

**TVS MOTOR COMPANY LIMITED**



**25<sup>th</sup> Annual Report 2016-2017**



**Apache**

**RTR 200 4V**

**RACING DNA UNLEASHED**

**TVS** *Racing*

**Indian Motorcycle Of The Year 2017.**

star city+



TVS  
Victor



## TVS MOTOR COMPANY LIMITED

**Board of Directors**

VENU SRINIVASAN  
*Chairman & Managing Director*

SUDARSHAN VENU  
*Joint Managing Director*

H. LAKSHMANAN

T. KANNAN

C. R. DUA

R. RAMAKRISHNAN

Dr. LAKSHMI VENU

PRINCE ASIRVATHAM

HEMANT KRISHAN SINGH

**Audit & Risk Management Committee**

T. KANNAN  
*Chairman*

C.R. DUA

R. RAMAKRISHNAN

PRINCE ASIRVATHAM

**Stakeholders' Relationship Committee**

R. RAMAKRISHNAN  
*Chairman*

VENU SRINIVASAN

SUDARSHAN VENU

**Nomination and Remuneration Committee**

T. KANNAN  
*Chairman*

C.R. DUA

H. LAKSHMANAN

**Corporate Social Responsibility Committee**

VENU SRINIVASAN  
*Chairman*

H. LAKSHMANAN

PRINCE ASIRVATHAM

**President & CEO**

**Chief Financial Officer**

K.N. RADHAKRISHNAN

S.G. MURALI

**Company Secretary**

**Statutory Auditors**

K.S. SRINIVASAN

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

**Cost Auditor**

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

**Secretarial Auditors**

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

**Shares listed with**

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

### Bankers

STATE BANK OF INDIA  
Corporate Accounts Group Branch,  
Chennai.

### Registered Office

"Jayalakshmi Estates", No. 29 (Old No.8), Haddows Road,  
Chennai - 600 006, Tamil Nadu, India.  
Tel : 044 - 2827 2233; Fax : 044 - 2825 7121  
CIN No. L35921TN1992PLC022845  
E-mail: [contactus@tvsmotor.com](mailto:contactus@tvsmotor.com)  
Website: [www.tvsmotor.com](http://www.tvsmotor.com)

### Share Transfer Agent

Sundaram-Clayton Limited,  
"Jayalakshmi Estates", 1<sup>st</sup> Floor,  
No.29 (Old No.8), Haddows Road,  
Chennai - 600 006, Tamil Nadu, India.  
Tel : 044 - 2828 4959; Fax : 044 - 2825 7121  
Email: [investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in)  
[raman@scl.co.in](mailto:raman@scl.co.in)

### Plant Locations

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

### Subsidiary Companies

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

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**Financial Highlights**

Rupees in crores

Details	Previous GAAP								Ind AS	
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Sales & other income (including Excise Duty)	3,774	4,079	4,801	6,857	7,749	7,875	8,694	10,788	12,195	13,363
Profit before interest, depreciation, amortisation and tax*	219	247	304	491	520	461	532	669	914	1,030
Profit before tax*	35	31	76	248	316	254	355	456	629	699
Exceptional / Extraordinary Items	-	-	-	-	-	(91)	(3)	-	-	-
Profit after tax	32	31	88	195	249	116	262	348	489	558
Net fixed assets	1,043	1,036	983	995	1,078	1,048	1,174	1,419	1,751	2,046
Share capital	24	24	24	48	48	48	48	48	48	48
Reserves and surplus	798	786	842	952	1,122	1,177	1,368	1,598	1,911	2,361
Net worth	769	735	835	999	1,170	1,225	1,415	1,645	1,958	2,408
Total borrowings	666	906	1,003	768	831	634	528	970	924	1,107
Earnings per share (Rs.) #	0.67	0.66	1.86	4.10	5.24	2.44	5.51	7.32	10.30	11.75
Dividend per share (Rs.)	0.70	0.70	1.20	1.10	1.30	1.20	1.40	1.90	2.50	2.50
Book value per share (Rs.) #	16.18	15.47	17.58	21.04	24.62	25.78	29.79	34.63	41.22	50.69
EBITDA / turnover (%)	5.81	6.06	6.32	7.16	6.71	5.85	6.12	6.20	7.49	7.71
Profit before tax / turnover (%)	0.94	0.76	1.59	3.62	4.08	3.23	4.09	4.23	5.16	5.23
Return on capital employed (%)	2.66	5.60	8.01	16.48	18.96	14.68	18.88	20.27	23.24	21.67
Return on net worth (%)	4.18	4.13	11.21	21.21	22.97	9.69	19.82	22.73	27.15	25.56

**Notes:**

\* Figures stated are before exceptional and extraordinary items.

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

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 25<sup>th</sup> annual general meeting of the Company will be held on Friday, the 11<sup>th</sup> August 2017 at 10.00 a.m. at 'The Music Academy', New No. 168 (Old No. 306) T.T.K. Road, Royapettah, Chennai 600 014 to transact the following businesses:

### ORDINARY BUSINESS

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

RESOLVED THAT the audited balance sheet as at 31<sup>st</sup> March, 2017, the statement of profit and loss, notes forming part thereof, the cash flow statement for the year ended on that date and the consolidated financial statements, together with the directors' report and the auditors' report thereon as circulated to the members and presented to the meeting be and the same are hereby approved and adopted.

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

RESOLVED THAT Mr Sudarshan Venu (holding DIN 03601690), director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a director of the Company.

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

RESOLVED THAT the re-appointment of M/s V Sankar Aiyar & Co., Chartered Accountants, Mumbai, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office, from the conclusion of this annual general meeting till the conclusion of the next annual general meeting, for the fifth consecutive year in the first term of five years as recommended by the Audit and Risk Management Committee and approved by the board of directors of the Company, in terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 on such remuneration, as may be mutually agreed upon between the board of directors of the Company and the Statutory Auditors in addition to reimbursement of all applicable taxes, travelling and out-of-pocket expenses, be and is hereby ratified.

### SPECIAL BUSINESS

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

RESOLVED THAT, subject to the provisions of Sections 197 and 198 and other applicable provisions, if any, of the Companies Act, 2013 (the Act, 2013), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), all non-executive independent directors of the Company [as defined in Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015], be paid / continue to be paid, (in addition to sitting fees for attending the meetings of the board or of a committee thereof and travelling and stay expenses) such sum as commission payable, at such intervals, for each such independent director of the Company, as may be determined by the board of directors of the Company, from time to time, for each financial year, from 1<sup>st</sup> April 2018 within the overall limit, so as not to exceed, in aggregate, 1% of the

net profits of the Company, calculated in accordance with the provisions of Sections 197 and 198 of the Act, 2013.

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

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

RESOLVED THAT subject to the provisions of Sections 149, 150, 152, 160, 164 and other applicable provisions of the Companies Act, 2013 (the Act, 2013) and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as recommended by the Nomination and Remuneration Committee and the board of directors of the Company, Mr Rajesh Narasimhan (holding DIN 07824276), who has submitted a declaration of independence under Section 149(6) of the Act, 2013 and is eligible for appointment as director and in respect of whom the Company has received a notice in writing from a member, under Section 160 of the Act, 2013, signifying the intention to propose Mr Rajesh Narasimhan as a candidate for the office of director of the Company, be and is hereby appointed as a non-executive independent director of the Company, to hold office from the date of approval by the members at the ensuing 25<sup>th</sup> annual general meeting to be held on 11<sup>th</sup> August 2017 till the conclusion of the 28<sup>th</sup> annual general meeting, and whose office shall not be liable to retire by rotation and is eligible to receive remuneration, by way of commission within the limits prescribed under Section 197 of the Act, 2013 and fees, as determined by the board from time to time including reimbursement of expenses for participation in the meetings in terms of applicable provisions of the Act, 2013, during such period.

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

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

RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of Rs. 5 lakhs, in addition to reimbursement of all applicable taxes, travelling and out-of-pocket expenses, payable to Mr A N Raman, practising cost accountant, holding Membership No. 5359, allotted by The Institute of Cost Accountants of India, who was re-appointed as cost auditor of the Company for the year 2017-18 by the board of directors of the Company, as recommended by the Audit and Risk Management Committee of directors, be and is hereby ratified.

By order of the board

Chennai  
16<sup>th</sup> June 2017

K S SRINIVASAN  
Company Secretary

Registered Office:  
"Jayalakshmi Estates",  
No.29 (Old No.8), Haddows Road,  
Chennai - 600 006.

### Notes:

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

### Proxy

- 1. A member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting. A person shall not act as a Proxy for more than 50 members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.**
2. During the period beginning 24 hours before the time fixed for commencement of Annual General Meeting (AGM) and ending with the conclusion of the AGM, a member is entitled to inspect the proxies lodged, at any time during the business hours of the Company.

### Unclaimed Dividend

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

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

### General

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

6. A Corporate Member intending to send its authorised representative to attend the Meeting in terms of Section 113 of the Act, 2013 is requested to send to the Company a certified copy of the Board Resolution / power of attorney authorizing such representative to attend and vote on its behalf at the Meeting.
7. Members may also note that the Notice of AGM and the Annual Report will also be available on the Company's website viz., [www.tvsmotor.com](http://www.tvsmotor.com) for their download. The physical copies of the aforesaid documents including annexures alongwith Notice will also be available at the Company's Registered Office in Chennai for inspection during 10.00 a.m. to 12.00 Noon on all working days, from 30<sup>th</sup> June 2017 till the date of AGM.
8. As a measure of economy, copies of the Annual Report will not be distributed at the venue of AGM. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.
9. Members are requested to affix their signatures at the space provided in the Attendance Slip annexed to Proxy Form. Members / Proxies / Authorised Representatives are requested to bring the attendance slip duly filled in for attending the Meeting. Members are requested to write their Client ID and DP ID / Folio numbers in the attendance slip for attending the Meeting and handover the slip at the entrance of the meeting hall.

### Members holding shares in electronic form

10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are requested to submit their PAN to the Depository Participant(s) with whom they are maintaining their demat account.
11. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP).
12. The Company will not entertain any direct request from such Members for deletion or change of such bank details. Instructions, if any, already given by Members in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form.
13. Electronic copy of the Annual Report and the Notice of AGM *inter alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company / DPs for communication purposes, unless any member has requested for a hard copy of the same.
14. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the members may also send their requests to [investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in).

### Members holding shares in physical form

15. Members can submit their PAN details to the Company / Share Transfer Agent (STA).
16. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nomination as per Section 72 of the Act, 2013 by filling Form SH-13, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., with the Company / STA. Blank forms (SH-13) will be supplied on request.
17. Members in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.  
Members who have not registered their email address, physical copies of Annual Report and the Notice of AGM *inter alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.

### Voting

18. The businesses set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-Voting').
19. The facility for voting through Ballot papers shall be made available at the venue of AGM and the members attending the AGM who have not cast their vote by remote e-Voting shall be able to vote at the AGM.
20. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
21. In terms of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014, as amended ('the Rules') and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations], the Company has provided facility to exercise votes through electronic voting system, to members holding shares as on 4<sup>th</sup> August 2017 being the "Cut-off Date" ("Cut-Off" for the purpose of Rule 20(4)(vii) of the Rules) fixed for determining voting rights of members entitled to participate in the e-Voting process through the e-Voting platform provided by NSDL viz., [www.evoting.nsdl.com](http://www.evoting.nsdl.com)  
The voting rights of the members / beneficial owners will be reckoned on the Equity Shares held by them as on 4<sup>th</sup> August 2017, i.e "Cut-off Date". Members as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or Ballot paper.

The instructions for remote e-Voting are as under:

- (A) For members - who receive Notice of AGM through e-mail:
  - (i) Launch internet browser - [www.evoting.nsdl.com](http://www.evoting.nsdl.com);
  - (ii) Enter the login credentials, i.e., User ID and Password mentioned in your email. Your Folio No./DP ID will be your User ID. However, if you have already registered with NSDL for e-Voting, you can use your existing User ID and Password for casting your votes;
  - (iii) Initial password is provided in the body of the e-mail;
  - (iv) After entering the details appropriately, click on LOGIN;
  - (v) You will reach the Password Change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with atleast one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$ etc). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential;
  - (vi) You need to login again with the new credentials;
  - (vii) On successful login, the system will prompt you to select the EVEN, i.e TVS Motor Company Limited;
  - (viii) On the voting page, the number of shares (which represents the number of votes) as held by the member as on the Cut-Off-date will appear. If you desire to cast all the votes assenting/dissenting to the resolutions, then enter all the number of shares and click "FOR" / "AGAINST", as the case may be or partially in "FOR" and partially in "AGAINST", but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the 'Cut-Off date'. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head;
  - (ix) Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account;
  - (x) Cast your votes by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click 'OK' to confirm or 'CANCEL' to modify. Once you confirm, you will

not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolutions;

- (xi) Corporate / Institutional members are required to send scanned copy (PDF/JPG Format) of the relevant board resolution / authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail [sriram.krishnamurthy@rediffmail.com](mailto:sriram.krishnamurthy@rediffmail.com), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in);
- (xii) Members can cast their vote online from 8<sup>th</sup> August 2017 (Tuesday) (9 a.m.) till 10<sup>th</sup> August 2017 (Thursday) (5 p.m.) through remote e-Voting. Thereafter, the remote e-Voting module will be disabled by NSDL for voting and hence e-Voting will not be allowed after the aforesaid date and time;  
Only members as on the Cut-Off date, who have not cast their vote through remote e-Voting will be able to exercise their voting right at the AGM through ballot paper;  
The members who have cast their vote by remote e-Voting prior to the AGM may also attend the AGM but will not be entitled to cast their vote again;  
A person who is not a member as on the Cut Off date should treat this Notice for information purposes only; and
- (xiii) In case of any query, the member may refer the Frequently Asked Questions (FAQs) and remote e-Voting user manual for Members available at the downloads section at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.

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

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

<b>EVEN</b> (remote e-Voting Event Number)	<b>USER ID</b>	<b>PASSWORD / PIN</b>

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

(C) General Instructions:

- (i) Members holding shares as on the "Cut-off Date" i.e., 4<sup>th</sup> August 2017 will be entitled to vote through remote e-Voting or at the venue of the AGM through ballot paper;
- (ii) The Notice of AGM is being sent (by email where email ID is available and in physical form in other cases) to the members holding shares of the Company as on 30<sup>th</sup> June 2017; Where Notice is sent by email, User ID and password are sent in the email itself. Where Notice is sent in physical form, User ID and Password are printed at the bottom of the Attendance Slip for AGM along with the Notice;  
Shareholders who become members of the Company, after despatch of Notice and hold shares as on 4<sup>th</sup> August 2017 may obtain the User ID and password for e-Voting by sending an email, intimating DP ID and Client ID / Folio No. to [raman@scl.co.in](mailto:raman@scl.co.in) or may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or can vote through ballot paper distributed at the venue of AGM;
- (iii) Mr K Sriram, Practising Company Secretary (C.P No. 2215), Chennai has been appointed by the board as scrutinizer for conducting the remote e-Voting process and voting through ballot papers at the venue of AGM in a fair and transparent manner;
- (iv) The Scrutinizer shall, immediately after the conclusion of the voting at the AGM, first count the votes cast at the meeting, thereafter unlock the votes through remote e-Voting in the presence of atleast two witnesses, not in employment of the Company and make, within 48 hours from the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the chairman of the Company or any other director, who shall countersign the same; and
- (v) The Scrutinizer will submit his report to the Chairman, or any other director of the Company, who will declare the result of the voting. The results declared along with the Scrutinizer's report will be placed on the Company's website [www.tvsmotor.com](http://www.tvsmotor.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and shall also be communicated to the Stock Exchanges. All the resolutions, subject to receipt of requisite number of votes, shall be deemed to be passed at the AGM scheduled to be held on 11<sup>th</sup> August 2017.



- 22) Route-map to the venue of the AGM is provided in the Attendance Slip.
- 23) Any query relating to financial statements must be sent to the Company's Registered Office atleast seven days before the date of AGM.
- 24) In accordance with the provisions of Article 132 of the Articles of Association of the Company, Mr Sudarshan Venu will retire by rotation at the AGM and being eligible offer himself for re-appointment.
- 25) In terms of Regulation 36(3) of SEBI (LODR) Regulations read with Secretarial Standards on General Meeting, a brief profile of the directors, who are proposed to be re-appointed / appointed in this AGM, nature of their expertise in specific functional areas, other directorships and committee memberships, their shareholding and relationship with other directors of the Company are given below:

**I. Mr Sudarshan Venu**

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

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

In the initial years, during his visits to India, he underwent practical training in Die Casting Division, of the holding company viz., Sundaram-Clayton Limited (SCL) and in the Company.

Mr Sudarshan Venu, aged 28 years, has been actively involved in all spheres of the management of the Company and handling wider responsibilities for exploring new business opportunities both in India and abroad.

The board at its meeting held on 10<sup>th</sup> September 2014, appointed Mr Sudarshan Venu as Joint Managing Director of the Company. He also serves as the Joint Managing Director of SCL.

He is a member of the Stakeholders' Relationship Committee of the Company. He does not hold any share in the Company. He is related to Mr Venu Srinivasan, Chairman and Managing Director and Dr. Lakshmi Venu, Director of the Company.

Details of his other directorships and memberships of committees are given below:

S. No.	Name of the Company	Position held	Committee membership
1.	Sundaram-Clayton Limited	Joint Managing Director	-
2.	TVS Credit Services Limited	Director	Asset Liability Management Committee - Member
3.	S. Venu Trustee Private Limited	Director	-

**II. Mr Rajesh Narasimhan**

Mr Rajesh Narasimhan, aged 51 years, is an alumnus of the Indian Institute of Management - Ahmedabad and also holds a Masters in Computer Applications and a Bachelor's Degree in Statistics.

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

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

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

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

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

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

He holds the position as a Director in Parrot Solutions Pte Limited, Singapore, a digital start up incorporated in Singapore.

He does not hold any share in the Company and is not related to any director of the Company.

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

The following Explanatory statement sets out all material facts relating to the special businesses mentioned in the accompanying Notice dated 16<sup>th</sup> June 2017 and shall be taken as forming part of the Notice.

#### Item No.4

The shareholders, at the twentieth AGM of the Company, held on 12<sup>th</sup> September 2012, approved the remuneration, by way of commission payable to non-executive and independent directors of the Company (NE-IDs), for a period of 5 years commencing from 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2018.

The board was also authorized by the shareholders to fix the quantum of remuneration, at such intervals for each NE-ID such that the total commission payable, in aggregate, would not exceed 1% of the net profits of the Company, calculated in terms of the applicable provisions of Sections 197 and 198 of the Act, 2013. The Company has been paying commission to NE-IDs in such manner, as the board may determine, from time to time, for each financial year, within the overall limit fixed by the shareholders.

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

The board, therefore, considered it expedient to continue with the payment of commission from 1<sup>st</sup> April 2018, in view of the increased involvement and participation by such NE-IDs in the meetings of Audit and Risk Management Committee and board and having regard to their contribution and involvement in policy issues concerning the Company's operations.

The earlier authorization of the shareholders for payment of commission to NE-IDs, in terms of Sections 197 and 198 of the Act, 2013, will be valid till 31<sup>st</sup> March 2018. Such authorization for payment of commission to directors may be renewed by way of a special resolution as per the provisions of Section 197 of the Act, 2013 and pursuant to the articles of association of the Company. The directors, therefore, recommend the resolution, as set out in Item no.4 of the Notice to be approved, as a special resolution, by the shareholders of the Company.

None of the Directors or Key Managerial Personnel or their relatives, except M/s. T Kannan, C R Dua, R Ramakrishnan, Prince Asirvatham and Hemant Krishan Singh being NE-IDs of the Company, is concerned or interested, financially or otherwise, in the above said resolution.

#### Item No.5

The board, on recommendation of the Nomination and Remuneration Committee of directors (NRC), through a resolution by circulation dated 19<sup>th</sup> May 2017, proposed the appointment of Mr Rajesh Narasimhan (holding DIN 07824276) as a non-executive independent director of the Company (NE-ID), in terms of Sections 149, 150, 152, 160, 164 and other applicable provisions of the Act, 2013 and Companies (Appointment and Qualification of Directors) Rules 2014 read with Schedule IV to the Act, 2013 and Regulation 17 of SEBI (LODR) Regulations.

In the opinion of the NRC and the Board, Mr Rajesh Narasimhan fulfils the conditions specified under the Act, 2013 and the rules made thereunder and SEBI (LODR) Regulations, for the proposed appointment as NE-ID by the shareholders of the Company and he is independent of the management of the Company.

The Board considers that the proposed appointment of Mr Rajesh Narasimhan as director will be of immense benefit to the Company. In terms of the provisions of Section 149 read with Schedule IV to the Act, 2013, the appointment of NE-ID will be required to be approved at the meeting of the shareholders of the Company.

Hence, it is proposed that Mr Rajesh Narasimhan be appointed as a NE-ID of the Company to hold office from the date of approval by the members at the ensuing 25<sup>th</sup> annual general meeting to be held on 11<sup>th</sup> August 2017 till the conclusion of the 28<sup>th</sup> annual general meeting and not liable to retire by rotation during his tenure of appointment.

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

The Company will formalize his appointment as NE-ID, if appointed by the shareholders, setting out the terms and conditions, as stipulated in Schedule IV to the Act, 2013.

A copy of the draft letter of appointment setting out the terms and conditions of appointment of NE-ID will be available for inspection without any fee by the members at the Registered Office of the Company, at No.29 Haddows Road, Chennai 600 006, Tamilnadu, India, during office hours as stated above and shall also be uploaded on the website of the Company at [www.tvsmotor.com](http://www.tvsmotor.com).

The Company has also received a notice from a member along with the deposit of requisite amount under Section 160 of the Act, 2013, proposing the candidature of

Mr Rajesh Narasimhan for the office of director of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution relating to the appointment of Mr Rajesh Narasimhan as a NE-ID of the Company.

Accordingly, the directors recommend the Special Resolution in relation to appointment of Mr Rajesh Narasimhan as a NE-ID for approval by the shareholders, as set out in Item No. 5 of this Notice.

### **Item No.6**

As recommended by the Audit and Risk Management Committee, the board at its meeting held on 27<sup>th</sup> April 2017, re-appointed Mr A N Raman, practising cost accountant, having membership no. 5359, as Cost Auditor of the Company, in terms of Section 148 of the Act, 2013 and fixed a sum of Rs. 5 lakhs as remuneration payable to him for the financial year 2017-18, subject to ratification by the

shareholders of the Company at the ensuing annual general meeting.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item No.6 of this Notice.

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

By order of the board

Chennai  
16<sup>th</sup> June 2017

K S SRINIVASAN  
*Company Secretary*

Registered Office:  
"Jayalakshmi Estates",  
No.29 (Old No.8), Haddows Road,  
Chennai - 600 006.

## Directors' report to the Shareholders

The directors have pleasure in presenting the twenty-fifth annual report and the audited financial statements for the year ended 31<sup>st</sup> March 2017.

### 1. COMPANY PERFORMANCE

The Company continued to grow ahead of the industry for the third year in succession, registering sales of 28.58 lakhs two-wheeler in 2016-17, growing by 11% over last year. Sales of motorcycles increased by 6% and scooters by 7%. Three-wheeler sales of the Company declined by 38% in 2016-17, mainly on account of restricted availability of foreign exchanges in some of the African countries. Sales of spare parts grew by 9%. Till October 2016, the domestic sales of the Company grew by 22%. Post demonetization, the two-wheeler Industry declined by 5%. The normalcy in availability of cash is slowly getting restored.

The Company also extended significant discounts in the last week of March 2017 to the dealers to enable them to sell BS III emission compliant stocks remaining with them consequent to the order of Hon'ble Supreme Court.

The Company's products and services continued to top the quality charts. Across categories almost all the products have bagged top honours in the J.D. Power 2017 Study. For the third consecutive year, the Company was rated No.1 Two-wheeler manufacturer of the country. In addition, the Company also topped in customer service in inaugural JD Power Customer Satisfaction Index (CSI 2016).

Total revenue of the Company including other income increased from Rs.12,195 Cr in the previous year to Rs.13,363 Cr in the current year. Despite lower sales from November 2016 to March 2017 due to demonetization and impact of discount to the dealers to sell BS III stocks, Profit before tax (PBT) for the year 2015-16 increased from Rs.628.94 Cr in the previous year to Rs.698.68 Cr in the current year. Similarly, PAT increased from Rs.489.28 Cr in the previous year to Rs.558.08 Cr in 2016-17.

### 2. FINANCIAL HIGHLIGHTS

Details	Year ended 31-03-2017	Year ended 31-03-2016
<b>SALES</b>		
<b>Quantitative</b>	(Numbers in lakhs)	
Motorcycles	10.77	10.17
Mopeds	9.11	7.38
Scooters	8.70	8.13
Three-wheeler	0.69	1.11
<b>Total vehicles sold</b>	<b>29.27</b>	<b>26.79</b>

Details	Year ended 31-03-2017	Year ended 31-03-2016
<b>Financials</b> (Rupees in crores)		
Motorcycles	5003.91	4570.75
Mopeds	2308.37	1721.60
Scooters	3633.11	3315.66
Three-wheelers	662.25	1040.88
Spares & Accessories and raw materials	1456.18	1304.41
Other Operating Income	126.24	137.62
Other Income	173.37	103.85
<b>Sales (including Excise duty) &amp; other income</b>	<b>13363.43</b>	<b>12194.77</b>
EBITDA	1030.44	913.72
Less:		
Finance Charges & Interest (Gross)	43.95	48.73
Depreciation	287.81	236.05
Profit before tax	698.68	628.94
Provision for tax	140.60	139.66
Profit after tax	558.08	489.28

### 3. DIVIDEND

The board of directors of the Company (the board) at their meeting held on 27<sup>th</sup> October 2016, declared a first interim dividend of Rs.1.25 per share (125%) for the year 2016-17, thereby absorbing a sum of Rs.70.25 Cr including dividend distribution tax. The same was paid to the shareholders on 10<sup>th</sup> November 2016.

The board again at its meeting held on 6<sup>th</sup> March 2017 declared a second interim dividend of Rs.1.25 per share (125%) for the year 2016-17, thereby absorbing a sum of Rs.71.04 Cr including dividend distribution tax. The same was paid to the shareholders on 18<sup>th</sup> March 2017.

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

Thus, the total amount of both dividends for the year ended 31<sup>st</sup> March 2017 aggregated to Rs.2.50 per share (250%) on 47,50,87,114 equity shares of Re.1/- each.

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

### 4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### INDUSTRY STRUCTURE AND DEVELOPMENTS

##### Two-wheeler

Domestic two-wheeler industry grew at 7% in 2016-17. Higher growth rate of 16% was observed till October 2016 through

revival of urban demand boosted by the 7<sup>th</sup> pay commission. Despite lower than normal monsoon in south, output improved over last year leading to 4% agri GDP growth. Effect of this would have been visible in second half of 2016-17. However, Government of India's decision to demonetize 86% of the legal tender led to severe fall of demand across industries from November 2016. Two-wheeler industry also suffered a decline of 5% in the period from November 2016 to March 2017.

In the domestic market, two-wheeler industry grew from 165 lakhs in 2015-16 to 176 lakhs in 2016-17. Scooter as a category continued to gain category share in total two-wheeler industry. Scooters grew at 11% (from 50.3 lakhs to 56 lakhs) and the category share increased to 32% due to changing consumer preferences and leading urban demand. The motorcycle category grew at 4% (111 lakhs). Within motorcycles, continued traction in urban demand enabled the premium segment to grow by 16% (from 14.7 lakhs in 2015-16 to 17.1 lakhs in 2016-17). In contrast, commuting segment declined by 1% (from 85 lakhs in 2015-16 to 84 lakhs in 2016-17). Mopeds grew by 23% in 2016-17.

Crude oil prices continued to remain subdued for major part of the year. Similarly, commodity prices were also soft, leading to lower economic growth and in turn reduced availability of foreign exchange in key countries in Africa, which impacted exports of two-wheeler and three-wheeler from India. Changes in duty structure in Srilanka also affected Company's exports. Consequently, export of two-wheeler which consistently grew in the past declined for the first time by 5.8% during 2016-17.

### Three-wheeler

The three-wheeler industry inclusive of diesel vehicles (3 plus 1 segment) declined by 24% (from 5.99 lakhs in 2015-16 to 4.57 lakhs in 2016-17). Exports share of three-wheeler industry reduced from 65% in 2015-16 to 58% in 2016-17, due to a decline by 32% in export sales (from 3.90 lakhs in 2015-16 to 2.64 lakhs in 2016-17). Three-wheeler domestic passenger market declined by 7% during 2016-17 (from 2.09 lakhs in 2015-16 to 1.94 lakhs in 2016-17).

## BUSINESS OUTLOOK AND OVERVIEW

Good fiscal health and higher rural focus rolled out in Central Financial Budget 2017-18 is likely to improve demand in rural markets. However, the monsoon forecast of possible 5% shortfall can be a dampener for growth of agricultural sector. The informal sector is likely to grow slowly and is still recovering from the effects of demonetization. The implementation of Goods and Services Tax (GST) during 2017-18 may lead to some down stocking by the Company to avoid any transition loss.

The advancement of retail sales due to heavy discount offered by the dealers to clear BSIII stocks can also marginally affect the sales during the first quarter of 2017-18. Consequently, the growth in two-wheeler industry during 2017-18 is expected to be around 6% to 8% over 2016-17.

### New Product Launches and Initiatives

The Company has a strategic partnership with BMW Motorrad to develop and manufacture sub-500cc bikes both for domestic and global markets. The BMW G310R is the first motorcycle to be manufactured under this partnership and manufacturing and exports of this motorcycle has commenced. The Company will launch their own motorcycle based on this common platform in FY 2017-18.

During the year 2016-17, the following new products and variants were launched.

#### TVS Jupiter:



Jupiter brand lives true to its philosophy of 'ZYADA KA FAYDA'. Launched in September 2013 with next-gen 110cc CVT-i Engine, best-in-class mileage and many class-leading features, TVS Jupiter, the most awarded scooter took riding comfort of scooters to the next level.

TVS Jupiter is the No.2 Scooter brand in India and has crossed one million customer base, the fastest ever in the scooter category. To commemorate the same, the Million R edition was launched in June 2016. The Million R was an instant hit with its Royal Wine color, Beige colored interior panels, dual tone seat and 3D logo. The popularity of the color (Royal Wine) led to its extension to the ZX series subsequently. To infuse further excitement, 2 new colors, Mystic Gold and Jade Green were introduced in January 2017.

#### TVS Scooty Zest 110:



TVS Scooty has always been at the forefront of women empowerment. Keeping true to this trend a special expedition to the Himalayas had been created with Scooty Zest 110. This one-of-a-kind roadtrip made Scooty Zest 110 become world's first 110cc Scooter to scale the highest motorable road of the world (Khardung La) with a woman rider. A limited-edition Zest was launched to commemorate this great feat. As one of the fast-moving colours in the portfolio, it was a constant reminder of the great Himalayan achievement.

### StaR City+:



StaR City+ is a stylishly superior 110cc motorcycle delivering an ideal combination of smooth performance, power and fuel economy. It comes with tubeless tyres and digital fuel gauge. Chocolate Brown Gold edition & New Spotlight White colors were introduced in StaR City+ in 2016-17.

### TVS Sport:



TVS Sport is an entry level 100cc motorcycle that stands for best in class mileage and durability. It comes with all gear electric start option, aluminium grab rail, chrome muffler guard and a sporty instrument cluster. Black Silver

dual tone color and Volcano Red refreshes were introduced in 2016-17.

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

In IQS (Initial Quality Study), the Company's products have the lowest number of defects compared to competitors. In premium motorcycles, Apache RTR 160 is on top and Apache RTR 180 is in top 3 position. In economy motorcycles (all motorcycles less than 125cc), TVS StaR City+ is on top and TVS Sport and TVS Victor 110 are in the top 5. In APEAL (Automotive Performance, Execution and Layout) Survey, measuring how gratifying a new two-wheeler is to own and ride based on owner evaluations. TVS Jupiter, TVS Sport and Apache RTR 160 and 180 secured rank in the top 3 in their respective categories.

The Company was rated No.1 in the inaugural CSI study 2016 by JD Power.

### Domestic Sales

Apache continues its growth trend with 13% increase over previous year. New Apache RTR 200 4V was received very well in the market and is contributing well to the Apache brand.

With the launch of TVS Victor 110, the Company grew 6% in the commuter motorcycle category bucking the declining trend of the industry.

TVS Jupiter has been able to make a mark with periodic introduction of limited edition which kept the brand momentum high and clocking at a growth rate of 14%.

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

### Exports sales - two-wheeler and three-wheeler

The Company's two-wheeler exports grew by 2.4% in 2016-17 amidst the declining two-wheeler exports industry. The Company's three-wheeler exports, which are primarily dependent on Africa declined by 40% due to non-availability of foreign exchange in those markets.

### Opportunities and Threats

Proposed thrust in rural India, efficient implementation of various Government schemes and improved rural economy will aid improvement of two-wheeler penetration.

Growing middle class, aspirational life style, need for mobility and increased penetration levels will continue to trigger growth of two-wheeler industry. Emergence of alternate energy based mobility vehicles is requirement of future.

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

### RISKS AND CONCERNS

Smooth GST transition and a good monsoon are essential for growth in domestic two-wheeler demand. Continued non-availability of foreign exchange in key export markets, remains a concern. The sustained momentum in scooters and motorcycles and success of planned launches are vital to achieve business objectives. If the two-wheeler industry growth remains at a low level, higher competitive intensity can lead to lower margins. The Company will initiate various cost reduction measures to mitigate this risk.

### RISK MANAGEMENT

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

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

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

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

**OPERATIONS REVIEW**

**Total Quality Management (TQM)**

In the journey towards excellence, the Company continues to rely on TQM. Periodic assessment of gaps and immediate actions to address such identified gaps have strengthened the process across the Company.

The Company significantly enhanced the executives and manager's problem solving competency by certifying 130 of them in Green belt and Black belt in the current year. Workmen contribution to suggestion schemes and Quality Control Circle (QCC) projects have yielded significant results in achieving Quality Cost Delivery (QCD) targets and eliminating unsafe incidents.

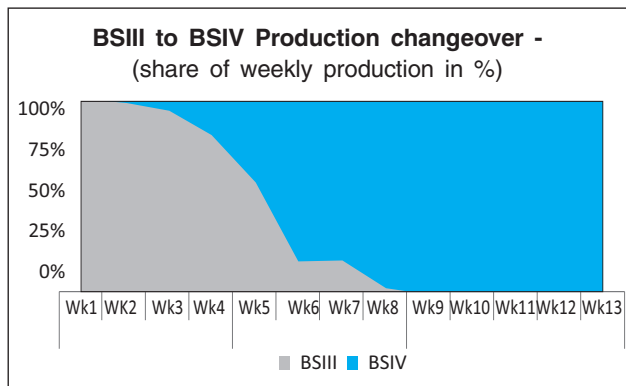
**Cost Management**

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

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

**Research and Development**

TVS Apache 200, TVS Victor and TVS XL 100 has won many prestigious awards for the indigenous design. The Company's Research and Development (R&D) team has developed technology and the entire product range is compliant with BSIV emission norms, reducing the emissions substantially. BSIII to BSIV transition was carried out smoothly in a planned manner as depicted in the chart:



The Company's team is continuously working on many advanced engine technologies to improve fuel efficiency, performance and to meet future emission norms for international and domestic markets. It continues to work on hybrid technology and advanced brake systems for improved safety.

The R&D team continues their efforts in developing cutting edge technologies that are relevant for the near and long term future requirements of the Company's business plans.

These developments are centered on customers, emerging needs of environment, safety and sustainability. The Company also collaborates with leading research establishments and educational institutions, both within and outside the country to explore and develop breakthrough opportunities. The R&D team has so far published 106 technical papers in national and international conferences.

TVS Racing continues to add valuable inputs to the new product development by leveraging its advanced capabilities and racing experience. In the last year, the racing team had 90% winning positions in the events that they took part. TVS Racing has won 13 out of 14 National championships.

**Information Technology**

The Company has been using ERP to integrate its various business processes within the Company and its business partners. The Company continued to implement several projects in the supply chain to improve its efficiency, transparency and process control. The Company enhanced the Customer Relationship Management framework by going closer to customer by mobile apps and improving the process efficiency by digitalizing various dealership processes.

During the year, the Company was appraised for CMM level 3 standards on IT developments by CMM institute, various initiatives on Internet of Things (IoT) and industry 4.0 was adopted in manufacturing to improve process efficiency, productivity and traceability. Advanced analytics platforms were also used to improve supply chain transparency and improve productivity in manufacturing.

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

The Company is ISO 27001:2005 certified for all manufacturing units and sales offices. Business continuity plan for major businesses and design applications have been implemented and tested.

**INTERNAL CONTROL AND THEIR ADEQUACY**

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

**INTERNAL FINANCIAL CONTROL**

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

### Occupational Health & Safety (OHS)

The Company has successfully completed 4<sup>th</sup> recertification audit process of Occupational Health & Safety system through implementation of OHSAS18001:2007 standard in Hosur & Mysuru plants. During this year, as a part of continual improvement in safety, around 771 proactive hazard control measures have been implemented across Hosur, Mysuru and Himachal Pradesh Plants. Significant reduction in noise levels achieved at 21 locations with implementation of proactive noise control techniques in machines & equipments. The overall Plant Safety Rating System (PSRS) score have improved from "Silver" status to "Gold" status. The Company's Plant-2 at Hosur & Mysuru plants have achieved "Platinum" status once in PSRS during last year. Towards building a sustainable safety culture, periodical safety trainings have been organized and around 6077 employees were covered during last year. Also as a part of "Buckle up & Strap up" - Road Safety campaign, around 154 test riders & drivers and about 65 family members (spouse & children above 13 years) were inculcated awareness on road safety by experts from the field.

The Environmental Management System ISO 14001:2004 has been upgraded to ISO 14001: 2015 standard at Hosur and Mysuru plants. Reducing the environment footprint is the prime focus of the Company. Hosur and Mysuru plants have achieved Zero-Liquid Discharge(ZLD) by recycling and reusing of treated trade effluent. Hazardous wastes viz., paint sludge and chemical sludge are co-generated in cement factory and onsite storage of hazardous waste in secured landfill is nil. Towards abatement of volatile organic compounds (VOC), the Company has commissioned regenerative thermal oxidizer (RTO) at Mysuru plant. Workplace Condition Assessment (WCA) was carried out by M/s Intertek at Hosur site and the Company scored 90% (high performance score) against average global score of 78% (medium performance score). The green belts and farm ponds make the plants the ideal nesting spots for migratory birds.

