income	March 31, 2021
	Rp	Rp	Rp	Rp	Rp	Rp	Rp
Deferred tax asset (liabilities):							
Fiscal loss	40,910,441,976	(11,398,227,466)	-	29,512,214,510	(28,227,122,043)	-	1,285,092,467
Accrued expenses	3,304,934,725	(891,440,922)	-	2,413,493,803	(1,441,047,356)	-	972,446,447
Property, plant and equipment	(16,923,930,651)	2,763,730,297	-	(14,160,200,354)	(110,037,297)	-	(14,270,237,651)
Post-employment benefits obligation	4,470,623,000	(480,848,000)	(258,992,400)	3,730,782,600	(108,644,800)	454,329,400	4,076,467,200
Deferred Tax Asset - Net	31,762,069,050	(10,006,786,091)	(258,992,400)	21,496,290,559	(29,886,851,496)	454,329,400	(7,936,231,537)

In accordance with Government Regulation in Lieu of Acts (Perpu) No. 1 Tahun 2020, regarding State Financial Policy and Financial System Stability for Handling the Corona Virus Disease 2019 (Covid-19) and/or in Order to Face Threats that Harm National Economy and/or Financial System Stability, the corporate income tax rate of 25% is reduced to 22% for fiscal year 2020 and 20% for fiscal year 2022 onwards.

Based on the Company's estimates, the Company will be able to realize the fiscal loss against taxable income in any of the five years following the year in which the fiscal loss is incurred, thus a deferred tax asset of Rp 1,285,092,467 was recognized as of March 31, 2021 (2020: Rp 29,512,214,510).

A reconciliation between the tax expense and the amounts computed by applying the effective tax rates to profit before tax is as follows:

	2021	2020
	Rp	Rp
Profit (loss) before tax per statements of profit or loss and other comprehensive income	45,562,753,301	(82,396,767,280)
Tax expense (benefit) at effective tax rates	10,023,805,726	(16,479,353,456)
Unrecognized deferred tax on fiscal loss	18,308,288,966	16,084,454,522
Tax effect of permanent differences	3,454,565,743	2,879,776,978
Adjustment of deferred tax asset beginning due to decrease in tax rate	(2,889,696,404)	6,352,413,810
Tax base correction	989,887,465	1,169,494,237
Adjustment of tax assessment	1,159,000	467,640,000
Tax expense	29,888,010,496	10,474,426,091

The Company received Advance Tax Overpayment Refund Decree (SKPPKP) No. KEP-00046/SKPPKP/WPJ.07/KP.0303/2021 dated February 26, 2021 which stated that for fiscal year 2018, the Company has an overpayment related to income taxes amounting to Rp 516,943,000 instead of Rp 518,102,000 and the difference amounting to Rp 1,159,000 was recorded under tax expense.

In 2020, the Company wrote off prepaid income tax Article 28A for 2017 amounting to Rp 467,640,000 and recorded under tax expense.

## PT. TVS MOTOR COMPANY INDONESIA

### NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended (Continued)

#### 25. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

##### Nature of Relationship

- TVS Motor Company (Europe) B.V. and TVS Motor (Singapore) Pte., Limited, are stockholders of the Company.
- TVS Motor Company Limited, India (TVS India) is the ultimate holding company of the Company and a stockholder.
- Related party which conform to criterias on Note 3d is TVS Auto Bangladesh Ltd.

##### Transactions with Related Parties

The Company entered into certain transactions with related parties, including the following:

- Compensation paid to the Board of Commissioners and Directors of the Company amounted to Rp 3,884,135,930 in 2021 (2020: Rp 5,357,167,751).
- Net sales to related parties accounted for 0.9% in 2021 (2020: 3.1%), of the total net sales. At reporting date, the receivables for these sales were presented as trade accounts receivable which constituted 0.1% of the total assets as of March 31, 2021 (2020: 0.6%).
- Purchases from a related party constituted 68% in 2021 (2020: 63%) of the total purchases of raw materials and components. At reporting date, the liabilities for these purchases were

presented as trade accounts payable which constituted 30% as of March 31, 2021 (2020: 35%) of the total liabilities.

- The Company also entered non-trade transactions such as service fee (Note 26b), claim for reimbursements (Note 7), and information technology services fees with a related party (Notes 14 and 23).

#### 26. SIGNIFICANT CONTRACTS AND AGREEMENTS

- On April 1, 2017, the Company and TVS Motor Company Limited entered into a new License and Technical Assistance Agreement, wherein the Company obtains the right to use industrial property rights and technical information in connection with the manufacture, assembly, sale and service of TVS two and three wheeler brands. As per agreement, the Company has to pay royalty of 2% on the net ex-factory price of every product sold. The payment of royalty will only begin when the combined production of two and three wheelers exceed 20,000 units per month. This agreement will be valid for 5 years from effective date.
- The Company and TVS Motor Company Limited entered into a Memorandum of understanding with TVS Motor Company Limited on February 9, 2019, which has been further amended on September 1, 2020. As per memorandum, the Company is entitled to receive service fee of every vehicle, both two and three wheelers, sold by TVS Motor Company Limited in the ASEAN region except for sale of TVS XL 100 in Philippines. During the year, the income from such service fee amounted to Rp 2,013,438,030 in 2021 (2020: Rp 9,756,721,325).

#### 27. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

	March 31, 2021		March 31, 2020		
	Foreign Currency	Equivalent in Rp	Foreign Currency	Equivalent in Rp	
<b>Monetary Assets</b>					
Cash and cash equivalents	USD	796,814	11,611,166,614	3,978,787	65,124,781,063
Trade accounts receivable	USD	84,457	1,230,707,258	493,716	8,081,135,736
Related parties					
Third parties	USD	21,045,558	306,675,872,488	20,943,472	342,802,749,216
Related parties	USD	741,207	10,800,872,704	1,327,264	21,724,661,488
Security deposits	USD	7,912	115,293,081	7,911	129,495,049
Total Monetary Assets			330,433,912,145		437,862,822,552
<b>Monetary Liabilities</b>					
Bank loans	USD	24,054,446	350,521,383,907	29,488,988	482,646,523,278
Trade accounts payable	CNH	521,234	1,155,427,226	-	-
Related party	USD	15,193,429	221,398,653,071	19,958,119	326,674,494,272
Third parties	USD	513,375	7,480,902,832	245,712	4,021,808,090
Other accounts payable	CNH	6,204	13,754,717	250,044	576,351,138
Related party	USD	143,518	2,091,348,230	34,022	556,870,808
Third parties	USD	330,801	1,070,912,163	20,673	338,370,863
Accrued expenses	USD	431,561	6,288,711,992	235,279	3,851,042,068
Total Monetary Liabilities			590,021,094,138		818,665,460,517
Net Monetary Liabilities			(259,587,181,993)		(380,802,637,965)

The conversion rates used by the Company are as follows:

	March 31,	
	2021	2020
	Rp	Rp
USD	14,572	16,368
CNH	2,217	2,305



## PT. TVS MOTOR COMPANY INDONESIA

### NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended (Continued)

#### 28. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

##### a. Categories and Classes of Financial Instruments

	March 31, 2020	
	Financial Assets at amortized cost	Liabilities at amortized cost
	Rp	Rp
<b>Financial Assets</b>		
Cash and cash equivalents	24,273,516,980	-
Trade accounts receivable		
Related parties	1,230,707,258	-
Third parties	328,299,134,628	-
Other accounts receivable		
Related parties	10,800,872,704	-
Other current assets	2,158,646,480	-
Security deposits	770,631,632	-
<b>Financial Liabilities</b>		
Trade accounts payable		
Related party	-	221,398,653,071
Third parties	-	45,376,906,009
Other accounts payable		
Related party	-	2,091,348,230
Third parties	-	7,512,468,492
Accrued expenses	-	41,453,822,656
Deposit from customers	-	8,481,748,748
Lease Liabilities	-	1,970,434,182
Bank loans	-	370,870,203,368
<b>Total</b>	<b>367,533,509,682</b>	<b>699,155,584,756</b>

	March 31, 2021	
	Loans and receivables	Liabilities at amortized cost
	Rp	Rp
<b>Financial Assets</b>		
Cash in banks	70,210,477,793	-
Trade accounts receivable		
Related parties	8,081,135,736	-
Third parties	397,686,062,486	-
Other accounts receivable		
Related party	21,999,044,331	-
Other current assets	5,240,708,755	-
Security deposits	1,077,652,187	-
<b>Financial Liabilities</b>		
Trade accounts payable Related party	-	326,674,494,272
Third parties	-	41,098,306,253
Other accounts payable		
Related party	-	556,870,808
Third parties	-	7,761,157,968
Accrued expenses	-	28,347,696,969
Deposit from customers	-	1,389,875,630
Bank loans	-	498,483,813,857
<b>Total</b>	<b>504,295,081,288</b>	<b>904,312,215,757</b>

##### b. Capital Risk Management

The Company manages capital risk to ensure that it will be able to continue as a going concern, in addition to maximizing the profits of the shareholders through the optimization of the balance of debt and equity. The Company's capital structure consists of cash and cash equivalents (Note 5), bank loans (Note 12), lease liabilities, and equity, consisting of subscribed and paid-up capital (Note 18), foreign exchange rate difference on paid-in capital (Note 19), revaluation surplus (Note 20), other comprehensive income and deficit. There were no changes to the capital risk management from the previous year.

The gearing ratio at reporting date is as follows:

	March 31	
	2021	2020
	Rp	Rp
Debt	372,840,637,550	498,483,813,857
Cash and cash equivalents	24,377,134,810	70,361,133,361
Debt - net	348,463,502,740	428,122,680,496
Equity	404,445,222,442	317,405,797,237
Net debt to equity ratio	86%	135%

##### c. Financial risk management objectives and policies

The Company's overall financial risk management and policies seek to ensure that adequate financial resources are available for operations and development of its business, while managing its exposure to foreign exchange, interest rate, credit and liquidity risks. The Company operates within defined guidelines that are approved by the Directors.

###### i. Interest rate risk management

The interest rate risk exposure relates to the amount of assets or liabilities which is subject to a risk that a movement in interest rates will adversely affect the profit or loss for the year. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The Company has a policy of obtaining financing from banks which offer the most favorable interest rate. Approvals from the Directors and Commissioners must be obtained before committing the Company to any of the instruments to manage the interest rate risk exposure.

Financial instruments that are exposed to interest rate risk are included in the liquidity table in item (iv).

The sensitivity analysis below had been determined based on the exposure of the financial liabilities to floating interest rates at reporting date. The analysis is prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year.

In 2021, if interest rate had been 497 basis points (2020: 97 basis points), higher (lower) and the other variables held constant, the Company's profit after tax would decrease (increase) by Rp 7,324,032,282 (2020: Rp 1,783,927,020).

###### ii. Foreign currency risk management

The Company is exposed to the effects of foreign currency exchange rate fluctuations mainly because of foreign currency denominated transactions such as sales and purchases of goods, and borrowings denominated in foreign currency.

The Company manages the foreign currency exposure by matching, as far as possible, receipts and payments in each individual currency. The Company's net open foreign currency exposure as of reporting date is disclosed in Note 27.

The Company is mainly exposed to the US Dollar. The following table details the Company's sensitivity to changes in Indonesian Rupiah against US Dollar. The sensitivity analysis represents management's assessment of the effect to the financial statements caused by the reasonably possible change in foreign exchange rates, on outstanding foreign currency denominated monetary financial assets and liabilities.

## PT. TVS MOTOR COMPANY INDONESIA

### NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended (Continued)

	2021		2020	
	Percentage of change in exchange rate	Effect on profit or loss after tax	Percentage of change in exchange rate	Effect on profit or loss after tax
		Rp		Rp
US Dollar	4%	8,193,183,321	3%	8,554,571,395

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

#### iii. Credit risk management

The Company develops and maintains its credit risk gradings to categorize exposures according to their degree of risk of default. The Company uses its own trading records to rate its major customers and other debtors.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is creditimpaired.	Lifetime ECL – creditimpaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Company's financial assets as well as maximum exposure to credit risk by credit risk rating grades:

	Internal Credit Rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
			Rp	Rp	Rp
March 31, 2021					
Cash in banks and time deposits (Note 5)	Performing	12-month ECL	24,273,516,980	-	24,273,516,980
Trade accounts receivable (Note 6)	(i)	Lifetime ECL (simplified approach)	339,829,042,865	(11,529,908,237)	328,299,134,628
Other accounts receivable from related party (Note 7)	Performing	12-month ECL	10,800,872,704	-	10,800,872,704
				(11,529,908,237)	

(i) The Company determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Company has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Company only grants credit to creditworthy counterparties. Cash is held with creditworthy institutions and is subject to immaterial credit loss.

The Company's credit exposure has no significant concentration of credit risk with any single customer or group of customers.

Further details of credit risks on trade and other accounts receivable and contract assets are disclosed in Notes 6 and 7, respectively.

#### iv. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company receives support from shareholders to finance its ongoing working capital requirements.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

## PT. TVS MOTOR COMPANY INDONESIA

### NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended (Continued)

March 31, 2021						
Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	Rp	Rp	Rp	Rp	Rp	Rp
Non-interest bearing						
Trade accounts payable						
Related party	-	04,559,887	220,694,093,184	-	-	221,398,653,071
Third party	11,106,002,864	4,035,156,751	10,235,746,394	-	-	45,376,906,009
Other accounts payable						
Related party	-	51,269,252	1,440,078,978	-	-	2,091,348,230
Third party	1,554,103,699	,894,335,507	2,064,029,286	-	-	7,512,468,492
Accrued expense	4,757,976,381	7,630,167,541	19,065,678,734	-	-	41,453,822,656
Variable interest rate instruments						
Bank loans	6% - 7%	70,042,948,145	9,704,171,927	64,614,784,439	-	194,361,904,510
Fixed interest rate instruments						
Bank loans	6% - 13.5%	16,232,843,709	9,525,514,460	157,265,687,366	-	193,024,045,536
Lease liabilities	10.85%	81,470,467	,853,636,244	344,691,107	-	2,279,797,818
<b>Total</b>		<u>103,775,345,265</u>	<u>127,998,811,569</u>	<u>475,724,789,488</u>	-	<u>707,498,946,322</u>
March 31, 2020						
Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	Rp	Rp	Rp	Rp	Rp	Rp
Non-interest bearing						
Trade accounts payable						
Related party	-	30,270,635,466	296,403,858,806	-	-	326,674,494,272
Third party	8,003,883,306	15,395,311,709	17,699,111,239	-	-	41,098,306,254
Other accounts payable						
Related party	-	286,258,747	270,612,061	-	-	556,870,808
Third party	1,948,698,553	3,811,160,856	2,001,298,559	-	-	7,761,157,968
Accrued expense	4,161,726,455	5,696,199,595	18,489,770,919	-	-	28,347,696,969
Variable interest rate instruments						
Bank loans	6% - 7%	50,966,884,447	43,716,537,639	162,987,933,560	-	257,671,355,646
Fixed interest rate instruments						
Bank loans	6% - 13.5%	19,797,826,461	29,946,840,257	220,184,219,407	-	269,928,886,125
<b>Total</b>		<u>84,879,019,222</u>	<u>129,122,944,269</u>	<u>718,036,804,551</u>	-	<u>932,038,768,042</u>

#### d. Fair Value Measurements

Management considers that the carrying amounts of the Company's financial assets and liabilities recognized in the financial statements approximate their fair values because they have short-term maturities.

**29. OTHER MATTERS**

The Company's management believes that they maintain considerable financial resources, including continuous support from the Company's ultimate shareholder. In addition, the Company has been able to significantly improve its performance over the last three years through increase in sales volume, sales turnover and generating gross profit because management has implemented and continues to implement the following measures:

- Continuing focus on export markets through consolidation of existing markets and entry into new markets;
- Collaborate with e-commerce and distribution company in Indonesia to increase its three wheeler cargo sales;
- Increase the sales of three wheeler both passenger and cargo version which was launched recently, including exports of these products;
- Focus on margin improvement and control of fixed costs.

The Company's management believes that it is well placed to manage the Company's business risks successfully.