### HUMAN RESOURCE DEVELOPMENT (HRD)

HRD framework has Manpower planning & Resourcing, Employee engagement, Performance & Compensation management, Competency based development, Career & Succession planning and Organization Development. Towards sustenance and delivering improved results, each of these constituents have a structured approach, guidelines, policies and standard operating procedures which are reviewed and updated periodically.

Role based competency development for junior management and Leadership development for middle and senior management are planned and executed through in-house programs, continuing education, exposure to globally acclaimed programs, challenging project assignments and job rotations and integrated with talent management process.

The Company continues to maintain its record of good industrial relations without any interruption in work. As on 31<sup>st</sup> March 2017, the Company had 5267 employees on its rolls.

### CAUTIONARY STATEMENT

Statements in the management discussion and analysis report describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas market in which the Company operates, changes in the government regulations, tax laws and other statutes and incidental factors.

### 5. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. that in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2017, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the annual accounts for the financial year ended 31<sup>st</sup> March 2017 on a "going concern basis";
- v. that the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi. that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



## 6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Over 21 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

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

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

Based on the recommendation of the CSR Committee, the board has approved the projects / programmes carried out as CSR activities by the following non-profitable organizations having an established track record for more than the prescribed years in undertaking similar programmes / projects, constituting more than 2% of average net profits, made during the three immediately preceding financial years, towards CSR spending for the current financial year 2016-2017 amounting to Rs.919.50 lakhs:

S.No.	Name of the Institution	Amount spent (Rs. in Lakhs)
1	Srinivasan Services Trust	470.00
2	Sri Sathya Sai Central Trust	285.00
3	Sri Sathya Sai Loka Seva Trust	100.00
4	National Institute of Mental Health and Neurosciences	64.50
	Total	919.50

Presently, SST is working in 5,000 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering about 31,44,590 population and 7,19,890 families. Its major focus areas are: Economic development, health care, quality education, environment and infrastructure.

Of the 5,000 villages, 3,172 villages (19,19,952 population and 4,27,048 families) have been funded by the Company during the year.

Achievements in these 3,172 villages are:

### *Economic development:*

- 2,96,003 families living in these villages have a monthly income of above Rs.15,000/- which make them financially secured.

- 2,985 farmers groups have been formed with 42,965 members.
- Improved agriculture practices enabled 1,92,147 farmers owning 2,08,925 hectares to increase the yields higher than the state average by 15%.
- 1,74,958 families earn more than Rs 3,500/- per month through livestock.

### *Women empowerment:*

- Formed 8,115 Self Help Groups with 1,22,604 women as members.
- Out of 1,22,604 members, 1,17,762 members are in income generation activities. They earn a minimum income of Rs. 3000/- per month.

### *Health care:*

- 63,996 children in the age group below 5 are not malnourished.
- 3,99,710 women are free from anaemia.
- 2,87,009 households made access to toilet facilities.
- The morbidity percentage reduced from 9% to 5%.
- Enrolment in anganwadis increased from 86% to 100% and attendance is 99%.
- 1,441 anganwadis have met all the Integrated Child Development Services Scheme (ICDS) standards.
- 88% involvement of mother volunteers in anganwadis have ensured their proper functioning.

### *Quality education:*

- 100% enrolment of children in schools. There are no drop outs in the schools.
- Number of percentage of slow learners reduced in schools from 27% to 8%.
- Out of 1,460 schools, 999 schools are now model schools.
- 93,007 illiterate women out of 1,33,505 have been made literate.

### *Environment and Infrastructure:*

- 2,65,176 households dispose solid waste through individual and common compost pits. 89 tons of vermi compost generated per month from wastes.
- Sewage water from 2,64,583 households disposed through soak pits, kitchen gardens and drain.
- Safe drinking water made available to 2,994 villages.

Community takes care of their development needs. 8,853 social leaders are active in this effort.

As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual report on CSR containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the board for the financial year 2016-17 are given by way of Annexure IV attached to this Report.

### 7. PERFORMANCE OF SUBSIDIARIES & ASSOCIATE

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

#### Subsidiaries

1. Sundaram Auto Components Limited, Chennai;
2. TVS Housing Limited, Chennai;
3. PT. TVS Motor Company Indonesia, Jakarta;
4. TVS Motor Company (Europe) B.V., Amsterdam, Netherlands;
5. TVS Motor (Singapore) Pte. Limited, Singapore;
6. Sundaram Holding USA Inc., Delaware, USA;
7. Green Hills Land holding LLC, South Carolina, USA;
8. Component Equipment Leasing LLC, South Carolina, USA;
9. Workspace Project LLC, South Carolina, USA; and
10. Premier Land Holding LLC, South Carolina, USA.

#### Associate

- Emerald Haven Realty Limited, Chennai.

### SUBSIDIARIES

#### **Sundaram Auto Components Limited (SACL)**

Sales of SACL grew 5% upto October 2016 but were affected during the period from November 2016 to March 2017 consequent to impact of demonetization. In addition, the change from BS III to BS IV emission norms resulted in OEMs' reducing their inventory which lead to lower offtake from SACL. Consequently, the turnover of plastic components business declined marginally from Rs. 552 Cr in 2015-16 to Rs.539 Cr in 2016-17.

Total turnover of SACL including Two-wheeler distribution business grew by 4% and revenue increased from Rs.2795 Cr to Rs. 2916 Cr. SACL earned a profit before tax of Rs.35 Cr during the year 2016-17.

SACL was recognized and awarded certificates in the areas of new product development support, innovation and material handling from Takata, Daimler India and Hannon Automotive respectively during the year.

SACL at their meeting held on 22<sup>nd</sup> October 2016, declared first interim dividend of Rs.5 per share on 1,20,50,000 equity shares of Rs.10 each, absorbing a sum of Rs.7.25 Cr including dividend distribution tax.

SACL at their meeting held on 3<sup>rd</sup> March 2017 declared second interim dividend of Rs. 1.50 per share on 1,45,50,000 equity shares of Rs.10 each, absorbing a sum of Rs.2.63 Cr including dividend distribution tax.

Hence, the total amount of dividend paid per share, aggregates to Rs.6.50 (65%) paid to the Company for the year ended 31<sup>st</sup> March 2017 thereby absorbing a sum of Rs.9.88 Cr including dividend distribution tax.

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

EHRL is the developer of Nedungundram, Chennai project of TVSH. Phase 1 was developed as apartments and all the 448 apartments have been sold and customers have taken possession. Phase 2 was launched as villas and row houses and as of 31<sup>st</sup> March 2017, 98% of the 120 villas and row houses have been sold and customers have taken possession of the same. During the year, EHRL launched 15 Public Purpose Plots and successfully sold over 73% of the plots and construction of villas are in full progress.

#### **PT.TVS Motor Company Indonesia (PT TVSM)**

The industry for the year 2016-17 has suffered a decline of 8%. The bebek segment declined by 26%, the sports motorcycle segment dropped by 12% and the matic segment was the least affected with a marginal decline of 4%.

The segment share of matic has now gone upto 78%. The continued decline of two-wheeler industry was attributed to slower economic growth due to subdued commodity prices and further tightening of credit by multi finance companies.

PT TVSM focus to improve export of products from Indonesia has been successful. The total two-wheeler sales increased from 17,100 vehicles in 2015-16 to 26,750 vehicles in 2016-17.

Export of two-wheeler sales increased from 15,000 to 25,000 numbers, registering a growth of 67% over previous year. PT TVSM continues to focus on African, LATAM and ASEAN countries. The increased sales and focus on cost reduction helped PT TVSM to reduce EBITDA loss from 6.42 Mn USD in 2015-16 to 3.15 Mn USD in 2016-17.

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

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

#### **Sundaram Holding USA Inc. (SHUI) and its subsidiaries**

SACL has made an investment of 3.6 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. Workspace Project LLC, South Carolina, USA; and
4. Premier Land Holding LLC, South Carolina, USA.

SHUI has acquired land in Dorchester County, USA for its plant, where it will manufacture High Pressure Die Cast and Gravity Cast parts. Construction at the site is expected to begin during the first half of 2017-18 and commercial production is expected to commence towards the end of 2018-19.

Financial position of all subsidiaries and associate company are provided as part of consolidated financial statements in Form AOC-1 in the manner required under Section 129 of the Act, 2013 read with the Companies (Accounts) Rules, 2014.

### 8. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company are prepared in accordance with the provisions of Section 129 of the Act, 2013 read with the Companies (Accounts) Rules, 2014 and Regulation 33 of SEBI (LODR) Regulations along with a separate statement containing the salient features of the financial performance of subsidiaries / associate 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.

The consolidated profit before tax of the Company and its subsidiaries & associate amounted to Rs.657.96.Cr for the financial year 2016-17 as compared to Rs.580.09 Cr in the previous year.

### 9. DIRECTORS & KEY MANAGERIAL PERSONNEL

#### Independent Directors (IDs)

At the 22<sup>nd</sup> AGM held on 14<sup>th</sup> July 2014, M/s T Kannan, R Ramakrishnan, C R Dua, Prince Asirvatham and Hemant Krishan Singh were appointed as IDs for the first term of five consecutive years from the conclusion of the 22<sup>nd</sup> AGM and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Act, 2013 as determined by the board from time to time.

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

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

The detailed terms of appointment of IDs are disclosed on the Company's website in the following link

[www.tvsmotor.com/pdf/Terms-of-Appointment-Independent-Directors.pdf](http://www.tvsmotor.com/pdf/Terms-of-Appointment-Independent-Directors.pdf).

#### Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 17<sup>th</sup> March 2017 and all the Independent Directors were present at the Meeting.

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.

#### Non-Independent Directors (Non-IDs) and their evaluation

The Independent Directors (IDs) used various criteria and methodology as practiced in Industry for evaluation of Non-IDs namely M/s. Venu Srinivasan, Chairman and Managing Director, Sudarshan Venu, Joint Managing Director, H Lakshmanan and Dr. Lakshmi Venu, Directors.

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

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

#### Chairman

The IDs reviewed the performance of Chairman of the Board by benchmarking the achievement of the Company with industry under his stewardship. The IDs appreciated the probity, quality and leadership of Chairman and his proactive role on strategic issues and passion for customer centricity, improving the quality of the products and for guarding the values of the Company.

#### Board

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

The board upon evaluation concluded that it is well balanced in terms of diversity of experience with expert in each domain viz., Engineering, Finance, Marketing, Legal, Administration and International economy. The Company has a board with wide range of expertise in all aspects of business.

The IDs unanimously evaluated the prerequisites of the board viz., formulation of strategy, acquisition & allocation of overall resources, setting up policies, directors' selection process including succession planning and cohesiveness on key issues.

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

The IDs appreciated the management for their hard work and commitment to meet the corporate goals and also expressed that the relationship between the top management and board is smooth and seamless.

### **Directors retirement 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 Sudarshan Venu, joint managing director, who is liable to retire by rotation, at the ensuing AGM, and being eligible, offers himself for re-appointment.

The nomination and remuneration committee and the board recommended his re-appointment. The brief resume has been furnished in the Notice convening the AGM of the Company. Appropriate resolution for his re-appointment is being placed for approval of the shareholders at the ensuing AGM.

### **Key Managerial Personnel (KMP)**

Mr Venu Srinivasan, Chairman and Managing Director, Mr Sudarshan Venu, Joint Managing Director, Mr K N Radhakrishnan, Chief Executive Officer, Mr S G Murali, Chief Financial Officer and Mr K S Srinivasan, Company Secretary are KMP of the Company in terms of Section 2(51) and Section 203 of the Act, 2013. There is no change in KMP during the year.

### **Nomination and Remuneration Policy**

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

Nomination and Remuneration Policy was approved by the board at its meeting held on 23<sup>rd</sup> September, 2014 in terms of Section 178 of the Act, 2013. The objective of such policy shall be to attract, retain and motivate executive management and remuneration structured to link to Company's strategic long term goals, appropriateness, relevance and risk appetite of the Company.

The process of appointing a director / KMP / SMP is that when there is a need or a vacancy arises, or is expected, the NRC will identify, ascertain the integrity, qualification, appropriate expertise and experience, having regard to the skills that the candidate will bring to the board / Company in addition to what the existing members hold.

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

### **Remuneration payable to Non-executive Independent Directors**

The shareholders, at the 20<sup>th</sup> annual general meeting of the Company, held on 12<sup>th</sup> September 2012, approved the remuneration, by way of commission not exceeding 1% of the Net profits, in aggregate, payable to non-executive and independent directors of the Company (NE-IDs) for every year, for a period of 5 years commencing from 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2018.

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

In view of the increased involvement and participation by such NE-IDs and having regard to their contribution and involvement in policy issues concerning the Company's operations, the board, on the recommendation of NRC, proposed to seek the authorization of the Shareholders, by way of a special resolution, in terms of Section 197 of the Act, 2013 to continue with payment of commission to NE-IDs from 1<sup>st</sup> April 2018.

### **Evaluation of the Independent Directors and committees of directors**

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

### **Independent Directors**

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

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

### **Committees**

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

- Audit and Risk Management Committee for overseeing financial reporting and risk minimisation;

- Nomination and Remuneration Committee for selecting and compensating directors / employees;
- Stakeholders' Relationship Committee for redressing investors grievances; and
- Corporate Social Responsibility Committee for overseeing CSR initiatives.

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.

### **Number of board meetings held**

The number of board meetings held during the financial year 2016-17 are provided as part of Corporate Governance Report prepared in terms of SEBI (LODR) Regulations.

## **10.AUDITORS**

### **Statutory Auditor**

The Company at its 22<sup>nd</sup> AGM held on 14<sup>th</sup> July 2014 appointed M/s V Sankar Aiyar & Co., Chartered Accountants, Mumbai, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office, for four consecutive years in the first term of five years, from the conclusion of the said AGM, subject to ratification at every AGM, at such remuneration in addition to reimbursement of all applicable taxes, out of pocket expenses, travelling and other expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

It is therefore proposed to re-appoint them as statutory auditors for the fifth consecutive year in the first term of five years, from the conclusion of this AGM, subject to ratification by the members at the AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 from them conveying their eligibility for being statutory auditors of the Company for the year 2017-18.

The Auditors' Report for the financial year 2016-17 does not contain any qualifications, reservations and adverse remarks and the same is attached with the annual financial statements.

### **Secretarial Auditor**

M/s S Krishnamurthy & Co., Company Secretaries, Chennai, was appointed as Secretarial Auditors for carrying out the secretarial audit for the financial year 2016-17.

As required under Section 204 of the Act, 2013, the Secretarial Audit Report for the year 2016-17, given by them is attached to this report. The Secretarial Audit Report does not contain any qualifications, reservations or other remarks.

The Board at its meeting held on 27<sup>th</sup> April 2017 has re-appointed M/s S Krishnamurthy & Co., Company Secretaries, Chennai as Secretarial Auditor for the financial year 2017-18.

### **Cost Auditor**

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the board, re-appointed Mr A N Raman, Cost Accountant, Chennai holding Certificate of practice No. 5359 allotted by The Institute of Cost Accountants of India, as a Cost Auditor for conducting Cost Audit for the financial year 2017-18.

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

The Company has filed the Cost Audit Report of 2015-16 on 13<sup>th</sup> September 2016.

## **11.CORPORATE GOVERNANCE**

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

A separate section on Corporate Governance and a certificate from the statutory auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI (LODR) Regulations form part of this Annual Report.

The chairman and managing director and the chief financial officer of the Company have certified to the board on financial statements and other matters in accordance with Regulation 17(8) of SEBI (LODR) Regulations pertaining to CEO/CFO certification for the financial year ended 31<sup>st</sup> March 2017.

## **12. BUSINESS RESPONSIBILITY REPORT**

In terms of Regulation 34 of SEBI (LODR) Regulations, the Business Responsibility Report for the year 2016-17 describing the initiatives taken from environment, social and governance perspectives, in the prescribed format is given as Annexure VIII.

### 13.POLICY ON VIGIL MECHANISM

The Audit and Risk Management Committee has adopted a Policy on Vigil Mechanism in accordance with the provisions of the Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, which provides a formal mechanism for all directors, employees and other stakeholders of the Company to report to the management, their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Code of conduct or ethics policy.

The policy also provides a direct access to the Chairperson of the Audit and Risk Management Committee to make protective disclosures to the management about grievances or violation of the Company's Code of Conduct.

The policy is disclosed on the Company's website in the following link [www.tvsmotor.com/pdf/Whistle-Blower-Policy.pdf](http://www.tvsmotor.com/pdf/Whistle-Blower-Policy.pdf).

### 14.PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act 2013 for the year ended 31<sup>st</sup> March 2017.

### 15.STATUTORY STATEMENTS

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

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

#### Material changes and commitments

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

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

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

#### Annual Return

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

#### Employee's remuneration

Details of employees receiving the remuneration as prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure III. In terms of first proviso to Section 136(1) of the Act, 2013, the Annual Report, excluding the aforesaid annexure is being sent to the shareholders of the Company. The annexure is available for inspection at the Registered Office

of the Company during business hours and any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

#### Comparative analysis of remuneration paid

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

#### Details of material related party transactions

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

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

The details of loans and guarantees under Section 186 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2016-17 are given as Annexure VII to this report. On loans granted to the employees, the Company has charged interest as per its remuneration policy, in compliance with Section 186 of the Act, 2013.

Please refer note No. 3 to Notes on accounts for the financial year 2016-17, for details of investments made by the Company.

#### Reporting of fraud

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

#### Other laws

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

### 16.ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board

Bengaluru  
27<sup>th</sup> April 2017

VENU SRINIVASAN  
Chairman

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

**A. CONSERVATION OF ENERGY**

**1. Measures taken in the year 2016-17:**

- i. Optimal utilization of plant and equipments.
- ii. Hybrid solar heat pump for engine pre heating at Captive Power Plant (CPP).
- iii. Alternate source of power (Solar / Wind).
- iv. Process water heating through refrigerant heat pumps.
- v. Installed 2.5 MW roof top solar plant at Hosur (1 MW) & Mysuru (1.5 MW).

The above measures have resulted in an annual saving of approximately Rs.5 crores.

**2. Proposed measures during the year 2017-18:**

- i. Optimal utilization of plant and equipments.
- ii. Hybrid solar heat pump for engine pre-heating at CPP (Mysuru).
- iii. Alternate source of power (Solar / Wind).
- iv. Additional Installation of roof-top Solar Power Plant of 2MW capacity at Hosur & Himachal Pradesh.
- v. Implementation of other planned energy efficient projects.

The above measures are expected to yield an annual saving of approximately Rs.6 crores.

**3. Steps taken for utilizing alternate sources of energy (2016-17):**

During the year 2016-17, the Company has utilized the renewable energy to an extent of 270 lakh units. The Company is planning to increase the utilization of renewable energy to an extent of 425 lakh units during the year 2017-18.

Towards continual commitment of utilizing renewable energy, the Company has commissioned 2.5 MW roof-top solar plants in 2016-17, with an estimated annual generation of 40 lakh units per annum.

**4. Capital investment in energy conservation equipment:**

In the year 2016-17, the Company had invested Rs.3 crores towards optimization of compressors, Alternate source of heat energy with refrigerant heating and in replacement of conventional lights into LED lighting, as "Energy Efficient" measures.

The Company is planning to invest around Rs.6.5 crores in energy saving equipment in 2017-18 viz., solar thermal plant, solar power equipment and other energy efficient systems.

**B. TECHNOLOGY ABSORPTION FOR 2016-17**

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

- i. Designed, developed and launched new variant of Jupiter with safety features like Synchronized Braking System (SBS) and improved performance.
- ii. Design, development and productionisation of all current models meeting BSIV norms.
- iii. Design and development of high performance motorcycle.
- iv. Design and development of new generation concept engine.
- v. Design, development and productionisation of a new engine for international business.

**Future plan of action:**

- i. Development of new technologies for reduction of emission & reduction of CO<sub>2</sub> to meet future emission norms.
- ii. Development of new technologies for enhanced safety.
- iii. Development of new technologies, materials and processes for enhanced environmental sustainability.
- iv. Development of new technologies and new features to achieve enhanced customer satisfaction.
- v. Development of technologies including alternate materials, weight reduction, cost reduction and improvement of fuel economy.
- vi. Development of skills and techniques to improve fit and finish quality of products.
- vii. Development of new technologies to reduce noise, vibration & harshness of the products.

**Data relating to imported technology:**

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

Expenditure on Research & Development- Rs.244.72 cr

**C. FOREIGN EXCHANGE-ACTUAL EARNINGS AND OUTGO**

**1. Export activities:**

During the year, export of two-wheeler was 3.68 lakh units and of three-wheeler was 0.57 lakh units. The Company continued to export components and sub-assemblies to its subsidiary in Indonesia.

**2. Total foreign exchange used and earned:**

	(Rupees in crores)
Foreign exchange used	1952.76
Foreign exchange earned	2026.96

For and on behalf of the Board

Bengaluru  
27<sup>th</sup> April 2017

VENU SRINIVASAN  
Chairman

**Annexure - II to Directors' Report to the shareholders**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**for the financial year ended 31<sup>st</sup> March 2017**

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

**I. REGISTRATION AND OTHER DETAILS**

i)	CIN	:	L35921TN1992PLC022845
ii)	Registration Date	:	10.06.1992
iii)	Name of the Company	:	TVS Motor Company Limited
iv)	Category / Sub-Category of the Company	:	Public Company - Limited by Shares
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006 Tel. : 044 - 2827 2233 Fax : 044 - 2825 7121
vi)	Whether listed company	Yes / No	: Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Sundaram-Clayton Limited "Jayalakshmi Estates", 1 <sup>st</sup> Floor, No.29, Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959 E-mail: <a href="mailto:raman@scl.co.in">raman@scl.co.in</a>

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

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

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

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

Sl. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate Company	% of shares held	Applicable Section of the Act, 2013
1	Sundaram-Clayton Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	L35999TN1962PLC004792	Holding Company	57.40%	2(46)
2	Sundaram Auto Components Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	U29249TN1992PLC051417	Subsidiary	100%	2(87)



## TVS MOTOR COMPANY LIMITED

Sl. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate Company	% of shares held	Applicable Section of the Act, 2013
3	TVS Housing Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	U70101TN2010PLC075027	Subsidiary	100%	2(87)
4	TVS Motor Company (Europe) B.V. Claude, Debussylaan 24 1082 MD, Amsterdam	NA	Subsidiary	100%	2(87)
5	TVS Motor (Singapore) Pte. Limited 17, Phillip Street, # 05-01, Grand Building, Singapore - 048 695	NA	Subsidiary	100%	2(87)
6	PT. TVS Motor Company Indonesia Gedung Wirausaha 3 <sup>rd</sup> Floor, Jalan, H.R. Rasuna Said, Kav. C5, Jakarta 12920	NA	Subsidiary	42.96% held by the Company; 20.22% held by Sl. No.4; and 36.82% held by Sl. No.5	2(87)
7	Sundaram Holding USA Inc., 2711, Centerville Road, #400 Wilmington, New Castle - 19808 State of Delaware, USA.	NA	Subsidiary	68% held by S.No.2	2(87)
8	Green Hills Land Holding LLC, 1703, Laurel Street, Columbia, South Carolina - 29201, USA	NA	Subsidiary	100% held by S. No. 7	2(87)
9	Component Equipment Leasing LLC, 1703, Laurel Street, Columbia, South Carolina - 29201, USA	NA	Subsidiary		
10	Workspace Project LLC, 1703, Laurel Street, Columbia, South Carolina - 29201, USA	NA	Subsidiary		
11	Premier Land Holding LLC, 1703, Laurel Street, Columbia, South Carolina - 29201, USA	NA	Subsidiary		
12	Emerald Haven Realty Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006.	U45200TN2010PLC075953	Associate	49%	2(6)

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

## i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1 <sup>st</sup> April 2016)				No. of Shares held at the end of the year (as on 31 <sup>st</sup> March 2017)				Change in % of 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.	27,26,82,786	-	27,26,82,786	57.40	27,26,82,786	-	27,26,82,786	57.40	-
<b>Total Shareholding of Promoter (A)</b>	27,26,82,786	-	27,26,82,786	57.40	27,26,82,786	-	27,26,82,786	57.40	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	5,38,28,325	2,428	5,38,30,753	11.33	4,69,74,458	2,428	4,69,76,886	9.89	(1.44)
b) Banks / FI	22,97,866	67,216	23,65,082	0.50	4,79,064	67,216	5,46,280	0.11	(0.39)
c) Insurance Companies	1,31,90,065	-	1,31,90,065	2.78	1,18,40,455	-	1,18,40,455	2.49	(0.29)
d) FIs	6,85,56,793	11,000	6,85,67,793	14.43	8,78,66,583	6,000	8,78,72,583	18.49	4.06
<b>Sub-total (B)(1)</b>	13,78,73,049	80,644	13,79,53,693	29.04	14,71,60,560	75,644	14,72,36,204	30.98	1.94
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	77,95,730	66,856	78,62,586	1.65	46,77,255	65,856	47,43,111	1.00	(0.65)
ii) Overseas	68	68	136	-	68	68	136	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	3,73,62,182	58,53,266	4,32,15,448	9.10	3,50,46,637	54,20,018	4,04,66,655	8.52	(0.58)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	84,61,234	-	84,61,234	1.78	44,04,186	-	44,04,186	0.93	(0.85)
c) Directors and their relatives	28,45,966	5,000	28,50,966	0.60	28,45,966	5,000	28,50,966	0.60	-
d) Others (specify)	20,32,685	27,580	20,60,265	0.43	25,45,490	1,57,580	27,03,070	0.57	0.14
<b>Sub-total (B)(2):</b>	5,84,97,865	59,52,770	6,44,50,635	13.56	4,95,19,602	56,48,522	5,51,68,124	11.62	(1.94)
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>19,63,70,914</b>	<b>60,33,414</b>	<b>20,24,04,328</b>	<b>42.60</b>	<b>19,66,80,162</b>	<b>57,24,166</b>	<b>20,24,04,328</b>	<b>42.60</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>46,90,53,700</b>	<b>60,33,414</b>	<b>47,50,87,114</b>	<b>100.00</b>	<b>46,93,62,948</b>	<b>57,24,166</b>	<b>47,50,87,114</b>	<b>100.00</b>	<b>-</b>

## ii) Shareholding of Promoters

Name of the Promoter	Opening Balance (% of the total share capital)	Date of Dealing	Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Sundaram - Clayton Limited	272,682,786 (57.40)	-	-	-	-	-	-	272,682,786	57.40

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

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

Opening Balance & % of total shares of the Company	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>RELIANCE CAPITAL TRUSTEE CO. LTD.</b>								
25,468,060 (5.36%)	01-04-2016	Opening Balance						
	08-04-2016	Transfer / Sale	57,720	0.01	25,410,340	5.35		
	15-04-2016	Transfer / Sale	50,000	0.01	25,360,340	5.34		
	22-04-2016	Transfer / Sale	100,000	0.02	25,260,340	5.32		
	29-04-2016	Transfer / Sale	8,800,000	1.85	16,460,340	3.46		
	29-04-2016	Transfer / Purchase	8,550,000	1.80	25,010,340	5.26		
	06-05-2016	Transfer / Purchase	900,000	0.19	25,910,340	5.45		
	20-05-2016	Transfer / Purchase	270,000	0.06	26,180,340	5.51		
	27-05-2016	Transfer / Sale	374,455	0.08	25,805,885	5.43		
	03-06-2016	Transfer / Purchase	250,000	0.05	26,055,885	5.48		
	10-06-2016	Transfer / Sale	74,384	0.02	25,981,501	5.47		
	24-06-2016	Transfer / Sale	136,161	0.03	25,845,340	5.44		
	08-07-2016	Transfer / Sale	1,350,000	0.28	24,495,340	5.16		
	15-07-2016	Transfer / Sale	521,225	0.11	23,974,115	5.05		
	30-09-2016	Transfer / Sale	630,000	0.13	23,344,115	4.91		
	07-10-2016	Transfer / Purchase	4,747	0.00	23,348,862	4.91		
	07-10-2016	Transfer / Sale	225,000	0.05	23,123,862	4.87		
	28-10-2016	Transfer / Sale	136,000	0.03	22,987,862	4.84		
	18-11-2016	Transfer / Purchase	1,609,330	0.34	24,597,192	5.18		
	25-11-2016	Transfer / Purchase	430,000	0.09	25,027,192	5.27		
	02-12-2016	Transfer / Sale	12,000	0.00	25,015,192	5.27		
	02-12-2016	Transfer / Purchase	136,083	0.03	25,151,275	5.29		
	09-12-2016	Transfer / Purchase	48,000	0.01	25,199,275	5.30		
	16-12-2016	Transfer / Purchase	10,000	0.00	25,209,275	5.31		
	16-12-2016	Transfer / Sale	1,019,000	0.21	24,190,275	5.09		
	23-12-2016	Transfer / Sale	360,000	0.08	23,830,275	5.02		
	13-01-2017	Transfer / Sale	246,000	0.05	23,584,275	4.96		
	20-01-2017	Transfer / Purchase	170,000	0.04	23,754,275	5.00		
	03-02-2017	Transfer / Sale	168,000	0.04	23,586,275	4.96		
	10-02-2017	Transfer / Sale	820,000	0.17	22,766,275	4.79		
	17-02-2017	Transfer / Sale	292,000	0.06	22,474,275	4.73		
	03-03-2017	Transfer / Purchase	226,083	0.05	22,700,358	4.78		
	10-03-2017	Transfer / Sale	1,125,000	0.24	21,575,358	4.54		
10-03-2017	Transfer / Purchase	356,000	0.07	21,931,358	4.62			
15-03-2017	Transfer / Sale	181,700	0.04	21,749,658	4.58			
15-03-2017	Transfer / Purchase	244,000	0.05	21,993,658	4.63			
17-03-2017	Transfer / Sale	130,462	0.03	21,863,196	4.60			
24-03-2017	Transfer / Sale	159,303	0.03	21,703,893	4.57			
31-03-2017	Transfer / Sale	301,535	0.06	21,402,358	4.50			
	31-03-2017	Closing Balance					21,402,358	4.50

## TVS MOTOR COMPANY LIMITED

Opening Balance & % of total shares of the Company	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>JWALAMUKHI INVESTMENT HOLDINGS</b>								
20,725,563 (4.36%)	01-04-2016	Opening Balance						
	31-03-2017	Closing Balance					20,725,563	4.36

<b>CARTICA CAPITAL LTD</b>								
–	01-04-2016	Opening Balance						
	05-08-2016	Transfer / Purchase	12,765,628	2.69	12,765,628	2.69		
	12-08-2016	Transfer / Purchase	370,000	0.08	13,135,628	2.76		
	19-08-2016	Transfer / Purchase	446,000	0.09	13,581,628	2.86		
	30-09-2016	Transfer / Purchase	1,439,516	0.30	15,021,144	3.16		
	07-10-2016	Transfer / Purchase	1,501,085	0.32	16,522,229	3.48		
	14-10-2016	Transfer / Purchase	760,109	0.16	17,282,338	3.64		
	21-10-2016	Transfer / Purchase	1,653,473	0.35	18,935,811	3.99		
	28-10-2016	Transfer / Purchase	1,322,476	0.28	20,258,287	4.26		
	02-12-2016	Transfer / Sale	154,112	0.03	20,104,175	4.23		
	09-12-2016	Transfer / Sale	784,060	0.17	19,320,115	4.07		
	31-03-2017	Transfer / Purchase	150,000	0.03	19,470,115	4.10		
		31-03-2017	Closing Balance					19,470,115

<b>FRANKLIN TEMPLETON MUTUAL FUND</b>								
15,664,436 (3.30%)	01-04-2016	Opening Balance						
	08-04-2016	Transfer / Sale	425,000	0.09	15,239,436	3.21		
	22-04-2016	Transfer / Sale	60,000	0.01	15,179,436	3.20		
	29-04-2016	Transfer / Sale	500,000	0.11	14,679,436	3.09		
	06-05-2016	Transfer / Purchase	425,000	0.09	15,104,436	3.18		
	13-05-2016	Transfer / Purchase	150,000	0.03	15,254,436	3.21		
	20-05-2016	Transfer / Purchase	100,000	0.02	15,354,436	3.23		
	03-06-2016	Transfer / Purchase	400,000	0.08	15,754,436	3.32		
	10-06-2016	Transfer / Purchase	200,000	0.04	15,954,436	3.36		
	17-06-2016	Transfer / Purchase	25,000	0.01	15,979,436	3.36		
	24-06-2016	Transfer / Purchase	100,000	0.02	16,079,436	3.38		
	28-06-2016	Transfer / Purchase	76,065	0.02	16,155,501	3.40		
	15-07-2016	Transfer / Purchase	48,935	0.01	16,204,436	3.41		
	22-07-2016	Transfer / Purchase	325,000	0.07	16,529,436	3.48		
	29-07-2016	Transfer / Purchase	509,810	0.11	17,039,246	3.59		
	05-08-2016	Transfer / Purchase	240,190	0.05	17,279,436	3.64		
	12-08-2016	Transfer / Purchase	100,000	0.02	17,379,436	3.66		
	30-09-2016	Transfer / Sale	150,000	0.03	17,229,436	3.63		
	07-10-2016	Transfer / Sale	1,050,000	0.22	16,179,436	3.41		
	14-10-2016	Transfer / Sale	16,990	0.00	16,162,446	3.40		
	21-10-2016	Transfer / Sale	206,382	0.04	15,956,064	3.36		
	28-10-2016	Transfer / Sale	347,744	0.07	15,608,320	3.29		
	04-11-2016	Transfer / Sale	187,180	0.04	15,421,140	3.25		

## TVS MOTOR COMPANY LIMITED

Opening Balance & % of total shares of the Company	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	11-11-2016	Transfer / Sale	1,056,171	0.22	14,364,969	3.02		
	18-11-2016	Transfer / Sale	70,507	0.01	14,294,462	3.01		
	18-11-2016	Transfer / Purchase	20,899	0.00	14,315,361	3.01		
	16-12-2016	Transfer / Sale	830,766	0.17	13,484,595	2.84		
	23-12-2016	Transfer / Sale	250,000	0.05	13,234,595	2.79		
	30-12-2016	Transfer / Sale	150,000	0.03	13,084,595	2.75		
	06-01-2017	Transfer / Sale	633,013	0.13	12,451,582	2.62		
	20-01-2017	Transfer / Sale	179,831	0.04	12,271,751	2.58		
	27-01-2017	Transfer / Sale	975,534	0.21	11,296,217	2.38		
	03-02-2017	Transfer / Sale	375,604	0.08	10,920,613	2.30		
	10-02-2017	Transfer / Sale	440,282	0.09	10,480,331	2.21		
	24-02-2017	Transfer / Sale	500,000	0.11	9,980,331	2.10		
	03-03-2017	Transfer / Sale	100,000	0.02	9,880,331	2.08		
	10-03-2017	Transfer / Sale	200,000	0.04	9,680,331	2.04		
	15-03-2017	Transfer / Sale	550,000	0.12	9,130,331	1.92		
	17-03-2017	Transfer / Sale	50,000	0.01	9,080,331	1.91		
	31-03-2017	Closing Balance					9,080,331	1.91

### ICICI PRUDENTIAL BALANCED ADVANTAGE FUND

1,901,028 (0.40%)	01-04-2016	Opening Balance						
	08-04-2016	Transfer / Sale	49,902	0.01	1,851,126	0.39		
	15-04-2016	Transfer / Sale	99,266	0.02	1,751,860	0.37		
	22-04-2016	Transfer / Sale	2,126	0.00	1,749,734	0.37		
	06-05-2016	Transfer / Purchase	535,257	0.11	2,284,991	0.48		
	13-05-2016	Transfer / Purchase	505,490	0.11	2,790,481	0.59		
	28-06-2016	Transfer / Purchase	72,800	0.02	2,863,281	0.60		
	15-07-2016	Transfer / Purchase	95,800	0.02	2,959,081	0.62		
	22-07-2016	Transfer / Sale	99,115	0.02	2,859,966	0.60		
	26-07-2016	Transfer / Sale	868,385	0.18	1,991,581	0.42		
	29-07-2016	Transfer / Sale	1,473,556	0.31	518,025	0.11		
	05-08-2016	Transfer / Purchase	88,977	0.02	607,002	0.13		
	09-09-2016	Transfer / Purchase	1,387,991	0.29	1,994,993	0.42		
	16-09-2016	Transfer / Purchase	797,809	0.17	2,792,802	0.59		
	30-09-2016	Transfer / Sale	95,800	0.02	2,697,002	0.57		
	14-10-2016	Transfer / Purchase	457,379	0.10	3,154,381	0.66		
	21-10-2016	Transfer / Sale	779,411	0.16	2,374,970	0.50		
	28-10-2016	Transfer / Sale	318,612	0.07	2,056,358	0.43		
	11-11-2016	Transfer / Purchase	1,562,185	0.33	3,618,543	0.76		
	16-12-2016	Transfer / Purchase	14,970	0.00	3,633,513	0.76		
	23-12-2016	Transfer / Purchase	557,679	0.12	4,191,192	0.88		
	30-12-2016	Transfer / Purchase	556,851	0.12	4,748,043	1.00		
	06-01-2017	Transfer / Purchase	314,443	0.07	5,062,486	1.07		
03-02-2017	Transfer / Purchase	149,332	0.03	5,211,818	1.10			

## TVS MOTOR COMPANY LIMITED

Opening Balance & % of total shares of the Company	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	10-02-2017	Transfer / Purchase	1,354,205	0.29	6,566,023	1.38		
	17-02-2017	Transfer / Purchase	671,359	0.14	7,237,382	1.52		
	24-02-2017	Transfer / Sale	400,000	0.08	6,837,382	1.44		
	24-02-2017	Transfer / Purchase	6,297	0.00	6,843,679	1.44		
	10-03-2017	Transfer / Purchase	161,773	0.03	7,005,452	1.47		
	31-03-2017	Transfer / Purchase	233,390	0.05	7,238,842	1.52		
	31-03-2017	Closing Balance					7,238,842	1.52

### TREE LINE ASIA MASTER FUND (SINGAPORE) PTE LTD

6,900,000 (1.45%)	01-04-2016	Opening Balance						
	31-03-2017	Closing Balance					6,900,000	1.45

### ABU DHABI INVESTMENT AUTHORITY

2,902,572 (0.61%)	01-04-2016	Opening Balance						
	22-04-2016	Transfer / Purchase	724,272	0.15	3,626,844	0.76		
	29-04-2016	Transfer / Purchase	970,328	0.20	4,597,172	0.97		
	06-05-2016	Transfer / Purchase	1,165,100	0.25	5,762,272	1.21		
	06-05-2016	Transfer / Sale	912,600	0.19	4,849,672	1.02		
	20-05-2016	Transfer / Purchase	187,606	0.04	5,037,278	1.06		
	27-05-2016	Transfer / Purchase	1,980,543	0.42	7,017,821	1.48		
	27-05-2016	Transfer / Sale	187,606	0.04	6,830,215	1.44		
	22-07-2016	Transfer / Sale	871,172	0.18	5,959,043	1.25		
	21-10-2016	Transfer / Purchase	460,957	0.10	6,420,000	1.35		
	31-03-2017	Closing Balance					6,420,000	1.35

### COLUMBIA ACORN INTERNATIONAL

1,609,551 (0.34%)	01-04-2016	Opening Balance						
	08-04-2016	Transfer / Purchase	3,561,730	0.75	5,171,281	1.09		
	15-04-2016	Transfer / Purchase	790,531	0.17	5,961,812	1.25		
	22-04-2016	Transfer / Purchase	312,785	0.07	6,274,597	1.32		
	29-04-2016	Transfer / Purchase	327,403	0.07	6,602,000	1.39		
	24-06-2016	Transfer / Sale	185,069	0.04	6,416,931	1.35		
	30-12-2016	Transfer / Sale	148,558	0.03	6,268,373	1.32		
	31-03-2017	Closing Balance					6,268,373	1.32

### LIFE INSURANCE CORPORATION OF INDIA

5,327,945 (1.12%)	01-04-2016	Opening Balance						
	31-03-2017	Closing Balance					5,327,945	1.12

### WF ASIAN SMALLER COMPANIES FUND LIMITED

–	01-04-2016	Opening Balance						
	16-12-2016	Transfer / Purchase	2,976,267	0.63	2,976,267	0.63		
	13-01-2017	Transfer / Purchase	872,239	0.18	3,848,506	0.81		
	31-03-2017	Closing Balance					3,848,506	0.81

## TVS MOTOR COMPANY LIMITED

### v) Shareholding of Directors and Key Managerial Personnel:

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

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment.