**30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities

	April 1, 2020	Financing cash flows	Non-cash transaction changes	March 31, 2021
	Rp	Rp	Rp	Rp
Bank loans	498,483,813,857	(70,768,514,599)	(56,845,095,890)	370,870,203,368
Lease Liabilities	-	(1,786,517,000)	3,756,951,182	1,970,434,182
	<u>498,483,813,857</u>	<u>(72,555,031,599)</u>	<u>(53,088,144,708)</u>	<u>372,840,637,550</u>

	April 1, 2019	Financing cash flows	Non-cash transaction changes	March 31, 2020
	Rp	Rp	Rp	Rp
Bank loans	383,710,003,393	48,569,707,914	66,204,102,550	498,483,813,857

**31. MANAGEMENT'S RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS**

The preparation and fair presentation of the financial statements on pages 1 to 49 were the responsibilities of the management and were approved by the Directors and authorized for issue on April 27, 2021.

**RE-STATED ACCOUNTS OF  
PT. TVS MOTOR COMPANY INDONESIA**

# PT. TVS MOTOR COMPANY INDONESIA

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2021

	Notes	IDR in Mn.	Rupees in crores
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	441,823.47	175.81
Right of use asset	2	2,098.13	1.05
Financial assets - Others		2,486.68	1.25
Other Non Current Assets	3	1,128.93	0.57
		<u>447,537.21</u>	<u>178.68</u>
<b>Current assets</b>			
Inventories	4	274,890.94	138.13
Financial assets			
i. Trade receivables	5	337,844.02	169.76
ii. Cash and cash equivalents	6	24,377.14	12.24
Current tax assets (Net)			
Other current assets	7	81,489.18	40.95
		<u>718,601.28</u>	<u>361.08</u>
Total Assets		<u>1,166,138.49</u>	<u>539.76</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	8	1,635,461.61	906.08
Other equity	9	(1,203,201.33)	(735.08)
		<u>432,260.28</u>	<u>171.00</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
i. Lease Liabilities		322.51	0.16
Provisions	10	27,376.11	13.75
		<u>27,698.62</u>	<u>13.91</u>
<b>Current liabilities</b>			
Financial liabilities			
i. Borrowings	11	370,870.20	186.37
ii. Lease Liabilities		1,647.93	0.83
iii. Trade payables	12		
a. Total outstanding dues of micro and small enterprises		-	-
b. Total outstanding dues other than (iii) (a) above		317,833.21	159.70
iv. Other financial liabilities	13	8,481.76	4.26
Other current liabilities	14	7,346.49	3.69
		<u>706,179.59</u>	<u>354.85</u>
Total liabilities		<u>733,878.21</u>	<u>368.76</u>
Total equity and liabilities		<u>1,166,138.49</u>	<u>539.76</u>

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

	Notes	IDR in Mn.	Rupees in crores
I Revenue from operations	15	770,322.06	393.84
II Other income	16	8,857.05	4.53
III Total Income (I +II)		<u>779,179.11</u>	<u>398.37</u>
IV Expenses:			
Cost of material consumed	17	566,280.45	291.38
Purchase of stock in trade	17	-	-
Changes in inventories of finished goods, stock-in -trade and work-in-progress	17	10,269.38	3.39
Employee benefits expense	18	66,662.64	34.08
Finance costs	19	(11,181.71)	(5.71)
Depreciation and amortisation expense	20	16,807.90	8.62
Other expenses	21	87,850.03	44.91
		<u>736,688.69</u>	<u>376.67</u>
V Profit before exceptional items,(III - IV)		42,490.42	21.70
VI Exceptional items		-	-
VII Profit before tax (V+ VI)		<u>42,490.42</u>	<u>21.70</u>
VIII Tax expense			
i) Current tax		1.16	-
ii) Deferred tax		-	-
IX Profit for the year (VII - VIII)		<u>42,489.26</u>	<u>21.70</u>
X Other Comprehensive Income			
A. Items that will not be reclassified to profit or loss		-	-
B. Items that will be reclassified to profit or loss			
Foreign currency translation adjustments		-	-
		<u>-</u>	<u>-</u>
XI Total Comprehensive Income (IX+X)		<u>42,489.26</u>	<u>21.70</u>
XII Earnings per equity share (Face value of IDR.97,400/- each)			
Basic & Diluted earnings per share (in IDR / in rupees)		2,530.45	12.92

# PT. TVS MOTOR COMPANY INDONESIA

## Notes to Accounts

### 1. PROPERTY, PLANT & EQUIPMENT

IDR in Millions

Description	Property, Plant & Equipment					
	Land	Buildings	Plant & equipment	Vehicles	Furniture, fixtures and equipments	Total
	1	2	3	4	5	6
Cost of assets						
Gross carrying value as at 01-04-2020	222,928.86	102,101.56	324,283.43	1,219.65	10,649.29	661,182.79
Additions	-	104.00	1,903.20		1,296.97	3,304.17
Sub-total	222,928.86	102,205.56	326,186.63	1,219.65	11,946.26	664,486.96
Sales / deletion	-		78.93			78.93
<b>Total</b>	<b>222,928.86</b>	<b>102,205.56</b>	<b>326,107.70</b>	<b>1,219.65</b>	<b>11,946.26</b>	<b>664,408.03</b>
Depreciation / Amortisation						
Upto 31-03-2020	-	56,557.20	140,339.75	845.96	9,660.13	207,403.04
For the year	-	5,094.82	9,528.56	119.65	479.88	15,222.91
Sub-total	-	61,652.02	149,868.31	965.61	10,140.01	222,625.95
Withdrawn on assets sold / deleted	-	-	41.39	-	-	41.39
<b>Total</b>	<b>-</b>	<b>61,652.02</b>	<b>149,826.92</b>	<b>965.61</b>	<b>10,140.01</b>	<b>222,584.56</b>
Carrying value						
As at 31-03-2021	222,928.86	40,553.54	176,280.78	254.04	1,806.25	441,823.47
Capital work-in-progress (at cost) as at 31-03-2021						
Plant & equipment						

Rupees in Crores

Description	Property, Plant & Equipment					
	Land	Buildings	Plant & equipment	Vehicles	Furniture, fixtures and equipments	Total
	1	2	3	4	5	6
Cost of assets						
Gross carrying value as at 01-04-2020	103.66	47.76	151.52	0.57	4.95	308.46
Additions		0.05	0.96		0.65	1.66
Foreign Currency translation reserve difference	8.36	3.30	7.95	0.04	0.40	20.05
Sub-total	112.02	51.11	160.43	0.61	6.00	330.17
Sales / deletion			0.04			0.04
<b>Total</b>	<b>112.02</b>	<b>51.11</b>	<b>160.39</b>	<b>0.61</b>	<b>6.00</b>	<b>330.13</b>
Depreciation / Amortisation						
Upto 31-03-2020	-	26.20	108.37	0.40	4.49	139.46
For the year		2.59	4.91	0.06	0.25	7.81
Foreign Currency translation reserve difference		1.90	4.80	0.03	0.35	7.08
Sub-total	-	30.69	118.08	0.49	5.09	154.35
Withdrawn on assets sold / deleted			0.03			0.03
<b>Total</b>	<b>-</b>	<b>30.69</b>	<b>118.05</b>	<b>0.49</b>	<b>5.09</b>	<b>154.32</b>
Carrying value						
As at 31-03-2021	112.02	20.42	42.34	0.12	0.91	175.81
Capital work-in-progress (at cost) as at 31-03-2021						
Plant & equipment						

# PT. TVS MOTOR COMPANY INDONESIA

## Notes on accounts - (continued)

	IDR in Mn. As at 31-03-2021	Rupees in crores As at 31-03-2021		IDR in Mn. As at 31-03-2021	Rupees in crores As at 31-03-2021
<b>3 OTHER NON-CURRENT ASSETS</b>			<b>9 OTHER EQUITY</b>		
Advances other than capital advances:			General reserve	(8,135.60)	(0.81)
Deposits made	770.63	0.39	Retained earnings	(1,411,258.25)	(700.55)
Others	358.30	0.18	Foreign currency translation reserve	216,192.52	(33.72)
	<u>1,128.93</u>	<u>0.57</u>		<u>(1,203,201.33)</u>	<u>(735.08)</u>
<b>4 INVENTORIES</b>			<b>10 NON - CURRENT LIABILITIES - PROVISIONS</b>		
Raw materials and components	236,757.00	118.97	Provision for employee benefits - Pension	27,376.11	13.75
Finished goods	36,997.17	18.59		<u>27,376.11</u>	<u>13.75</u>
Stores and spares	1,136.77	0.57			
	<u>274,890.94</u>	<u>138.13</u>	<b>11 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)</b>		
<b>5 TRADE RECEIVABLES</b>			Borrowings repayable on demand from banks		
Secured, considered good	349,373.93	175.55	Secured	134,344.18	67.51
Unsecured, considered good	-	-	Unsecured	236,526.02	118.86
	<u>349,373.93</u>	<u>175.55</u>		<u>370,870.20</u>	<u>186.37</u>
Less : Loss allowance	11,529.91	5.79			
	<u>337,844.02</u>	<u>169.76</u>	Short term borrowings from banks include :		
<b>6 CASH AND CASH EQUIVALENTS</b>			a) A loan of Rs.67.51 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India.		
Balances with banks in current accounts	19,273.52	9.68	<b>12 TRADE PAYABLES</b>		
Deposits with maturity of less than three months	5,000.00	2.51	Current		
Cash on hand	103.62	0.05	Dues to Micro and Small Enterprises **	-	-
	<u>24,377.14</u>	<u>12.24</u>	Dues to enterprises other than Micro and Small Enterprises	317,833.21	159.70
<b>7 OTHER CURRENT ASSETS</b>				<u>317,833.21</u>	<u>159.70</u>
Vendor advance	16,257.06	8.17			
VAT receivable	61,235.68	30.77	** 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.		
Others	3,996.44	2.01	<b>13 OTHER FINANCIAL LIABILITIES</b>		
	<u>81,489.18</u>	<u>40.95</u>	Trade deposits	8,481.76	4.26
<b>8 EQUITY SHARE CAPITAL</b>				<u>8,481.76</u>	<u>4.26</u>
Authorised, issued, subscribed and fully paid up:			<b>14 OTHER CURRENT LIABILITIES</b>		
Authorised:			Statutory dues	817.66	0.41
17,500,000 Ordinary shares of IDR.97,400 each	1,704,500.00	944.33	Advance received from customers	6,528.83	3.28
Issued, subscribed and fully paid up:				<u>7,346.49</u>	<u>3.69</u>
16,791,187 Ordinary shares of IDR.97,400 each	1,635,461.61	906.08			
	<u>1,635,461.61</u>	<u>906.08</u>			



# PT. TVS MOTOR COMPANY INDONESIA

## Notes on accounts - (continued)

	IDR in Mn. As at 31-03-2021	Rupees in crores As at 31-03-2021		IDR in Mn. As at 31-03-2021	Rupees in crores As at 31-03-2021
<b>15 REVENUE FROM OPERATIONS</b>			<b>18 EMPLOYEE BENEFITS EXPENSE</b>		
Sale of products	767,774.55	392.54	Salaries, wages and bonus	57,737.90	29.52
Sale of service	2,013.44	1.03	Contribution to provident and other funds	7,200.85	3.68
Other operating revenue	534.07	0.27	Staff welfare expenses	1,723.89	0.88
	<u>770,322.06</u>	<u>393.84</u>		<u>66,662.64</u>	<u>34.08</u>
<b>16 OTHER INCOME</b>			<b>19 FINANCE COSTS</b>		
Interest income	530.71	0.27	Interest	29,303.09	14.98
Other non-operating income	8,326.34	4.26	Exchange differences	(40,808.83)	(20.86)
	<u>8,857.05</u>	<u>4.53</u>	Interest on lease liabilities	324.03	0.17
<b>17 MATERIAL COST :</b>				<u>(11,181.71)</u>	<u>(5.71)</u>
Cost of Materials Consumed			<b>20 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Opening stock of raw materials and components	164,459.63	76.48	Depreciation on property plant and equipment	15,222.91	7.81
Add: Purchases	<u>638,577.82</u>	<u>333.87</u>	Depreciation on right of use asset	1,584.99	0.81
	803,037.45	410.35	Amortisation on intangible assets		
Less: Closing stock of raw materials and components	<u>236,757.00</u>	<u>118.97</u>		<u>16,807.90</u>	<u>8.62</u>
Consumption of raw materials and components	<u>566,280.45</u>	<u>291.38</u>	<b>20 OTHER EXPENSES</b>		
			(a) Consumption of stores, spares and tools	2,618.32	1.34
Purchases of stock-in-trade	<u>-</u>	<u>-</u>	Power and fuel	2,987.09	1.53
Changes in inventories of finished goods, work-in-progress and stock-in-trade:			(b) Rent	4,817.89	2.46
Opening stock:			(c) Repairs - buildings	2,820.66	1.44
Work-in-progress	-	-	(d) Repairs - plant and equipment	781.70	0.40
Stock-in-trade	-	-	(e) Insurance	1,434.77	0.73
Finished goods	<u>47,266.55</u>	<u>21.98</u>	(f) Rates and taxes (excluding taxes on income)	4,300.86	2.20
(A)	<u>47,266.55</u>	<u>21.98</u>	(g) Audit fees		
Closing stock:			(h) Packing and freight charges	26,213.04	13.40
Work-in-progress	-	-	(i) Advertisement and publicity	14,318.12	7.32
Stock-in-trade	-	-	(j) Other marketing expenses		
Finished goods	<u>36,997.17</u>	<u>18.59</u>	(k) Loss on sale of fixed asset	37.53	0.02
(B)	<u>36,997.17</u>	<u>18.59</u>	(l) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.10 lakh, whichever is higher)	27,520.05	14.07
(A)-(B)	<u>10,269.38</u>	<u>3.39</u>		<u>87,850.03</u>	<u>44.91</u>

# SUNDARAM HOLDING USA INC.

## Independent Auditor's Report

Board of Directors

### Sundaram Holding USA, Inc. and subsidiaries

We have audited the accompanying consolidated financial statements of Sundaram Holding USA, Inc. and subsidiaries ('the Company'), which comprise the consolidated balance sheets as at March 31, 2021 and March 31, 2020 and the related consolidated statements of loss, changes in stockholders' equity and cash flows for the years then ended and the related notes to consolidated financial statements.

### Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

### CONSOLIDATED BALANCE SHEET

(All amounts in United States Dollars, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,115,451	2,294,932
Inventories	633,798	831,384
Accounts receivable, net of allowances	1,876	141,711
Other current assets	12,685	111,787
<b>Total current assets</b>	<b>2,763,810</b>	<b>3,379,814</b>
Property, plant and equipment, net	64,327,942	66,601,680
Capital work-in-progress	14,068,928	12,824,934
Capital advances	478,655	436,386
<b>Total assets</b>	<b>81,639,335</b>	<b>83,242,814</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	600,547	690,847
Payable to related parties (Refer note N)	37,212	58,998
Current maturities of long-term debt	7,200,000	3,600,000
Current obligations under capital leases	278,259	106,558
Other current liabilities	1,413,796	933,585
<b>Total current liabilities</b>	<b>9,529,814</b>	<b>5,389,989</b>
Other liabilities	1,300,000	1,300,000
Long term capital lease obligation	541,059	685,048
Long term borrowings	29,092,225	36,239,358
<b>Total liabilities</b>	<b>40,463,098</b>	<b>43,614,395</b>
<b>Stockholders' equity</b>		
Common stock, \$1 par, authorized	69,400,000	59,000,000
- 75,000,000 shares (previous year 60,000,000 shares); issued and outstanding		
- 69,400,000 shares (previous year 59,000,000 shares) (Refer note Q)		
Accumulated deficit	(28,223,763)	(19,371,581)
<b>Total stockholders' equity</b>	<b>41,176,237</b>	<b>39,628,419</b>
<b>Total liabilities and stockholders' equity</b>	<b>81,639,335</b>	<b>83,242,814</b>

(The accompanying notes are an integral part of these consolidated financial statements)

### CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the year ended March 31, 2021 and March 31, 2020 (All amounts in United States Dollars, except number of shares)