(Rs. in Cr)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>			
i) Principal Amount	552.18	372.21	924.39
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	2.26	0.34	2.60
<b>Total (i + ii + iii)</b>	<b>554.44</b>	<b>372.55</b>	<b>926.99</b>
<b>Change in Indebtedness during the financial year</b>			
- Addition	-	291.57	291.57
- Reduction	109.28	-	109.28
<b>Net Change</b>	<b>109.28</b>	<b>291.57</b>	<b>182.29</b>
<b>Indebtedness at the end of the financial year</b>			
i) Principal Amount	444.38	662.82	1,107.20
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	0.78	1.30	2.08
<b>Total (i + ii + iii)</b>	<b>445.16</b>	<b>664.12</b>	<b>1,109.28</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and / or Manager: (Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Mr Venu Srinivasan CMD	Mr Sudarshan Venu JMD	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	51.00	48.00	99.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	135.68	135.68
	(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	1388.00	833.00	2221.00
	- others, specify	–	–	–
5.	Others - Employer contribution to provident and other funds	8.67	8.16	16.83
	<b>Total (A)</b>	<b>1447.67</b>	<b>1024.84</b>	<b>2472.51</b>
	Ceiling as per the Act, 2013	–	–	5566.49

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

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

Particulars of Remuneration	Name of Directors					Total Amount
	TK	CRD	PA	RK	HKS	
Independent Directors						
Fee for attending board / committee meetings	2.20	1.80	2.00	1.80	1.20	9.00
Commission	18.00	18.00	18.00	18.00	15.00	87.00
Others, please specify	–	–	–	–	–	–
Total (1)	20.20	19.80	20.00	19.80	16.20	96.00
	Name of Directors					
	HL	Dr. LV				
Other Non-Executive Directors						
Fee for attending board / committee meetings	1.60	0.40				2.00
Commission	–	–				–
Others, please specify	–	–				–
Total (2)	1.60	0.40				2.00
<b>Total (B) = (1+2)</b>						<b>98.00</b>
Total Managerial Remuneration (A) + (B)						2570.51
Overall Ceiling as per the Act, 2013						6123.14

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



**C. Remuneration to Key Managerial Personnel other than MD/ Manager / WTD**

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr K N Radhakrishnan CEO	Mr S G Murali CFO	Mr K S Srinivasan CS	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	418.84	165.15	18.29	602.28
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	56.05	30.07	3.53	89.65
	(c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5.	Others - Employer contribution to provident and other funds	7.63	3.80	0.43	11.86
	Total	482.52	199.02	22.25	703.79

CEO : Chief Executive Officer; CFO - Chief Financial Officer; CS - Company Secretary

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

For and on behalf of the Board

 Bengaluru  
27<sup>th</sup> April 2017

 VENU SRINIVASAN  
Chairman

**Annexure - IV to Directors' Report to the shareholders**
**Particulars of Corporate Social Responsibility activities carried out by the Company in terms of Section 135 of the Companies Act, 2013**
**1. A brief outline of the Company's CSR policy:**

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

**2. Overview of projects or programmes being undertaken:**

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

**3. Web-link to the CSR policy and projects or programmes - [www.tvsmotor.com/pdf/CSR-Policy-Feb-2015.pdf](http://www.tvsmotor.com/pdf/CSR-Policy-Feb-2015.pdf).**
**4. Composition of the CSR Committee:**

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

**5. Average net profit of the Company for last three financial years** Rs. 452.26 Cr

**6. Prescribed CSR Expenditure (2% of the amount as in item 5 above)** Rs. 9.06 Cr

**7. Details of CSR spent during the financial year:**

 (a) Total amount spent for the financial year **Rs. 9.19 Cr**

 (b) Amount unspent, if any **Not Applicable**

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

1	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road Chennai - 600 006. Tamil Nadu Phone No: 044-2833 2115 E-mail: aj@scl.co.in	Sri Sathya Sai Central Trust, Prasanthi Nilayam - 515 134 Anantapur District, Andhra Pradesh, India Telefax: +91-8555-287390 E-mail: finance@sssct.org	Sri Sathya Sai Loka Seva Trust Sathya Sai Grama, P.O., Muddenahalli - 562 101 Chikkaballapur district, Karnataka, India Phone No: +91-8156-262424	National Institute of Mental Health & Neurosciences, (NIMHANS) Hosur Road, Lakkasandra, Bengaluru, Karnataka - 560 029 Phone No: 080-2699 5001 E-mail: dirstaff@nimhans.ac.in
2	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act, 2013	<ul style="list-style-type: none"> <li>Eradicating hunger, poverty, promoting preventive healthcare and sanitation and make 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; and</li> <li>Rural development projects</li> </ul>	Promoting free Medical Care is one of the objects of the Trust	Promoting free Education is one of the objects of the Trust	Promoting education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects;
3	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure	Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge.	Education	Mental health and neuro sciences
4	Areas in which Projects / Programmes undertaken:				
	Local Area / Others:	<ul style="list-style-type: none"> <li>Venkatagiri Mandal, Andhra Pradesh</li> <li>Anbil village, Trichy district, Tamil Nadu</li> </ul>	Sri Sathya Sai Institute of Higher Medical Sciences at Prasanthi Gram, Andhra Pradesh and at Whitefield, Bangalore, Sri Sathya Sai General Hospital at Prasanthi Nilayam and at Whitefield, Bangalore and Sri Sathya Sai Mobile Hospital. Prasanthi Nilayam, Puttaparthi and Whitefield, Bangalore	Muddenahalli	Bengaluru
	State & district:	<ul style="list-style-type: none"> <li>Andhra Pradesh, Nellore district</li> <li>Tamil Nadu, Trichy district</li> </ul>	Andhra Pradesh, Anantapur district and Karnataka, Bangalore district	Karnataka, Chikkaballapur District	Karnataka, Bengaluru
	Amount outlay (budget) project or programme-wise	Rs. 925.60 lakhs	Rs. 7450 lakhs	Rs. 1100 lakhs	Rs. 64.50 lakhs
5	Amount spent on the projects or programmes:	Rs.470 lakhs	Rs. 285 lakhs	Rs. 100 lakhs	Rs. 64.50 lakhs
6	<b>Sub-heads:</b>				
	Direct expenses on projects / programmes:	Rs. 902.22 lakhs (including contribution of the Company of Rs. 470 lakhs)	Rs. 7440 lakhs (including contribution of the Company of Rs. 285 lakhs)	Rs. 250 lakhs (including contribution of the Company of Rs. 100 lakhs)	Rs. 64.50 lakhs
	Overheads:	Nil	Nil	Nil	Nil
7	Cumulative expenditure upto the reporting period:	Rs. 902.22 lakhs (including contribution of the Company of Rs. 470 lakhs)	Rs. 7440 lakhs (including contribution of the Company of Rs. 285 lakhs)	Rs. 250 lakhs (including contribution of the Company of Rs. 100 lakhs)	Rs. 64.50 lakhs

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

Not applicable

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

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

For and on behalf of the Board

VENU SRINIVASAN

*Chairman and Managing Director and  
Chairman of CSR Committee*

Bengaluru  
27<sup>th</sup> April 2017

**Annexure - V to Directors' Report to the shareholders**

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

Sl. No.	Name of the Director (M/s)	Designation	Ratio to Median Remuneration	% increase in remuneration
1	Venu Srinivasan	CMD	1:233	4%
	Sudarshan Venu	JMD	1:165	7%
	H Lakshmanan	NENID	–	–
	Dr. Lakshmi Venu	NENID	–	–
	T Kannan	NEID	1:3	20%
	C R Dua	NEID	1:3	20%
	Prince Asirvatham	NEID	1:3	20%
	R Ramakrishnan	NEID	1:3	20%
	Hemant Krishan Singh	NEID	1:2	25%
	K N Radhakrishnan	President & CEO	NA	6%
	S G Murali	CFO	NA	10%
	K S Srinivasan	CS	NA	12%
2	The percentage increase in the median remuneration of employees in the financial year;		4%	
3	The number of permanent employees on the rolls of Company;		5267	
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2016-17		11%	
	b. Average percentile increase in the managerial remuneration in the financial year 2016-17.		5%	
	There are no exceptional circumstances for increase in the managerial remuneration.			
5	Affirmation that the remuneration is as per the remuneration policy of the Company.		Remuneration paid during the year 2016-17 is as per the Remuneration Policy of the Company	

CMD - Chairman and Managing Director

JMD - Joint Managing Director

NENID - Non Executive Non Independent Director

NEID - Non Executive Independent Director

CEO - Chief Executive Officer

CFO - Chief Financial Officer

CS - Company Secretary

For and on behalf of the Board

Bengaluru  
27<sup>th</sup> April 2017

VENU SRINIVASAN  
*Chairman*

**Annexure - VI to Directors' Report to the shareholders**

**Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 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 contracts, arrangements or transactions at arm's length basis:

(a)	Name of the related party	Sundaram Auto Components Limited		
(b)	Nature of relationship	Wholly owned subsidiary		
(c)	Duration of the contracts / arrangements/ transactions	2016-17		
(d)	Date(s) of approval by the Board, if any:	3 <sup>rd</sup> May 2016		
	Nature of contracts / arrangements / transactions	Goods / Services	Salient terms of the contracts or arrangements or transactions	Amount of contract or arrangement (Rs. in Cr)
	Sale	Two-wheeler and Three-wheeler	Based on dealer price	2347.54
	Purchase	Plastic Components and Dies & Moulds Land and buildings	Mark-up on cost of raw materials and conversion cost Guideline value	362.41 10.02
	Rendering of Services	Share of cost of salary, training expenses, rent, sharing of common expenses	At Cost	0.66

For and on behalf of the Board

Bengaluru  
27<sup>th</sup> April 2017

VENU SRINIVASAN  
Chairman

**Annexure - VII to Directors' Report to the shareholders**

**DETAILS OF LOANS AND GUARANTEES UNDER SECTION 186 OF THE COMPANIES ACT 2013 FOR THE FINANCIAL YEAR 2016-2017**

S. No.	Name of the body corporate	Nature of relationship	Purpose of loan / acquisition / guarantee / security	Amount of loan / security / guarantee (Rs. in Cr)	% to Free Reserves as on 31.03.2017	Purpose for which the loan / guarantee utilised by the recipient
1	PT. TVS Motor Company Indonesia	Wholly owned subsidiary	Guarantee	117.96	5.20	To facilitate for availing credit facilities
2	TVS Credit Services Limited	–	Guarantee	29.17	1.29	

For and on behalf of the Board

Bengaluru  
27<sup>th</sup> April 2017

VENU SRINIVASAN  
Chairman

**Annexure - VIII to Directors' Report to the shareholders**

**BUSINESS RESPONSIBILITY REPORT (BRR)**

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

**Introduction**

TVS Motor Company Limited (TVS Motor or TVSM) is one of the largest two-wheeler manufacturer in India, with a revenue of Rs. 13,363 Cr for the year 2016-17.

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

**Section A: General Information about the Company**

1.	Corporate Identity Number (CIN) of the Company	L35921TN1992PLC022845								
2.	Name of the Company	TVS Motor Company Limited								
3.	Registered office address	"Jayalakshmi Estates", No. 29 (Old No.8), Haddows Road, Chennai - 600 006								
4.	Website	<a href="http://www.tvsmotor.com">www.tvsmotor.com</a>								
5.	E-mail id	<a href="mailto:contactus@tvsmotor.com">contactus@tvsmotor.com</a>								
6.	Financial Year reported	2016-17								
7.	Sector(s) that the Company is engaged in	<p>Manufacture of two-wheelers and three-wheelers</p> <table border="1"> <thead> <tr> <th>NIC Code</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>30911</td> <td>Motorcycles, Scooters, Mopeds</td> </tr> <tr> <td>30912</td> <td>Three-wheelers</td> </tr> <tr> <td>30913</td> <td>Parts &amp; Accessories</td> </tr> </tbody> </table>	NIC Code	Description	30911	Motorcycles, Scooters, Mopeds	30912	Three-wheelers	30913	Parts & Accessories
NIC Code	Description									
30911	Motorcycles, Scooters, Mopeds									
30912	Three-wheelers									
30913	Parts & Accessories									
8.	Three key products/ services that the Company manufactures/provides	<p>1. Two-wheelers 2. Three-wheelers 3. Parts &amp; Accessories (Please refer to Company's website for complete list of its products)</p>								
9.	Total number of locations where business activity is undertaken by the Company:									
	i. Number of International Locations -	TVSM does not have any manufacturing unit outside India. However, its overseas subsidiary viz., PT TVS Motor Company Indonesia has a manufacturing facility in Karawang at Indonesia.								
	ii. Number of National Locations -									
	A. The Company has three manufacturing locations:									
	1. Post Box No. 4, Harita, Hosur - 635 109, Tamil Nadu, India.									
	2. Post Box No. 1, Byathahalli Village, Kadakola Post, Mysuru - 571 311, Karnataka, India.									
	3. Bhatian Village, Bharatgarh Road, Teh. Nalagarh, Solan District - 174 101, Himachal Pradesh, India.									

## TVS MOTOR COMPANY LIMITED

B. The Company has Area Offices across pan India.

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

10. Markets served by the Company - Local/State/National/ International	TVS Motor's vehicles and services cater to the entire Indian market. The Company's vehicles are already being marketed globally with footprints in Asia, ASEAN, LATAM and African countries.
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### Section B: Financial details of the Company

1. Paid up Capital	Rs. 47.51 Crores
2. Total Revenue	Rs. 13,363 Crores (Standalone)
3. Profit after tax	Rs. 558.08 Crores (Standalone)
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of net profit	Rs. 9.19 Crores (Being more than 2% of the average net profits for the three immediately preceding financial years)
5. List of activities in which expenditure in 4 above has been incurred	<ul style="list-style-type: none"> <li>• Eradicating hunger, poverty, promoting preventive health-care and sanitation and making available safe drinking water;</li> <li>• Promoting education, including special education and employment enhancing vocational 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 maintaining quality of soil, air and water;</li> <li>• Rural development projects; and</li> <li>• Health care activities.</li> </ul>

### Section C: Other Details

1. Does the Company have any Subsidiary Company / Companies ?	Yes. The Company has Ten subsidiaries based both in India and abroad as on 31 <sup>st</sup> March 2017.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company ? If yes, then indicate the number of such subsidiary Company(s)	<p>Yes. The Company positively influences and encourages its subsidiaries to adopt Business Responsibility (BR) initiatives.</p> <p>All the Company's subsidiaries are guided by the Company to conduct their business in an ethical, transparent and accountable manner.</p> <p>It encompasses suppliers, customers, employees and other stakeholders.</p>
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company ? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	Suppliers, distributors are critical to the Company's operations and supply chain sustainability issues can impact the operations. The Company engages with suppliers through various channels for operational issues and also focuses on emerging and futuristic technologies.

The suppliers and vendors are provided awareness on environmental and social issues. The vendor meets are used as a platform to raise awareness on health & safety, environmental and community initiatives of the Company.

Special emphasis is laid on skill development and up-gradation of the dealer and channel partner resources.

**Section D: BR Information**

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

S.No.	Particulars	Director	BR Head
1.	DIN	03601690	N.A
2.	Name	Mr Sudarshan Venu	Mr Manu Saxena
3.	Designation	Joint Managing Director	Vice President Business Planning
4.	Telephone	044 2827 2233	04344 276780
5.	E-mail id	<a href="mailto:contactus@tvsmotor.com">contactus@tvsmotor.com</a>	

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

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

- P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 Businesses should promote the well-being of all employees.
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 Businesses should respect and promote human rights.
- P6 Businesses should respect, protect and make efforts to restore the environment.
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 Businesses should support inclusive growth and equitable development.
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

S. No.	Question	Business Ethics	Product Responsibility	Well being of employee	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy / policies for ?	Y	Y*	Y*	Y*	Y*	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders ?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y (ISO 14001: 2015/ OHSAS 18001: 2007)	-	Y	Y
		All the policies of the Company are in compliance with national / international standards wherever applicable.								

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

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

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

S. No.	Question	Business Ethics	Product Responsibility	Well being of employee	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principle	-	-	-	-	-	-	-	-	-



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

**3. Governance Related to BR**

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

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

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

This is the first BR Report and is published as part of the Annual Report for the financial year 2016-17. The same can be viewed at [www.tvsmotor.com/pdf/TVS-Motor-Company-BR-Report-2016-2017.pdf](http://www.tvsmotor.com/pdf/TVS-Motor-Company-BR-Report-2016-2017.pdf).

**Section E : Principle-wise Performance**

**Principle 1: Ethics, Transparency and Accountability**

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

Yes.

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Principle 2: Product Life Cycle Sustainability**

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

- 1) Conservation of resources by reducing the steel content in vehicles (like Apache, StaR City, Victor and Jupiter) without affecting performance, durability and statutory requirements.
- 2) Taken actions to reduce the vehicle exhaust emissions in all the Company's products, adoption of advanced technologies for weight reduction, friction reduction and optimized fuelling.

TVSM's approach towards climate change mitigation focuses on product innovation to improve fuel efficiency and reducing the environmental footprint during product life cycle.

Valuable fossil fuel resources have been conserved by using fuel efficient oil and extending oil drain interval of the Company's vehicles.

3) For customer safety and health, the Company has introduced ANTI-SKID Braking System brakes (ABS) / Combined Braking System brakes (CBS) in 3 of its products. Also better ergonomics is effected in all products.

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

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

- 1) By reducing the steel content up to 1.5 kg in many of the steel frames in the Company's products, 3.66 Million Metric tonnes of CO<sub>2</sub> equivalent Global Warming Potential (GWP) is reduced annually.
- 2) TVSM has achieved significant reduction of Hydrocarbon and NOx emissions in all models. This has helped in meeting BS IV emission norms.
- 3) Achieved improved ergonomics for rider comfort, seating posture considering joint angles to minimize strain to the rider in most of the Company's two-wheelers.

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

By development and use of lubricating oils (TRU4 premium and Synthetic), and extending oil drain intervals from 3000 km to 6000 km, both fuel and oil consumption have been reduced. About 5 Million litres of petrol and 1.2 million litres of oil have been conserved annually. This amounts to reduction of about 11,500 Metric tonnes of CO<sub>2</sub> equivalent GWP annually.

The Company has achieved significant increase in fuel economy of about 7.0 kmpl under standard conditions in its mopeds. By implementing this, 19.21 million litres of fossil fuel is saved and 44576 Metric Tonnes of CO<sub>2</sub> emissions are avoided annually. The Company's three-wheelers with LPG / CNG etc., helps in reducing emission.

TVSM continuously work on improvement of fuel economy. Over last two years, the fuel economy of TVS Sport model has increased by 3 kmpl under standard conditions. This amounts to 0.75 million litres of fuel savings and 1749 Metric tonnes of CO<sub>2</sub> emissions reduction.

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

Yes. The Company has taken many initiatives to ensure sustainable sourcing and has encouraged its suppliers to get TS certification and ISO 14001 certification.

Expiry dates of the certificates are monitored regularly through SAP, and auto e-mail reminders are sent to suppliers 90 days in advance.

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

Formed Total Productive Maintenance (TPM) clusters with selected suppliers to promote TPM culture across suppliers. External consultants are engaged for TPM activities.

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

The Company encourages major suppliers (Tier-1) to set up manufacturing facilities closer to TVSM plant locations.

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

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

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

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).**

### Products

1. In the product design, efforts have been taken to increase product recyclability and, currently, it is about 90%. This enables the use of recycled input materials, reducing the demand for virgin material and contributing to the conservation of the global resource base.
2. The Company is working on using recycled Poly Propylene (100%) in some components. For example, cover bottom floor & cover fuel tank for two-wheelers are under implementation.
3. Recycled rubbers are implemented in two components of three-wheelers.

### Process

1. In process design, all efforts have been taken to minimize the generation of waste viz., water based CED (Cathode Electro Deposition) paint process, powder coating, use of robots in painting, MQL (Minimum Quantity Lubrication)etc.
2. Elimination of hazardous processes like copper plating, bonderising, black chrome plating etc.
3. Consequent to the use of renewable energy (e.g., wind & solar) & EB power, the in-house captive power plant operation is restricted to one day a month. This has resulted drastic reduction of waste oil generation from captive power plant.

### Waste

1. Used thinner is distilled and reused in the paint process (overall 90%).
2. The process water in Hosur & Mysuru plants, is recycled upto 80% through Reverse Osmosis & Evaporator Plants. Both the plants have Zero liquid discharge.
3. The treated sewage is used for gardening within the premises (100%).
4. The solid wastes which are hazardous in nature viz., Effluent Treatment Plant sludge (100%) at Hosur and Mysuru sites and which cannot be used in the facility are sent to Cement Industry as raw material for cement manufacturing (Co-processing).
5. Paint sludge/waste containing oil is used for co-incineration (partial replacement to coal) in the cement industry.
6. Used engine oil (100%) which is removed from three-wheeler Export vehicles is being recycled and reused.
7. Other category of used oil viz., treated coolant, hydraulic oil etc., is sent to authorised recycling agency (100%).
8. All other categories of wastes are disposed through authorized agencies.
9. Recyclable packing materials are being evaluated for conservation of resources (reducing Carton boxes usage).

### Principle 3: Employee Wellbeing

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

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

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

The Company has provided extended mediclaim policy coverage for the benefit of employees and their family members. Flexi-time benefit is also available for the employees.

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

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

1	Total number of employees on roll	5,267 as at 31 <sup>st</sup> March, 2017
2	Total number of employees hired on temporary / contractual / casual basis.	7,312 as at 31 <sup>st</sup> March, 2017
3	Number of permanent women employees	272 as at 31 <sup>st</sup> March, 2017
4	Number of permanent employees with disabilities	Nil
5	Employee association recognised by management?	The Company has one Labour Union representing the interests and welfare of all union employees / workmen.  Union elections are held once in 4 years as per the by-laws of the Union.  The Company maintains a good and cordial relationship with the Union.
6	Percentage of permanent employees who are members of this recognised employee association?	100% of permanent employees in the workers grade are members of the Union.
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	NIL
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	The Company has established TVS-IQL for training the employees and making them competent in the role they are performing along with training them to handle the next role in line.
	(a) Permanent Employees - 95%	
	(b) Permanent Women Employees - 100%	Safety training involving road safety, first aid and fire safety, etc., is conducted for the employees.
	(c) Casual/Temporary/Contractual Employees - 100%	
	(d) Employees with Disabilities- NIL	

### Principle 4: Stakeholder Engagement

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

Yes.

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

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

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

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

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders.**

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

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

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

### Principle 5: Human rights

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

The Company does not have a separate Human Rights Policy.

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

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

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

### Principle 6: Environmental

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

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

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

- Towards achieving this commitment, the Company is supporting its suppliers to obtain EHS certification and the same is monitored through online system, regularly.
- Dealers are encouraged to use authorised recycling agency for disposal of waste oil/ battery.
- To conserve the natural resource water, automation is being implemented for vehicle washing at dealer end.

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

By the Company's EHS Policy, the Company has commitment to combat climate change by improving energy efficiency and use of renewable energy. Following actions have been carried out towards this:

- The Company has its own captive power plant (CPP) and towards reducing fossil fuel consumption, implemented "Waste Heat recovery system" in CPP between 2002- 2012. Total emission reduction due to this implementation at Hosur and Mysuru along with other energy efficient initiatives is 11,410 ton of CO<sub>2</sub> eq per annum.
- The Company has switched over from fossil fuel (CPP) to EB power during 2013. At this juncture as an alternate to EB power, the Company invested in 7.2 MW wind power. Over the years, the Company has

invested in group captive mode to the tune of 20 MW and improved the share of wind power from 19%(2013) to 30% (2016).

- Through sustained efforts towards renewable energy, the Company has implemented Roof-top Solar power 3.5 MW, Heat pumps 400 tons, Solar water heating 225 KW for engine preheating, solar air heating 46 KW and compressor waste heat recovery for its various process applications.
- With all these clean development mechanism (CDM) initiatives, the share of renewable energy usage is at 29% during 2016-17 and is being planned to take it to 50% by 2020 as Company's vision.
- The Company has started "Life cycle assessment" of its products and services using GaBi Software through tracking and monitoring GWP, energy consumptions, acidification etc.

### 3. Does the Company identify and assess potential environmental risks? Y/N

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

#### Risk Identification and Assessment

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

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

#### Risk Mitigation and Monitoring

The severity of any particular risk is assessed along with the concerned departments qualitatively and the risk mitigation measures like adopting best available technology, implementation of objectives, improvement of compliance management process, adopting effective engineering controls etc., are proposed, agreed upon and monitored to implementation/dropped if circumstances change.

### 4. Does the Company have any project related to Clean Development Mechanism? If Yes, whether any environmental compliance report is filed?

Please refer Principle numbers 2 and 6.

With all the CDM initiatives, the Company premises are covered 30% with greeneries and attract migratory birds every year.

The Company periodically files returns to Pollution control board as per legal requirement.

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

#### Clean Technology:

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

The Company is in the process of developing new hybrid vehicles with high fuel economy and significant reduction in exhaust emissions. Three-wheeler 'King' is equipped with engines which can be operated using CNG, LPG and Gasoline.

The Company has achieved significant reduction of Hydrocarbon and NOx emissions in all TVSM two & three-wheeler models. The Company's vehicles are compliant with BS IV norms.

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

Above initiative is apart from details shared in Principle 2, Question 2.5.

All new paint plants are with direct fired gas based clean fuel technology.

### **Energy efficiency:**

Conventional lighting is changed over to energy efficient LED lighting across the Company. Hosur - 100%, Mysuru - 100%, HP - 100%.

Further all expansion projects are with energy efficient LED lighting technologies including office areas.

Also all Company's buildings are designed with natural lightings and ventilation with daylight harvesting to conserve energy.

All motors used are energy efficient. High capacity motors (more than 10 HP) are equipped with variable frequency drives as a standard.

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

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

### **Renewable energy:**

Details as mentioned in Question no. 4 of Principle 6.

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

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

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

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

### **Principle 7: Policy Advocacy**

#### **1. Is your Company a member of any trade and chamber or association?**

The Company is a member of:

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

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

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

The Company works closely with leading Industry Associations and Chambers of Commerce at International National, State and Local levels to advocate and pursue various causes that are in the larger interests of industry, economy, society and the public. From time-to-time these have been in areas such as economic



reforms, corporate governance and transparency, affirmative action, education and skill development and women empowerment.

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

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

**Principle 8: Inclusive Growth**

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

Yes. As given in the Annexure IV to the Directors' Report for the year 2016-17.

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

SST, the CSR arm of the Company does its work by its own in house team.

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

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

Yes. The Company believes that every activity should result in some impact. The Company has measurable parameters for all its activities in all the 5 focus areas viz., Economic development, Healthcare, Quality Education, Infrastructure Development and Conservation of Environment. These are constantly checked by in-house internal audit system. External evaluation is also being done to validate the impact.

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

S.No	Project	Amount
1.	Promoting Education	Rs.919.50 Lakhs
2.	Economic Development, Health care, Quality education, Environment and Infrastructure	
3.	Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge.	
4.	Health care activities - Mental health and neurosciences	

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

Yes.

SST enables communities to take ownership of the development effort. For this their participation is essential. They participate both physically and financially. SST involves the community in all its efforts and make people

reaching the desirable levels of economic development, health, education and environment. By making them reach the desirable development status, the community is confident and is ready to take the responsibility of continuing with their effort.

### **Principle 9: Customer value**

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

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

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

TVSM sold 2.54 Crores two wheelers since 2001-02 to December 2016 and 1.29 lakhs three wheelers since 2007-08 to December 2016; 192 number of consumer cases are pending in District Forum and 51 number of appeals in State Commission are pending under Consumer Protection Act, 1986.

Out of 3.83 crores vehicles sold, 243 consumer cases are pending, which works out to only 0.0006%.

The Company has CRM through which the Company interacts with customers and collects their feedback, which has influence over its product and service improvements.

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

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

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

The service technicians/mechanics of the Company's dealers are trained in the Product Training Centres regularly. Regular audits are conducted by external agency to ascertain effectiveness of after sales service provided by dealers to consumers. On a routine basis, the Company's service department managers visit the dealership service centres, gives onsite training to dealers' service mechanic / technicians, meeting the consumers and resolving customer's complaints over product usage. Right from the delivery of vehicle, throughout, the Company takes necessary customer care through well established after sales service system.

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

#### **3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.**

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

#### **4. Did your Company carry out any consumer survey / consumer satisfaction trends?**

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

For and on behalf of the Board

## Report on Corporate Governance

### 1. Company's philosophy on code of governance

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

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

The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct and Ethics, Code of Conduct for Prevention of Insider Trading for board of directors and senior management personnel and Code of practices for fair disclosure of unpublished price sensitive information.

### 2. Board of directors

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

#### 2.1 Composition and category of directors:

As on 31<sup>st</sup> March 2017, the total strength of the board is nine. As the Company has an executive chairman viz., Mr Venu Srinivasan who is the chairman and managing director, the board is required, in terms of Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations], to have fifty per cent of its directors as independent directors. The board also has a woman director.

Accordingly, the board has five non-executive independent directors (NE-ID) viz., M/s. T Kannan, C R Dua, R Ramakrishnan, Prince Asirvatham and Hemant Krishan Singh and two non-executive non-independent directors (NE- NID), viz., M/s. H Lakshmanan and Dr. Lakshmi Venu. Mr Sudarshan Venu, joint managing director is the executive and non-independent director. Thus, the composition of the Company's board is in conformity with SEBI (LODR) Regulations.

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

#### 2.2 Board meetings:

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

The Companies Act, 2013 (the Act, 2013) read with the relevant rules made thereunder, now facilitates the participation of a director in the board / committee meetings through video conferencing or other audio visual means. Accordingly, the option to participate in the meetings through video conferencing was made available for the directors, except in respect of restricted items which are not permitted to be transacted through the said means.

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

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

Presentations are also being made by the business heads on the Company's operations, marketing strategy, Risk Management, Internal Financial Control, etc., in board / audit & risk management committee meetings.

During the year 2016-17, the board met five times on 3<sup>rd</sup> May 2016, 26<sup>th</sup> July 2016, 27<sup>th</sup> October 2016, 24<sup>th</sup> January 2017 and 6<sup>th</sup> March 2017 and the gap between two meetings did not exceed one hundred and twenty days. Besides, the NE-IDs held a separate meeting in compliance with the provisions of the Act, 2013 and Regulation 25(3) of SEBI (LODR) Regulations.

**2.3 Attendance and other directorships:**

The details of attendance of the directors at the board meetings during the year and at the last annual general meeting held on 2<sup>nd</sup> August 2016 and other directorships and committee memberships / chairmanships as on 31<sup>st</sup> March 2017 are as follows:

Name of the Director / DIN (M/s)	Category	Attendance particulars		Number of other directorships, committee memberships / chairmanships		
		Board Meetings	Last Annual General Meeting	Other directorships*	Committee memberships**	Committee chairmanships
Venu Srinivasan (DIN 00051523)	CMD	5	No	15	3	–
Sudarshan Venu (DIN 03601690)	JMD	5	Yes	3	1	–
H Lakshmanan (DIN 00057973)	NE-NID	5	Yes	13	5	3
Dr. Lakshmi Venu (DIN 02702020)	NE-NID	2	Yes	8	1	–
R Ramakrishnan (DIN 00809342)	NE-ID	3	Yes	10	6	3
T Kannan (DIN 00040674)	NE-ID	4	Yes	8	3	3
C R Dua (DIN 00036080)	NE-ID	4	No	17	4	1
Prince Asirvatham (DIN 00193260)	NE-ID	4	Yes	2	1	–
Hemant Krishan Singh (DIN 06467315)	NE-ID	5	Yes	1	–	–

CMD : Chairman and Managing Director  
 JMD : Joint Managing Director  
 \* includes private companies and bodies corporate.  
 \*\* includes committees where the director is also Chairman.

NE-NID : Non-Executive - Non-Independent Director  
 NE-ID : Non-Executive - Independent Director

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

**2.4 Access to information and updation to directors:**

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

Apart from this, the observations on the audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the statutory auditors of the Company are placed and discussed with functional heads, by the committee / board. The board also reviews the declarations made by the chairman and managing director and the company secretary regarding compliance of all applicable laws on a quarterly basis.

Decisions taken at the meetings of the board / committee are communicated to the functional heads. Action taken report on decisions of previous meetings is placed at every succeeding meeting of the board / committee for reporting the compliance.

**2.5 Familiarization program**

A familiarization program is made available to directors covering topics such as director's rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc to ensure that they are fully informed on current governance issues. The program also includes briefings on the culture, values and business model of the Company, the roles and responsibilities of senior executives and the Company's financial, strategic, operational and risk management position. The induction process for NE-IDs include plant visit for detailed understanding of manufacturing process / activities of the Company. The details of familiarization program are available on the Company's website with the following link: [www.tvsmotor.com/policies-adopted-by-the-board.aspx](http://www.tvsmotor.com/policies-adopted-by-the-board.aspx)

**2.6 Code of Business Conduct and Ethics for members of the board and senior management personnel:**

The Company has in place the Code of Business Conduct and Ethics for members of the board and

senior management personnel (the Code) approved by the board.

The Code has been communicated to directors and the senior management personnel. The Code has also been displayed on the Company's website in the following link [www.tvsmotor.com/pdf/Code-of-Business-Conduct-and-Ethics.pdf](http://www.tvsmotor.com/pdf/Code-of-Business-Conduct-and-Ethics.pdf).

All the members of the board and senior management personnel have confirmed compliance with the Code for the year ended 31<sup>st</sup> March 2017. The annual report contains a declaration to this effect signed by the chairman and managing director.

### 2.7 Appointment / Re-appointment of directors:

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

### 2.8 Committees of the board:

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

## 3. Audit and Risk Management Committee

During the year, the Audit Committee of the Board of Directors of the Company was renamed as 'Audit and Risk Management Committee' for additionally entrusting the Committee with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing / identifying / assessing all risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory,

reputational and evaluating adequate risk management infrastructure in place and capable of addressing those risks.

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

### 3.1 Brief description of terms of reference:

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

- a. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommending the appointment, remuneration and terms of appointment of auditors of the Company;
- c. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement in terms of clause (c) of sub-section 3 of Section 134 of the Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Modified opinions, if any, in the draft audit report.
- d. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- e. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;

- f. Approving or subsequently modifying any transactions of the Company with related parties;
- g. Scrutinizing the inter-corporate loans and investments;
- h. Reviewing the valuation of undertakings or assets of the Company, wherever it is necessary;
- i. Evaluating internal financial controls and risk management systems;
- j. Reviewing, with the management, performance of statutory and internal auditors and adequacy of internal control systems;
- k. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- l. Discussing with internal auditors of any significant findings and follow up thereon;
- m. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- n. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- o. Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- p. Reviewing the functioning of the Whistle Blower mechanism;
- q. Approving the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background of the candidate;
- r. To oversee at such intervals as may be necessary, the adequacy of Company's resources to perform its risk management responsibilities and achieve its objectives;
- s. To review on a half yearly basis the risk management framework for the operations of the Company that are deemed necessary and Company's performance against the identified risks of the Company;
- t. To formulate strategies towards identifying any areas that may materially affect the Company's overall risk exposure and to review the Risk Management Plan;
- u. To adequately transmit necessary information with respect to material risks to senior executives / the board / relevant committees;
- v. To identify, evaluate and mitigate the existing as well as potential risks to the Company and to recommend strategies to the Board to overcome them; and
- w. In addition, reviewing of such other functions as envisaged under Section 177 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules 2014 as amended and Regulation 18 of SEBI (LODR) Regulations.

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

**3.2 Composition, name of members and the chairman:**

As at 31<sup>st</sup> March 2017, the Committee consists of the following non-executive independent directors viz., M/s T Kannan, C R Dua, R Ramakrishnan and Prince Asirvatham.

The composition of the Committee is in accordance with the requirements of Regulation 18 of SEBI (LODR) Regulations read with Section 177 of the Act, 2013.

Mr T Kannan, is the Chairman and Mr K S Srinivasan, company secretary acts as the secretary of the Committee.

Chairman of the Committee was present at the last AGM held on 2<sup>nd</sup> August 2016.

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

Date of the Meeting	Members present (M/s)
02.05.2016	T Kannan, C R Dua, R Ramakrishnan and Prince Asirvatham
25.07.2016	T Kannan, C R Dua, R Ramakrishnan and Prince Asirvatham
26.10.2016	T Kannan and Prince Asirvatham
23.01.2017	T Kannan, C R Dua and Prince Asirvatham

### 4. Subsidiary companies

The Company's wholly owned subsidiary, Sundaram Auto Components Limited is covered within the definition of "unlisted material subsidiary" incorporated in India in terms of Regulation 16(1)(c) read with Regulation 24 of SEBI (LODR) Regulations.

The board of directors of the said subsidiary consists of one independent director representing the Company viz., Mr R Ramakrishnan in terms of Regulation 24(1) of SEBI (LODR) Regulations.

The other subsidiaries are TVS Housing Limited, PT. TVS Motor Company Indonesia, TVS Motor Singapore Pte. Limited, TVS Motor Company Europe B.V., and Sundaram Holding USA Inc., and its four subsidiaries referred elsewhere in this annual report.

The Audit and Risk Management Committee of directors of the Company reviews the financial statements and in particular the investments made by the said unlisted subsidiaries.

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

#### Material Subsidiaries Policy

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

Copy of the said policy is available on the Company's website in the following link [www.tvsmotor.com/pdf/Material-Subsidiary-Policy.pdf](http://www.tvsmotor.com/pdf/Material-Subsidiary-Policy.pdf).

### 5. Disclosures

#### 5.1 Materially significant related party transactions:

All transactions entered into with Related Parties, as defined under the Act, 2013 and SEBI (LODR) Regulations during the financial year 2016-17 were in the ordinary course of business and at arms' length, hence do not attract the provisions of Section 188 of the Act, 2013 and the rules made thereunder.

There were no materially significant transactions with the related parties during the year, which were in conflict with the interests of the Company and that requires approval of the Company in terms of SEBI (LODR) Regulations.

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

Details of material related party transactions are enclosed as Annexure VI to the directors' report for the year ended 31<sup>st</sup> March 2017.

#### Related Party Transactions Policy:

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

Copy of the said policy is available on the Company's website in the following link [www.tvsmotor.com/pdf/Related-Party-Transaction-Policy.pdf](http://www.tvsmotor.com/pdf/Related-Party-Transaction-Policy.pdf).

#### 5.2 Disclosure of accounting treatment:

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

#### 5.3 Risk Management:

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

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

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

The Company has a Risk Mitigation Committee including the Chief Executive Officer and the Chief Financial Officer of the Company, as the members of the Committee. The Committee meets periodically to review the risk management and mitigation plans. The Company's policy on Risk Management has been discussed in detail in the director's report.

5.4 Instances of non-compliances, if any:

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

5.5 Disclosure by senior management personnel:

The senior management personnel have made disclosures to the board relating to all material, financial and other transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.

5.6 CEO and CFO Certification:

The Chairman and Managing Director and Chief Financial Officer (CFO) of the Company have certified to the board on financial and other matters in accordance with Regulation 33 of the SEBI (LODR) Regulations pertaining to CEO and CFO certification for the financial year ended 31<sup>st</sup> March 2017.

5.7 Compliance with mandatory / non-mandatory requirements:

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

5.8 Code of Conduct for Prohibition of Insider Trading:

In compliance with the SEBI (Prohibition of Insider Trading) Regulations 2015, as amended till date, the Company has a comprehensive Code of conduct for prevention of insider trading and the same is being strictly adhered to by the directors, senior management personnel and other persons covered under this Code. The Code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with the shares of the Company and cautioning them on the consequences of non-compliances thereof.

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

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

5.9 Management discussion and analysis report, familiarization programme and whistle blower policy:

All the above report / policies forms part of the directors' report.

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

As at 31<sup>st</sup> March 2017, the NRC consists of the following directors as its members with majority of non-executive independent directors:

Names of the directors (M/s)	Status
T Kannan C R Dua	Non-Executive and Independent Director
H Lakshmanan	Non-Executive and Non-Independent Director

Mr T Kannan is the Chairman and Mr K S Srinivasan, company secretary acts as the secretary of the Committee.

During the year, the Committee met on 3<sup>rd</sup> May 2016 and all the members were present at the meeting.

Mr T Kannan, Chairman of the NRC was present at the annual general meeting held on 2<sup>nd</sup> August 2016.

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

- Guiding the board for laying down the terms and conditions in relation to appointment and removal of director(s), Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) of the Company.
- Evaluating the performance of the director(s) and providing necessary report to the board for its further evaluation and consideration.
- Recommending to the board on remuneration payable to the director(s), KMP and SMP of the Company based on (i) the Company's structure and financial performance; and (ii) remuneration trends and practices that prevail in peer companies across automobile industry.
- 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.

6.3 The role / scope of NRC is as follows:

- To make recommendations to the board with respect to incentive, compensation plans for executive director(s) and remuneration to non-executive director(s).
- To identify persons who are qualified to become director(s), KMP and SMP of the Company.



- To recommend to the board for appointment / removal of director(s), KMP and SMP of the Company.
- To formulate criteria for determining qualification, positive attributes and independence of a director.
- To recommend to the board a policy for remuneration to director(s), KMP and SMP of the Company.

#### 6.4 Evaluation Criteria:

The NRC laid down the criteria for evaluating the performance of every director, committees of the board and the board as a whole and also the performance of KMP and SMP.

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

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

The performance of SMP was measured against their achievement of the business plans approved by the board during and at the completion of the financial year and their annual 'at-risk' remuneration which reflects their business plan achievements. An evaluation of performance has been undertaken based on the criteria for all SMP for 2016-17.

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

#### 6.5 Remuneration Policy:

NRC formulates policies to ensure that-

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate director(s) of the quality required to run the Company successfully;
- the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- the remuneration to director(s), KMP and SMP of the Company involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

#### *Executive director(s)*

The NRC will determine the remuneration payable to the executive director(s) and recommend to the board for its approval. The board's approval shall be subject to prior approval or post approval or ratification of the shareholders of the Company and / or Central Government, if required under applicable laws. The remuneration payable to the executive chairman, managing director and whole-time director of the Company shall be in accordance with the applicable percentage(s) / slab(s) / condition(s) as set out in (i) the articles of association of the Company and (ii) the Act 2013 and any rules made thereunder, which may be in force, from time to time.

Where the Company is required to avail any insurance on behalf of its Executive Director(s) for indemnifying them against any liability(ies), the same shall be availed by the board and premium payable on such insurance shall not be treated as part of the remuneration payable by the Company to any such personnel. However, in the event that such executive director is proved guilty resulting in an insurance claim against the Company, any premium paid on such insurance shall be treated as part of the remuneration of the executive director(s), responsible for such claim.

#### *Non- Executive / Independent Director(s)*

The non-executive /independent director(s) will receive remuneration by way of fees for attending meetings of board or any committee in which Director(s) is member, provided that, the amount of such sitting fees shall not exceed (i) INR 1,00,000 (Indian Rupees One lakh) per meeting of the board or any committee in which the Director(s) is member or (ii) such other amount as may be prescribed by the Central Government from time to time.

#### *Remuneration to KMP and SMP of the Company*

NRC will recommend to the board and the board will approve the remuneration payable to (i) KMP, who is / are not an executive director(s), and (ii) SMP of the Company. The break-up of the remuneration payable to KMP and SMP of the Company including the perquisites such as

employer's contribution to provident fund, pension scheme, medical expenses, club fees and like will also be approved by the board on the recommendations received from the NRC.

**Profit Related Commission**

*Executive Director(s)*

In addition to fixed remuneration, the executive director(s) shall be entitled to receive commission linked to the profits of the Company for each financial year subject to the limits prescribed under the provisions of the Act, 2013.

*Non - Executive / Independent Director(s)*

In addition to the sitting fees, the non - executive / independent director(s) shall be entitled to commission from the Company subject to the monetary limit approved by shareholders of the Company and aggregate commission amount would not exceed the prescribed limit of the profits of the Company computed in accordance with applicable provisions of the Act, 2013.

*Other KMP and SMP*

In addition to fixed remuneration, to motivate other KMP viz., who is / are not an Executive Director(s) and SMP of the Company to pursue a long term growth and success for and of the Company, the NRC shall recommend to the board the amount that may be distributed amongst other KMP and SMP of the Company as performance based remuneration, on such interval as the NRC may think fit.

*Equity based remuneration along with profit related commission*

Subject to the provisions of the Act 2013, all director(s), KMP and SMP of the Company shall be entitled to avail any stock options including stock appreciation rights or such other benefits if issued by the Company, except for:

- (i) an employee, who is promoter(s) or relative(s) of the promoter(s);
- (ii) any director(s) holding more than 10% (ten percent) equity shares of the Company, either directly or indirectly.

The equity based remuneration to executive chairman, managing directors and whole-time director(s) of the Company shall be subject to limits prescribed under the Act, 2013 or any rules framed thereunder and any other applicable law including securities laws in India.

An independent director shall not be entitled to take part in any stock option plan issued by the board for the employees of the Company.

**6.6 Remuneration to directors:**

*Executive directors:*

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

Particulars of remuneration paid to executive directors during the financial year 2016-17:

(Rs. in lakhs)

Executive Directors	Salary	Commis- sion	Perqui- sites	Contribution to PF and other funds	Total
CMD	51.00	1388.00	-	8.67	1447.67
JMD	48.00	833.00	135.68	8.16	1024.84

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

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

The directors are paid commission within the permissible limits approved by the members and determined by the board every year depending upon the performance of the Company.

*Non-executive directors*

*Sitting fees*

Rs. 20,000/- each is paid to the Non-executive directors for every meeting of the board and / or committee thereof attended by them, which is within the limits, prescribed under the Act, 2013.

*Commission*

The Company benefits from the expertise, advise and inputs provided by the IDs. The IDs devote their

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

As approved by the shareholders at the AGM of the Company held on 12<sup>th</sup> September 2012, Non-executive and Independent Directors are being paid commission, not exceeding 1% of the net profits of the Company, in aggregate, subject to a maximum, as determined by the board, for each such director for every financial year for a period of five years commencing from 1<sup>st</sup> April 2013.

A commission of Rs.18 lakhs per annum is payable to each such IDs, who serve as members of the Audit and Risk Management Committee as well and Rs.15 lakhs per annum to other IDs. The amount of commission for every financial year will be decided by the board, as approved by the shareholders at the AGM held on 14<sup>th</sup> July 2014, as calculated pursuant to Section 198 of the Act, 2013. The above remuneration structure is commensurate with the best practices in terms of remunerating NE-IDs and adequately compensates for the time and contribution made by the NE-IDs.

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

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

6.7 Particulars of sitting fees / commission paid to the non-executive and independent / non-independent directors during the financial year 2016-17 are as follows:

(Rs. in lakhs)

Name of the Director (M/s)	Sitting fees	Commission	Total
H Lakshmanan	1.60	–	1.60
Dr. Lakshmi Venu	0.40	–	0.40
T Kannan	2.20	18.00	20.20
C R Dua	1.80	18.00	19.80
R Ramakrishnan	1.80	18.00	19.80
Prince Asirvatham	2.00	18.00	20.00
Hemant Krishan Singh	1.20	15.00	16.20
<b>Total</b>	<b>11.00</b>	<b>87.00</b>	<b>98.00</b>

6.8 Details of shareholdings of non-executive directors in the Company as on 31<sup>st</sup> March 2017:

S.No	Name of the Director (M/s)	No. of Equity shares held
1.	H Lakshmanan	55,870
2.	T Kannan	5,000
3.	R Ramakrishnan	1,08,000
4.	Dr. Lakshmi Venu*	–
5.	C R Dua	–
6.	Prince Asirvatham	1,000
7.	Hemant Krishan Singh	–

\* Mr Venu Srinivasan, Mr Sudarshan Venu and Dr. Lakshmi Venu are relatives in terms of Section 2(77) of the Act, 2013.

There are no other pecuniary relationships or transactions of the non-executive directors' vis-à-vis of the Company.

#### 7. Stakeholders' Relationship Committee: (SRC)

7.1 The Stakeholders' Relationship Committee consists of three members viz., M/s Venu Srinivasan and Sudarshan Venu, executive and non-independent directors and R Ramakrishnan, non-executive and independent director. Mr R Ramakrishnan, is the chairman of the committee and he was present at the AGM held on 2<sup>nd</sup> August 2016.

7.2 As required by SEBI (LODR) Regulations, Mr K S Srinivasan, company secretary is the compliance officer of the Company, who oversees the redressal of investor grievances. For any clarification / complaint, the shareholders may contact the company secretary.

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

Date of the Meeting	Members present (M/s)
03.05.2016 26.07.2016	R Ramakrishnan, Venu Srinivasan and Sudarshan Venu
27.10.2016	Venu Srinivasan and Sudarshan Venu
24.01.2017	R Ramakrishnan, Venu Srinivasan and Sudarshan Venu

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

**7.5 Complaints received and redressed during the year 2016-17:**

S.No	Nature of complaints	No. of complaints
1.	Non-receipt of share certificates, including bonus share certificates	5
2.	Non-receipt of dividend warrants	9
3.	Non-receipt of annual reports	1
	<b>TOTAL</b>	<b>15</b>

**7.6 All the queries and complaints received during the financial year ended 31<sup>st</sup> March 2017, were duly redressed and no queries were pending at the year end.**

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

**7.7 Reconciliation of Share Capital Audit:**

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

The RSC audit report confirms that the total issued and listed capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**8. Corporate Social Responsibility Committee**

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

The details of CSR Policy, initiatives and spending are spelt out in the directors report.

During the year, the Committee met on 3<sup>rd</sup> May 2016 and all the members were present at the meeting.

**9. Administrative Committee**

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

During the year, the Committee met on 20<sup>th</sup> March 2017 and all the members were present at the meeting.

**10. General body meeting**

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

Year	Venue of the meeting	Date	Time
2013-14	The Music Academy, New No.168, (Old No.306), T.T.K. Road, Royapettah, Chennai 600 014	14.07.2014	10.00 AM
2014-15		29.07.2015	10.00 AM
2015-16		02.08.2016	10.35 AM

**10.2 Special resolutions passed in the previous three AGMs:**

During the last three years, namely 2013-14 to 2015-16 approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of special resolution	Date of AGM
2013-14	1) Appointment of M/s T Kannan, C R Dua, Prince Asirvatham, R Ramakrishnan and Hemant Krishan Singh, as Independent Directors of the Company for the first term of five years each; and  2) Approving the variation in certain perquisites payable to Mr Sudarshan Venu, whole time director of the Company.	14.07.2014
2014-15	Nil	29.07.2015
2015-16	Nil	02.08.2016

**10.3 None of the subjects placed before the shareholders in the last / ensuing AGM required / requires approval by a Postal Ballot. However, in terms of Regulation 44 of SEBI (LODR) Regulations and Section 108 of the Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company provided to the members facility to exercise their right to vote through Remote e-Voting and through poll at the venue of the meeting for all the items at the AGM held on 2<sup>nd</sup> August 2016.**

**11. Means of communication to shareholders**

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

**11.1 Quarterly results:**

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

**11.2 Newspapers wherein results are normally published:**

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

**11.3 Website:**

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

The board at its meeting held on 6<sup>th</sup> March 2017 again declared a second interim dividend of Rs.1.25 per share (125%) for the year 2016-17 absorbing a sum of Rs.71.04 Cr including dividend distribution tax. The same was paid to the shareholders on 18<sup>th</sup> March 2017.

Hence, the total amount of both dividends, for the year ended 31<sup>st</sup> March 2017 aggregate to Rs.2.50 per share (250%) on 47,50,87,114 equity shares of Re.1/- each, absorbing Rs.141.29 crore including dividend distribution tax.

**Dividend distribution policy**

SEBI vide its circular dated 8<sup>th</sup> July 2016 mandated the top 500 listed companies based on market capitalization to formulate Dividend Distribution Policy which shall be disclosed in their annual reports and on their websites.

Accordingly, the board at its meeting held on 24<sup>th</sup> January 2017 had formulated a Dividend Distribution Policy in accordance with Regulations 43A of SEBI (LODR) Regulations and the same is available on the Company's website at: [www.tvsmotor.com/pdf/Dividend-Distribution-Policy.pdf](http://www.tvsmotor.com/pdf/Dividend-Distribution-Policy.pdf).

**12. General shareholder information**

**12.1 Annual General Meeting:**

Day, Date and time : Friday,  
11<sup>th</sup> August 2017 10.00 A.M.  
  
Venue : The Music Academy,  
New No.168 (Old No.306),  
T.T.K. Road, Royapettah,  
Chennai - 600 014.

**12.2 Financial year : 1<sup>st</sup> April to 31<sup>st</sup> March**

Financial calendar : 2017-2018  
  
Financial reporting : Financial calendar  
for the quarter ending  
  
30<sup>th</sup> June, 2017 : between 15<sup>th</sup> July and  
14<sup>th</sup> August, 2017  
  
30<sup>th</sup> September, 2017 : between 15<sup>th</sup> October and  
14<sup>th</sup> November, 2017  
  
31<sup>st</sup> December, 2017 : between 15<sup>th</sup> January and  
14<sup>th</sup> February, 2018  
  
31<sup>st</sup> March, 2018 : between 15<sup>th</sup> April and  
30<sup>th</sup> May, 2018

**12.3 Particulars of dividend payment:**

The board of directors of the Company at their meeting held on 27<sup>th</sup> October 2016, declared a first interim dividend of Rs.1.25 per share (125%) for the year 2016-17 absorbing a sum of Rs.70.25 Cr including dividend distribution tax. The same was paid to the shareholders on 10<sup>th</sup> November 2016.

**12.4 Listing on Stock Exchanges:**

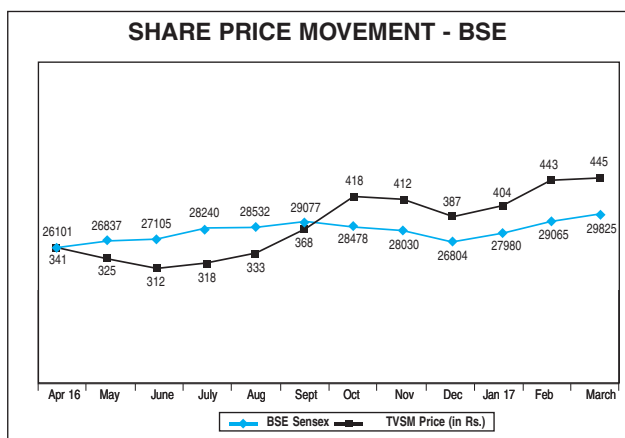
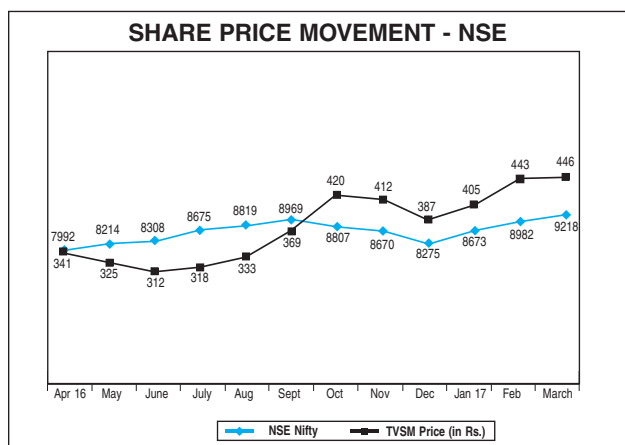
Name & Address of the Stock Exchanges	Stock Code / Symbol
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001. India Tel.: 91 22 2272 1233 Fax : 91 22 2272 1919	532343
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra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

(Note: Annual listing fees and custodial charges for the year 2017-18 were duly paid to the above Stock Exchanges and Depositories)

**12.5 Market Price Data:** (in Rs.)

Month	NSE (Monthly)		BSE (Monthly)	
	High price	Low price	High price	Low price
April 2016	340.85	310.10	340.90	310.15
May 2016	325.40	277.50	325.35	277.95
June 2016	311.80	279.10	311.70	280.30
July 2016	317.90	285.80	317.55	285.85
August 2016	332.95	292.60	333.00	292.60
September 2016	368.60	310.00	368.40	310.90
October 2016	420.00	365.90	418.00	366.20
November 2016	411.70	338.00	412.00	338.90
December 2016	387.40	346.40	387.20	346.00
January 2017	405.00	355.40	404.45	355.00
February 2017	443.35	381.50	442.80	381.50
March 2017	445.65	414.00	444.80	414.00

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



**12.7 Share Transfer Agents and share transfer system:**

a. Sundaram-Clayton Limited, the holding company, which has been registered with SEBI as share transfer agents in Category II, has been appointed as the share transfer agent of

the Company (STA) with a view to rendering prompt and efficient service to the investors and in compliance with Regulation 7 of the SEBI (LODR) Regulations. The shareholders have also been advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company effective 1<sup>st</sup> October 2004.

- b. All matters connected with the share transfer, dividends and other matters are being handled by the STA located at the address mentioned elsewhere in this report.
- c. Shares lodged for transfers are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects.
- d. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors and other miscellaneous correspondences relating to change of address, mandates, etc., are processed by the STA within 7 days.
- e. Certificates are being obtained and submitted to Stock Exchanges, on half-yearly basis, from a Company Secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Regulation 40(9) of SEBI (LODR) Regulations.
- f. Certificates have also been received from a Company Secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.
- g. The Company, as required under Regulation 6(2)(d) of SEBI (LODR) Regulations, has designated the following e-mail IDs, namely [investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in) / [contactus@tvs motor.com](mailto:contactus@tvs motor.com) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- h. A certificate signed by the compliance officer of the STA and the company secretary towards maintenance of share transfer facility by STA in compliance with Regulation 7(3) of the SEBI (LODR) Regulations have been obtained and the same have been submitted to the Stock Exchanges.
- i. Shareholders are, therefore, requested to correspond with the STA for transfer / transmission of shares, change of address and

queries pertaining to their shareholding, dividend, etc., at their address given in this report.

#### 12.8 Shareholding pattern of the Company as on 31<sup>st</sup> March 2017

Category of Shareholder	No. of shares held	%
<b>Promoter &amp; Promoter Group</b>		
Bodies Corporate	27,26,82,786	57.40
<b>Total (A)</b>	<b>27,26,82,786</b>	<b>57.40</b>
<b>Public Shareholding</b>		
Mutual Funds	4,69,76,886	9.89
Banks / Financial Institutions	5,46,280	0.11
Insurance Companies	1,18,40,455	2.49
Foreign Institutional Investors	8,78,72,583	18.49
<b>Total Institutions (B)</b>	<b>14,72,36,204</b>	<b>30.98</b>
Bodies Corporate	47,43,111	1.00
Individuals holding nominal capital in excess of Rs. 2 lakh	40,81,901	0.86
Individuals holding nominal capital upto Rs. 2 lakh	4,07,88,940	8.59
NRI Repatriable	7,11,871	0.15
NRI Non- Repatriable	4,83,812	0.10
Overseas Body Corporate	136	-
Foreign National (Individuals)	1,000	-
Directors & their relatives	28,50,966	0.60
Trusts	2,501	-
Clearing members	15,03,886	0.32
<b>Total Non-Institutions (C)</b>	<b>5,51,68,124</b>	<b>11.62</b>
<b>Total Public Shareholding (B+C)</b>	<b>20,24,04,328</b>	<b>42.60</b>
<b>Grand Total (A+B+C)</b>	<b>47,50,87,114</b>	<b>100.00</b>

#### 12.9 Distribution of shareholding as on 31<sup>st</sup> March 2017:

Shareholding (Range)	No. of members	%	No. of shares	%
Upto 5000	1,05,109	98.84	3,16,39,971	6.66
5001 - 10000	718	0.68	52,96,169	1.11
10001 - 20000	236	0.22	35,06,884	0.74
20001 - 50000	123	0.12	39,55,552	0.83
50001 - 100000	47	0.04	32,55,082	0.69
100001 & above	109	0.10	42,74,33,456	89.97
<b>Total</b>	<b>1,06,342</b>	<b>100.00</b>	<b>47,50,87,114</b>	<b>100.00</b>

#### 12.10 Dematerialization of shares and liquidity:

The promoter holding consisting of 27,26,82,786 equity shares of Re.1/- each has been fully dematerialized. Out of 20,24,04,328 equity shares of Re.1/- each held by persons other than promoters 19,66,80,162 shares have been

dematerialized as on 31<sup>st</sup> March, 2017 accounting for 97.17%.

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

#### 12.12 Other Disclosures

- There were no pecuniary relationships or transactions with NE-IDs vis-a-vis the Company during the year under review, except payment of sitting fees and profit related commission.
- During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large.
- Company is a net exporter. Company has a forex hedging policy and covers are appropriately taken to hedge the currency risk. The exposure and cover taken are reviewed by the Audit and Risk Management Committee on regular basis.

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

#### 12.13 Plant Locations:

Hosur : Post Box No. 4, Harita  
Hosur - 635 109, Tamil Nadu  
Tel : 04344-276780-84  
Email : [contactus@tvs-motor.com](mailto:contactus@tvs-motor.com)

Mysuru : Post Box No.1  
Byathahalli Village, Kadakola Post  
Mysuru - 571 311, Karnataka  
Tel : 0821 - 2596561  
Email : [contactus@tvs-motor.com](mailto:contactus@tvs-motor.com)

Himachal : Bhatian Village  
Pradesh : Bharatgarh Road, Teh. Nalagarh,  
District Solan, Himachal Pradesh - 174 101  
Tel : 01795 - 220492 / 93  
Email : [contactus@tvs-motor.com](mailto:contactus@tvs-motor.com)

### 12.14 Address for investor correspondence:

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

### 13. Non-mandatory disclosures

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

#### 13.1 The Board:

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

#### 13.2 Shareholder rights:

The half-yearly results of the Company are published in newspapers as soon as they are approved by the board and are also uploaded in the Company's website namely [www.tvsmotor.com](http://www.tvsmotor.com). The results are not sent to the shareholders individually.

#### 13.3 Audit qualifications:

The financial statements of the Company are unmodified.

### 14. Request to shareholders

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

#### Demat of Shares:

Shareholders are requested to convert their physical holding to demat/ electronic form through any of the DPs

to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.

#### Registration of Electronic Clearing Service (ECS) mandate:

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

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

#### Transfer of shares in physical mode:

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

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

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

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

#### Consolidation of Multiple Folios:

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



**Registration of Nominations:**

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

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

**Update of address:**

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

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

**SMS Alerts:**

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

**Timely encashment of dividends:**

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

As required by SEBI, shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in

the warrants. This would avoid wrong credits being obtained by unauthorized persons.

Shareholders, who have not encashed their dividend warrants, in respect of dividends declared for the year ended 31<sup>st</sup> March, 2010 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 124(6) of the Companies Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Accordingly a sum of Rs.19.71 lakhs, being unclaimed dividend, was transferred to IEPF during the year.

**Transfer of shares to IEPF**

As per amended IEPF (Accounting, Audit, Transfer and Refund) Rules, 2017, the Company is required to transfer the underlying shares for which the dividends were not claimed for 7 consecutive years, to IEPF authority. In this regard, the Company has sent notices on 25<sup>th</sup> October 2016 and 1<sup>st</sup> April 2017 to those shareholders who have not claimed their dividends from the year 2009-10, advising them to claim the dividends expeditiously. The Company will transfer such shares including the shares in suspense account upon notification by the Ministry of Corporate Affairs.

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

Particulars of unclaimed dividend of the Company

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to IEPF
2009-2010 2 <sup>nd</sup> Interim	21.07.2010	20.08.2010	20.08.2017
2010-2011 1 <sup>st</sup> Interim	20.01.2011	19.02.2011	19.02.2018
2010-2011 2 <sup>nd</sup> Interim	29.07.2011	28.08.2011	28.08.2018
2011-2012 1 <sup>st</sup> Interim	14.03.2012	13.04.2012	13.04.2019
2011-2012 2 <sup>nd</sup> Interim	24.05.2012	23.06.2012	23.06.2019
2012-2013 1 <sup>st</sup> Interim	01.02.2013	03.03.2013	03.03.2020
2012-2013 2 <sup>nd</sup> Interim	30.04.2013	30.05.2013	30.05.2020
2013-2014 1 <sup>st</sup> Interim	25.10.2013	24.11.2013	24.11.2020
2013-2014 2 <sup>nd</sup> Interim	29.04.2014	29.05.2014	29.05.2021

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to IEPF
2014-2015 1 <sup>st</sup> Interim	03.02.2015	05.03.2015	05.03.2022
2014-2015 2 <sup>nd</sup> Interim	29.04.2015	29.05.2015	29.05.2022
2015-2016 1 <sup>st</sup> Interim	29.01.2016	28.02.2016	28.02.2023
2015-2016 2 <sup>nd</sup> interim	12.03.2016	11.04.2016	11.04.2023
2016-2017 1 <sup>st</sup> Interim	27.10.2016	26.11.2016	26.11.2023
2016-2017 2 <sup>nd</sup> Interim	06.03.2017	05.04.2017	05.04.2024

Any person whose shares / unclaimed dividend has been transferred to the Fund, may claim such shares / dividend from the IEPF Authority by submitting an online application in Form IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) along with fee specified by the Authority from time to time in consultation with the Central Government.

**15. UNCLAIMED SHARE CERTIFICATES**

In terms of the provisions of Regulation 39(4) read with Schedule VI of SEBI (LODR) Regulations, the unclaimed share certificates are required to be dematerialized and transferred to "Unclaimed Suspense Account". As required under SEBI (LODR) Regulations, the Company sent reminder letters to the shareholders, whose share certificates were returned undelivered or unclaimed. The voting rights in respect of unclaimed shares held in Unclaimed Suspense Account stands frozen in terms of Regulation 39 read with Schedule VI of SEBI (LODR) Regulations, till the rightful owners of such shares claim them.

After complying with the requirements under the SEBI (LODR) Regulations, the Company has opened an "Unclaimed Suspense Account" and details are as follows:

Details	No. of shareholders	No. of shares
No. of Shares in the Unclaimed suspense account as on 31 <sup>st</sup> March 2016	1,009	9,82,800
No. of shares transferred to the shareholders on request from 1 <sup>st</sup> April 2016 to 31 <sup>st</sup> March 2017	16	19,422
No. of Shares in the Unclaimed suspense account as on 31 <sup>st</sup> March 2017	993	9,63,378

**GREEN INITIATIVE IN CORPORATE GOVERNANCE**

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

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

**COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS**

To  
The Shareholders of TVS Motor Company Limited,  
Chennai

On the basis of the written declarations received from members of the board and senior management personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, it is hereby certified that both the members of the board and the senior management personnel of the Company have affirmed

compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the board for the year ended 31<sup>st</sup> March 2017.

**VENU SRINIVASAN**  
*Chairman & Managing Director*

Place : Bengaluru  
Date : 27<sup>th</sup> April 2017

### CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To

The Board of Directors  
TVS Motor Company Limited

We certify that we have reviewed the financial statements prepared based on the first time adopted Indian Accounting Standards for the year ended 31<sup>st</sup> March 2017 and to the best of our knowledge and belief:

- (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (b) these statements together present a true and fair view of the Company's affairs and are in compliance with applicable Indian Accounting Standards, Laws and Regulations; and
- (c) no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the

Auditors and the Audit and Risk Management Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

We have indicated to the Auditors and the Audit and Risk Management Committee of the following:

- (a) significant changes in internal control over financial reporting during the year;
- (b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (c) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Venu Srinivasan  
Chairman & Managing Director

S G Murali  
Chief Financial Officer

Place : Chennai  
Date : 17<sup>th</sup> April 2017

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### AUDITORS' CERTIFICATE ON COMPLIANCE OF THE PROVISIONS OF THE CODE OF CORPORATE GOVERNANCE

To

The shareholders of TVS Motor Company Limited,  
Chennai

We have examined the compliance of conditions of Corporate Governance by TVS Motor Company Limited, Chennai - 600 006 ('the Company') for the year ended 31<sup>st</sup> March 2017 as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations].

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

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

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

For V. Sankar Aiyar & Co  
Chartered Accountants  
Firm Regn. No.: 109208 W

Place : Bengaluru  
Date : 27<sup>th</sup> April 2017

S. VENKATRAMAN  
Partner  
Membership Number: F34319

**Form No. MR-3**  
**Secretarial Audit Report**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2017  
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members of  
TVS Motor Company Limited,  
[CIN: L35921TN1992PLC022845]  
No.29, Haddows Road,  
Chennai-600006

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by TVS MOTOR COMPANY LIMITED (hereinafter called "the Company") during the financial year from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017 ("the year"/"audit period"/"period under review").

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

We are issuing this report based on

- (i) Our verification of the books, papers, minute books, registers and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the year as well as after 31<sup>st</sup> March 2017 but before the issue of this report;
- (ii) Compliance certificates confirming compliance with all laws applicable to the Company given by the key managerial personnel of the Company and taken on record by the Board of Directors; and
- (iii) The representations made and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

In our opinion, during the audit period covering the financial year ended on 31<sup>st</sup> March 2017, the Company has generally complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with our letter of even date annexed to this report as Annexure – A.

1. We report as regards compliance with specific statutory provisions that:
  - 1.1. We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information

filed or disseminated during the year according to the applicable provisions/ clauses of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder.
- (ii) Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
- (iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (d) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and
  - (e) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with clients.
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment (FEMA).
- (vi) Secretarial Standards (SS-1) on "Meetings of the Board of Directors" and Secretarial Standards (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India.
- (vii) Listing agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

- 1.2. During the period under review and also considering the compliance related action taken by the Company after 31<sup>st</sup> March 2017 but before the issue of this report, the Company has, to the best of our knowledge and

belief and based on the records, information, explanations and representations furnished to us:

- (i) Complied with the applicable clauses of the Acts / Rules / Regulations / Agreements mentioned under paragraph 1.1 (i), (ii), (iii), (iv) and (vii) above; and
- (ii) Generally complied with the applicable clauses of the Act / Rule and Regulations under FEMA and Secretarial Standards mentioned under paragraphs 1.1(v) and (vi) above.

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

- (i) The Company was not required to comply with the following laws / guidelines / 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 to the extent of Foreign Direct Investment and External Commercial Borrowings (FEMA);
  - (b) Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (c) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
  - (e) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (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 paragraph 1.2 above did not arise.

2. We further report as regards Board processes that:

2.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors,

Non-Executive Directors and Independent Directors. The Board also has a woman director. There was no change in composition of the Board of Directors during the period under review.

2.2 Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent at least seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the meetings:

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

Consent of the Board for circulating the above items separately or at the meeting is obtained as required under the Secretarial Standards.

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

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

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

3 We further report as regards the compliance mechanism in place that:

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

4 We further report as regards specific events and actions that:

4.1 During the audit period, the following specific events and actions having a major bearing on the Company's

affairs in pursuance of the above referred laws, rules, regulations and standards took place:

- (i) Further investments were made in its wholly owned subsidiaries as detailed below:
- (a) Rs.24 crores in Sundaram Auto Components Limited by way of subscription to rights issues for 30,00,000 equity shares of Rs.10/- each at a premium of Rs.70/- per share;
- (b) USD 8 mn in PT. TVS Motor Company Limited, Indonesia, by way of subscription to 800,000 shares of USD 10 each; and
- (c) Loan of USD 80,05,683 payable to the Company by TVS Motor (Singapore) Pte. Limited (TVSM Sg) was converted into 1,07,87,657 ordinary shares of Sg \$1/- each in the capital of TVSM Sg
- The Company also invested USD 500,000 in TVSM Sg by way of subscription to 6,94,600 ordinary shares of Sg \$1/- each

(ii) Further investments were made in associate and other company as detailed below:

- (a) Rs.40 crores in Emerald Haven Realty Limited by way of subscription to 4,00,00,000 equity shares of Rs. 10/- each; and
- (b) Rs.64.99 crores was made in TVS Credit Services Limited by way of subscription to 1,06,55,700 equity shares of Rs. 10/- each at a premium of Rs. 51/- per share.

For S Krishnamurthy & Co  
Company Secretaries

K. SRIRAM  
Partner

Date : 27<sup>th</sup> April 2017  
Place: Chennai

Membership No: F6312  
Certificate of Practice No: 2215

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

To,

The Members of  
TVS Motor Company Limited,  
[CIN: L35921TN1992PLC022845]  
No.29, Haddows Road,  
Chennai - 600006

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31<sup>st</sup> March 2017 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 31<sup>st</sup> March 2017 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal/

professional opinion obtained as being in compliance with law.

5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S Krishnamurthy & Co  
Company Secretaries  
K. SRIRAM

Partner

Date : 27<sup>th</sup> April 2017  
Place: Chennai

Membership No: F6312  
Certificate of Practice No: 2215

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# TVS *Sport*

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**STANDALONE FINANCIAL STATEMENTS OF  
TVS MOTOR COMPANY LIMITED**

## INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### To the members of TVS Motor Company Limited

#### Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of TVS Motor Company Limited, ('the Company'), which comprises the Balance Sheet as at 31<sup>st</sup> March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ( Ind AS) prescribed under Section 133 of the Act.

3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

4. Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether

the standalone Ind AS financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

#### Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2017, and its profit, total comprehensive income its cash flows and the changes in equity for the year ended on that date.