Particulars	Common stock				Accumulated deficit	Total stockholders' equity
	Authorized		Issued & outstanding			
	Shares	Value	Shares	Value		
<b>Balance as at March 31, 2019</b>	<b>60,000,000</b>	<b>60,000,000</b>	<b>51,000,000</b>	<b>51,000,000</b>	<b>(7,521,625)</b>	<b>43,478,375</b>
Common stock issued	-	-	8,000,000	8,000,000	-	8,000,000
Net loss	-	-	-	-	(11,849,956)	(11,849,956)
<b>Balance as at March 31, 2020</b>	<b>60,000,000</b>	<b>60,000,000</b>	<b>59,000,000</b>	<b>59,000,000</b>	<b>(19,371,581)</b>	<b>39,628,419</b>
<b>Balance as at April 01, 2020</b>	<b>60,000,000</b>	<b>60,000,000</b>	<b>59,000,000</b>	<b>59,000,000</b>	<b>(19,371,581)</b>	<b>39,628,419</b>
Common stock issued	-	-	10,400,000	10,400,000	-	10,400,000
Net loss	-	-	-	-	(8,852,182)	(8,852,182)
<b>Balance as at March 31, 2021</b>	<b>75,000,000</b>	<b>75,000,000</b>	<b>69,400,000</b>	<b>69,400,000</b>	<b>(28,223,763)</b>	<b>41,176,237</b>

(The accompanying notes are an integral part of these consolidated financial statements)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the consolidated financial position of the Company as at March 31, 2021 and March 31, 2020 and the consolidated results of its operations and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

Knav P.A.  
Atlanta, Georgia  
April 22, 2021

### CONSOLIDATED STATEMENT OF LOSS

(All amounts in United States Dollars, unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations	462,529	403,242
Cost of revenues	(403,628)	(610,492)
<b>Gross Profit (Loss)</b>	<b>58,901</b>	<b>(207,250)</b>
<b>Costs and expenses</b>		
Depreciation	2,469,367	1,691,128
Finance charges	1,549,236	1,394,939
Payroll expenses	1,972,298	4,218,455
General and administrative expenses	2,931,781	4,336,804
<b>Total costs and expenses</b>	<b>8,922,682</b>	<b>11,641,326</b>
<b>Operating loss</b>	<b>(8,863,781)</b>	<b>(11,848,576)</b>
Other income (expenses)	11,599	(1,380)
<b>Net loss</b>	<b>(8,852,182)</b>	<b>(11,849,956)</b>

(The accompanying notes are an integral part of these consolidated financial statements)

# SUNDARAM HOLDING USA INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(All amounts in United States Dollars, unless otherwise stated)

	Year ended	
	March 31, 2021	March 31, 2020
<b>Cash flow from operating activities</b>		
Net loss	(8,852,182)	(11,849,956)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Depreciation	2,469,367	1,691,128
Amortization of debt issuance cost	52,867	55,358
Gain on sale	(11,599)	-
<b>Changes in assets and liabilities</b>		
Account receivables, net of allowances	139,835	(141,711)
Inventories	197,586	(499,732)
Other current assets	99,102	(106,794)
Accounts payable & other current liabilities	483,780	1,180,187
Other liabilities	(161,942)	885,048
<b>Net cash used in operating activities</b>	<b>(5,583,186)</b>	<b>(8,786,472)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(1,337,053)	(17,460,163)
Sale proceeds of property, plant and equipment	47,000	-
<b>Net cash used in investing activities</b>	<b>(1,290,053)</b>	<b>(17,460,163)</b>
<b>Cash flow from financing activities</b>		
Issuance of common stock	10,400,000	8,000,000
Repayment of short-term borrowings	-	(20,000,000)
Proceeds (repayment) of long-term borrowings	(3,600,000)	40,000,000
Payment of debt issuance cost	-	(216,000)
Repayment of finance lease	(106,241)	(154,988)
<b>Net cash provided by financing activities</b>	<b>6,693,759</b>	<b>27,629,012</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(179,481)</b>	<b>1,382,377</b>
Cash and cash equivalents at the beginning of the year	2,294,932	912,555
<b>Cash and cash equivalents at the end of the year</b>	<b>2,115,451</b>	<b>2,294,932</b>
<b>Supplemental cash information</b>		
Interest paid	1,443,551	795,927
Income tax paid	60,000	51,015
<b>Supplemental non-cash information</b>		
Assets purchased on finance lease	17,953	995,519

(The accompanying notes are an integral part of these consolidated financial statements)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in United States Dollars unless otherwise stated)

### NOTE A – NATURE OF OPERATIONS

Sundaram Holding USA Inc. (or the “Company”) was incorporated in the State of Delaware on September 09, 2015. The Company is held by Sundaram Auto Components Limited and Sundaram Clayton Limited. The Company is the sole owner member of four single member limited liability companies - Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram Clayton USA LLC (erstwhile Workspace Projects LLC) (all incorporated on September 16, 2016) and Premier Land Holding LLC (incorporated on December 06, 2016). The Company and its subsidiaries are in a start-up phase and they are in the process of commencing regular supplies and revenue generating activities.

Sundaram Holdings USA Inc (“SHUI”) along-with its subsidiaries Green Hills Land Holding LLC (“GHLH”), Component Equipment Leasing LLC (“CEL”), Sundaram Clayton USA LLC (“SCUSA”) and Premier Land Holding LLC (“PLHL”) are referred to as the “Company”.

### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”). The significant accounting policies are detailed below.

### 1. Basis of presentation

a. The accompanying consolidated financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (“US GAAP”) to reflect the financial position, results of operations, stockholder’s equity and cash flows. All amounts are stated in United States Dollars, except as otherwise specified.

b. The consolidated financial statements are presented for the year ended March 31, 2021 and March 31, 2020.

c. Certain reclassifications, regroupings and reworking have been made in the consolidated financial statements of prior year to confirm to the classifications used in the current year. This has no impact on the statement of loss.

### 2. Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The management’s estimates for realization of deferred tax assets, determination of useful lives for property, plant and equipment and their impairment, inventory valuation and estimation relating to unsettled transactions and events at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revisions in accounting estimates are recognized prospectively in the current and future periods.

### 3. Cash and cash equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by Federal Deposit Insurance Corporation up to an aggregate of \$ 250,000 per depositor at each financial institution.

### 4. Revenue recognition

The Company adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) as of April 01, 2019. Results for the year ended March 31, 2021 are presented under Topic 606, while earlier periods are presented under previous guidance. Please refer Note L “Revenue from contracts with customers” for further information on the Company’s revenue.

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of the Company’s products or services. The Company’s global payment terms are typically 90 days. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the contract. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

Revenue from warehousing service is recognized when services are completed in accordance with the contracts entered into with the customers.

### 5. Inventories

Inventories are stated at the lower of cost and market value. Cost is determined using the weighted average method. Cost in the case of raw materials comprises the purchase price and attributable direct costs, less trade discounts. Cost in the case of work-in-progress and finished goods comprise direct labor, material cost and production overheads.

A write down of inventory to the lower of cost or market value at the close of a fiscal period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances.

**6. Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation. Cost of items of property, plant and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations.

Major maintenance projects that extend the life of the related equipment are capitalized. Cost of maintenance and repairs are charged to expense when incurred.

The calculation of depreciation expense is based on the estimated economic useful lives of the underlying property and equipment and finite-lived intangible assets. The Company periodically obtains updated depreciation studies to evaluate whether certain useful lives remain appropriate.

The estimated useful life used to determine depreciation is:

Particulars	Useful life
Building	45 years
Machinery and equipment	10-25 years
Equipment under lease	8 years
Furniture and fixtures	10 years
Production tools and dies	4-8 years
Vehicles	6 years
Computers and office equipment	3 years

Deposits paid towards the acquisition of property, plant and equipment outstanding as of each balance sheet date and the cost of property, plant and equipment not ready for use before such date are disclosed under capital work-in-progress.