#### Other Matters

8. The comparative financial information of the Company for the year ended 31<sup>st</sup> March 2016 and the transition date opening balance sheet as at 1<sup>st</sup> April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us and our report for the year ended 31<sup>st</sup> March 2016 and 31<sup>st</sup> March 2015 dated 3<sup>rd</sup> May 2016 and 29<sup>th</sup> April 2015 respectively, expressed an unmodified opinion on those standalone financial statements and have been restated to comply with Ind AS. Adjustments made to the previously issued said statutory financial information for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') and issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
10. As required by Section 143(3) of the Act, we report that:
- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid Standalone Ind AS financial statements, comply with the Accounting Standards prescribed under Section 133 of the Act;
  - (e) on the basis of written representations received from the directors as on 31<sup>st</sup> March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2017, from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of

the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations given to us:

- i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 39(a) to the Standalone Ind AS financial statements.
- ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses -Refer Note No. 29(D) to the Standalone Ind AS financial statements.
- iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. the Company has provided requisite disclosures in the Standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016. Based on audit procedures and relying on management representation we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management (Refer Note No.43).

For V. Sankar Aiyar & Co  
Chartered Accountants  
Firm Regn. No.: 109208W

S. VENKATRAMAN  
Partner

Place: Bengaluru  
Date : 27<sup>th</sup> April 2017

Membership No.: 34319

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### Annexure A to Independent Auditors' Report - 31<sup>st</sup> March 2017 (Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physically verifying all the fixed assets at its plants / offices in a phased manner over a period of 2 years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies as compared to book records were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) The unsecured loan granted in an earlier year to a company covered in the register maintained under Section 189 of the Act has been converted into equity shares during the year. No other unsecured loans have been granted during the year to companies covered in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of clause (v) of the para 3 of the Order are not applicable to the Company.

- (vi) The Central Government has prescribed the maintenance of cost records under Section 148 (1) of the Act in respect of certain products manufactured by the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31<sup>st</sup> March 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company, the dues of Sales Tax / Income Tax / Customs Duty / Wealth Tax / Service Tax / Excise Duty / Value Added Tax / Cess which have not been deposited on account of any dispute are as follows:

Name of the Statute / (Nature of dues)	Period of dues	Amount (Rs. in Cr)	Forum where dispute is pending
Central Excise Act, 1944 (Cenvat/Excise Duty)	1998-2015	38.46	Central Excise and Service Tax Appellate Tribunal
	2009-2015	2.07	Assistant / Deputy / Commissioner of Central Excise
Finance Act, 1994 (Service Tax)	1999-2011	4.56	Assistant / Deputy / Commissioner of Central Excise
	2002-2014	1.46	Central Excise and Service Tax Appellate Tribunal
Customs Act, 1962 (Customs Duty)	1999-2001	1.87	Hon'ble High Court of Judicature at Madras
Sales Tax / VAT Laws (Sales Tax)	1998-2014	0.87	Department Authorities
	2004-2005	0.04	Joint Commissioner (Appeals)
	1998-2013	0.33	Tribunals
	2006-2015	0.05	Hon'ble High Court of Orissa
Income Tax Act, 1961 (Income Tax and Interest thereon)	2012-2013	7.71	Tribunal (ITAT)
Income Tax Act, 1961 (Income Tax and Interest thereon)	2013-2014	6.96	Commissioner Appeal
Income Tax Act, 1961 TDS (Income Tax and Interest thereon)	2007-2017	0.40	Department Authorities
Wealth Tax Act, 1957	2007-2009	0.98	Commissioner (Appeals)

- (viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Financial Institutions / Banks. The Company has not raised any monies against issue of debentures.
- (ix) In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been applied for the purpose for which they were obtained. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For V. Sankar Aiyar & Co  
Chartered Accountants  
Firm Regn. No.: 109208W

S. VENKATRAMAN

Partner

Place: Bengaluru  
Date : 27<sup>th</sup> April 2017

Membership No.: 34319

**Annexure - B to the Independent Auditors' Report - 31<sup>st</sup> March 2017  
(Referred to in our report of even date)**

**Report on the Internal Financial Controls under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. We have audited the internal financial controls over financial reporting of TVS Motor Company Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Managements' Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls over Financial Reporting**

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V. Sankar Aiyar & Co  
Chartered Accountants  
Firm Regn. No.: 109208W

S. VENKATRAMAN  
Partner

Place : Bengaluru  
Date : 27<sup>th</sup> April 2017

Membership No.: 34319

# TVS MOTOR COMPANY LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2017

Rupees in crores

	Notes	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2	1,930.64	1,672.67	1,381.01
Capital work-in-progress	2	62.28	30.96	89.36
Other intangible assets	2	53.23	46.92	31.52
Financial assets				
i. Investments	3	1,587.90	1,214.86	989.72
ii. Loans	4	–	55.30	50.14
iii. Others (Bank deposits)		0.12	0.10	0.08
Non-Current tax assets (Net)		24.67	11.26	34.39
Other non-current assets	5	58.94	33.74	34.14
		<u>3,717.78</u>	<u>3,065.81</u>	<u>2,610.36</u>
<b>Current assets</b>				
Inventories	6	966.95	696.33	733.78
Financial assets				
i. Trade receivables	7	723.77	578.03	503.58
ii. Cash and cash equivalents	8	4.37	28.34	2.85
iii. Bank balances other than (ii) above	9	4.14	4.40	2.46
iv. Others	10	13.51	29.28	22.78
Current tax assets (Net)		1.88	26.84	68.14
Other current assets	11	472.27	523.15	609.80
		<u>2,186.89</u>	<u>1,886.37</u>	<u>1,943.39</u>
Total Assets		<u>5,904.67</u>	<u>4,952.18</u>	<u>4,553.75</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	12	47.51	47.51	47.51
Other equity	13	2,360.82	1,910.83	1,636.03
		<u>2,408.33</u>	<u>1,958.34</u>	<u>1,683.54</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	14	468.76	494.23	519.83
Provisions	15	50.80	39.99	43.73
Deferred tax liabilities (net)	16	125.70	143.74	128.38
		<u>645.26</u>	<u>677.96</u>	<u>691.94</u>
<b>Current liabilities</b>				
Financial liabilities				
i. Borrowings	17	616.38	264.23	399.76
ii. Trade payables	18	1,859.36	1,543.71	1,478.50
iii. Other financial liabilities	19	79.61	215.61	83.72
Provisions	15	62.87	58.47	39.47
Other current liabilities	20	232.86	233.86	176.82
		<u>2,851.08</u>	<u>2,315.88</u>	<u>2,178.27</u>
Total liabilities		<u>3,496.34</u>	<u>2,993.84</u>	<u>2,870.21</u>
Total equity and liabilities		<u>5,904.67</u>	<u>4,952.18</u>	<u>4,553.75</u>
Significant accounting policies	1			

VENU SRINIVASAN  
Chairman & Managing Director

SUDARSHAN VENU  
Joint Managing Director

H. LAKSHMANAN  
Director

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

S.G. MURALI  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATRAMAN  
Partner

Place : Bengaluru  
Date : 27<sup>th</sup> April 2017

Membership No.: 34319

**Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2017**

Rupees in crores

	Notes	Year ended 31-03-2017	Year ended 31-03-2016
I Revenue from operations	21	13,190.06	12,090.92
II Other income	22	173.37	103.85
III Total income (I + II)		<u>13,363.43</u>	<u>12,194.77</u>
IV Expenses:			
Cost of material consumed	23	8,620.88	7,657.23
Purchase of stock-in-trade	23	291.22	251.41
Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	(58.73)	70.53
Excise duty		1,054.75	986.26
Employee benefits expense	24	745.64	652.39
Finance costs	25	43.95	48.73
Depreciation and amortisation expense	2	287.81	236.05
Other expenses	26	1,679.23	1,663.23
Total expenses		<u>12,664.75</u>	<u>11,565.83</u>
V Profit before exceptional items and tax (III - IV)		698.68	628.94
VI Exceptional items		—	—
VII Profit before tax		698.68	628.94
VIII Tax expense	27		
i) Current tax		159.78	122.11
ii) Deferred tax		(19.18)	17.55
IX Profit for the year (VII - VIII)		<u>558.08</u>	<u>489.28</u>
X Other comprehensive income			
A. Items that will not be reclassified to profit or loss:			
Remeasurements of post employment benefit obligations		(8.19)	(11.84)
Change in fair value of equity instruments		44.55	1.43
Income tax relating to these items		(0.69)	2.37
B. Items that will be reclassified to profit or loss:			
Fair value changes on cash flow hedges		(3.77)	0.52
Income tax relating to these items		1.30	(0.18)
Other comprehensive income for the year, net of tax (X)		<u>33.20</u>	<u>(7.70)</u>
XI Total comprehensive income for the year - (IX + X)		<u>591.28</u>	<u>481.58</u>
XII Earnings per equity share (Face value of Re.1/- each)			
Basic & Diluted earnings per share (in rupees)	35	11.75	10.30

VENU SRINIVASAN  
Chairman & Managing Director

SUDARSHAN VENU  
Joint Managing Director

H. LAKSHMANAN  
Director

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

S.G. MURALI  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATRAMAN  
Partner

Place : Bengaluru  
Date : 27<sup>th</sup> April 2017

Membership No.: 34319

**Statement of changes in Equity**

**a Equity Share Capital**

Rupees in crores

As at 01-04-2015	47.51
Changes in equity share capital	–
As at 31-03-2016	47.51
Changes in equity share capital	–
As at 31-03-2017	47.51

**b Other Equity**

	Reserves & Surplus			Other Reserves		Total
	General reserve	Capital reserve	Retained earnings	Equity Instruments Fair Valued through Other Comprehensive Income	Hedging reserve	
Balance as at 01-04-2015	865.94	6.43	720.34	41.29	2.03	1,636.03
Add : Profit for the year 2015-16			489.28			489.28
Other comprehensive income for the year 2015-16			(9.24)	1.20		(8.04)
Less : Residual value of part of assets, whose useful life exhausted	0.30					0.30
Add : Change in fair value of hedging instruments, net of tax					2.37	2.37
Less : Reclassification to profit or loss, net of tax					2.03	2.03
Less : Distribution to shareholders :						
2014-15 Second Interim dividend paid			54.64			54.64
2015-16 First Interim dividend paid			47.51			47.51
2015-16 Second Interim dividend paid			71.26			71.26
Less : Dividend Tax			33.07			33.07
Balance as at 31-03-2016	865.64	6.43	993.90	42.49	2.37	1,910.83
Add : Profit for the year 2016-17			558.08			558.08
Other comprehensive income for the year 2016-17			(6.44)	42.11		35.67
Less : Reclassification to profit or loss, net of tax					2.37	2.37
Less: Change in fair value of hedging instruments, net of tax					0.10	0.10
Less : Distribution to shareholders :						
2016-17 First Interim dividend paid			59.39			59.39
2016-17 Second Interim dividend paid			59.39			59.39
Less : Dividend Tax			22.51			22.51
Balance as at 31-03-2017	865.64	6.43	1,404.25	84.60	(0.10)	2,360.82

**Nature and purpose of Other Reserves**

- General reserve is part of retained earnings. This is available for distribution to share holders.
- Capital reserve
  - On shares forfeited (Rs.55,200) –
  - On surplus arising out of amalgamation 6.43

**3. Hedge Reserve - Refer Note No. 29(D)**

**venu srinivasan**  
Chairman & Managing Director

**SUDARSHAN VENU**  
Joint Managing Director

**H. LAKSHMANAN**  
Director

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

**S.G. MURALI**  
Chief Financial Officer

**K.S. SRINIVASAN**  
Company Secretary

**S. VENKATRAMAN**  
Partner  
Membership No.: 34319

Place : Bengaluru  
Date : 27<sup>th</sup> April 2017



**Cash Flow Statement**

Rupees in crores

		Year ended 31-03-2017	Year ended 31-03-2016
<b>A. Cash flow from operating activities</b>			
Net profit before tax		698.68	628.94
Add: Depreciation and amortisation for the year	287.81	236.05	
Loss on sale of fixed assets	2.34	3.39	
Net (profit) / loss on sale of investments	(0.05)	–	
Unrealised exchange (gain) / loss	1.87	(9.40)	
Increase in Fair Value of Investments	(80.76)	(51.96)	
Dividend income	(8.91)	(11.46)	
Interest income	(49.35)	(38.73)	
Finance cost	43.95	48.73	
Provisions	8.77	6.02	
		<u>205.67</u>	<u>182.64</u>
Operating profit before working capital changes		904.35	811.58
Adjustments for:			
Trade receivables	(148.86)	(77.98)	
Inventories	(270.62)	37.45	
Other current assets	50.88	86.65	
Other Financial assets	12.15	(6.84)	
Trade payables	316.90	78.14	
Other financial liabilities (excluding current maturity of long term loans)	7.06	15.87	
Other Current Liabilities	(1.00)	57.04	
Other Non - Current assets	(17.93)	84.96	
		<u>(51.42)</u>	<u>275.29</u>
Cash generated from operations		852.93	1,086.87
Direct taxes paid		(129.00)	(145.78)
Net cash from operating activities	(A)	<u>723.93</u>	<u>941.09</u>
<b>B. Cash flow from investing activities</b>			
Purchase of Property, Plant and Equipment	(529.37)	(549.15)	
Purchase of Intangible Assets	(32.85)	(30.78)	
Sale of fixed assets	7.79	32.82	
Payments for Capital work-in-progress	(31.32)	58.40	
Payments for Capital Advances	(26.48)	1.53	
Purchase of investments	(194.38)	(171.17)	
Sale / disposal of investments	0.23	–	
Interest received	49.35	38.73	
Dividends received	8.91	11.46	
		<u>(748.12)</u>	<u>(608.16)</u>
Net cash from / (used in) investing activities	(B)	<u>(748.12)</u>	<u>(608.16)</u>

## TVS MOTOR COMPANY LIMITED

### Cash Flow Statement – (continued)

		Rupees in crores	
		Year ended 31-03-2017	Year ended 31-03-2016
<b>C. Cash flow from financing activities</b>			
Borrowings:			
Term loan availed / (repaid)	(169.34)	88.60	
Loans (given) / received back	1.75	(5.16)	
Short term borrowings availed / (repaid)	279.23	(134.14)	
Other bank balances	0.24	(1.96)	
Finance cost paid	(43.29)	(46.91)	
Dividend and dividend tax paid	(141.29)	(206.48)	
		<u>(72.70)</u>	<u>(306.05)</u>
Net cash from / (used in) financing activities	(C)	<u>(72.70)</u>	<u>(306.05)</u>
<hr/>			
Total	(A)+(B)+(C)	<u>(96.89)</u>	<u>26.88</u>
Cash and cash equivalents at the beginning of the year		(131.95)	(158.83)
Cash and cash equivalents at the end of the year		(228.84)	(131.95)
		<u>(96.89)</u>	<u>26.88</u>
<b>D. Net increase / (decrease) in cash and cash equivalents</b>			

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

<b>venu srinivasan</b> <i>Chairman &amp; Managing Director</i>	<b>Sudarshan Venu</b> <i>Joint Managing Director</i>	<b>H. Lakshmanan</b> <i>Director</i>	As per our report annexed For V. Sankar Aiyar & Co. Chartered Accountants Firm Regn. No.: 109208W
	<b>S.G. Murali</b> <i>Chief Financial Officer</i>	<b>K.S. Srinivasan</b> <i>Company Secretary</i>	
			<b>S. Venkatraman</b> <i>Partner</i> Membership No.: 34319
Place : Bengaluru			
Date : 27 <sup>th</sup> April 2017			

## 1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the standalone financial statements of the Company.

### a) Brief description of the Company

TVS Motor Company Limited ('the Company') is a public limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Nungambakkam, Chennai - 600006, Tamil Nadu, India.

The Company manufactures two-wheelers, three-wheelers, parts and accessories thereof. The Company has manufacturing plants located at Hosur in Tamil Nadu, Mysuru in Karnataka and Nalagarh in Himachal Pradesh.

### b) Basis of preparation

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

The financial statements have been prepared on the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

The financial statements upto year ended March 31, 2016 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 are the first financial statements of the Company under Ind AS. Refer Note 31 and 32 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position and financial performance.

### c) Use of estimates

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

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

### d) Significant Estimates and judgments

The areas involving critical estimates or judgments are:

- i) Estimation of fair value of unlisted securities- (Refer Note 28)
- ii) Defined benefit obligation - (Refer Note 33)
- iii) Estimation of useful life of Property, Plant and Equipment - Refer Note 1(f) and 1(g)
- iv) Estimation and evaluation of provisions and contingencies relating to tax litigations - Refer Note 39(a).

### e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances, rebates and amounts collected on behalf of third parties. It includes Excise Duty but excludes Value Added Tax, Sales Tax and Service tax.

Sale of products:

Revenue from sale of products is recognised, when significant risks and rewards of ownership pass to the dealer / customer, as per terms of contract and it is probable that the economic benefits associated with the transaction will flow to the Company.

### f) Property, Plant and Equipment

Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date the asset is ready for its intended use. However, cost excludes Excise Duty, Value Added Tax and Service Tax, to the extent credit of the duty or tax is availed of.

## 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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

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

### g) Depreciation and amortization

- i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shift) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.
- ii) Keeping in mind the rigorous and periodic maintenance programme followed by the Company, the estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company is given below:

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

- iii) Tools and dies used for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for three wheeler operations are depreciated at 11.31 per cent.
- iv) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.
- v) On tangible fixed assets added / disposed 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

Intangible assets acquired are recorded at their acquisition cost and are amortised on straight line basis over its useful life, viz., 2 years in the case of software and 6 to 10 years in the case of Design, Development and Technical knowhow.

### i) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### j) Foreign currency translation

- (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e in Indian rupee (INR) and all values are rounded off to nearest crores except otherwise indicated.

### 1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

#### (ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

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

#### k) Hedge accounting

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 28. Movements in the hedging reserve in shareholders' equity are shown in Note 29. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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

When forward contracts are used to hedge forecast transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

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

#### l) Inventories

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

- i) Cost of raw materials, components, stores, spares, work-in-progress and finished goods are ascertained on a moving average basis.
- ii) Cost of finished goods and work-in-progress 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

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

#### m) Employee benefits

##### i) Short term obligations:

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

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

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

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

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

The Company operates the following post-employment schemes:

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

##### Pension and gratuity obligation:

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

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net-off deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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

##### Provident fund:

The eligible employees of the 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 contributions as specified under the law are made to the provident fund set up as irrevocable trust by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

### 1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

#### iv) Bonus plans:

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

#### n) Taxes on income

Tax expense comprises of current and deferred taxes.

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The 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 recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

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

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

#### o) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

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

#### p) Provisions and contingent liabilities

##### i) Provision:

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

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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

#### ii) Contingent liabilities:

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

#### q) Segment reporting

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

#### r) Leases

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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

#### s) Cash and Cash equivalents

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

#### t) Trade receivables

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

#### u) Investments and Other financial assets

##### i) Classification

The Company classifies its financial assets in the following categories:

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

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

##### ii) Measurement

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



### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### Debt Instruments:

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

#### Amortised Cost:

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

#### Fair Value through profit or loss:

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

#### Equity instruments:

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

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

#### Investment in subsidiaries / associates:

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

#### iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment mythology applied depends on whether there has been significant increase in credit risk. Note29 details how the company determines whether there has been a significant increase in credit risk.

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

#### iv) Derecognition of financial assets

A financial asset is derecognised only when:

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

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

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

### 1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

#### v) Income recognition

##### Interest Income:

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

##### Dividends:

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

#### v) Borrowings

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

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

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

#### w) Current and Non-current classification

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

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

- expected to be 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.

**Notes on accounts**
**2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS**

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Development	Total intangible assets
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2016	98.26	473.53	2,675.80	30.90	14.57	74.28	3,367.34	52.15	45.65	97.80
Additions	10.99	70.07	407.39	23.16	4.37	13.39	529.37	7.88	24.97	32.85
Sub-total	109.25	543.60	3,083.19	54.06	18.94	87.67	3,896.71	60.03	70.62	130.65
Sales / deletion	0.01	4.69	84.08	1.28	0.15	8.11	98.32	-	0.04	0.04
<b>Total</b>	<b>109.24</b>	<b>538.91</b>	<b>2,999.11</b>	<b>52.78</b>	<b>18.79</b>	<b>79.56</b>	<b>3,798.39</b>	<b>60.03</b>	<b>70.58</b>	<b>130.61</b>
Depreciation / Amortisation										
Upto 31-03-2016	-	122.73	1,490.69	16.61	9.98	54.66	1,694.67	33.84	17.04	50.88
For the year	-	18.15	227.56	3.75	1.84	10.01	261.31	14.73	11.77	26.50
Sub-total	-	140.88	1,718.25	20.36	11.82	64.67	1,955.98	48.57	28.81	77.38
Withdrawn on assets sold / deleted	-	3.86	75.06	1.27	0.13	7.91	88.23	-	-	-
<b>Total</b>	<b>-</b>	<b>137.02</b>	<b>1,643.19</b>	<b>19.09</b>	<b>11.69</b>	<b>56.76</b>	<b>1,867.75</b>	<b>48.57</b>	<b>28.81</b>	<b>77.38</b>
Carrying value										
As at 31-03-2017	109.24	401.89	1,355.92	33.69	7.10	22.80	1,930.64	11.46	41.77	53.23
As at 31-03-2016	98.26	350.80	1,185.11	14.29	4.59	19.62	1,672.67	18.31	28.61	46.92

Capital work-in-progress (at cost) as at 31-03-2017

(a) Building	5.96
(b) Plant & equipment	<u>56.32</u>
<b>Total</b>	<u>62.28</u>

- a) Cost of buildings includes Rs.7.12 crores (Last year Rs.33.79 crores) pertaining to buildings constructed on leasehold lands.  
 b) Tools & dies included under current assets in earlier years are now included under Plant & Equipment in accordance with Ind AS requirements.  
 c) Land includes lease hold land of Rs.0.51 crores, whose ownership is transferrable at the end of the lease term.

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Development	Total intangible assets
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2015 <sup>d</sup>	137.98	385.22	2,308.68	28.79	13.88	69.14	2,943.69	29.75	37.49	67.24
Additions	3.57	89.31	440.72	2.39	1.44	11.72	549.15	22.62	8.16	30.78
Sub-total	141.55	474.53	2,749.40	31.18	15.32	80.86	3,492.84	52.37	45.65	98.02
Sales / deletion	43.29	1.00	73.60	0.28	0.75	6.58	125.50	0.22	-	0.22
<b>Total</b>	<b>98.26</b>	<b>473.53</b>	<b>2,675.80</b>	<b>30.90</b>	<b>14.57</b>	<b>74.28</b>	<b>3,367.34</b>	<b>52.15</b>	<b>45.65</b>	<b>97.80</b>
Depreciation / Amortisation										
Upto 31-03-2015	-	106.81	1,382.94	12.03	8.99	51.91	1,562.68	26.29	9.43	35.72
For the year	-	15.96	188.98	4.83	1.73	9.16	220.66	7.78	7.61	15.39
Transfer to reserve	-	-	0.30	-	-	-	0.30	-	-	-
Sub-total	-	122.77	1,572.22	16.86	10.72	61.07	1,783.64	34.07	17.04	51.11
Withdrawn on assets sold / deleted	-	0.04	81.53	0.25	0.74	6.41	88.97	0.23	-	0.23
<b>Total</b>	<b>-</b>	<b>122.73</b>	<b>1,490.69</b>	<b>16.61</b>	<b>9.98</b>	<b>54.66</b>	<b>1,694.67</b>	<b>33.84</b>	<b>17.04</b>	<b>50.88</b>
Carrying value										
As at 31-03-2016	98.26	350.80	1,185.11	14.29	4.59	19.62	1,672.67	18.31	28.61	46.92
As at 01-04-2015	137.98	278.41	925.74	16.76	4.89	17.23	1,381.01	3.46	28.06	31.52

Capital work-in-progress (at cost) as at 31-03-2016

(a) Building	0.82
(b) Plant & equipment	<u>30.14</u>
<b>Total</b>	<u>30.96</u>

Capital work-in-progress (at cost) as at 01-04-2015

(a) Building	0.76
(b) Plant & equipment	<u>88.60</u>
<b>Total</b>	<u>89.36</u>

- a) Cost of buildings includes Rs.33.79 crores (Last year Rs.22.89 crores) pertaining to buildings constructed on leasehold lands.  
 b) Tools & dies included under current assets in earlier years are now included under Plant & Equipment in accordance with Ind AS requirements.  
 c) Land includes lease hold land of Rs.6.79 crores, whose ownership is transferrable at the end of the lease term.  
 d) Refer Note No. 32 A.1.1

**Notes on accounts - (continued)**
**3. INVESTMENTS**

Sl. No.	Particulars	Subsidiary/ associates	No. of shares / units			Face Value	Currency	Rupees in crores		
			As at 31-03-2017	As at 31-03-2016	As at 01-04-2015			As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
1	2	3	4	5	6	7	8	9	10	11
<b>(a)</b>	<b>Investment in Equity Instruments Fair valued through OCI:</b>									
	Quoted :									
(i)	Suprajit Engineering Limited, Bengaluru		28,92,000	28,92,000	28,92,000	1.00	INR	69.54	37.89	37.54
(ii)	Ucal Fuel Systems Limited, Chennai		91,760	91,760	91,760	10.00	INR	1.99	0.96	1.01
	Unquoted :									
(iii)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited)		32,50,000	32,50,000	32,50,000	10.00	INR	1.10	1.02	0.94
(iv)	TVS Lanka (Private) Limited, Colombo		50,00,000	50,00,000	50,00,000	10.00	LKR	9.48	9.22	8.14
(v)	TVS Motor Services Limited, Chennai		3,80,000	3,80,000	3,80,000	10.00	INR	0.38	0.38	0.38
(vi)	Green Infra Wind Power Projects Limited, New Delhi		1,11,600	63,600	-	10.00	INR	0.03	0.03	-
(vii)	TVS Credit Services Limited, Chennai		1,06,55,700	-	-	10.00	INR	76.70	-	-
(viii)	Green Infra Wind Power Generation Limited, New Delhi		2,16,000	-	-	10.00	INR	0.11	-	-
(ix)	Suryadev Alloys & Power Private Limited, Chennai		2,500	-	-	10.00	INR	0.02	-	-
<b>(b)</b>	<b>Investment in Equity Instruments valued at Cost:</b>									
(i)	Sundaram Auto Components Limited, Chennai	Subsidiary	1,45,50,000	1,15,50,000	1,15,50,000	10.00	INR	84.90	60.90	60.90
(ii)	TVS Motor Company (Europe) B.V., Amsterdam	Subsidiary	2,25,301	2,25,301	2,25,301	100.00	EUR	1.80	1.80	1.80
(iii)	TVS Motor (Singapore) Pte. Limited, Singapore	Subsidiary	7,62,84,702	6,48,02,445	6,43,64,301	1.00	SGD	147.13	90.22	88.21
(iv)	PT.TVS Motor Company Indonesia, Jakarta	Subsidiary	60,97,000	52,97,000	42,97,000	97,400.00	IDR	217.39	163.94	96.99
(v)	TVS Housing Limited, Chennai	Subsidiary	50,000	50,000	50,000	10.00	INR	0.05	0.05	0.05
(vi)	Sundaram Business Development Consulting (Shanghai) Co. Ltd., Shanghai	Subsidiary	-	2,220	2,220	100.00	USD	-	0.18	0.18
(vii)	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	Associate	8,00,00,000	4,00,00,000	4,00,00,000	10.00	INR	80.00	40.00	40.00
	Total value of Equity Instruments (a) + (b)							690.62	406.59	336.14
<b>(c)</b>	<b>Investments in Preference Shares (Unquoted):</b>									
(i)	TVS Motor Services Limited, Chennai		55,10,10,000	54,60,10,000	44,60,10,000	10.00	INR	871.78	788.76	636.64
(ii)	Pinnacle Engines Inc., USA (face value 0.01 cent)		24,09,638	24,09,638	24,09,638	0.0001	USD	11.70	11.70	11.70
(iii)	Axiom Research Labs Private Limited, Delhi		82	-	-	10.00	INR	1.00	-	-
	Total value of Preference shares (c)							884.48	800.46	648.34
<b>(d)</b>	<b>Other non-current Investments:</b>									
	Pension Funds / Government Securities (Unquoted):									
(i)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai						INR	6.14	4.06	2.40
(ii)	Life Insurance Corporation Pension Policy, Mumbai						INR	6.66	3.75	2.84
(iii)	National Savings Certificates (Rs.37,100/- deposited with Sales Tax authorities)						INR	-	-	-
	Total value of other investments (d)							12.80	7.81	5.24
	Total (a) + (b) + (c) + (d)							1,587.90	1,214.86	989.72
	Aggregate amount of quoted investments and market value thereof							71.53	38.85	38.55
	Aggregate amount of unquoted investments							1,516.37	1,176.01	951.17
	Total							1,587.90	1,214.86	989.72

1. Refer Note No. 31(Note 1) for interalia valuation relating to first time adoption.

2. During the Financial Year 2016-17, the Company converted outstanding loan of Rs.53.55 crores given to M/s. TVS Motor (Singapore) Pte. Limited into Equity Shares of the same company.

3. All Investments are fully paid up.

## TVS MOTOR COMPANY LIMITED

### Notes on accounts – (continued)

	Rupees in crores		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
<b>4 LOANS</b>			
Loan to Subsidiary (Unsecured, considered good)	–	55.30	50.14
	<u>–</u>	<u>55.30</u>	<u>50.14</u>
<b>5 OTHER NON-CURRENT ASSETS</b>			
Capital advances	35.51	9.03	10.56
Advances other than capital advances:			
Prepaid lease rent	2.81	2.91	3.00
Deposits made	20.62	21.80	18.57
Share application money paid (pending allotment)	–	–	2.01
	<u>58.94</u>	<u>33.74</u>	<u>34.14</u>
<b>6 INVENTORIES</b>			
Raw materials and components	509.85	310.95	295.58
Goods-in-transit - Raw materials and components	113.65	103.38	88.92
Work-in-progress	93.57	63.55	48.71
Finished goods	157.21	130.80	234.02
Stock-in-trade	53.03	50.73	32.88
Stores and spares	39.64	36.92	33.67
	<u>966.95</u>	<u>696.33</u>	<u>733.78</u>
Tools & dies earlier included under Inventory are now included under Plant & Equipment as per Ind AS.			
<b>7 TRADE RECEIVABLES</b>			
Secured, considered good	14.80	13.21	11.46
Unsecured, considered good	708.97	564.82	492.12
Doubtful	5.22	4.69	4.38
	<u>728.99</u>	<u>582.72</u>	<u>507.96</u>
Less: Allowance for doubtful debts	5.22	4.69	4.38
	<u>723.77</u>	<u>578.03</u>	<u>503.58</u>
<b>8 CASH AND CASH EQUIVALENTS</b>			
Balances with banks in current accounts	4.11	6.72	2.07
Deposits with maturity of less than three months	–	21.11	0.10
Cheques / drafts on hand	0.02	–	0.03
Cash on hand	0.24	0.51	0.65
	<u>4.37</u>	<u>28.34</u>	<u>2.85</u>
Cash and cash equivalents for the purpose of cash flow statement			
Cash and cash equivalents as shown above	4.37	28.34	2.85
Less : Over drafts utilised	(233.21)	(160.29)	(161.68)
[Grouped under financial liabilities - Borrowings (Note No. 17)]	<u>(228.84)</u>	<u>(131.95)</u>	<u>(158.83)</u>
<b>9 OTHER BANK BALANCES</b>			
Earmarked balances with banks (for unpaid dividend)	4.14	4.40	2.46
	<u>4.14</u>	<u>4.40</u>	<u>2.46</u>

## TVS MOTOR COMPANY LIMITED

### Notes on accounts – (continued)

	As at 31-03-2017	As at 31-03-2016	Rupees in crores As at 01-04-2015
<b>10 FINANCIAL ASSETS - OTHERS (CURRENT)</b>			
Unsecured, Considered Good:			
Employee Advances	9.18	8.94	10.91
Security Deposits	4.23	3.85	3.52
Inter corporate Deposits	–	3.00	3.00
Claims receivable	0.10	0.59	0.94
Derivative financial instruments - receivable	–	9.28	0.45
Hedge asset - receivable	–	3.62	3.96
	<u>13.51</u>	<u>29.28</u>	<u>22.78</u>
<b>11 OTHER CURRENT ASSETS</b>			
VAT/IT/Excise receivable	271.85	327.28	205.91
Balance with Excise	107.85	105.80	283.34
Prepaid expense	16.10	12.53	9.53
Vendor advance	38.40	33.67	48.43
Trade Deposits	0.72	0.66	0.28
Export Incentive receivable	37.35	43.21	62.31
	<u>472.27</u>	<u>523.15</u>	<u>609.80</u>

### 12 EQUITY SHARE CAPITAL

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

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Number	Rupees in crores	Number	Rupees in crores	Number	Rupees in crores
Authorised:						
Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully paid up:						
Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51	47,50,87,114	47.51
Out of the above:						
Equity shares allotted as fully paid up by way of bonus shares in the five years immediately preceding the date of Balance Sheet:						
(i) Number of shares - 23,75,43,557						
(ii) Year of allotment - Year ended 31 <sup>st</sup> March 2011	47,50,87,114	47.51	47,50,87,114	47.51	47,50,87,114	47.51

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

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Number	Rupees in crores	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	47,50,87,114	47.51	47,50,87,114	47.51	47,50,87,114	47.51
Shares issued during the year	–	–	–	–	–	–
Shares outstanding at the end of the year	47,50,87,114	47.51	47,50,87,114	47.51	47,50,87,114	47.51

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

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

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

## TVS MOTOR COMPANY LIMITED

### Notes on accounts – (continued)

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

Name of shareholder	Class of share	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
		Number of shares held	% of holding	Number of shares held	% of holding	Number of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40	27,26,82,786	57.40

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

Name of shareholder	Class of shares	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
		Number of shares held	Number of shares held	Number of shares held
Reliance Capital Trustee Company Limited, Mumbai	Equity	2,14,02,358	2,54,68,060	2,96,67,945

### 13 OTHER EQUITY

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
General reserve	865.64	865.64	865.94
Capital reserve	6.43	6.43	6.43
Retained earnings	1,404.25	993.90	720.34
Other Reserves	84.50	44.86	43.32
	2,360.82	1,910.83	1,636.03

### 14 NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Description	Frequency	No. of instalments due	Maturity	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
<b>Secured:</b>						
Term Loan from Bank	Quarterly	-	Apr 2016	-	11.35	56.75
FCNRB Term Loan - I	End of Tenure	-	Jul 2016	-	66.26	62.50
FCNRB Term Loan - II	End of Tenure	-	Nov 2016	-	66.26	-
ECB Loan from Bank	End of Tenure	4	Dec 2018	129.09	132.51	-
State owned corporation	Yearly	4	2022-27	157.08	157.08	157.08
<b>Unsecured:</b>						
Term Loan from NBFC				-	-	62.20
Sales Tax Deferral						
Phase - 1	Yearly	5	2020-21	31.65	37.97	44.30
Phase - 2	Yearly	11	2027-28	173.00	188.73	188.73
<b>Total Borrowings :</b>				<b>490.82</b>	<b>660.16</b>	<b>571.56</b>
Less : Current maturities of long-term borrowings (Refer Note No. 19)				22.06	165.93	51.73
<b>Total Long-term Borrowings</b>				<b>468.76</b>	<b>494.23</b>	<b>519.83</b>

Details of securities created:

- Term loan from Banks - First and exclusive charge on specific plant and equipment.
- ECB loan from Bank - Exclusive charge over assets procured out of proceeds of the loan.
- Soft loan - State owned corporation viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.

Amount payable in each instalments:

Description	Currency	Amount	Rate of Interest
ECB Loan from Bank	USD	20 Million USD in 4 equal instalments between Jul 2018 to Dec 2018	3 Month USD LIBOR plus Margin
Sales tax deferral Phase-1	INR	6.33 crores per annum	Nil
Sales tax deferral Phase-2	INR	15.73 crores per annum	Nil
State owned corporation	INR	10.00, 67.23, 75.40 and 4.45 crores (four instalments between 2022 and 2027)	0.10%

**Notes on accounts – (continued)**
**15 PROVISIONS**

Rupees in crores

	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Current	Non-current	Current	Non-current	Current	Non-current
Provision for Employee Benefits						
(a) Pension	28.09	33.57	29.89	25.89	14.78	31.91
(b) Leave salary	1.96	17.23	1.62	14.10	1.74	11.82
(c) Gratuity	9.36	–	–	–	–	–
Others						
(a) Warranty	23.46	–	26.96	–	22.95	–
	<b>62.87</b>	<b>50.80</b>	<b>58.47</b>	<b>39.99</b>	<b>39.47</b>	<b>43.73</b>

**16 DEFERRED TAX LIABILITIES (NET)**

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
The balance comprises temporary differences attributable to:			
Depreciation	251.78	217.17	188.32
Others	17.18	5.51	4.01
Total deferred tax liability (A)	<b>268.96</b>	<b>222.68</b>	<b>192.33</b>
Deferred tax asset consists of :			
- tax on employee benefit expenses	29.21	30.55	24.47
- tax on warranty provision	10.55	9.33	7.94
- tax on others	1.81	1.62	3.16
- Unused tax credits (MAT credit entitlement)	101.69	37.44	28.38
Total deferred tax assets (B)	<b>143.26</b>	<b>78.94</b>	<b>63.95</b>
Net deferred tax liability (A) - (B)	<b>125.70</b>	<b>143.74</b>	<b>128.38</b>

Movement in deferred tax:

	Depreciation	Others	Total
As at 01-04-2015			128.38
Charged / (credited):			
- to profit or loss	28.85	(2.24)	26.61
- to other comprehensive income	–	(2.19)	(2.19)
- Unused tax credits (MAT credit entitlement)	–	(9.06)	(9.06)
As at 31-03-2016			143.74
Charged / (credited):			
- to profit or loss	34.61	10.46	45.07
- to other comprehensive income	–	1.14	1.14
- Unused tax credits (MAT credit entitlement)	–	(64.25)	(64.25)
As at 31-03-2017			125.70

**17 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)**

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Borrowings repayable on demand from banks			
Secured*	158.21	118.72	67.85
Unsecured#	190.00	41.57	128.62
Short term loans from banks (Unsecured)	268.17	103.94	203.29
	<b><u>616.38</u></b>	<b><u>264.23</u></b>	<b><u>399.76</u></b>
* Includes overdraft utilisation	108.21	118.72	67.85
# Includes overdraft utilisation	125.00	41.57	93.83
	<b><u>233.21</u></b>	<b><u>160.29</u></b>	<b><u>161.68</u></b>

Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.



## TVS MOTOR COMPANY LIMITED

### Notes on accounts – (continued)

	Rupees in crores		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
<b>18 TRADE PAYABLES</b>			
Dues to Micro and Small Enterprises **	34.39	46.22	35.03
Dues to enterprises other than Micro and Small Enterprises	1,824.97	1,497.49	1,443.47
	<u>1,859.36</u>	<u>1,543.71</u>	<u>1,478.50</u>

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

### 19 OTHER FINANCIAL LIABILITIES

Current Maturities of long term borrowings

(i) Term loans from banks	–	11.35	45.40
(ii) Term loans - FCNRB loan - I	–	66.26	–
(iii) Term loans - FCNRB loan - II	–	66.26	–
(iv) Sales tax deferral loan from Karnataka Government - Phase 1	6.33	6.33	6.33
(v) Sales tax deferral loan from Karnataka Government - Phase 2	15.73	15.73	–
	<u>22.06</u>	<u>165.93</u>	<u>51.73</u>
Interest accrued but not due on loans	3.26	2.60	0.78
Trade deposits received	23.62	21.94	20.17
Unclaimed Dividends (Not due for transfer to Investor Education and Protection Fund)	4.14	4.40	2.46
Payables against capital goods	24.39	20.74	8.58
Derivative Instruments - Payable	1.99	–	–
Hedge Liability	0.15	–	–
	<u>79.61</u>	<u>215.61</u>	<u>83.72</u>

### 20 OTHER CURRENT LIABILITIES

Statutory dues	134.68	103.40	78.77
Employee related	47.42	37.51	26.49
Advance received from customers	48.76	85.11	63.45
Money held under trust	2.00	7.84	8.11
	<u>232.86</u>	<u>233.86</u>	<u>176.82</u>

### 21 REVENUE FROM OPERATIONS (INCLUDING EXCISE DUTY)

	Year ended 31-03-2017	Year ended 31-03-2016
Sale of products*	12,932.96	11,870.53
Sale of raw materials	107.17	68.94
Sale of services	23.69	13.83
Other operating revenue	126.24	137.62
	<u>13,190.06</u>	<u>12,090.92</u>

\* Net of Rs.57.09 crores, being discount allowed during March 2017 for sale of BS III compliant vehicles, beside other discount.

## TVS MOTOR COMPANY LIMITED

### Notes on accounts – (continued)

	Rupees in crores	
	Year ended 31-03-2017	Year ended 31-03-2016
<b>22 OTHER INCOME</b>		
Dividend income		
(i) From subsidiaries	8.21	10.97
(ii) From other investments designated as Fair Value through OCI	0.70	0.49
Interest income	49.35	38.73
Profit on sale of Investments	0.05	–
Increase in Fair value of Investments*	81.85	52.54
Government Grant#	31.56	–
Other non-operating income	1.65	1.12
	<u>173.37</u>	<u>103.85</u>
<p>* Increase in Fair value of Investments represents changes in Fair Value of preference shares held in TVS Motor Services Limited and Other non-current investments.</p> <p># Relatable to operations of the Company.</p>		
<b>23 MATERIAL COST</b>		
Cost of Material consumed:		
Opening stock of raw materials and components	310.95	295.58
Add: Purchases	8,819.78	7,672.60
	<u>9,130.73</u>	<u>7,968.18</u>
Less: Closing stock of raw materials and components	509.85	310.95
	<u>8,620.88</u>	<u>7,657.23</u>
Purchases of stock-in-trade		
Spare parts	95.35	115.46
Engine oil	81.57	61.99
Raw materials	107.17	63.10
Finished goods	7.13	10.86
	<u>291.22</u>	<u>251.41</u>
Changes in inventories of finished goods, work-in-progress and stock-in-trade:		
Opening stock:		
Work-in-progress	63.55	48.71
Stock-in-trade	50.73	32.88
Finished goods (Includes excise duty of Rs.9.43 Crores)	130.80	234.02
	<u>(A) 245.08</u>	<u>315.61</u>
Closing stock:		
Work-in-progress	93.57	63.55
Stock-in-trade	53.03	50.73
Finished goods (Includes excise duty of Rs.27.47 Crores)	157.21	130.80
	<u>(B) 303.81</u>	<u>245.08</u>
	<u>(A) - (B) (58.73)</u>	<u>70.53</u>
<b>24 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	648.09	561.03
Contribution to provident and other funds	37.76	39.55
Staff welfare expenses	59.79	51.81
	<u>745.64</u>	<u>652.39</u>

## TVS MOTOR COMPANY LIMITED

### Notes on accounts – (continued)

	Rupees in crores	
	Year ended 31-03-2017	Year ended 31-03-2016
<b>25 FINANCE COSTS</b>		
Interest	42.64	48.96
Exchange differences	1.31	(0.23)
	<u>43.95</u>	<u>48.73</u>
<b>26 OTHER EXPENSES</b>		
(a) Consumption of stores, spares and tools	57.19	50.68
(b) Power and fuel	90.62	88.29
(c) Rent	18.29	15.96
(d) Repairs - buildings	10.03	9.31
(e) Repairs - plant and equipment	54.18	51.66
(f) Insurance	8.87	4.52
(g) Rates and taxes (excluding taxes on income)	8.53	4.75
(h) Audit fees	0.75	0.54
(i) Cost Audit fees	0.05	0.05
(j) Packing and freight charges	461.53	402.89
(k) Advertisement and publicity	288.81	317.71
(l) Other marketing expenses	266.75	303.15
(m) Loss on sale of fixed assets	2.34	3.39
(n) Foreign exchange loss	5.36	17.72
(o) Corporate social responsibility expenditure*	9.20	7.16
(p) Contributions to electoral trust	6.58	–
(q) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.10 lakh, whichever is higher)	390.15	385.45
	<u>1,679.23</u>	<u>1,663.23</u>
* Refer Note No. 44 for details on Corporate social responsibility expenditure.		
<b>27 INCOME TAX EXPENSES</b>		
(a) Income tax expense		
Current tax:		
Current tax on profits for the year	157.64	119.30
Adjustments for current tax of prior periods	2.14	2.81
	(A) <u>159.78</u>	<u>122.11</u>
Deferred tax:		
Decrease / (increase) in deferred tax assets	(0.07)	(3.56)
(Decrease) / increase in deferred tax liabilities	45.14	30.17
Unused tax (credit) [MAT credit entitlement]	(57.94)	(12.46)
Unused tax (credit) / reversal [MAT credit entitlement] of prior periods	(6.31)	3.40
	(B) <u>(19.18)</u>	<u>17.55</u>
	(A) + (B) <u>140.60</u>	<u>139.66</u>

**Notes on accounts – (continued)**

Rupees in crores  
Year ended 31-03-2017      Year ended 31-03-2016

**27 INCOME TAX EXPENSES - (continued)**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Profit before income tax expense	698.68	628.94
Tax at the Indian tax rate of 21.34% (2015-2016 – 21.34%) (Company paid tax under Section 115 JB [Minimum Alternate Tax] of Income Tax Act, 1961)	149.10	134.22
Ind AS transition adjustments, [1/5 <sup>th</sup> of the Opening adjustments are considered for calculation]	9.48	–
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Dividend Income	(1.82)	(2.41)
Capital Receipt	–	(2.21)
Other items	0.88	(10.30)
Tax Relating to Earlier Years	2.14	2.81
Deferred Tax Liability	45.07	26.61
MAT Credit Entitlement	(64.25)	(9.06)
Income tax expense	<u>140.60</u>	<u>139.66</u>

**28 FAIR VALUE MEASUREMENTS**

Financial Instruments by category	As at 31-03-2017			As at 31-03-2016			As at 01-04-2015		
	FVTPL*	FVOCI*	Amortised cost	FVTPL*	FVOCI*	Amortised cost	FVTPL*	FVOCI*	Amortised cost
Financial assets									
Investments									
- Equity instruments	–	159.35	–	–	49.50	–	–	48.01	–
- Preference shares	871.78	–	12.70	788.76	–	11.70	636.64	–	11.70
- Debt Instruments	–	–	12.80	–	–	7.81	–	–	5.24
Loans	–	–	–	–	–	55.30	–	–	50.14
Trade receivables	–	–	723.77	–	–	578.03	–	–	503.58
Cash and cash equivalents	–	–	4.37	–	–	28.34	–	–	2.85
Derivative financial assets	–	–	–	9.28	3.62	–	0.45	3.96	–
Other Financial assets	–	–	13.51	–	–	16.38	–	–	18.37
	871.78	159.35	767.15	798.04	53.12	697.56	637.09	51.97	591.88
Financial liabilities									
Borrowings	–	–	1,107.20	–	–	924.39	–	–	971.32
Trade Payables	–	–	1,859.36	–	–	1,543.71	–	–	1,478.50
Derivative Financial Liability	1.99	0.15	–	–	–	–	–	–	–
Other Financial Liability	–	–	55.41	–	–	49.68	–	–	31.99
	1.99	0.15	3,021.97	–	–	2,517.78	–	–	2,481.81

\*FVTPL - Fair Valued Through Profit and Loss; FVOCI - Fair Valued 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 Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Notes on accounts – (continued)**

 Financial assets and liabilities measured at fair value - recurring fair value measurements Rupees in crores

As at 31-03-2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	–	–	871.78	871.78
Financial Investments at FVOCI	3	71.53	–	87.82	159.35
		71.53	–	959.60	1,031.13
Financial liabilities					
Derivatives	19	–	2.14	–	2.14
		–	2.14	–	2.14

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

As at 31-03-2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3			12.70	12.70
Debt Instruments	3			12.80	12.80
		–	–	25.50	25.50
Financial Liabilities					
Borrowings	14, 17, 19			1,107.20	1,107.20
		–	–	1,107.20	1,107.20

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

As at 31-03-2016	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	–	–	788.76	788.76
Financial Investments at FVOCI	3	38.85	–	10.65	49.50
Derivatives designated as hedges	10	–	3.62	–	3.62
Derivatives not designated as hedges	10	–	9.28	–	9.28
		38.85	12.90	799.41	851.16

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

As at 31-03-2016	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3	–	–	11.70	11.70
Debt Instruments	3	–	–	7.81	7.81
		–	–	19.51	19.51
Financial Liabilities					
Borrowings	14, 17, 19	–	–	924.39	924.39
		–	–	924.39	924.39

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

As at 01-04-2015	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	–	–	636.64	636.64
Financial Investments at FVOCI	3	38.55	–	9.46	48.01
Derivatives designated as hedges	10	–	3.96	–	3.96
Derivatives not designated as hedges	10	–	0.45	–	0.45
		38.55	4.41	646.10	689.06

**Notes on accounts – (continued)**

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

Rupees in crores

As at 01-04-2015	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3	–	–	11.70	11.70
Debt Instruments	3	–	–	5.24	5.24
		–	–	16.94	16.94
Financial Liabilities					
Borrowings	14, 17, 19	–	–	971.32	971.32
		–	–	971.32	971.32

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

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

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

## (ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

## (iii) Fair value measurements using significant unobservable inputs (level 3)

	Unlisted Preference Shares	Unlisted Equity Shares	Debt Instruments	Total
As at 01-04-2015	636.64	9.46	5.24	651.34
Additions	100.00	0.06	4.16	104.22
Gains / (losses) recognised in profit or loss	52.12	–	(1.59)	50.53
Gains / (losses) recognised in other comprehensive income	–	1.13	–	1.13
As at 31-03-2016	788.76	10.65	7.81	807.22
Additions	5.00	65.30	2.25	72.55
Gains / (losses) recognised in profit or loss	78.02	–	2.74	80.76
Gains / (losses) recognised in other comprehensive income	–	11.87	–	11.87
As at 31-03-2017	871.78	87.82	12.80	972.40

## (iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at			Significant unobservable input	Probability weighted range for the year ended			Sensitivity
	31-03-2017	31-03-2016	01-04-2015		31-03-2017	31-03-2016	01-04-2015	
Preference shares	871.78	788.76	636.64	a) Earnings growth rate b) Risk adjusted discount rate	20-30% 18.32%	20-30% 17.80%	20-30% 17.80%	If the growth rate increases by 5% and reduction in discount rate by 50bps, the value of preference shares will increase by 2% and vice versa.
Unquoted Equity shares	87.82	10.65	9.46	a) Earnings growth rate b) Risk adjusted discount rate	1-3% 8%	1-3% 8%	1-3% 8%	Not significant

**Notes on accounts – (continued)**

## (v) Valuation processes

Rupees in crores

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of 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 leveraged financial data.

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

	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Investments						
Preference shares	12.70	12.70	11.70	11.70	11.70	11.70
Debt Instruments	12.80	12.80	7.81	7.81	5.24	5.24
	25.50	25.50	19.51	19.51	16.94	16.94
Financial Liabilities						
Borrowings	1,107.20	1,107.20	924.39	924.39	971.32	971.32
	1,107.20	1,107.20	924.39	924.39	971.32	971.32

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

The fair values for Preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

**29 FINANCE RISK MANAGEMENT**

The company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit Risk		Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information (more specifically described below). In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.
a.	Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
b.	Domestic Trade Receivables	Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. The Company extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. The Company has extensive reporting and review systems to constantly monitor the outstandings.
c.	Export Trade Receivables	The Company's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with ECGC Limited.
Liquidity Risk	INR denominated borrowings (Other than soft loans given by Govt. Authorities)	The Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company works out a detailed annual operating plans to assess the fund requirements - both short term and long

Notes on accounts – (continued)

29 FINANCE RISK MANAGEMENT - (continued)

Risk	Exposure arising from	Risk Parameters and Mitigation
Liquidity Risk	INR denominated borrowings (Other than soft loans given by Govt. Authorities)	term. 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. Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
Market Risk - Foreign exchange		The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
Export trade receivables and Import Payables		The company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
Foreign currency denominated borrowings		The Company has hedged its borrowings by covering the principal repayments.
Market Risk - Interest rate	Foreign currency denominated borrowings	The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(A) Credit risk

Basis of recognition of expected credit loss provision

Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	12 month expected credit losses	12 month expected credit losses	Life time expected credit losses (simplified approach)
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is written off		



**Notes on accounts – (continued)**
**29 FINANCE RISK MANAGEMENT - (continued)**

As at 31-03-2017

## a) Expected credit loss for investments, loans and other financial assets

Rupees in crores

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	25.50	0%	–	25.50
	1	Other financial assets	13.51	0%	–	13.51

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

	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	722.08	6.91	728.99
Expected loss rate		76%	
Expected credit losses	–	5.22	5.22
Carrying amount of trade receivables	722.08	1.69	723.77

As at 31-03-2016

## a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	19.51	0%	–	19.51
	1	Loans	55.30	0%	–	55.30
	1	Other financial assets	16.38	0%	–	16.38

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

	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	577.04	5.68	582.72
Expected loss rate	–	83%	
Expected credit losses	–	4.69	4.69
Carrying amount of trade receivables	577.04	0.99	578.03

As at 01-04-2015

## a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	16.94	0%	–	16.94
	1	Loans	50.14	0%	–	50.14
	1	Other financial assets	18.37	0%	–	18.37

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

	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	503.30	4.66	507.96
Expected loss rate	–	94%	
Expected credit losses	–	4.38	4.38
Carrying amount of trade receivables	503.30	0.28	503.58

**Notes on accounts – (continued)**
**29 FINANCE RISK MANAGEMENT - (continued)**

Reconciliation of loss allowance provision - Loans and deposits

Rupees in crores

Reconciliation of Loss allowance	Loss allowance measured at 12 month Expected credit losses
Loss allowance on 01-04-2015	-
Write offs	-
Recoveries	-
Loss allowance on 31-03-2016	-
Write offs	-
Recoveries	-
Loss allowance on 31-03-2017	-

Reconciliation of loss allowance provision - Trade receivables

Loss allowance on 01-04-2015	4.38
Changes in loss allowance	0.31
Loss allowance on 31-03-2016	4.69
Changes in loss allowance	0.53
Loss allowance on 31-03-2017	5.22

**(B) Liquidity risk**
**(i) Financing arrangements**

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

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Floating rate			
- Expiring within one year (bank overdraft and other facilities)	665.73	627.05	327.72
- Expiring beyond one year (bank loans)	-	-	-

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging from 30 to 180 days.

**(ii) Maturities of financial liabilities**

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

- 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.

As at 31-03-2017

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	616.38	6.33	15.73	239.39	229.37	1,107.20
Trade payables	1,859.36					1,859.36
Other financial liabilities	55.41					55.41
Derivatives	0.15			1.99		2.14

As at 31-03-2016

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	275.58	88.32	66.26	164.15	330.08	924.39
Trade payables	1,543.71					1,543.71
Other financial liabilities	49.68					49.68

As at 01-04-2015

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	411.11	17.68	22.70	136.05	383.78	971.32
Trade payables	1,478.50					1,478.50
Other financial liabilities	31.99					31.99

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

**Notes on accounts – (continued)**
**29 FINANCE RISK MANAGEMENT - (continued)**
**(C) Market risk**

Rupees in crores

**(i) Foreign exchange risk**

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

	As at 31-03-2017		As at 31-03-2016	As at 01-04-2015
	USD	EUR	USD	USD
Exposure in foreign currency				
Financial assets				
Trade receivables	182.94	10.51	128.09	142.83
Derivatives	–	–	12.90	4.41
Exposure to foreign currency risk (assets) (A)	182.94	10.51	140.99	147.24
Financial liabilities				
Foreign currency loan	129.09	70.55	298.97	240.78
Trade payables	195.48	1.40	196.93	102.13
Derivatives	2.14	–	–	–
Exposure to foreign currency risk (liabilities) (B)	326.71	71.95	495.90	342.91
Net Exposure (A) - (B)	(143.77)	(61.44)	(354.91)	(195.67)

**Sensitivity**

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

	Impact on profit after tax*		Impact on other components of equity*	
	As at 31-03-2017	As at 31-03-2016	As at 31-03-2017	As at 31-03-2016
USD sensitivity				
INR/USD Increases by 10%	10.64	26.26	(10.64)	(26.26)
INR/USD Decreases by 10%	(10.64)	(26.26)	10.64	26.26
EURO sensitivity				
INR/EURO Increases by 10%	4.54	–	(4.54)	–
INR/EURO Decreases by 10%	(4.54)	–	4.54	–

\* Holding all other variables constant

**(ii) Interest Rate risk**

Domestic INR borrowings are based on fixed rate of interest. Normally for short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, Company resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Variable rate borrowings	488.28	484.07	456.35
Fixed rate borrowings	618.92	440.32	514.97

Sensitivity	Impact on profit after tax	
	As at 31-03-2017	As at 31-03-2016
Increase in interest rates by 100 bps	3.61	3.58
Decrease in interest rates by 100 bps	(3.61)	(3.58)

**(iii) Price Risk**

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

**(D) Impact of hedging activities**
**(i) Disclosure of effects of hedge accounting on financial position**
**(a) Disclosure of effects of hedge accounting on financial position as at 31-03-2017**

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in the value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	172.78	–	172.63		Apr'17 to Aug'17	(3.72)	3.72

**Notes on accounts – (continued)**
**29 FINANCE RISK MANAGEMENT - (continued)**

Rupees in crores

(b) Disclosure of effects of hedge accounting on financial position as at 31-03-2016

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in the value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	570.21		566.59		Apr'16 - Mar'17	0.52	(0.52)

(c) Disclosure of effects of hedge accounting on financial position as at 01-04-2015

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in the value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	958.69	–	955.59	–	Apr'15 - Mar'16	(3.42)	3.42

 (ii) Disclosure of effects of hedge accounting on financial performance :  
for the year ended 31-03-2017 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC	(0.15)	–	(3.62)	Revenue

for the year ended 31-03-2016 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC	3.62	–	(3.10)	Revenue

**30 CAPITAL MANAGEMENT**

(a) Risk management

The company's objectives when managing capital are to

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

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

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet)

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

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Net debt	1,102.83	896.05	968.47
Total equity	2,408.33	1,958.34	1,683.54
Net debt to equity ratio	45.79%	45.76%	57.53%

**Notes on accounts – (continued)**
**30 CAPITAL MANAGEMENT - (continued)**

The company also monitors Interest coverage ratio :

Rupees in crores

Company's earnings before interest and taxes (EBIT) divided by Interest

The Company's strategy is to maintain an optimum interest coverage ratio. The Interest coverage ratio were as follows:

	Year ended 31-03-2017	Year ended 31-03-2016
EBIT	742.63	677.67
Interest	43.95	48.73
Interest coverage ratio	16.90	13.91

**(b) Dividends**

	Year ended 31-03-2017	Year ended 31-03-2016
(i) Equity shares		
Interim dividends for the year ended 31-03-2016 of Rs.2.50 (31-03-2015 – Rs.1.90) per fully paid share	141.29	140.71
Interim dividends for the year ended 31-03-2017 of Rs.2.50 (31-03-2016 – Rs.2.50) per fully paid share		
(ii) Dividends not recognised at the end of the reporting period	–	–

**31 RECONCILIATIONS BETWEEN PREVIOUS GAAP AND IND AS**
**I) Reconciliation of total equity as at 31-03-2016 and 01-04-2015**

	As at 31-03-2016	As at 01-04-2015
Total equity (shareholder's funds) as per previous GAAP	1,936.80	1,645.36
Adjustments:		
Valuation of Investments at Fair Value	30.29 *	(22.74)#
Proposed Dividend	–	65.56
Measurement of Financial Liabilities at Amortised Cost and impact of Derivative Contracts	(1.44)	(0.95)
Tax adjustments	(7.31)	(3.69)
Total equity as per Ind AS	1,958.34	1,683.54

# Refer Note 1 Below

**II) Reconciliation of total comprehensive income for the year ended 31-03-2016**

Profit after tax as per previous GAAP	432.14
Adjustments:	
Add / Less: Actuarial Loss / (Gain ) on Employee defined benefit plans recognised in "Other Comprehensive Income"	11.84
Add: Increase in fair value of financial assets	50.53
Less: Measurement of Financial Liabilities at Amortised Cost and impact of Derivative Contracts	(0.49)
Add: Reversal of Provision for Diminution	1.07
Less: Tax on above	(5.81)
Profit after tax as per Ind AS	489.28
Other comprehensive income (net of tax)	
i. Items that will not be reclassified to profit and loss	(8.04)
ii. Items that will be reclassified to profit and loss	0.34
Total comprehensive income as per Ind AS	481.58

Note 1:

AS per Ind AS 101 (refer note 32 [A.1.2]), the Company has elected to measure equity investments in overseas subsidiaries at fair value and considered as Deemed Cost.

The terms of issue of Preference shares held by the Company in TVSMS contain an option to receive appropriate number of equity shares of TVSCS [subsidiary of TVSMS] in lieu of redemption. Accordingly, the preference shares are treated as Debt and fair valued. (Refer Note 32 A.2.2)

**Notes on accounts – (continued)**

Rupees in crores

**31 RECONCILIATIONS BETWEEN PREVIOUS GAAP AND IND AS - (continued)**

In respect of other equity investments, these are fair valued at each balance sheet date and the changes in fair value are reflected in Other Comprehensive Income.

Company Name	Cost as per Previous GAAP	Fair Value as at 01-04-2015
Overseas Subsidiaries:		
TVS Motor (Singapore) Pte. Limited, Singapore	201.20	88.21
TVS Motor Company (Europe) B.V., Amsterdam	1.80	1.80
PT.TVS Motor Company Indonesia	221.24	96.99
Sundaram Business Development Consulting, Shanghai	1.25	0.18
Preference Shares :		
TVS Motor Services Limited, Chennai	446.01	636.64
Other Equity Investments :		
Suprajit Engineering Limited, Bengaluru	0.08	37.54
Ucal Fuel Systems Limited, Chennai	0.25	1.01
Green Infra BTV Limited, New Delhi	3.25	0.94
TVS Lanka (Private) Limited, Colombo	2.08	8.14
Other Investments :		
ICICI Prudential Life Insurance, Mumbai	8.79	2.40
Life Insurance Corporation Pension Policy, Mumbai	13.48	2.84
	899.43	876.69

In accordance with Ind AS, the difference of Rs.22.74 crores as on 01-04-2015 between above stated cost of Rs. 899.43 crores as per Previous GAAP and Fair value of Rs. 876.69 crores is adjusted against Other Equity.

\* Net increase of Rs.30.29 crores, for the year 2015-16 is consequent to changes in Fair Value of preference shares held in TVS Motor Services Limited, Chennai and Other Equity / Other Investments.

**32 TRANSITION TO IND AS**

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note No. 1 have been applied in preparing the financial statements for the year ended 31-03-2017, the comparative information presented in these financial statements for the year ended 31-03- 2016 and in the preparation of opening Ind AS balance sheet as at 01-04-2015 (The Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position and financial performance is set out in the following tables and notes.

**A. Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**A.1 Ind AS optional exemptions**
**A.1.1 Deemed cost - Property, Plant and Equipment and 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 previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 - Intangible Assets.

Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at previous GAAP carrying value.

### Notes on accounts – (continued)

#### 32 TRANSITION TO IND AS - (continued)

##### A.1.2 Deemed cost - Equity Investments

Ind AS 101 permits first time adopter to elect to measure the investments in subsidiaries, associates and joint venture at cost determined in accordance with Ind AS 27 or deemed cost. Deemed cost for the purpose of transition shall mean fair value of the investment at the entity's date of transition to Ind AS or previous GAAP carrying amount at that date (previous GAAP cost). A first-time adopter may choose either fair value or Previous GAAP carrying amount in each subsidiary, joint venture or associate that it elects to measure using a deemed cost.

Accordingly, the company has elected to measure equity investments in overseas subsidiaries at fair value and investments in domestic subsidiaries and associates at previous GAAP carrying cost.

##### A.1.3 Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The company has elected to apply this exemption for its investment in equity investments.

##### A.1.4 Business Combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

#### A.2 Ind AS mandatory exceptions

##### A.2.1 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 previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 01-04-2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVOCI;
- Impairment of financial assets based on expected credit loss model.

##### A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

##### A.2.3 Government Loans

A first-time adopter has the option to apply the requirements in Ind AS 109 (Financial Instruments) and Ind AS 20 (Accounting for Government Grants and Disclosure of Government Assistance) prospectively to government loans existing at the date of transition to Ind AS and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Accordingly the Company has elected to apply the above option to Sales tax deferral loans which continue to be valued at previous GAAP value.

##### A.2.4 Hedge Accounting

The Company had designated various hedging relationships as cash flow hedges under the previous GAAP. On the date of transition to Ind AS entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

#### B. Notes to first-time adoption

##### Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31-03-2016 increased by Rs.11.84 crores. There is no impact on the total equity as at 31-03-2016.

**Notes on accounts – (continued)**
**33 EMPLOYEE BENEFIT OBLIGATIONS**

Defined benefit plans as per actuarial valuation

Rupees in crores

	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
As at 01-04-2015	50.33	(57.47)	(7.14)	46.69	–	46.69	13.56		13.56
Current service cost	3.39	–	3.39	2.73	–	2.73	3.24		3.24
Interest expense / (income)	4.03	(4.60)	(0.57)	3.76	–	3.76	1.09		1.09
Total amount recognised in profit or loss	7.42	(4.60)	2.82	6.49	–	6.49	4.33	–	4.33
Remeasurements									
Return on plan assets, excluding amounts included in interest expense / (income)		(0.80)	(0.80)			–			–
(Gain) / loss from change in demographic assumptions	–		–			–			–
(Gain) / loss from change in financial assumptions	–		–			–			–
Experience (gains) / losses	9.12		9.12	2.60		2.60	0.92		0.92
Total amount recognised in other comprehensive income	9.12	(0.80)	8.32	2.60	–	2.60	0.92	–	0.92
Employer contributions		(9.48)	(9.48)			–			–
Benefit payments	(4.22)	4.22	–			–	(3.09)		(3.09)
As at 31-03-2016	62.65	(68.13)	(5.48)	55.78	–	55.78	15.72	–	15.72
Current service cost	4.28	–	4.28	2.87		2.87	3.30		3.30
Interest expense / (income)	4.96	(5.41)	(0.45)	4.11		4.11	1.19		1.19
Total amount recognised in profit or loss	9.24	(5.41)	3.83	6.98	–	6.98	4.49	–	4.49
Remeasurements									
Return on plan assets, excluding amounts included in interest expense / (income)	–	0.24	0.24	–		–	–		–
(Gain) / loss from change in demographic assumptions	–		–			–			–
(Gain) / loss from change in financial assumptions	4.34		4.34			–			–
Experience (gains) / losses	11.21		11.21	(1.10)		(1.10)	(1.02)		(1.02)
Total amount recognised in other comprehensive income	15.55	0.24	15.79	(1.10)	–	(1.10)	(1.02)	–	(1.02)
Employer contributions		(4.78)	(4.78)			–			–
Benefit payments	(4.92)	4.92	–			–			–
As at 31-03-2017	82.52	(73.16)	9.36	61.66	–	61.66	19.19	–	19.19

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Profit and Loss Statement.

The net liability disclosed above relates to funded and unfunded plans are as follows:

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Present value of funded obligations	82.52	62.65	50.33
Fair value of plan assets	(73.16)	(68.13)	(57.47)
Deficit of funded plan	9.36	(5.48)	(7.14)
Unfunded plans	80.85	71.49	60.25
Deficit before asset ceiling	90.21	66.01	53.11

The significant actuarial assumptions were as follows:

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Discount rate	7.0%	8.0%	8.0%
Salary growth rate	6.0%	6.0%	6.0%
Mortality rate	IALM (2006-08) ultimate	IALM (2006-08) ultimate	IALM (2006-08) ultimate
Attrition rate (Gratuity and Leave salary)	3.0%	3.0%	3.0%
Attrition rate (Pension)	0.0%	0.0%	0.0%



**Notes on accounts – (continued)**
**33 EMPLOYEE BENEFIT OBLIGATIONS - (continued)**

Rupees in crores

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 58.

## (i) Sensitivity analysis

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

	Impact on defined benefit obligation - Gratuity					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016
Discount rate	0.50%	0.50%	79.15	60.09	86.17	65.42
Salary growth rate	0.50%	0.50%	86.19	65.44	79.10	60.05
Mortality	5.00%	5.00%	82.53	62.66	82.51	62.64

	Impact on defined benefit obligation - Pension					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016
Discount rate	0.50%	0.50%	58.21	52.65	65.46	59.21
Salary growth rate	0.50%	0.50%	62.70	56.71	60.66	54.87
Mortality	5.00%	5.00%	61.67	55.78	61.65	55.76

	Impact on defined benefit obligation - Leave Salary					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016
Discount rate	0.50%	0.50%	18.29	14.98	20.17	16.52
Salary growth rate	0.50%	0.50%	20.17	16.52	18.28	14.97
Mortality	5.00%	5.00%	19.19	15.72	19.19	15.72

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

## (ii) Risk exposure

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

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

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

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

**Life expectancy:** The pension obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy. The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2017 consists of Government and Corporate bonds, although the

Notes on accounts – (continued)

**33 EMPLOYEE BENEFIT OBLIGATIONS - (continued)**

Rupees in crores

Company also invests in equities, cash and mutual funds. The Company believes that equities offer the best returns over the long term with an acceptable level of risk.

(iii) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of Rs. 11.47 crores (previous year Rs.10.13 crores) has been recognised in the Statement of Profit and Loss.

**34 RELATED PARTY DISCLOSURE**

(a) (i) Related parties and their relationship where control exists

Holding company:

Sundaram-Clayton Limited, Chennai

Ultimate holding company:

T V Sundram Iyengar & Sons Private Limited, Madurai

Subsidiaries:

Sundaram Auto Components Limited, Chennai  
 TVS Motor Company (Europe) B.V, Amsterdam  
 TVS Motor (Singapore) Pte. Limited, Singapore  
 PT. TVS Motor Company Indonesia, Jakarta  
 TVS Housing Limited, Chennai  
 Sundaram Holding USA Inc, Delaware, USA  
 Green Hills Land holding LLC, South Carolina, USA  
 Component Equipment Leasing LLC, South Carolina, USA  
 Workspace Project LLC, South Carolina, USA  
 Premier Land Holding LLC, South Carolina, USA.

Associate company:

Emerald Haven Realty Limited, Chennai  
 (Formerly known as Green Earth Homes Limited)

(ii) Other related parties and their relationship where transaction exists:

Fellow subsidiaries:

TVS Electronics Limited, Chennai  
 Southern Roadways Limited, Madurai  
 Sundaram Industries Private Limited, Madurai  
 Lucas-TVS Limited, Chennai  
 Lucas Indian Service Limited, Chennai  
 TVS Auto Assist (India) Limited, Chennai

Associate / Joint venture of holding / subsidiary / fellow subsidiary company:

Brakes India Private Limited, Chennai

Associate / Joint venture of holding / subsidiary / fellow subsidiary company - (continued)

TVS Srichakra Limited, Madurai  
 Wheels India Limited, Chennai  
 Sundram Fasteners Limited, Chennai  
 India Nippon Electricals Limited, Chennai  
 Sundaram Brake Linings Limited, Chennai  
 TVS Auto Bangladesh Limited, Dhaka  
 TVS Lanka Private Limited, Colombo  
 TVS Logistics Services Limited, Chennai  
 Harita Techserv Limited, Chennai

Subsidiaries of associate / joint venture:

Upasana Engineering Limited, Chennai  
 TVS Dynamic Global Freight Services Limited, Chennai  
 TVS Commutation Solutions Limited, Chennai

Enterprises in which directors are interested:

TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)  
 Designo Lifestyle Solutions Private Limited  
 Dua Associates  
 Dua Consulting Private Limited  
 McCann-Erickson (India) Private Limited

Key Management personnel:

Mr Venu Srinivasan,  
 Chairman & Managing Director  
 Mr Sudarshan Venu,  
 Joint Managing Director

Relative(s) of the Key Management personnel

Dr. Lakshmi Venu, Director

Enterprise over which key management personnel and their relative have significant influence:

Harita-NTI Limited, Chennai

## TVS MOTOR COMPANY LIMITED

### Notes on accounts – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
<b>34 RELATED PARTY DISCLOSURE - (continued)</b>		
(b) Transactions with related parties:		
(i) Purchase of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.42	0.33
- holding company (Sundaram-Clayton Limited, Chennai)	304.30	346.61
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	362.41	351.35
PT.TVS Motor Company Indonesia, Jakarta	0.46	18.38
- fellow subsidiaries		
TVS Electronics Limited, Chennai	0.13	0.15
Sundaram Industries Private Limited, Madurai	0.07	0.29
Lucas-TVS Limited, Chennai	79.01	78.91
Lucas Indian Service Limited, Chennai	6.45	4.95
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	13.24	19.93
TVS Srichakra Limited, Madurai	272.47	278.86
Wheels India Limited, Chennai	4.42	6.98
Sundram Fasteners Limited, Chennai	51.95	73.39
India Nippon Electricals Limited, Chennai	209.00	194.92
Sundaram Brake Linings Limited, Chennai	9.60	10.76
- subsidiaries of associate / joint venture		
Upasana Engineering Limited, Chennai	14.94	12.81
- enterprises over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	1.18	0.81
- enterprises in which directors are interested		
TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)	0.73	0.65
Designo Lifestyle Solutions Private Limited	0.09	–
(ii) Sale of goods		
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	2,347.54	2,216.94
PT. TVS Motor Company Indonesia, Jakarta	58.88	28.69
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Sundram Fasteners Limited, Chennai	3.06	3.05
TVS Auto Bangladesh Limited, Dhaka	262.46	161.31
TVS Lanka Private Limited, Colombo	224.08	272.14

## TVS MOTOR COMPANY LIMITED

### Notes on accounts – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
34 RELATED PARTY DISCLOSURE - (continued)		
(b) Transactions with related parties: – (continued)		
(iii) Purchase of assets		
- subsidiary company (Sundaram Auto Components Limited, Chennai)	10.02	3.96
(iv) Rendering of services (including interest and reimbursements received)		
- holding company (Sundaram-Clayton Limited, Chennai)	2.43	1.45
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	0.66	0.20
TVS Motor (Singapore) Pte. Limited, Singapore	2.34	4.27
PT. TVS Motor Company Indonesia, Jakarta	1.29	1.48
- fellow subsidiary (Southern Roadways Limited, Madurai)	0.01	0.01
- associate / joint venture of holding / subsidiary / fellow subsidiary company TVS Logistics Services Limited, Chennai	0.53	0.49
(v) Availing of services (includes sub-contract charges paid)		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.45	–
- holding company (Sundaram-Clayton Limited, Chennai)	64.62	58.47
- fellow subsidiaries		
TVS Electronics Limited, Chennai	1.11	0.98
Southern Roadways Limited, Madurai	2.23	2.87
TVS Auto Assist (India) Limited, Chennai	1.81	–
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	75.29	69.85
Harita Techserv Limited, Chennai	2.43	2.69
- subsidiaries of associate / joint venture		
TVS Dynamic Global Freight Services Limited, Chennai	22.42	33.95
TVS Commutation Solutions Limited, Chennai	0.03	3.45
- enterprises in which directors are interested		
Dua Associates	3.19	0.96
Dua Consulting Private Limited	3.60	4.40
McCann-Erickson (India) Private Limited	6.99	6.80
(vi) Investments made during the year		
- subsidiary companies		
TVS Motor (Singapore) Pte. Limited, Singapore	56.91	–
PT. TVS Motor Company Indonesia, Jakarta	53.45	66.94
Sundaram Auto Components Limited, Chennai	24.00	–
- associate / joint venture (Emerald Haven Realty Limited, Chennai)	40.00	–
(vii) Remuneration to key management personnel:		
- Short-term employee benefits	24.56	23.40
- Post-employment benefits	0.17	0.08
(viii) Dividend received from:		
subsidiary company (Sundaram Auto Components Limited, Chennai)	8.21	10.97
Associate of ultimate holding company (TVS Lanka Private Limited, Colombo)	0.37	0.19
(ix) Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	68.17	68.17