**7. Impairment of long-lived assets**

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

**8. Capitalized interest**

The Company capitalizes interest costs for qualifying assets. Qualifying assets are assets that require a significant amount of time to prepare for their intended use, including projects that are in the development or construction stages. Capitalized interest costs are considered an element of the historical cost of the qualifying asset. Capitalization ceases when the asset is substantially complete or if construction is interrupted for an extended period. Where the funds used to finance a qualifying asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to the relevant borrowings during the period. Where funds borrowed are directly attributable to a qualifying asset, the amount capitalized represents the borrowing costs specific to those borrowings. Where surplus funds available out of money borrowed specifically to finance a project are temporarily invested, the total capitalized interest is reduced by income generated from short-term investments of such funds.

**9. Leases**

**Operating leases**

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

**Capital leases**

Capital leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the

lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return.

**10. Debt issuance cost**

Debt issuance costs related to loans are reported in the balance sheet as a direct deduction from the face amount of the note. Amortization of debt issuance costs has been reported as financing costs. Further, the discount or premium resulting from the determination of present value in cash or non-cash transactions is not presented as a separate asset or liability from the note that gives rise to it but is reported in the balance sheet as a direct deduction from or addition to the face amount of the note.

**11. Government incentive**

The incentive received from government for creation of asset is deferred and is classified as liability until the conditions based on which the incentives are granted, are met.

**12. Income taxes**

In accordance with the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 740 “Income Taxes,” income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized.

**13. Fair value measurements and financial instruments**

Assets and liabilities recorded at fair value in the consolidated financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

**14. Commitments and contingencies**

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the consolidated financial statements.

## SUNDARAM HOLDING USA INC.

### 15. Liquidity

As on March 31, 2021, the Company has positive net worth of \$41,176,237, pursuant to additional equity funding received from the stockholders during the year amounting to \$10,400,000. The stockholders plans to provide additional funding as and when required to meet the Company's current anticipated cash needs for at least the next twelve months, including working capital needs and various contractual obligations.

### 16. Recently issued accounting standards not yet adopted

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, Leases. Under the new guidance, lessees are required to recognize a right-of-use asset and a lease liability on the balance sheet for all leases, other than those that meet the definition of a short-term lease. This update will establish a lease asset and lease liability by lessees for those leases classified as operating under current GAAP. Leases will be classified as either operating or finance under the new guidance. Operating leases will result in straight-line expense in the income statement, similar to current operating leases, and finance leases will result in more expense being recognized in the earlier years of the lease term, similar to current capital leases. This ASU is effective for the Company beginning January 1, 2022. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In November 2018, the FASB issued ASU 2018-18, Collaborative Arrangements (Topic 808), clarifying the interaction between Topic 808 and Topic 606. The amendments in ASU 2018-18 make targeted improvements to GAAP for collaborative arrangements by clarifying that certain transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606 when the collaborative arrangement participant is a customer in the context of a unit of account. In those situations, all the guidance in Topic 606 should be applied, including recognition, measurement, presentation, and disclosure requirements. In addition, unit-of-account guidance in Topic 808 was aligned with the guidance in Topic 606 (that is, a distinct good or service) when an entity is assessing whether the collaborative arrangement or a part of the arrangement is within the scope of Topic 606. ASU 2018-18 is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company is currently assessing the impact of the adoption of this guidance on its consolidated financial statements and disclosures.

### NOTE C - INVENTORIES

Inventories comprise of:

	As at	
	March 31, 2021	March 31, 2020
Raw material	597,723	773,755
Stores and spares	19,122	-
Finished goods	16,953	57,629
<b>Total</b>	<b>633,798</b>	<b>831,384</b>

### NOTE D - OTHER CURRENT ASSETS

Other current assets comprise of:

	As at	
	March 31, 2021	March 31, 2020
Prepaid expenses	6,185	105,244
Security deposits	6,500	6,543
<b>Total</b>	<b>12,685</b>	<b>111,787</b>

### NOTE E - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment of the Company comprise of:

	As at	
	March 31, 2021	March 31, 2020
Land	2,934,860	2,934,860
Building	39,737,888	39,737,888
Equipment under lease	1,017,473	999,519
Machinery and equipment	21,856,685	21,851,035
Vehicles	539,892	481,473

Furniture and fixtures	434,547	433,659
Computers and office equipment	1,602,066	1,599,467
Production tools and dies	957,241	905,205
Less: accumulated depreciation	(4,752,710)	(2,341,426)
<b>Total</b>	<b>64,327,942</b>	<b>66,601,680</b>

Depreciation for the year ended March 31, 2021 was \$ 2,469,367 (March 31, 2020: \$ 1,691,128). The amount of interest capitalized as construction in progress during the year ended March 31, 2021 is \$ NIL (March 31, 2020 was \$ 391,334). Depreciation includes expense for equipment taken under capital lease.

Land and building have been hypothecated against the loans obtained from the bank (Refer Note H).

### NOTE F - CAPITAL WORK-IN-PROGRESS

The capital work in progress amounted to \$ 14,068,928 as at March 31, 2021 (previous year \$ 12,824,934). The balance as on March 31, 2020 represents capital projects under construction which were yet to be installed.

During the year ended March 31, 2021, the capital work in progress transferred to property, plant and equipment amounted to Nil. (March 31, 2020: \$ 10,360,159)

### NOTE G - CAPITAL ADVANCES

Capital advance of \$ 478,655 (previous year \$ 436,386) has been provided towards the purchase of machinery, and other fixed assets to be acquired in the following financial year.

### NOTE H - LONG-TERM BORROWING

Long term borrowing comprise of:

	As at	
	March 31, 2021	March 31, 2020
Loan from bank	36,400,000	40,000,000
Less: current maturities	(7,200,000)	(3,600,000)
Less: Unamortized debt issuance cost	(107,775)	(160,642)
<b>Total</b>	<b>29,092,225</b>	<b>36,239,358</b>

The Company obtained loan from bank of \$ 40,000,000 in the year 2019 for funding the acquisition of capital assets and for repayment of short-term borrowing. The amount of loan outstanding as at March 31, 2021 was \$ 29,092,225 which included interest and unamortized portion of debt issuance cost. The refinancing transaction is treated as a modification of debt and the debt issuance costs paid to the lender are capitalized. The debt issuance cost on the new loan is \$ 216,000 of which \$ 107,775 (December 2020 \$ 160,642) remains outstanding as at the balance sheet date. The Company has obtained deferral of certain financial covenants for a period of one year.

The loan is scheduled to be fully repaid by December 31, 2024. Below is the repayment schedule on the loan

For the year ended	Amount (\$)
March 31, 2022	7,200,000
March 31, 2023	8,000,000
March 31, 2024	10,600,000
March 31, 2025	10,600,000
<b>Total</b>	<b>36,400,000</b>

The effective interest rate ("EIR") on the loan post the transaction costs is 3.75% for the year ended March 31, 2021 (March 31, 2020: 4.19%). The interest expense accrued for the year ended March 31, 2021 is \$ 1,363,726 (March 31, 2020 is \$ 1,295,423) and the interest paid during the year ended March 31, 2021 \$ 713,257 (March 31, 2020 is \$ 695,017).

### NOTE I - OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

	As at	
	March 31, 2021	March 31, 2020
Employee related liability	86,995	166,008
Accrued state franchise taxes	69,415	59,015

## SUNDARAM HOLDING USA INC.

Accrued property taxes	160,933	-
Interest payable	650,468	708,562
Advances from customers	214,143	-
Accrued expenses	231,842	-
<b>Total</b>	<b>1,413,796</b>	<b>933,585</b>

### NOTE J - OTHER LIABILITIES

The Company received an incentive of \$ 1,100,000 as at March 31, 2019 from the county of Dorchester, South Carolina for Project Gateway (the operating facility being built by the Company). The incentive was granted to the Company on the following terms:

- Project Gateway will locate an automotive component manufacturing facility in Dorchester County, South Carolina.
- Project Gateway will invest \$50.5 million in the project, of which \$15 million will be in real property (land and building) and \$35.5 million will be in tangible personal property (machinery and equipment).
- Of the \$35.5 million in tangible personal property (machinery and equipment), \$1 million will be in pollution control equipment.
- Project Gateway will create 130 new jobs over 5 years.