## TVS MOTOR COMPANY LIMITED

### Notes on accounts – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
34 RELATED PARTY DISCLOSURE - (continued)			
(c) Balances with related parties (unsecured):			
(i)	Trade receivables		
	- ultimate holding company (T V Sundram Iyengar & Sons Private Limited, Madurai)	0.03	0.03
	- subsidiary companies		
	Sundaram Auto Components Limited, Chennai	150.21	131.89
	PT. TVS Motor Company Indonesia, Jakarta	14.12	33.49
	- associate / joint venture of holding / subsidiary / fellow subsidiary company		
	TVS Auto Bangladesh Limited, Dhaka	36.78	3.43
	TVS Lanka Private Limited, Colombo	37.44	20.41
	- enterprises in which directors are interested		
	Designo Lifestyle Solutions Private Limited	0.02	0.02
(ii)	Loans and advances receivable		
	- subsidiary company (TVS Motor (Singapore) Pte. Limited, Singapore)	-	55.30
(iii)	Trade payables		
	- holding company (Sundaram-Clayton Limited, Chennai)	25.73	28.90
	- fellow subsidiaries		
	Lucas-TVS Limited, Chennai	12.40	10.89
	Lucas Indian Service Limited, Chennai	0.91	0.41
	Sundaram Industries Private Limited, Madurai	0.01	0.03
	TVS Auto Assist (India) Limited, Chennai	0.28	-
	TVS Electronics Limited, Chennai	0.06	0.01
	- associate company (Emerald Haven Realty Limited, Chennai)	1.26	1.49
	- associate / joint venture of holding / subsidiary / fellow subsidiary company		
	Brakes India Private Limited, Chennai	2.06	2.00
	TVS Srichakra Limited, Madurai	31.99	28.98
	Wheels India Limited, Chennai	0.86	0.84
	Harita Techserv Limited, Chennai	0.21	0.21
	India Nippon Electricals Limited, Chennai	31.57	30.62
	Sundaram Brake Linings Limited, Chennai	1.73	1.75
	Sundram Fasteners Limited, Chennai	7.34	8.44
	TVS Logistics Services Limited, Chennai	2.20	2.60
	- subsidiaries of associate / joint venture		
	TVS Dynamic Global Freight Services Limited, Chennai	1.98	2.15
	TVS Commutation Solutions Limited, Chennai	0.02	0.03
	Upasana Engineering Limited, Chennai	1.71	1.57
	- enterprises in which directors are interested		
	Dua Consulting Private Limited	0.10	0.10
	McCann-Erickson (India) Private Limited	0.81	0.81
	TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)	0.04	-
	- enterprise over which key management personnel and their relatives have significant influence (Harita-NTI Limited, Chennai)	0.22	0.17
(iv)	Obligation arising out of agreements facilitating credit to subsidiary company (PT. TVS Motor Company Indonesia, Jakarta)	117.96	205.38

## TVS MOTOR COMPANY LIMITED

### Notes on accounts – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
<b>35 EARNINGS PER SHARE</b>		
Profit after tax	558.08	489.28
Number of equity shares	47,50,87,114	47,50,87,114
Face value of the share (in rupees)	1.00	1.00
Weighted average number of equity shares	47,50,87,114	47,50,87,114
Basic and diluted earnings per share for continued operations (in rupees)	11.75	10.30
Basic and diluted earnings per share for discontinued operations (in rupees)	–	–
Basic and diluted earnings per share for continued and discontinued operations (in rupees)	11.75	10.30
<b>36 WARRANTY PROVISION (CURRENT)</b>		
Opening balance	26.96	22.95
Add: Provision for the year (net)	23.46	26.96
	<u>50.42</u>	<u>49.91</u>
Less: Payments / debits (net)	26.96	22.95
Closing balance	<u>23.46</u>	<u>26.96</u>
<b>37 MICRO SMALL AND MEDIUM ENTERPRISES DISCLOSURE</b>		
Trade payables includes amount due to Micro Small and Medium Enterprises Disclosure under Micro, Small and Medium Enterprises Development Act, 2006.	34.88	46.24
(i) The principal amount and interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year:		
(a) Principal (all are within agreed credit period and not due for payment)	34.88	46.24
(b) Interest (as no amount is overdue)	Nil	Nil
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year		
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
<b>38 PAYMENT TO AUDITORS COMPRISES</b>		
As statutory auditors	0.60	0.42
Taxation matters	0.10	0.10
Certification matters	0.05	0.02
	<u>0.75</u>	<u>0.54</u>
Miscellaneous expenses include travel and stay expenses of auditors	0.09	0.18
	<u>0.84</u>	<u>0.72</u>

## TVS MOTOR COMPANY LIMITED

### Notes on accounts – (continued)

Rupees in crores

	As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
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#### 39 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR

(a) Claims against the company not acknowledged as debts:		
(i) Excise	29.64	48.96
(ii) Service tax	6.49	6.55
(iii) Customs	1.87	1.96
(iv) Sales tax	1.73	15.33
(v) Income tax	20.24	14.33
(vi) Others	3.50	3.50
The future cash flows on the above items are determinable only on receipt of the decisions / judgments that are pending at various forums / authorities.		
The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
(b) Other money for which the company is contingently liable:		
(i) On bills discounted with banks	48.14	54.87
(ii) On factoring arrangements	1.90	4.21
(c) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	463.70	137.01
(d) Other commitments:		
On import of capital goods under Export Promotion Capital Goods Scheme	45.48	45.45

#### 40 EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT

(claimed under Income Tax Act, 1961)

R&D Expenditure eligible for weighted deduction - claimed U/s.35(2AB)

(a) Revenue Expenditure	150.31	141.43
(b) Capital Expenditure (including WIP)	46.12	40.08

R&D Expenditure not eligible for weighted deduction - claimed U/s.35

(a) Revenue Expenditure	18.90	18.85
(b) Capital Expenditure		
(i) Land and Building	–	–
(ii) Others	29.39	26.02
	<u>244.72</u>	<u>226.38</u>

#### 41 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2017	Amount outstanding as at 31-03-2016
(a)	Loans and advances				
	Loans and advances in the nature of loans made to subsidiary company	TVS Motor (Singapore) Pte. Limited, Singapore		–	55.30
		Maximum amount due at any time	55.30		
		During the year	55.30		
		During the previous year	55.30		

## TVS MOTOR COMPANY LIMITED

### Notes on accounts – (continued)

#### 41 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015 - (continued)

Rupees in crores

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2017	Amount outstanding as at 31-03-2016
(b)	Investments by the Company				
(i)	In subsidiary companies				
		Sundaram Auto Components Limited, Chennai [1,45,50,000 (last year-1,15,50,000) Equity shares of Rs.10/- each fully paid up]		84.90	60.90
		Maximum amount held at any time			
		During the year	84.90		
		During the previous year	60.90		
		TVS Motor Company (Europe) B.V., Amsterdam [2,25,301 (last year-2,25,301) Ordinary shares of Euro 100/- each fully paid up]		1.80	1.80
		Maximum amount held at any time			
		During the year	1.80		
		During the previous year	1.80		
		TVS Motor (Singapore) Pte. Limited, Singapore [7,62,84,702 (last year 6,48,02,445) Ordinary shares of Singapore \$ 1/- each fully paid up]		147.13	90.22
		Maximum amount held at any time			
		During the year	147.13		
		During the previous year	90.22		
		TVS Housing Limited, Chennai [50,000 (last year - 50,000) Equity shares of Rs.10/- each fully paid up]		0.05	0.05
		Maximum amount held at any time			
		During the year	0.05		
		During the previous year	0.05		
		PT. TVS Motor Company Indonesia, Jakarta [60,97,000 Equity shares (Last year - 52,97,000) of Indonesian Rp.97,400/- each fully paid up]		217.39	163.94
		Maximum amount held at any time			
		During the year	217.39		
		During the previous year	163.94		



## TVS MOTOR COMPANY LIMITED

### Notes on accounts – (continued)

#### 41 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015 - (continued)

Rupees in crores

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2017	Amount outstanding as at 31-03-2016
(i)	In subsidiary companies (continued)	Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai [Nil (Last year - 2,220) Equity shares of USD 100/- each fully paid up] Maximum amount held at any time During the year During the previous year		–	0.18
(ii)	in associate companies	Emerald Haven Realty Limited, Chennai, (Formerly known as Green Earth Homes Limited) [8,00,00,000 (Last year - 4,00,00,000) Equity shares of Rs. 10/- each fully paid up] Maximum amount held at any time During the year During the previous year		80.00	40.00
(c)	Investments by the holding company	Sundaram-Clayton Limited, Chennai holds 27,26,82,786 (Last year 27,26,82,786) Equity shares of Re.1/- each fully paid up Maximum amount held at any time During the year During the previous year		13.63	13.63

As at/  
Year ended  
31-03-2017

As at/  
Year ended  
31-03-2016

#### 42 DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEES GIVEN

(a) Loans given - Refer Note No.4

(b) Investments made - Refer Note No.3

(c) Guarantee given by the Company:

(i) Guarantee given to Financial Institution / Bank to facilitate credit to PT. TVS Motor Company Indonesia, Jakarta

117.96

205.38

(ii) Letter of comfort given to Financial Institution / Bank to facilitate credit to TVS Credit Services Limited, Chennai

29.17

33.34

## TVS MOTOR COMPANY LIMITED

### Notes on accounts – (continued)

#### 43 DETAILS OF SPECIFIED BANK NOTES

Particulars	Specified bank notes	Other denomination	Value in rupees
			Total
Closing cash in hand as on 8.11.2016	39,80,000.00	31,24,748.00	71,04,748.00
(+) Permitted receipts	–	15,65,073.00	15,65,073.00
(-) Permitted payments	–	11,05,999.00	11,05,999.00
(-) Amount deposited in Banks	39,80,000.00	6,59,869.00	46,39,869.00
Closing cash in hand as on 30.12.2016	–	29,23,953.00	29,23,953.00

#### 44 CORPORATE SOCIAL RESPONSIBILITY

Expenditure incurred on Corporate Social Responsibility (CSR) activities:

(a) Gross amount required to be spent during the year is Rs.9.06 crores (last year Rs.7.15 crores)

(b) Amount spent during the year:

Sl. No.	Particulars	In cash	Yet to be paid in cash	Rupees in crores	
				Year ended 31-03-2017	Year ended 31-03-2016
1	Construction / acquisition of any asset	–	–	–	–
2	Expenses incurred through trusts	9.20	–	9.20	7.16

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

VENU SRINIVASAN  
Chairman & Managing Director

SUDARSHAN VENU  
Joint Managing Director

H. LAKSHMANAN  
Director

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

S.G. MURALI  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATRAMAN  
Partner  
Membership No.: 34319

Place : Bengaluru  
Date : 27<sup>th</sup> April 2017



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**CONSOLIDATED FINANCIAL STATEMENTS OF  
TVS MOTOR COMPANY LIMITED**

## INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### To the members of TVS Motor Company Limited

#### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of TVS Motor Company Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of change in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

#### Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements, in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, including its associate, in accordance with accounting principles generally accepted in India, including Indian Accounting Standards, specified under Section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 statement by the Directors of the Holding Company, as aforesaid.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account

the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 financial control relevant to the Holding Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

#### Opinion

7. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31<sup>st</sup> March 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

#### Other Matters

8. (a) We did not audit the financial statements of eight subsidiaries, whose financial statements reflect total assets (net) of 1,117.61 crores as at March 31, 2017, total revenues of Rs.3,066.38 crores and net cash inflows amounting to Rs. 20.11 crores for the year then ended

on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements, insofar as it related to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(b) We have relied on the unaudited financial statements of one subsidiary whose financial statements reflect total assets (net) of Rs 2.90 crores as at March 31, 2017, total revenues of Rs. Nil and net cash outflows amounting to Rs.0.65 crores for the year then ended on that date, as considered in the consolidated financial statements. This unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-section (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements and our report on other legal and regulatory requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

### Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, we report, to the extent applicable that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) in our opinion proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements, have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss the Consolidated Cash Flow Statement and Consolidated statement of changes in Equity dealt with by this report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated financial statements.
- (d) in our opinion, the aforesaid consolidated financial statements, comply with the Accounting Standards specified under Section 133 of the Act, read with

Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of written representations received from the Directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the Statutory Auditors of its subsidiary companies incorporated in India, none of the Directors of the Group Companies incorporated in India is disqualified as on 31 March 2017, from being appointed as a director of that Company in terms of section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of these subsidiaries as noted in the paragraph 8(a) on "Other Matters":
  - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and associate - refer note 9(a) to the consolidated financial statements.
  - (ii) The Group and associates did not have any material foreseeable losses on long - term contracts including derivative contracts.
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies and associated companies and associates incorporated in India.
  - (iv) The group has provided requisite disclosures in the financial statements as regards holding and dealings in Specified Bank Notes as defined in notification SO 3407(E) dated 8<sup>th</sup> November, 2016 of the Ministry of Finance in respect of the holding company and its subsidiaries incorporated in India, during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016; and such disclosures are in accordance with the books of account maintained by the Company - Refer note no. 39 to the consolidated financial statements.

For V. Sankar Aiyar & Co  
Chartered Accountants  
Firm Regn. No.: 109208W

S. VENKATRAMAN  
Partner

Place: Bengaluru  
Date : 27<sup>th</sup> April 2017

Membership No.: 34319

### Annexure to the Independent Auditor's Report of even date on the Consolidated financial Statements of TVS Motor Company Limited

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of TVS Motor Company Ltd ("the Holding Company") and a subsidiary company and we have relied on the audit report of the subsidiaries not audited by us, which is a company incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance

Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

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



### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.

### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary company, which is a company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India.

For V. Sankar Aiyar & Co  
*Chartered Accountants*  
*Firm Regn. No.: 109208W*

S. VENKATRAMAN  
*Partner*

Place: Bengaluru  
Date : 27<sup>th</sup> April 2017

*Membership No.: 34319*

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Consolidated Balance Sheet as at 31<sup>st</sup> March 2017

Rupees in crores

	Notes	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2	2,273.77	1,988.67	1,678.30
Capital work in progress	2	63.81	47.21	92.91
Investment Properties		32.56	28.12	24.83
Goodwill		2.20	2.20	–
Other intangible assets	2	53.53	47.27	31.64
Financial assets				
i. Investments	3	1,060.00	861.06	704.86
ii. Others (Bank deposits)		0.22	0.21	0.12
Investments accounted using equity method	4	95.19	53.33	48.49
Non-Current tax assets (Net)		26.51	14.78	35.06
Other non-current assets	5	85.90	51.19	52.01
		<u>3,693.69</u>	<u>3,094.04</u>	<u>2,668.22</u>
<b>Current assets</b>				
Inventories	6	1,161.86	882.60	931.29
Financial assets				
i. Trade receivables	7	701.81	490.84	414.47
ii. Cash and cash equivalents	8	47.12	49.17	25.26
iii. Bank balances other than (ii) above	9	4.14	4.40	2.46
iv. Others	10	16.88	34.25	27.26
Current tax assets (Net)		3.06	29.04	69.06
Other current assets	11	499.40	561.71	642.22
		<u>2,434.27</u>	<u>2,052.01</u>	<u>2,112.02</u>
Total Assets		<u>6,127.96</u>	<u>5,146.05</u>	<u>4,780.24</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	12	47.51	47.51	47.51
Other equity	13	2,168.53	1,770.97	1,559.71
Equity attributable to owners		<u>2,216.04</u>	<u>1,818.48</u>	<u>1,607.22</u>
Non controlling interest		8.78	(0.51)	–
		<u>2,224.82</u>	<u>1,817.97</u>	<u>1,607.22</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	14	501.23	508.72	561.10
Provisions	15	64.59	48.69	53.23
Deferred tax liabilities (Net)	16	128.70	146.11	131.47
		<u>694.52</u>	<u>703.52</u>	<u>745.80</u>
<b>Current liabilities</b>				
Financial liabilities				
i. Borrowings	17	740.85	390.58	464.78
ii. Trade payables	18	1,953.69	1,626.52	1,525.21
iii. Other payables (Payable towards investment property)		32.56	28.12	24.83
iii. Other financial liabilities	19	130.32	241.95	143.79
Provisions	15	62.91	58.50	39.54
Other current liabilities	20	288.29	278.89	229.07
		<u>3,208.62</u>	<u>2,624.56</u>	<u>2,427.22</u>
Total liabilities		<u>3,903.14</u>	<u>3,328.08</u>	<u>3,173.02</u>
Total equity and liabilities		<u>6,127.96</u>	<u>5,146.05</u>	<u>4,780.24</u>
Significant accounting policies	1			

venu srinivasan  
Chairman & Managing Director

SUDARSHAN VENU  
Joint Managing Director

H. LAKSHMANAN  
Director

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

S.G. MURALI  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATRAMAN  
Partner

Place : Bengaluru  
Date : 27<sup>th</sup> April 2017

Membership No.: 34319

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2017

Rupees in crores			
	Notes	Year ended 31-03-2017	Year ended 31-03-2016
I Revenue from operations	21	13,573.89	12,423.93
II Other income	22	165.44	91.35
III Total income (I + II)		<u>13,739.33</u>	<u>12,515.28</u>
IV Expenses:			
Cost of material consumed	23	8,692.53	7,697.67
Purchase of stock in trade	23	292.70	266.13
Changes in inventories of finished goods, Stock-in-trade and work-in-progress	23	(48.77)	62.77
Excise duty		1,111.27	1,046.87
Employee benefits expense	24	828.05	731.19
Finance costs	25	59.62	70.02
Depreciation and amortisation expense	2	316.82	262.19
Other expenses	26	1,829.35	1,803.19
Total expenses		<u>13,081.57</u>	<u>11,940.03</u>
V Profit before exceptional items, share of net profit of investment and tax (III - IV)		657.76	575.25
VI Share of net profit from associates using equity method		0.20	4.84
VII Profit before exceptional items and tax (V + VI)		<u>657.96</u>	<u>580.09</u>
VIII Exceptional items		-	-
IX Profit before tax (VII + VIII)		<u>657.96</u>	<u>580.09</u>
X Tax expense	27		
i) Current tax		167.10	134.58
ii) Deferred tax		(18.43)	16.87
XI Profit for the year (IX - X)		<u>509.29</u>	<u>428.64</u>
XII (Profit) / Loss attributable to Non Controlling Interest		1.95	0.51
XIII Profit for the year attributable to owners (XI + XII)		<u>511.24</u>	<u>429.15</u>
XIV Other comprehensive income			
A. Items that will not be reclassified to profit or loss:			
Remeasurements of post employment benefit obligations		(9.12)	(12.35)
Change in fair value of equity instruments		44.55	1.43
Income tax relating to these items		(0.41)	2.41
B. Items that will be reclassified to profit or loss:			
Fair value changes on cash flow hedges		(3.77)	0.52
Foreign currency translation adjustments		(23.96)	18.54
Income tax relating to these items		1.30	(0.18)
Other comprehensive income for the year, net of tax (XIV)		<u>8.59</u>	<u>10.37</u>
XV Other Comprehensive income attributable to non-controlling interest		(0.34)	-
XVI Other Comprehensive income attributable to owners (XIV - XV)		<u>8.93</u>	<u>10.37</u>
XVII Total comprehensive income attributable to owners (XIII + XVI)		<u>520.17</u>	<u>439.52</u>
XVIII Earnings per equity share (Face value of Re.1/- each)			
Basic & Diluted earnings per share (in rupees)	35	10.76	9.03

VENU SRINIVASAN  
Chairman & Managing Director

SUDARSHAN VENU  
Joint Managing Director

H. LAKSHMANAN  
Director

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

S.G. MURALI  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATRAMAN  
Partner

Place : Bengaluru  
Date : 27<sup>th</sup> April 2017

Membership No.: 34319

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Statement of Changes in Equity

### a Equity Share Capital

Rupees in crores

As at 01-04-2015	47.51
Changes in equity share capital	–
As at 31-03-2016	47.51
Changes in equity share capital	–
As at 31-03-2017	47.51

### b Other Equity

	Reserves & Surplus			Other Reserves			Non Controlling interest	Total
	General reserve	Capital reserve	Retained earnings	Equity Instruments Fair Valued through Other Comprehensive Income	Foreign currency translation reserve	Hedging reserve		
Balance as at 01-04-2015	876.54	6.51	660.93	41.29	(27.59)	2.03	–	1,559.71
Add : Profit for the year 2015-16			429.15				(0.51)	428.64
Other comprehensive income for the year 2015-16			(9.71)	1.20	18.54			10.03
Less : Exchange differences			19.23					19.23
Less : Residual value of part of assets, whose useful life exhausted	0.30							0.30
Add : Change in fair value of hedging instruments, net of tax						2.37		2.37
Less : Reclassification to profit or loss, net of tax						2.03		2.03
Less : Distribution to shareholders :								
2014-15 Second Interim dividend paid			54.64					54.64
2015-16 First Interim dividend paid			47.51					47.51
2015-16 Second Interim dividend paid			71.26					71.26
Less : Dividend Tax			35.32					35.32
Balance as at 31-03-2016	876.24	6.51	852.41	42.49	(9.05)	2.37	(0.51)	1,770.46
Add : Profit for the year 2016-17			511.24				(1.95)	509.29
Other comprehensive income for the year 2016-17			(7.09)	42.11	(23.96)		(0.33)	10.73
Additions to Non Controlling Interest							11.57	11.57
Less : Reclassification to profit or loss, net of tax						2.37		2.37
Add : Exchange differences			19.19					19.19
Less: Change in fair value of hedging instruments, net of tax						0.10		0.10
Add : Transaction in the capacity as owners in associate			1.50					1.50
Less : Distribution to shareholders :								
2016-17 First Interim dividend paid			59.39					59.39
2016-17 Second Interim dividend paid			59.39					59.39
Less : Dividend Tax			24.18					24.18
Balance as at 31-03-2017	876.24	6.51	1,234.29	84.60	(33.01)	(0.10)	8.78	2,177.31

### Nature and purpose of Other Reserves

- General reserve is part of retained earnings. This is available for distribution to share holders.
- Capital reserve
  - On shares forfeited (Rs.55,200) –
  - On surplus arising out of amalgamation 6.51
- Hedge Reserve - Refer Note No. 29(D) 6.51

VENU SRINIVASAN  
Chairman & Managing Director

SUDARSHAN VENU  
Joint Managing Director

H. LAKSHMANAN  
Director

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

S.G. MURALI  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATRAMAN  
Partner

Place : Bengaluru  
Date : 27<sup>th</sup> April 2017

Membership No.: 34319

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated Cash flow Statement

		Rupees in crores	
		Year ended 31-03-2017	Year ended 31-03-2016
<b>A. Cash flow from operating activities</b>			
Net profit before tax		657.76	575.25
Add: Depreciation and amortisation for the year	316.82	262.19	
Loss on sale of fixed assets	2.50	3.04	
Net (profit) / loss on sale of investments	(0.05)	–	
Unrealised exchange (gain) / loss	5.75	(14.41)	
Increase in Fair Value of Investments	(81.85)	(52.54)	
Dividend income	(0.70)	(0.49)	
Interest income	(48.43)	(35.62)	
Finance cost	59.62	70.02	
Provisions	12.94	4.67	
		<u>266.60</u>	<u>236.86</u>
Operating profit before working capital changes		924.36	812.11
Adjustments for:			
Trade receivables	(214.09)	(79.90)	
Inventories	(279.26)	48.69	
Other current assets	62.31	80.51	
Other Financial assets	13.75	(7.33)	
Trade payables	328.42	114.24	
Other financial liabilities (excluding current maturity of long term loans)	11.11	(1.72)	
Other Current Liabilities	9.40	49.82	
Other Non - Current assets	(29.63)	79.58	
		<u>(97.99)</u>	<u>283.89</u>
Cash generated from operations		826.37	1096.00
Direct taxes paid		(137.01)	(159.66)
Net cash from operating activities	(A)	<u>689.36</u>	<u>936.34</u>
<b>B. Cash flow from investing activities</b>			
Purchase of Property, Plant and Equipment	(589.81)	(592.26)	
Purchase of Intangible Assets	(33.03)	(31.13)	
Sale of fixed assets	8.28	34.37	
Payments for Capital work-in-progress	(16.60)	45.70	
Payments for Capital advances	(26.02)	5.92	
Purchase of investments	(72.49)	(103.66)	
Purchase of investments in Associate	(40.00)	–	
Contribution from Non Controlling Interest	11.57	–	
Interest received	48.43	35.62	
Dividends received	0.70	0.49	
		<u>(708.97)</u>	<u>(604.95)</u>
Net cash from / (used in) investing activities	(B)	<u>(708.97)</u>	<u>(604.95)</u>

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated Cash flow Statement – (continued)

		Rupees in crores	
		Year ended 31-03-2017	Year ended 31-03-2016
<b>C. Cash flow from financing activities</b>			
Borrowings:			
Term loan availed / (repaid)	(130.94)	45.78	
Short term borrowings availed / (repaid)	273.78	(85.72)	
Other bank balances	0.25	(2.03)	
Finance cost paid	(59.06)	(68.30)	
Dividend and dividend tax paid	(142.96)	(208.73)	
		<u>(58.93)</u>	<u>(319.00)</u>
Net cash from / (used in) financing activities	(C)	<u>(58.93)</u>	<u>(319.00)</u>
<hr/>			
Total	(A)+(B)+(C)	<u>(78.54)</u>	<u>12.39</u>
Cash and cash equivalents at the beginning of the year		(126.55)	(138.94)
Cash and cash equivalents at the end of the year		(205.09)	(126.55)
		<u>(78.54)</u>	<u>12.39</u>
<b>D. Net increase / (decrease) in cash and cash equivalents</b>			

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

<b>venu srinivasan</b> <i>Chairman &amp; Managing Director</i>	<b>SUDARSHAN VENU</b> <i>Joint Managing Director</i>	<b>H. LAKSHMANAN</b> <i>Director</i>	As per our report annexed For V. Sankar Aiyar & Co. Chartered Accountants Firm Regn. No.: 109208W
	<b>S.G. MURALI</b> <i>Chief Financial Officer</i>	<b>K.S. SRINIVASAN</b> <i>Company Secretary</i>	
Place : Bengaluru Date : 27 <sup>th</sup> April 2017			<b>S. VENKATRAMAN</b> <i>Partner</i> Membership No.: 34319

## Consolidated notes on accounts

### 1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the Consolidated financial statements of TVS Motor Company Limited and its subsidiaries and associates.

#### a) Brief description of the Company

TVS Motor Company Limited (the Company) is a public limited company, incorporated and domiciled in India whose shares are publicly traded. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Nungambakkam, Chennai - 600006, Tamil Nadu, India. The Company together with its subsidiaries and associates (collectively referred to as the "Group") operate in a wide range of activities such as manufacturing of automotive vehicles, automotive components, spare parts & accessories thereof and housing development.

#### b) Basis of preparation

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

The financial statement has been prepared on the historical cost convention under accrual basis of accounting except for certain assets and liabilities (as per the accounting policy below), which have been measured at fair value.

The financial statements upto year ended March 31, 2016 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 are the first Consolidated financial statements of the Group under Ind AS. Refer Note 31 and 32 for an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position and financial performance.

#### Principles of Consolidation

##### Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

##### Associates

Associates are all entities over which the group has significant influence but not control or joint control. (This is generally the case where the group holds between 20% and 50% of the voting rights). Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts - (continued)

#### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 1(j) below.

The subsidiary companies and associates considered in the consolidated financial statements are:

Sl. No	Name of the Company	Country of incorporation	Proportion of ownership (interest / voting power -%)	Reporting date
<b>1</b>	<b>Subsidiary Companies:</b>			
a.	Sundaram Auto Components Limited, Chennai	India	100%	31-03-2017
b.	TVS Housing Limited, Chennai	India	100%	31-03-2017
c.	TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	100%	31-03-2017
d.	TVS Motor Company (Europe) B.V. Amsterdam	Netherlands	100%	31-03-2017
e.	PT. TVS Motor Company Indonesia, Jakarta	Indonesia	43% direct holding, 37% by (c) and 20% by (d)	31-03-2017
f.	Sundaram Holding USA Inc., Delaware, USA	USA	68% by (a)	31-03-2017
g.	Green Hills Land holding LLC, South Carolina, USA	USA	100% by (f)	31-03-2017
h.	Component Equipment Leasing LLC, South Carolina, USA	USA	100% by (f)	31-03-2017
i.	Workspace Project LLC, South Carolina, USA	USA	100% by (f)	31-03-2017
j.	Premier Land Holding LLC, South Carolina, USA	USA	100% by (f)	31-03-2017
<b>2</b>	<b>Associate Company:</b>			
a.	Emerald Haven Realty Limited, Chennai (Formerly known as Green Earth Homes Limited)	India	48.80%	31-03-2017

#### c) Use of estimates

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

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

#### d) Significant Estimates and judgments

The areas involving critical estimates or judgments are:

- i) Estimation of fair value of unlisted securities- (Refer Note 28)
- ii) Defined benefit obligation - (Refer Note 33)
- iii) Estimation of useful life of Property, Plant and Equipment - Refer Note 1(f) and 1(g)
- iv) Estimation and evaluation of provisions and contingencies relating to tax litigations
- v) Estimation of impairment of goodwill.

#### e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances rebates and amounts collected on behalf of third parties. It includes Excise Duty but excludes Value Added Tax, Sales Tax and Service tax.

Sale of products:

- i) Revenue from sale of products is recognised, when significant risks and rewards of ownership pass to the dealer / customer, as per terms of contract and it is probable that the economic benefits associated with the transaction will flow to the Group.



# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Consolidated notes on accounts - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### ii) Revenue from Real Estate:

The revenue from sale of land is recognised on transferring all significant risk and rewards of ownership on land to the buyers and group does not retain any effective control over the same.

#### f) Property, Plant and Equipment

Freehold Land is carried at historical cost. All other items of Property Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date the asset is ready for its intended use. However, cost excludes Excise Duty, Value Added Tax and Service Tax, to the extent credit of the duty or tax is availed of.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss

#### g) Depreciation and amortization

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

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

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

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

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

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

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

#### h) Investment properties:

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the group is classified as investment property. Investment Property is measured initially at its cost and including related transaction cost where applicable, borrowing cost. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item is measured reliably.

## Consolidated notes on accounts - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### i) Intangible assets

##### Goodwill

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

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or group of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the cash generating units.

##### Other intangible assets

Intangible assets acquired are recorded at their acquisition cost and are amortised on straight line basis over its useful life, viz., 2 years in the case of software and 6-10 years in the case of Design, Development and Technical knowhow.

#### j) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### k) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are prepared in INR and all values are rounded off to nearest crore.

##### (ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

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

##### (iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities are translated at the closing rate at the date of that balance sheet
- b) income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- c) all resulting exchange differences are recognised in other comprehensive income.

#### l) Hedge accounting

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

## Consolidated notes on accounts - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 28. Movements in the hedging reserve in shareholders' equity are shown in Note 29. 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 statement of profit or loss.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

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

#### m) Inventories

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

- i) Cost of raw materials, components, stores, spares, work-in-progress and finished goods are ascertained on a moving average basis.
- ii) Cost of finished goods and work-in-progress 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 and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.
- iii) Land held for development/sale by the real estate subsidiary is valued at the lower of cost and net realisable value. Cost includes cost of acquisition and all related costs.

#### n) Employee benefits

- i) Short term obligations:

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

## Consolidated notes on accounts - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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

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

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

#### iii) Post-employment obligation:

The Group operates the following post-employment schemes:

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

##### Pension and gratuity obligation:

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

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net-off deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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

##### Provident fund:

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

#### iv) Bonus plans:

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

#### o) Taxes on income

Tax expense comprises of current and deferred taxes.

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

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

## Consolidated notes on accounts - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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 recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the forceable future.

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

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

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

#### p) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

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

#### q) Provisions and contingent liabilities

##### i) Provision:

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

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

##### ii) Contingent liabilities:

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

### Consolidated notes on accounts - (continued)

#### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

##### r) Segment reporting

The Group has identified the operating segments on the basis of individual companies operations as reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The group has identified the following business segments as reportable segments, (on the basis of products and production process) viz., (1) Automotive vehicles and parts, (2) Automotive components and (3) Others.

##### s) Leases

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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating lease. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

##### t) Cash and Cash equivalents

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

##### u) 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.

##### v) Investments and Other financial assets

###### i) Classification

The Group classifies its financial assets in the following categories:

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

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

###### ii) Measurement

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

Debt Instruments:

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

## Consolidated notes on accounts - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### Amortised Cost:

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

#### Fair Value through profit or loss:

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

#### Equity instruments:

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

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

#### iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 29 details how the Group determines whether there has been a significant increase in credit risk.

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

#### iv) Derecognition of financial assets

A financial asset is derecognised only when:

- a) the Group has transferred the rights to receive cash flows from the financial asset or
- b) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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

#### v) Income recognition

##### Interest Income:

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Group estimates

### Consolidated notes on accounts - (continued)

#### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends:

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

#### w) Borrowings

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

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

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

#### x) Current and Non-current classification

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

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

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

All other assets are classified as non-current.

A liability is treated as current when:

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

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle for all entities within the group other than real estate.

The normal operating cycle in respect of operation relating to real estate project depends on signing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed and realisation of project into cash and cash equivalents and range from 3 to 7 years. Accordingly, assets and liabilities have been classified into current and non-current based on operating cycle.



## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### 2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Development	Total intangible assets
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2016	207.51	558.48	2,967.60	39.15	15.54	78.79	3,867.07	53.13	45.65	98.78
Additions	20.32	85.27	439.46	25.52	5.00	14.24	589.81	8.06	24.97	33.03
Foreign Currency translation reserve difference	1.62	(0.99)	(1.50)	(4.99)	(0.01)	4.86	(1.01)	-	-	-
Sub-total	229.45	642.76	3,405.56	59.68	20.53	97.89	4,455.87	61.19	70.62	131.81
Sales / deletion	0.37	4.73	84.49	1.35	0.23	8.40	99.57	-	0.04	0.04
Total	229.08	638.03	3,321.07	58.33	20.30	89.49	4,356.30	61.19	70.58	131.77
Depreciation / Amortisation										
Upto 31-03-2016	-	149.79	1,638.85	22.05	10.77	56.94	1,878.40	34.47	17.04	51.51
For the year	-	22.05	251.07	4.02	1.97	10.98	290.09	14.96	11.77	26.73
Foreign Currency translation reserve difference	-	(0.46)	3.50	(4.59)	(0.01)	4.43	2.87	-	-	-
Sub-total	-	171.38	1,893.42	21.48	12.73	72.35	2,171.36	49.43	28.81	78.24
Withdrawn on assets sold / deleted	-	3.87	75.29	1.28	0.20	8.19	88.83	-	-	-
Total	-	167.51	1,818.13	20.20	12.53	64.16	2,082.53	49.43	28.81	78.24
Carrying value										
As at 31-03-2017	229.08	470.52	1,502.94	38.13	7.77	25.33	2,273.77	11.76	41.77	53.53
As at 31-03-2016	207.51	408.69	1,328.75	17.10	4.77	21.85	1,988.67	18.66	28.61	47.27

Capital work-in-progress (at cost) as at 31-03-2017

(a) Building	7.06
(b) Plant & equipment	56.75
Total	63.81

- a) Cost of buildings includes Rs. 7.12 crores (Last year Rs.33.79 crores) pertaining to buildings constructed on leasehold lands.  
 b) Tools & dies included under current assets in earlier years are now included under Plant & Equipment in accordance with Ind AS requirements.  
 c) Land includes lease hold land of Rs. 0.51 crores, whose ownership is transferrable at the end of the lease term.

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Consolidated notes on accounts - (continued)

Rupees in crores

### 2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS - (continued)

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Development	Total intangible assets
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2015 <sup>d</sup>	248.29	463.53	2,566.07	35.46	14.74	72.53	3,400.62	30.38	37.49	67.87
Additions	5.13	94.67	471.98	3.91	1.53	12.84	590.06	22.97	8.16	31.13
Foreign exchange translation reserve adjustments	(2.53)	1.93	4.40	0.22	0.02	–	4.04	–	–	–
Sub-total	250.89	560.13	3,042.45	39.59	16.29	85.37	3,994.72	53.35	45.65	99.00
Sales / deletion	43.38	1.65	74.85	0.44	0.75	6.58	127.65	0.22	–	0.22
Total	207.51	558.48	2,967.60	39.15	15.54	78.79	3,867.07	53.13	45.65	98.78
Depreciation / Amortisation										
Upto 31-03-2015	–	129.79	1,512.21	16.98	9.70	53.64	1,722.32	26.80	9.43	36.23
For the year	–	19.34	210.69	5.16	1.80	9.69	246.68	7.90	7.61	15.51
Transfer to reserve	–	–	0.30	–	–	–	0.30	–	–	–
Foreign exchange translation reserve adjustments	–	0.75	(1.94)	0.21	0.01	–	(0.97)	–	–	–
Sub-total	–	149.88	1,721.26	22.35	11.51	63.33	1,968.33	34.70	17.04	51.74
Withdrawn on assets sold / deleted	–	0.09	82.41	0.30	0.74	6.39	89.93	0.23	–	0.23
Total	–	149.79	1,638.85	22.05	10.77	56.94	1,878.40	34.47	17.04	51.51
Carrying value										
As at 31-03-2016	207.51	408.69	1,328.75	17.10	4.77	21.85	1,988.67	18.66	28.61	47.27
As at 01-04-2015	248.29	333.74	1,053.86	18.48	5.04	18.89	1,678.30	3.58	28.06	31.64

Capital Work-in-progress (at cost) as at 31-03-2016

(a) Building	9.39
(b) Plant & equipment	37.82
Total	<u>47.21</u>

Capital Work-in-progress (at cost) as at 01-04-2015

(a) Building	0.76
(b) Plant & equipment	92.15
Total	<u>92.91</u>

- Cost of buildings includes Rs.33.79 crores (Last year Rs.22.89 crores) pertaining to buildings constructed on leasehold lands.
- Tools & dies included under current assets in earlier years are now included under Plant & Equipment in accordance with Ind AS requirements.
- Land includes lease hold land of Rs.6.79 crores, whose ownership is transferrable at the end of the lease term.
- Refer Note No. 32 A.1.1

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Consolidated notes on accounts - (continued)

### 3 INVESTMENTS

Sl. No.	Particulars	No. of shares / units			Face Value	Currency	Rupees in crores		
		As at 31-03-2017	As at 31-03-2016	As at 01-04-2015			As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
1	2	3	4	5	6	7	8	9	10
<b>(a)</b>	<b>Investment in Equity Instruments Fair valued through OCI:</b>								
	Quoted :								
(i)	Suprajit Engineering Limited, Bengaluru	28,92,000	28,92,000	28,92,000	1.00	INR	69.54	37.89	37.54
(ii)	Ucal Fuel Systems Limited, Chennai	91,760	91,760	91,760	10.00	INR	1.99	0.96	1.01
	Unquoted :								
(iii)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited)	32,50,000	32,50,000	32,50,000	10.00	INR	1.10	1.02	0.94
(iv)	TVS Lanka (Private) Limited, Colombo	50,00,000	50,00,000	50,00,000	10.00	LKR	9.48	9.22	8.14
(v)	TVS Motor Services Limited, Chennai	3,80,000	3,80,000	3,80,000	10.00	INR	0.38	0.38	0.38
(vi)	Green Infra Wind Power Projects Limited, New Delhi	1,11,600	63,600	-	10.00	INR	0.03	0.03	-
(vii)	Green Infra Wind Energy Theni Limited, New Delhi (formerly known as TVS Wind Energy Limited)	30,00,000	30,00,000	30,00,000	10.00	INR	3.00	3.00	3.00
(viii)	Sundaram Engineering Products Services Limited, Chennai	-	-	7,746	10.00	INR	-	-	0.01
(ix)	TVS Credit Services Limited, Chennai	1,06,55,700	-	-	10.00	INR	76.70	-	-
(x)	Green Infra Wind Power Generation Limited, New Delhi	2,16,000	-	-	10.00	INR	0.11	-	-
(xi)	Suryadev Alloys & Power Private Limited, Chennai	2,500	-	-	10.00	INR	0.02	-	-
	Total value of Equity Instruments (a)						162.35	52.50	51.02
<b>(b)</b>	<b>Investments in Preference Shares (Unquoted):</b>								
(i)	TVS Motor Services Limited, Chennai	55,10,10,000	54,60,10,000	44,60,10,000	10.00	INR	871.78	788.76	636.64
(ii)	Pinnacle Engines Inc., USA (face value 0.01 cent)	24,09,638	24,09,638	24,09,638	0.0001	USD	11.70	11.70	11.70
(iii)	Axiom Research Labs Private Limited, Delhi	82	-	-	10.00	INR	1.00	-	-
	Total value of Preference shares (b)						884.48	800.46	648.34
<b>(c)</b>	<b>Other non-current Investments:</b>								
	Pension Funds / Government Securities (Unquoted):								
(i)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR	6.14	4.06	2.40
(ii)	Life Insurance Corporation Pension Policy, Mumbai					INR	7.02	4.04	3.10
(iii)	Investment in Mutual Funds					INR	0.01	-	-
(iv)	National Savings Certificates (Rs.37,100/- deposited with Sales Tax authorities)					INR	-	-	-
	Total value of other investments (c)						13.17	8.10	5.50
	Total (a) + (b) + (c)						1,060.00	861.06	704.86
	Aggregate amount of quoted investments and market value thereof						71.53	38.85	38.55
	Aggregate amount of unquoted investments						988.47	822.21	666.31
	Total						1,060.00	861.06	704.86

1. Refer Note No. 31(Note 1) for interalia valuation relating to first time adoption.
2. All Investments are fully paid up.