The Company received advance incentive of \$ 200,000 during the year from the county of Dorchester, South Carolina for the Project SC2 (the operating facility being built by the Company). The incentive was granted to the Company on the following terms:

- Project SC2, a "C" corporation, will locate an automotive component manufacturing facility in Dorchester County, South Carolina.
- Project SC2 will invest additional \$40 million in the project, of which \$14 million will be in real property (land and building) and \$26 million will be in tangible personal property (machinery and equipment).
- Project SC2 will create additional 100 new jobs over 5 years.

Other liabilities comprise of:

	As at	
	March 31, 2021	March 31, 2020
Grant from county	1,300,000	1,300,000
<b>Total</b>	<b>1,300,000</b>	<b>1,300,000</b>

### NOTE K - LONG TERM CAPITAL LEASE OBLIGATION:

Long term capital lease obligation is calculated as follows:

	As at	
	March 31, 2021	March 31, 2020
Total capital lease obligation	819,318	791,606
Less: Current portion	(278,259)	(106,558)
<b>Long term capital lease obligations</b>	<b>541,059</b>	<b>685,048</b>

### NOTE L - REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

Type of goods or services	For the year ended	
	March 31, 2021	March 31, 2020
Sale of manufactured products	342,241	403,242
Warehousing service	120,288	-
<b>Total</b>	<b>462,529</b>	<b>403,242</b>
<b>Timing of revenue recognition</b>		
Services transferred over a period of time	120,288	-
Goods transferred at a point of time	342,241	403,242
<b>Total</b>	<b>462,529</b>	<b>403,242</b>

### NOTE M - INCOME TAXES

The Company files federal and state tax returns as per regulations applicable to Chapter C corporations in the United States of America.

The following is the summary of items giving rise to deferred tax assets and liabilities:

	As at	
	March 31, 2021	March 31, 2020
<b>Non-current deferred tax assets</b>		
Organization cost	3,173,019	3,466,501
Net operating losses	6,459,726	6,910,892
Loan processing fees	-	4,361
Donations	99	-
Accrued expense	3,890	-
<b>Total non-current deferred tax asset</b>	<b>9,636,734</b>	<b>10,381,754</b>
<b>Non-current deferred tax liability</b>		
Property, plant and equipment	(2,356,377)	(6,278,925)
<b>Total non-current deferred tax liability</b>	<b>(2,356,377)</b>	<b>(6,278,925)</b>
<b>Total deferred tax asset, net</b>	<b>7,280,357</b>	<b>4,102,829</b>
Valuation allowance	(7,280,357)	(4,102,829)
<b>Deferred tax asset, net</b>	<b>-</b>	<b>-</b>

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible.

Management considers the projected future taxable income and tax planning strategies in making this assessment. Since the company has just commenced earning revenue, the management believes that there exist significant uncertainties regarding the realization of deferred tax assets in the US jurisdiction and accordingly the Company has created a valuation allowance of \$ 7,280,357 and \$ 4,102,829 as of March 31, 2021 and March 31, 2020, respectively.

The Company has federal net operating losses (NOLs) of \$ 24,901,328 and \$ 6,425,178 as at March 31, 2021 and March 31, 2020. The NOLs generated till 2017-18 which if unutilized will expire by the year 2037 and the NOLs generated after 2018-19 will be carry forwarded indefinitely.

The Company has state net operating loss carryforwards of approximately \$ 24,608,950 and \$ 6,202,214 as at March 31, 2021 and March 31, 2020, which if unutilized will expire based on the statutes of various states.

Accounting for uncertain tax position

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Company's financial position, results of operation or cash flows. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2021 and March 31, 2020.

The tax year 2016 to 2019 remain subject to examination by the taxing authorities.

### NOTE N - RELATED PARTY TRANSACTIONS

The Company had accounts receivable amounting to \$ 124,593 from Sundaram Clayton Limited ("the Parent") on account of warehousing income charged from the parent as of March 31, 2021 (March 31, 2020: Nil).

The payables for expenses incurred for tools & dies and casting samples amounted to \$ 161,805 as of March 31, 2021 (March 31, 2020: \$ 58,999).

The net payable to the Parent as of March 31, 2021 amounted to \$ 37,212 and March 31, 2020 amounted to \$ 58,999.

### NOTE O - CONCENTRATION OF RISKS

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents. The cash resources of the

## SUNDARAM HOLDING USA INC.

Company are invested with banks after an evaluation of the credit risk. By their nature, all such cash equivalents involve risk including the credit risk of non-performance by counter parties. In management's opinion, as of the balance sheet date, there was no significant risk of loss in the event of non-performance of the counter parties to these cash equivalents.

### NOTE P - COMMITMENTS AND CONTINGENCIES

#### Capital commitments

As at March 31, 2021, the Company has committed to spend \$ 1,849,176 (as at March 31, 2020 amounting to \$ 3,069,817) under agreements to purchase property and equipment and set up its operating facility.

#### Lease obligations

#### Operating leases

The Company occupies substantially all of its locations under short-term leases, most of which contain renewal options. The Company entered into lease for rented locations and forklifts as detailed below:

#### Premises A Summerville, SC

Rented for the period up to August 25, 2020 for rent amounting to \$ 1,710 per month.

#### Premises B, North Charleston, SC

Rented for the period up to June 30, 2020, for rent amounting to \$ 1,525 per month, and renewed up to June 30, 2021 for rent amounting to \$ 1,550 per month.

#### Premises C, North Charleston, SC

Rented for the period up to March 31, 2021, for rent amounting to \$ 1,750 per month.

#### Premises D, North Charleston, SC

Rented for the period commencing from Feb 26, 2021 up to Feb 26, 2022, for rent amounting to \$ 1,900 per month.

Rental expense under all operating leases was \$ 50,211 and \$ 73,227 for the years ended March 31, 2021 and March 31, 2020, respectively.

As at March 31, 2021 future rental commitments for the non-cancelable leases are as follows:

<b>For the year ending</b>	<b>Premises</b>
March 31, 2021	25,250

#### Capital leases

The company has obtained fifteen forklifts under capital lease. The minimum future lease payments under capital lease as at March 31, 2021 are as follows:

<b>For the year ending</b>	<b>Forklifts</b>
March 31, 2022	213,841
March 31, 2023	213,841
March 31, 2024	209,622
March 31, 2025	141,470
March 31, 2026	31,556
<b>Total</b>	<b>810,329</b>

### NOTE Q - STOCKHOLDERS' EQUITY

#### Authorized common stock

The authorized common stock is 75,000,000 shares with a par value of \$ 1 as at March 31, 2021 (March 31, 2020 : 60,000,000 shares with a par value of \$ 1)

#### Common stock issued

Common stock issued and outstanding as at March 31, 2021 was 69,400,000 shares at \$ 1 par value each. (March 31, 2020 – 59,000,000 shares of \$ 1 par value each.)

The Company issued the following shares, \$ 1 par value each, as below –

	<b>Year ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Sundaram Auto Components Limited	47,000,000	44,000,000
Sundaram Clayton Limited	22,400,000	15,000,000
<b>Total number of shares issued</b>	<b>69,400,000</b>	<b>59,000,000</b>

The Company issued 10,400,000 shares at \$1 par value during the year ended March 31, 2021 out of which 3,000,000 shares were issued to Sundaram Auto Components Limited and 7,400,000 shares were issued to Sundaram Clayton Limited.

#### Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

#### Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

### NOTE R - EMPLOYEE BENEFIT PLAN

The Company set up a 401(k) plan for its employees on December 22, 2016. The Company made a matching contribution of \$ 9,661 for the year ended March 31, 2021 (March 31, 2020 \$ 85,077).

### NOTE S - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 22, 2021 which is the date the consolidated financial statements were issued. There are no material effects of the same on the consolidated financial statements as on March 31, 2021.

#### Impact of Covid-19

During the year ended March 31, 2021 the Company had undergone shut down of its operations for a period of 10 months. The Company has resumed its operations in April 2021. The temporary shutdown did not impact the carrying amount of accounts receivables and other assets as on March 31, 2021. The Company will continue to monitor developments to identify significant uncertainties surrounding COVID-19 and its impact on performance of the Company for future periods.

**RE-STATED ACCOUNTS OF  
SUNDARAM HOLDING USA INC.**



## SUNDARAM HOLDING USA INC.

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2021

	Notes	USD in Mn.	Rupees in crores
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	4.35	31.78
Capital work in progress	1	99.20	725.23
Right of use asset		0.19	1.40
Other non current assets	2	0.43	3.19
		<u>104.17</u>	<u>761.60</u>
<b>Current assets</b>			
Financial assets			
Inventories	3	0.63	4.63
Cash and cash equivalents	4	2.11	15.46
Trade receivables	5	0.13	0.92
Others		0.01	0.05
Other current assets	6	0.01	0.05
		<u>2.89</u>	<u>21.11</u>
Total Assets		<u>107.06</u>	<u>782.71</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	7	69.40	471.91
Other equity	8	(3.09)	12.86
		<u>66.31</u>	<u>484.77</u>
<b>Liabilities</b>			
<b>Non-Current liabilities</b>			
Financial liabilities			
Borrowings	9	29.09	212.70
Lease liability		0.20	1.51
Other financial liabilities		1.84	13.46
		<u>31.13</u>	<u>227.67</u>
<b>Current liabilities</b>			
Financial liabilities			
(i) Lease liability		0.28	2.03
(ii) Trade payables	10	-	-
a. Total outstanding dues of micro and small enterprises		-	-
b. Total outstanding dues of other than (ii) (a) above		0.40	2.93
(iii) Other financial liabilities	11	7.85	57.40
Other current liabilities	12	1.09	7.91
		<u>9.62</u>	<u>70.27</u>
Total Liabilities		<u>40.75</u>	<u>297.94</u>
Total Equity and Liabilities		<u>107.06</u>	<u>782.71</u>

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

	Notes	USD in Mn.	Rupees in crores
I Revenue from operations	13	0.46	3.43
II Other Income		-	-
III Total Income (I +II)		<u>0.46</u>	<u>3.43</u>
IV Expenses:			
Cost of goods sold		0.40	3.00
Depreciation and amortisation expense		0.60	4.47
Other expenses	14	-	0.01
		<u>1.00</u>	<u>7.48</u>
V Profit before exceptional items (III - IV)		(0.54)	(4.05)
VI Exceptional items		-	-
VII Profit before tax (V+ VI)		<u>(0.54)</u>	<u>(4.05)</u>
VIII Tax expense			
i) Current tax		-	-
ii) Deferred tax		-	-
IX Profit for the year (VII - VIII)		<u>(0.54)</u>	<u>(4.05)</u>
X Other Comprehensive Income			
A. Items that will not be reclassified to profit or loss		-	-
B. Items that will be reclassified to profit or loss		-	-
Foreign currency translation adjustments		-	(15.76)
		<u>-</u>	<u>(15.76)</u>
XI Total Comprehensive Income (IX + X)		<u>(0.54)</u>	<u>(19.81)</u>
XII Earnings per equity share (Face value of USD 1/- each)			
Basic & Diluted earnings per share (in USD / in rupees)		(0.01)	(0.58)

# SUNDARAM HOLDING USA INC.

## Notes on accounts

1 Property, Plant & Equipment						USD in Millions
Description	Property, Plant & Equipment					
	Land	Vehicles	Furniture	Office Equipments	Total	
	1	2	3	4	5	
Cost of assets						
Gross carrying value as at 01-04-2020	2.93	0.47	0.43	1.60	5.43	
Additions	-	-	-	-	-	
Sub-total	2.93	0.47	0.43	1.60	5.43	
Sales / deletion	-	0.09	-	-	0.09	
Total	2.93	0.38	0.43	1.60	5.34	
Depreciation / Amortisation						
Upto 31-03-2020	-	0.09	0.06	0.35	0.50	
For the year	-	0.01	0.04	0.49	0.54	
Sub-total	-	0.10	0.10	0.84	1.04	
Withdrawn on assets sold / deleted	-	0.05	-	-	0.05	
Total	-	0.05	0.10	0.84	0.99	
Carrying value						
As at 31-03-2021	2.93	0.33	0.33	0.76	4.35	
Capital work-in-progress (at cost) as at 31-03-2021						
(a) Plant & equipment					14.07	
(b) Pre-operative expenses					85.13	
Total					99.20	

1 Property, Plant & Equipment						Rupees in crores
Description	Property, Plant & Equipment					
	Land	Vehicles	Furniture	Office Equipments	Total	
	1	2	3	4	5	
Cost of assets						
Gross carrying value as at 01-04-2020	22.21	3.52	3.28	12.10	41.11	
Additions	-	-	0.01	-	0.01	
Foreign exchange translation reserve adjustments	(0.75)	(0.12)	(0.11)	(0.41)	(1.39)	
Sub-total	21.46	3.40	3.18	11.69	39.73	
Sales / deletion	-	0.70	-	-	0.70	
Total	21.46	2.70	3.18	11.69	39.03	
Depreciation / Amortisation						
Upto 31-03-2020	-	0.60	0.48	2.74	3.82	
For the year	-	0.09	0.30	3.63	4.02	
Foreign exchange translation reserve adjustments	-	(0.03)	(0.02)	(0.15)	(0.20)	
Sub-total	-	0.66	0.76	6.22	7.64	
Withdrawn on assets sold / deleted	-	0.39	-	-	0.39	
Total	-	0.27	0.76	6.22	7.25	
Carrying value						
As at 31-03-2021	21.46	2.43	2.42	5.47	31.78	
Capital work-in-progress (at cost) as at 31-03-2021						
(a) Plant & equipment					102.86	
(b) Pre-operative expenses					622.37	
Total					725.23	

# SUNDARAM HOLDING USA INC.

## Notes on accounts - (Continued)

	USD in Mn. As at 31-03-2021	Rupees in crores As at 31-03-2021		USD in Mn. As at 31-03-2021	Rupees in crores As at 31-03-2021
<b>2 OTHER NON CURRENT ASSETS</b>			<b>9 FINANCIAL LIABILITIES - BORROWINGS (NON-CURRENT)</b>		
Capital advances	0.43	3.19	From Banks (Secured)*	29.09	212.70
	<u>0.43</u>	<u>3.19</u>		<u>29.09</u>	<u>212.70</u>
<b>3 INVENTORIES</b>			*Secured by Land and Building		
Raw materials and components	0.63	4.63			
	<u>0.63</u>	<u>4.63</u>	<b>10 TRADE PAYABLES</b>		
<b>4 CASH AND CASH EQUIVALENTS</b>			Dues to Micro and Small Enterprises**	-	-
Balance with banks	2.11	15.46	Dues to enterprises other than Micro and Small Enterprises	0.40	2.93
	<u>2.11</u>	<u>15.46</u>		<u>0.40</u>	<u>2.93</u>
<b>5 TRADE RECEIVABLE</b>			** 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.		
Unsecured, Considered good	0.13	0.92	<b>11 OTHER FINANCIAL LIABILITIES</b>		
	<u>0.13</u>	<u>0.92</u>	Current Maturities of long term borrowings	7.20	52.64
<b>6 OTHER CURRENT ASSETS</b>			Interest accrued but not due	0.65	4.76
Prepaid expense	0.01	0.05		<u>7.85</u>	<u>57.40</u>
	<u>0.01</u>	<u>0.05</u>	<b>12 OTHER CURRENT LIABILITIES</b>		
<b>7 EQUITY SHARE CAPITAL</b>			Statutory dues	0.23	1.68
Authorised, issued, subscribed and fully paid up:			Employee related liability	0.08	0.58
Authorised:			Advance received from customers	0.78	5.65
75,000,000 Ordinary shares of USD 1/- each	60.00	407.99		<u>1.09</u>	<u>7.91</u>
Issued, subscribed and fully paid up:					
69,400,000 Ordinary shares of USD 1/- each	69.40	471.91	<b>13 REVENUE FROM OPERATIONS</b>		
	<u>69.40</u>	<u>471.91</u>	Sale of products	0.46	3.43
<b>8 OTHER EQUITY</b>				<u>0.46</u>	<u>3.43</u>
Retained earnings	(3.09)	(21.22)	<b>14 OTHER EXPENSES</b>		
Foreign currency translation reserve	-	34.08	General and administrative expenses	-	0.01
	<u>(3.09)</u>	<u>12.86</u>		<u>-</u>	<u>0.01</u>