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts - (continued)

	Rupees in crores		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
<b>4 INVESTMENTS ACCOUNTED USING EQUITY METHOD</b>			
8,00,00,000 (As at 31-03-2016 – 4,00,00,000; As at 31-03-2015 – 4,00,00,000) Equity shares of Emerald Haven Realty Limited, Chennai	80.00	40.00	40.00
Share of Equity	<u>15.19</u>	<u>13.33</u>	<u>8.49</u>
	<u>95.19</u>	<u>53.33</u>	<u>48.49</u>
<b>5 OTHER NON-CURRENT ASSETS</b>			
Capital advances	36.62	10.60	16.52
Advances other than capital advances:			
Prepaid lease rent	12.37	12.59	12.77
Deposits made	26.97	28.00	22.72
VAT Receivable	9.94	–	–
	<u>85.90</u>	<u>51.19</u>	<u>52.01</u>
<b>6 INVENTORIES</b>			
Raw materials and components	569.16	368.56	337.99
Goods-in-transit - Raw materials and components	113.65	103.38	93.29
Work-in-progress	97.28	68.20	52.35
Finished goods	138.17	116.73	228.85
Stock-in-trade	152.97	154.72	121.22
Goods-in-transit (Stock-in-trade)	49.79	33.05	63.23
Stores and spares	40.84	37.96	34.36
	<u>1,161.86</u>	<u>882.60</u>	<u>931.29</u>
Tools & dies earlier included under Inventory are now included under Plant & Equipment as per Ind AS.			
<b>7 TRADE RECEIVABLES</b>			
Secured, considered good	14.80	13.21	11.46
Unsecured, considered good	687.01	477.63	403.01
Doubtful debts	5.39	5.69	5.58
	<u>707.20</u>	<u>496.53</u>	<u>420.05</u>
Less: Allowance for doubtful debts	5.39	5.69	5.58
	<u>701.81</u>	<u>490.84</u>	<u>414.47</u>
<b>8 CASH AND CASH EQUIVALENTS</b>			
Balances with banks in current accounts	28.12	17.53	13.44
Deposits with maturity of less than three months	12.06	31.00	11.07
Cheques / drafts on hand	0.02	–	0.03
Cash on hand	6.92	0.64	0.72
	<u>47.12</u>	<u>49.17</u>	<u>25.26</u>
Cash and cash equivalents for the purpose of cash flow statement			
Cash and cash equivalents as shown above	47.12	49.17	25.26
Less : Over drafts utilised [Grouped under financial liabilities - Borrowings (Note No. 17)]	(252.21)	(175.72)	(164.20)
	<u>(205.09)</u>	<u>(126.55)</u>	<u>(138.94)</u>

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts - (continued)

	As at 31-03-2017	As at 31-03-2016	Rupees in crores As at 01-04-2015
<b>9 OTHER BANK BALANCES</b>			
Earmarked balances with banks (for unpaid dividend)	4.14	4.40	2.46
	<u>4.14</u>	<u>4.40</u>	<u>2.46</u>
<b>10 FINANCIAL ASSETS - OTHERS (CURRENT)</b>			
Unsecured, Considered Good :			
Employee Advances	9.53	9.30	11.14
Security Deposits	4.23	3.85	3.52
Inter corporate Deposits	-	3.00	3.00
Claims receivable	3.12	5.36	5.51
Derivative financial instruments - receivable	-	9.12	0.13
Hedge asset - receivable	-	3.62	3.96
	<u>16.88</u>	<u>34.25</u>	<u>27.26</u>
<b>11 OTHER CURRENT ASSETS</b>			
VAT/IT/Excise receivable	281.00	343.76	218.88
Balance with Excise	115.64	114.08	287.67
Prepaid expense	16.74	13.19	9.86
Vendor advance	45.93	44.76	60.79
Trade Deposits	0.72	0.66	0.28
Export Incentive receivable	37.35	43.21	62.31
Others	2.02	2.05	2.43
	<u>499.40</u>	<u>561.71</u>	<u>642.22</u>

### 12 EQUITY SHARE CAPITAL

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

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Number	Rupees in crores	Number	Rupees in crores	Number	Rupees in crores
Authorised:						
Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully paid up:						
Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51	47,50,87,114	47.51
Out of the above:						
Equity shares allotted as fully paid up by way of bonus shares in the five years immediately preceding the date of Balance Sheet:						
(i) Number of shares - 23,75,43,557						
(ii) Year of allotment - Year ended 31 <sup>st</sup> March 2011	47,50,87,114	47.51	47,50,87,114	47.51	47,50,87,114	47.51

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

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Number	Rupees in crores	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	47,50,87,114	47.51	47,50,87,114	47.51	47,50,87,114	47.51
Shares issued during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	47,50,87,114	47.51	47,50,87,114	47.51	47,50,87,114	47.51

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

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

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

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes on accounts – (continued)

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

Name of shareholder	Class of share	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
		Number of shares held	% of holding	Number of shares held	% of holding	Number of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40	27,26,82,786	57.40

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

Name of shareholder	Class of share	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
		Number of shares held	Number of shares held	Number of shares held
Reliance Capital Trustee Company Limited, Mumbai	Equity	2,14,02,358	2,54,68,060	2,96,67,945

### 13 OTHER EQUITY

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
General reserve	876.24	876.24	876.54
Capital reserve	6.51	6.51	6.51
Retained earnings	1,234.29	852.41	660.93
Other Reserves	51.49	35.81	15.73
	2,168.53	1,770.97	1,559.71

### 14 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Description	Frequency	No. of instalments due	Maturity	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
<b>Secured:</b>						
Term Loan from Bank	Quarterly	–	Apr 2016	–	11.35	56.75
Term Loan from Bank - II	Quarterly	–	Mar 2017	–	8.98	16.96
FCNRB Term Loan - I	End of Tenure	–	Jul 2016	–	66.26	62.50
FCNRB Term Loan - II	End of Tenure	–	Nov 2016	–	66.26	–
ECB Loan from Bank	End of Tenure	4	Dec 2018	129.09	132.51	–
Financial Institution	Half- yearly	2	Mar 2018	14.19	28.96	52.15
Term Loan from Bank - III	Monthly	–	Feb 2017	–	2.79	14.44
Term Loan from Bank - IV	Quarterly	6	Jan 2019	64.94	–	–
State owned corporation	Yearly	4	2022-27	157.08	157.08	157.08
<b>Unsecured:</b>						
Term Loan from NBFC				–	–	62.20
<b>Sales Tax Deferral</b>						
Phase-1	Yearly	5	2020-21	31.65	37.97	44.30
Phase-2	Yearly	11	2027-28	173.00	188.73	188.73
<b>Total Borrowings :</b>				569.95	700.89	655.11
<b>Less : Current maturities of long-term borrowings (Refer Note No. 19)</b>				68.72	192.17	94.01
<b>Total Long-term Borrowings</b>				501.23	508.72	561.10

Details of securities created:

- (i) Term loan from Banks - First and exclusive charge on specific plant and equipment.
- (ii) ECB Loan from Bank - Exclusive charge over assets procured out of proceeds of the loan.
- (iii) Soft loan - State owned corporation viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.
- (iv) Term loans from Financial Institution is secured by collateral on property, plant and equipment of the subsidiary situated outside India.
- (v) Term loan from Bank - IV is secured by a lien on collection account.

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts - (continued)

Rupees in crores

#### 14 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - (continued)

Amount payable in each instalments:

Description	Currency	Amount	Rate of Interest
ECB Loan from Bank	USD	20 Million USD in 4 equal instalments between Jul 2018 to Dec 2018	3 Month USD LIBOR plus Margin
Loan from Financial Institution	USD	1.1 Million	5.52%
Term loan from Bank - IV	USD	1.66 Million	3 Month USD LIBOR plus Margin
Sales tax deferral Phase-1	INR	6.33 crores per annum	Nil
Sales tax deferral Phase-2	INR	15.73 crores per annum	Nil
State owned corporation	INR	10.00, 67.23, 75.40 and 4.45 crores (four instalments between 2022 and 2027)	0.10%

#### 15 PROVISIONS

	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Current	Non-current	Current	Non-current	Current	Non-current
Provision for Employee Benefits						
(a) Pension	28.09	45.96	29.89	33.90	14.83	41.01
(b) Leave salary	2.00	18.14	1.65	14.79	1.76	12.22
(c) Gratuity	9.36	0.49	-	-	-	-
Others						
(a) Warranty	23.46	-	26.96	-	22.95	-
	62.91	64.59	58.50	48.69	39.54	53.23

#### 16 DEFERRED TAX LIABILITIES (NET)

The balance comprises temporary differences attributable to:

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Depreciation	264.23	227.28	196.45
Others	18.69	6.84	4.86
Total deferred tax liability (A)	282.92	234.12	201.31
Deferred tax asset consists of :			
- tax on employee benefit expenses	30.17	31.08	24.82
- tax on warranty provision	10.55	9.33	7.94
- tax on others	11.81	10.16	8.70
- Unused tax credits (MAT credit entitlement)	101.69	37.44	28.38
Total deferred tax assets (B)	154.22	88.01	69.84
Net deferred tax liability (A) - (B)	128.70	146.11	131.47

Movement in deferred tax:

	Depreciation	Others	Total
As at 01-04-2015			131.47
Charged / (credited):			
- to profit or loss	30.83	(4.90)	25.93
- to other comprehensive income	-	(2.23)	(2.23)
- Unused tax credits (MAT credit entitlement)	-	(9.06)	(9.06)
As at 31-03-2016			146.11
Charged / (credited):			
- to profit or loss	36.95	8.87	45.82
- to other comprehensive income	-	0.86	0.86
- to profit recognised in reserves	-	0.16	0.16
- Unused tax credits (MAT credit entitlement)	-	(64.25)	(64.25)
As at 31-03-2017			128.70

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts - (continued)

	Rupees in crores		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
<b>17 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)</b>			
Borrowings repayable on demand from banks			
Secured*	281.25	244.20	132.14
Unsecured#	191.43	42.44	128.62
Short term loans from banks (Unsecured)	<u>268.17</u>	<u>103.94</u>	<u>204.02</u>
	<u>740.85</u>	<u>390.58</u>	<u>464.78</u>
* Includes overdraft utilisation	109.64	119.59	68.58
# Includes overdraft utilisation	<u>142.57</u>	<u>56.13</u>	<u>95.62</u>
	<u>252.21</u>	<u>175.72</u>	<u>164.20</u>
Details of securities created for loans repayable on demand:			
First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.			
Short term borrowings from banks of a subsidiary include :			
a) A loan of Rs.81.30 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India and			
b) A loan of Rs.9.11 crores in IDR and Rs.4.99 crores in USD obtained from another bank secured by subsidiary inventories and trade account receivable.			
<b>18 TRADE PAYABLES - CURRENT</b>			
Dues to Micro and Small Enterprises **	35.25	48.87	35.77
Dues to enterprises other than Micro and Small Enterprises	<u>1,918.44</u>	<u>1,577.65</u>	<u>1,489.44</u>
	<u>1,953.69</u>	<u>1,626.52</u>	<u>1,525.21</u>
** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.			
<b>19 OTHER FINANCIAL LIABILITIES - CURRENT</b>			
Current Maturities of long term borrowings			
(i) Term loans from bank - I	-	11.35	45.40
(ii) Term loans from bank - II	-	8.98	8.00
(iii) Term loans from bank - III	-	2.79	9.30
(iv) Term loans - FCNRB loan - I	-	66.26	-
(v) Term loans - FCNRB loan - II	-	66.26	-
(vi) Financial Institution	14.19	14.47	24.98
(vii) Term loan from bank - IV	32.47	-	-
(viii) Sales tax deferral loan from Karnataka Government - Phase 1	6.33	6.33	6.33
(ix) Sales tax deferral loan from Karnataka Government - Phase 2	<u>15.73</u>	<u>15.73</u>	<u>-</u>
	68.72	192.17	94.01
Interest accrued but not due on loans	3.26	2.70	0.98
Trade deposits received	23.62	21.94	37.76
Unclaimed Dividends (Not due for transfer to Investor Education and Protection Fund)	4.14	4.40	2.46
Payables against capital goods	28.27	20.74	8.58
Derivative Instruments - Payable	2.16	-	-
Hedge Liability	<u>0.15</u>	<u>-</u>	<u>-</u>
	<u>130.32</u>	<u>241.95</u>	<u>143.79</u>
<b>20 OTHER CURRENT LIABILITIES</b>			
Statutory dues	156.20	123.17	96.70
Employee related	51.61	41.11	29.23
Advance received from customers	78.48	106.77	95.03
Money held under trust	<u>2.00</u>	<u>7.84</u>	<u>8.11</u>
	<u>288.29</u>	<u>278.89</u>	<u>229.07</u>



## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts - (continued)

	Rupees in crores	
	Year ended 31-03-2017	Year ended 31-03-2016
<b>21 REVENUE FROM OPERATIONS (Including Excise duty)</b>		
Sale of products	13,317.19	12,201.73
Sale of raw materials	107.17	68.94
Sale of services	21.92	12.15
Other operating revenue	127.61	141.11
	<u>13,573.89</u>	<u>12,423.93</u>
<b>22 OTHER INCOME</b>		
Dividend income from other investments designated as Fair Valued through OCI	0.70	0.49
Interest income	48.43	35.62
Profit on sale of Investments	0.05	-
Increase in Fair value of Investments*	81.85	52.54
Government Grant#	31.56	-
Other non-operating income	2.85	2.70
	<u>165.44</u>	<u>91.35</u>
* Increase in Fair value of Investments represents changes in Fair Value of preference shares held in TVS Motor Services Limited and Other non-current investments.		
# Relatable to operations of the Company.		
<b>23 MATERIAL COST</b>		
Cost of Materials consumed		
Opening stock of raw materials and components	368.56	337.99
Add: Purchases	8,893.13	7,728.24
	<u>9,261.69</u>	<u>8,066.23</u>
Less: Closing stock of raw materials and components	569.16	368.56
Consumption of raw materials and components	<u>8,692.53</u>	<u>7,697.67</u>
Purchases of stock-in-trade:	<u>292.70</u>	<u>266.13</u>
Changes in inventories of finished goods, work-in-progress and stock-in-trade:		
Opening stock:		
Work-in-progress	68.20	52.35
Stock-in-trade	154.72	121.22
Finished goods (Includes excise duty of Rs.9.50 crores)	116.73	228.85
	(A) <u>339.65</u>	<u>402.42</u>
Closing stock:		
Work-in-progress	97.28	68.20
Stock-in-trade	152.97	154.72
Finished goods (Includes excise duty of Rs.27.55 crores)	138.17	116.73
	(B) <u>388.42</u>	<u>339.65</u>
	(A)-(B) <u>(48.77)</u>	<u>62.77</u>
<b>24 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	715.33	628.35
Contribution to provident and other funds	43.24	41.03
Staff welfare expenses	69.48	61.81
	<u>828.05</u>	<u>731.19</u>

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts - (continued)

	Rupees in crores	
	Year ended 31-03-2017	Year ended 31-03-2016
<b>25 FINANCE COSTS</b>		
Interest	58.59	65.69
Other borrowing cost	0.10	0.12
Exchange differences	0.93	4.21
	<u>59.62</u>	<u>70.02</u>
<b>26 OTHER EXPENSES</b>		
(a) Consumption of stores, spares and tools	61.67	54.75
(b) Power and fuel	108.83	105.70
(c) Rent	30.56	26.29
(d) Repairs - buildings	14.26	13.59
(e) Repairs - plant and equipment	66.78	61.90
(f) Insurance	10.74	6.37
(g) Rates and taxes (excluding taxes on income)	12.26	8.04
(h) Audit fees	1.34	1.19
(i) Cost Audit fees	0.05	0.05
(j) Packing and freight charges	518.99	458.54
(k) Advertisement and publicity	295.90	326.99
(l) Other marketing expenses	267.45	303.75
(m) Loss on sale of fixed assets	2.50	3.04
(n) Foreign exchange loss	6.02	18.73
(o) Corporate social responsibility expenditure*	9.90	7.58
(p) Contributions to electoral trust	6.58	-
(q) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.10 lakh, whichever is higher)	415.52	406.68
	<u>1,829.35</u>	<u>1,803.19</u>
* Refer Note No. 40 for details on Corporate social responsibility expenditure.		
<b>27 INCOME TAX EXPENSES</b>		
(a) Income tax expense		
Current tax:		
Current tax on profits for the year	164.96	131.78
Adjustments for current tax of prior periods	2.14	2.80
	(A) <u>167.10</u>	<u>134.58</u>
Deferred tax:		
Decrease / (increase) in deferred tax assets	1.96	9.11
(Decrease) / increase in deferred tax liabilities	43.86	16.82
Unused tax (credit) [MAT credit entitlement]	(57.94)	(12.46)
Unused tax (credit) / reversal [MAT credit entitlement] of prior periods	(6.31)	3.40
	(B) <u>(18.43)</u>	<u>16.87</u>
	(A) + (B) <u>148.67</u>	<u>151.45</u>

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts - (continued)

	Rupees in crores	
	As at / Year ended 31-03-2017	As at/ Year ended 31-03-2016
<b>27 INCOME TAX EXPENSES - (continued)</b>		
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	657.76	580.09
Tax at the Indian tax rate of 21.34% (2015-2016 – 21.34%) (Company paid tax under Section 115 JB [Minimum Alternate Tax] of Income Tax Act, 1961)	140.37	123.79
Ind AS transition adjustments, [1/5 <sup>th</sup> of the Opening adjustments are considered for calculation]	9.48	–
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Dividend Income	(1.82)	(2.41)
Capital Receipt	–	(2.21)
Other items	0.88	(10.30)
Tax differences due to subsidiary adjustments	16.05	22.91
Tax Relating to Earlier Years	2.14	2.80
Deferred Tax Liability	45.82	25.93
MAT Credit Entitlement	(64.25)	(9.06)
Income tax expense	<u>148.67</u>	<u>151.45</u>

### 28 FAIR VALUE MEASUREMENTS

Financial Instruments by category	As at 31-03-2017			As at 31-03-2016			As at 01-04-2015		
	FVTPL*	FVOCI*	Amortised cost	FVTPL*	FVOCI*	Amortised cost	FVTPL*	FVOCI*	Amortised cost
Financial assets									
Investments									
- Equity instruments	–	162.35	–	–	52.50	–	–	51.02	–
- Preference shares	871.78	–	12.70	788.76	–	11.70	636.64	–	11.70
- Debt Instruments	–	–	13.17	–	–	8.10	–	–	5.50
Trade receivables	–	–	701.81	–	–	490.84	–	–	414.47
Cash and cash equivalents	–	–	47.12	–	–	49.17	–	–	25.26
Derivative financial assets	–	–	–	9.12	3.62	–	0.13	3.96	–
Other Financial assets	–	–	16.88	–	–	21.51	–	–	23.17
Total financial assets	871.78	162.35	791.68	797.88	56.12	581.32	636.77	54.98	480.10
Financial liabilities									
Borrowings	–	–	1,310.80	–	–	1,091.47	–	–	1,119.89
Trade Payables	–	–	1,953.69	–	–	1,626.52	–	–	1,525.21
Derivative Financial Liability	2.16	0.15	–	–	–	–	–	–	–
Other Financial Liability	–	–	59.29	–	–	49.78	–	–	49.78
Total financial liabilities	2.16	0.15	3,323.78	–	–	2,767.77	–	–	2,694.88

\*FVTPL - Fair Valued Through Profit and Loss; FVOCI - Fair Valued through Other Comprehensive Income

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts - (continued)

(i) Fair value hierarchy

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

Financial assets and liabilities measured at fair value - recurring fair value measurements Rupees in crores

As at 31-03-2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	-	-	871.78	871.78
Financial Investments at FVOCI	3	71.53	-	90.82	162.35
		71.53	-	962.60	1,034.13
Financial liabilities					
Derivatives	19	-	2.31	-	2.31
		-	2.31	-	2.31

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

As at 31-03-2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3	-	-	12.70	12.70
Debt Instruments	3	-	-	13.17	13.17
		-	-	25.87	25.87
Financial Liabilities					
Borrowings	14, 17, 19	-	-	1,310.80	1,310.80
		-	-	1,310.80	1,310.80

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

As at 31-03-2016	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	-	-	788.76	788.76
Financial Investments at FVOCI	3	38.85	-	13.65	52.50
Derivatives designated as hedges	10	-	3.62	-	3.62
Derivatives not designated as hedges	10	-	9.12	-	9.12
		38.85	12.74	802.41	854.00

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

As at 31-03-2016	Notes	Level 1	Level 2	Level 3	Total
Financial assets investments					
Preference shares	3	-	-	11.70	11.70
Debt Instruments	3	-	-	8.10	8.10
		-	-	19.80	19.80
Financial Liabilities					
Borrowings	14, 17, 19	-	-	1,091.47	1,091.47
		-	-	1,091.47	1,091.47

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

As at 01-04-2015	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	-	-	636.64	636.64
Financial Investments at FVOCI	3	38.55	-	12.47	51.02
Derivatives designated as hedges	10	-	3.96	-	3.96
Derivatives not designated as hedges	10	-	0.13	-	0.13
		38.55	4.09	649.11	691.75

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts - (continued)

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

Rupees in crores

As at 01-04-2015	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3	-	-	11.70	11.70
Debt Instruments	3	-	-	5.50	5.50
		-	-	17.20	17.20
Financial Liabilities					
Borrowings	14, 17, 19	-	-	1,119.89	1,119.89
		-	-	1,119.89	1,119.89

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

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

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

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value measurements using significant unobservable inputs (level 3)

	Unlisted Preference Shares	Unlisted Equity Shares	Debt Instruments	Total
As at 01-04-2015	636.64	12.47	5.50	654.61
Additions	100.00	0.05	4.16	104.21
Gains / (losses) recognised in profit or loss	52.12	-	(1.56)	50.56
Gains / (losses) recognised in other comprehensive income	-	1.13	-	1.13
As at 31-03-2016	788.76	13.65	8.10	810.51
Additions	5.00	65.30	2.26	72.56
Gains / (losses) recognised in profit or loss	78.02	-	2.81	80.83
Gains / (losses) recognised in other comprehensive income	-	11.87	-	11.87
As at 31-03-2017	871.78	90.82	13.17	975.77

(iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at			Significant unobservable input	Probability weighted range for the year ended			Sensitivity
	31-03-2017	31-03-2016	01-04-2015		31-03-2017	31-03-2016	01-04-2015	
Preference shares	871.78	788.76	636.64	a) Earnings growth rate b) Risk adjusted discount rate	20-30% 18.32%	20-30% 17.80%	20-30% 17.80%	If the growth rate increases by 5% and reduction in discount rate by 50bps, the value of preference shares will increase by 2% and vice versa.
Unquoted Equity shares	90.82	13.65	12.47	a) Earnings growth rate b) Risk adjusted discount rate	1-3% 8%	1-3% 8%	1-3% 8%	Not significant

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts - (continued)

(v) Valuation processes

Rupees in crores

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of 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 leveraged financial data.

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

	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Investments						
Preference shares	12.70	12.70	11.70	11.70	11.70	11.70
Debt Instruments	13.17	13.17	8.10	8.10	5.50	5.50
	25.87	25.87	19.80	19.80	17.20	17.20
Financial Liabilities						
Borrowings	1,310.80	1,310.80	1,091.47	1,091.47	1,119.89	1,119.89
	1,310.80	1,310.80	1,091.47	1,091.47	1,119.89	1,119.89

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

The fair values for Preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

## 29 FINANCE RISK MANAGEMENT

The company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit Risk		Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information (more specifically described below). In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.
a.	Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
b.	Domestic Trade Receivables	Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. The Company extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. The Company has extensive reporting and review systems to constantly monitor the outstandings.
c.	Export Trade Receivables	The Company's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with ECGC Limited.
Liquidity Risk	INR denominated borrowings (Other than soft loans given by Govt. Authorities)	The Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company works out a detailed annual operating plans to assess the fund requirements - both short term and long

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Consolidated notes on accounts - (continued)

Rupees in crores

### 29 FINANCE RISK MANAGEMENT - (continued)

Risk	Exposure arising from	Risk Parameters and Mitigation
Liquidity Risk	INR denominated borrowings (Other than soft loans given by Govt. Authorities)	term. 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. Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
Market Risk - Foreign exchange		The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
Export trade receivables and Import Payables		The company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
Foreign currency denominated borrowings		The Company has hedged its borrowings by covering the principal repayments.
Market Risk - Interest rate	Foreign currency denominated borrowings	The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

#### (A) Credit risk

Basis of recognition of expected credit loss provision

Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	12 month expected credit losses	12 month expected credit losses	Life time expected credit losses (simplified approach)
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is written off		

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts - (continued)

Rupees in crores

As at 31-03-2017

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	25.87	0%	–	25.87
	1	Other financial assets	16.88	0%	–	16.88

b) Expected credit loss for trade receivables under simplified approach

	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	700.29	6.91	707.20
Expected loss rate		78%	–
Expected credit losses	–	5.39	5.39
Carrying amount of trade receivables	700.29	1.52	701.81

As at 31-03-2016

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	19.80	0%	–	19.80
	1	Other financial assets	21.51	0%	–	21.51

b) Expected credit loss for trade receivables under simplified approach

	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	489.85	6.68	496.53
Expected loss rate	–	85%	–
Expected credit losses	–	5.69	5.69
Carrying amount of trade receivables	489.85	0.99	490.84

As at 01-04-2015

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	17.20	0%	–	17.20
	1	Other financial assets	23.17	0%	–	23.17

b) Expected credit loss for trade receivables under simplified approach

	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	414.19	5.86	420.05
Expected loss rate	–	95%	–
Expected credit losses	–	5.58	5.58
Carrying amount of trade receivables	414.19	0.28	414.47



# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Consolidated notes on accounts - (continued)

Rupees in crores

### 29 FINANCE RISK MANAGEMENT - (continued)

#### Reconciliation of loss allowance provision - Loans and deposits

Reconciliation of Loss allowance	Loss allowance measured at 12 month Expected credit losses
Loss allowance on 01-04-2015	-
Write offs	-
Recoveries	-
Loss allowance on 31-03-2016	-
Write offs	-
Recoveries	-
Loss allowance on 31-03-2017	-

#### Reconciliation of loss allowance provision - Trade receivables

Loss allowance on 01-04-2015	5.58
Changes in loss allowance	0.11
Loss allowance on 31-03-2016	5.69
Changes in loss allowance	(0.30)
Loss allowance on 31-03-2017	5.39

#### (B) Liquidity risk

##### (i) Financing arrangements

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

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Floating rate			
- Expiring within one year (bank overdraft and other facilities)	673.16	637.49	344.43
- Expiring beyond one year (bank loans)	-	-	-

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging from 30 to 180 days.

##### (ii) Maturities of financial liabilities

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

- 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.

#### As at 31-03-2017

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	751.67	24.25	44.48	261.03	229.37	1,310.80
Trade payables	1,953.69					1,953.69
Other financial liabilities	59.29					59.29
Derivatives	0.15			2.16		2.31

#### As at 31-03-2016

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	406.96	97.81	77.99	178.63	330.08	1,091.47
Trade payables	1,626.52					1,626.52
Other financial liabilities	49.78					49.78

#### As at 01-04-2015

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	480.13	30.37	39.40	186.21	383.78	1,119.89
Trade payables	1,525.21					1,525.21
Other financial liabilities	49.78					49.78

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

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Consolidated notes on accounts - (continued)

Rupees in crores

### 29 FINANCE RISK MANAGEMENT - (continued)

#### (C) Market Risk

##### (i) Foreign exchange risk

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

	As at 31-03-2017		As at 31-03-2016	As at 01-04-2015
	USD	EUR	USD	USD
Exposure in foreign currency				
Financial assets				
Trade receivables	182.94	10.51	128.09	142.83
Derivatives	–	–	12.74	4.09
Net exposure to foreign currency risk (assets)	182.94	10.51	140.83	146.92
Financial liabilities				
Foreign currency loan	129.09	70.55	298.97	240.78
Trade payables	195.48	1.40	196.93	102.13
Derivatives	2.31	–	–	–
Net exposure to foreign currency risk (liabilities)	143.94	61.44	355.07	195.99

#### Sensitivity

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

	Impact on profit after tax*		Impact on other components of equity*	
	As at 31-03-2017	As at 31-03-2016	As at 31-03-2017	As at 31-03-2016
USD sensitivity				
INR/USD Increases by 10%	10.65	26.28	(10.65)	(26.28)
INR/USD Decreases by 10%	(10.65)	(26.28)	10.65	26.28
EURO sensitivity				
INR/EURO Increases by 10%	4.54	–	(4.54)	–
INR/EURO Decreases by 10%	(4.54)	–	4.54	–

\* Holding all other variables constant

##### (ii) Interest Rate Risk

Domestic INR borrowings are based on fixed rate of interest. Normally for short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, Company resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Variable rate borrowings	488.28	493.05	473.31
Fixed rate borrowings	822.52	598.42	646.58

Sensitivity	Impact on profit after tax	
	As at 31-03-2017	As at 31-03-2016
Increase in interest rates by 100 bps	3.61	3.65
Decrease in interest rates by 100 bps	(3.61)	(3.65)

##### (iii) Price Risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

#### (D) Impact of hedging activities

##### (i) Disclosure of effects of hedge accounting on financial position

##### (a) Disclosure of effects of hedge accounting on financial position as at 31-03-2017

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in the value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	172.78	–	172.63	–	Apr'17 to Aug'17	(3.72)	3.72

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Consolidated notes on accounts – (continued)

Rupees in crores

### 29 FINANCE RISK MANAGEMENT - (continued)

(b) Disclosure of effects of hedge accounting on financial position as at 31-03-2016

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in the value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	570.21	–	566.59	–	Apr'16 - Mar'17	0.52	(0.52)

(c) Disclosure of effects of hedge accounting on financial position as at 01-04-2015

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in the value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge Foreign exchange forward contracts, PCFC	958.69	–	955.59	–	Apr'15 - Mar'16	(3.42)	3.42

(ii) Disclosure of effects of hedge accounting on financial performance :  
for the year ended 31-03-2017 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC	(0.15)	–	(3.62)	Revenue

for the year ended 31-03-2016 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC	3.62	–	(3.10)	Revenue

### 30 CAPITAL MANAGEMENT

(a) Risk management

The company's objectives when managing capital are to

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

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

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

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

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Net debt	1,263.68	1,042.30	1,094.63
Total equity	2,224.82	1,817.97	1,607.22
Net debt to equity ratio	56.80%	57.33%	68.11%

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Consolidated notes on accounts – (continued)

### 30 CAPITAL MANAGEMENT - (continued)

Rupees in crores

The company also monitors Interest coverage ratio :

Company's earnings before interest and taxes (EBIT) divided by Interest

The Company's strategy is to maintain a optimum interest coverage ratio The Interest coverage ratio were as follows:

	Year ended 31-03-2017	Year ended 31-03-2016
EBIT	717.58	650.11
Interest	59.62	70.02
Interest coverage ratio	12.04	9.29

#### (b) Dividends

	As at 31-03-2017	As at 31-03-2016
(i) Equity shares		
Interim dividends for the year ended 31-03-2016 of Rs.2.50 (31-03-2015 – Rs.1.90) per fully paid share	142.96	142.94
Interim dividends for the year ended 31-03-2017 of Rs.2.50 (31-03-2016 – Rs.2.50) per fully paid share		
(ii) Dividends not recognised at the end of the reporting period	–	–

### 31 RECONCILIATIONS BETWEEN PREVIOUS GAAP AND IND AS

#### I) Reconciliation of total equity as at 31-03-2016 and 01-04-2015

	As at 31-03-2016	As at 01-04-2015
Total equity (shareholder's funds) as per previous GAAP	1,582.88	1,324.63
Adjustments:		
Valuation of Investments at Fair Value	266.83 *	214.80#
Proposed Dividend	–	69.03
Measurement of Financial Liabilities at Amortised Cost and impact of Derivative Contracts	(1.43)	(0.96)
Reversal of Revaluation gain recognised	(28.96)	–
Fair valuation of Security Deposits	(0.10)	(0.04)
Lease hold land amortisation	(0.19)	(0.14)
Reversal of amortisation of goodwill	0.28	–
Transition differences of an Associate	(0.83)	(0.79)
Tax adjustments	(0.51)	0.69
Total equity as per Ind AS	1,817.97	1,607.22

# Refer Note 1 below

#### II) Reconciliation of total comprehensive income for the year ended 31-03-2016

Profit after tax as per previous GAAP	369.33
Adjustments:	
Add / Less: Actuarial Loss / (Gain ) on Employee defined benefit plans recognised in "Other Comprehensive Income"	12.35
Add : Increase in fair value of financial assets	50.60
Less: Measurement of Financial Liabilities at Amortised Cost and impact of Derivative Contracts	(0.34)
Reversal of amortisation of goodwill and SIPCOT lease amortisation	0.32
Transition differences of an Associate	(0.04)
Amortisation of deposits on lease hold land	(0.11)
Allocation of losses to Non-controlling interest	0.51
Less : Tax on above	(3.47)
Profit after tax as per Ind AS	429.15
Other comprehensive income (net of tax)	
i. Items that will not be reclassified to profit and loss	(8.51)
ii. Items that will be reclassified to profit and loss	18.88
Total comprehensive income as per Ind AS	439.52

Note 1:

The terms of issue of Preference shares held by the Company in TVSMS contain an option to receive appropriate number of equity shares of TVSCS [subsidiary of TVSMS] in lieu of redemption. Accordingly, the preference shares are treated as Debt and fair valued. (Refer Note 32 A.2.2)

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts – (continued)

Rupees in crores

#### 31 RECONCILIATIONS BETWEEN PREVIOUS GAAP AND IND AS - (continued)

In respect of other equity investments, these are fair valued at each balance sheet date and the changes in fair value are reflected in Other Comprehensive Income.

Company Name	Cost as per Previous GAAP	Fair Value as at 01-04-2015
Preference Shares :		
TVS Motor Services Limited, Chennai	446.01	636.64
Other Equity Investments :		
Suprajit Engineering Limited, Bengaluru	0.08	37.54
Ucal Fuel Systems Limited, Chennai	0.25	1.01
Green Infra BTV Limited, New Delhi	3.25	0.94
TVS Lanka (Private) Limited, Colombo	2.08	8.14
Green Infra Wind Energy Theni Limited, New Delhi	3.00	3.00
Other Investments :		
ICICI Prudential Life Insurance, Mumbai	8.79	2.40
Life Insurance Corporation Pension Policy, Mumbai	14.51	3.10
	477.97	692.77

In accordance with Ind AS, the difference of Rs.214.80 crores as on 01-04-2015 between above stated cost of Rs. 477.97 crores as per Previous GAAP and Fair value of Rs.692.77 crores is adjusted against Other Equity.

\* Net increase of Rs.266.83 crores, for the year 2015-16 is consequent to changes in Fair Value of preference shares held in TVS Motor Services Limited, Chennai and Other Equity / Other Investments.

#### 32 TRANSITION TO IND AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31-03-2017, the comparative information presented in these financial statements for the year ended 31-03-2016 and in the preparation of opening Ind AS balance sheet as at 01-04-2015 (The Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position and financial performance is set out in the following tables and notes.

##### A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

##### A.1 Ind AS optional exemptions

##### A.1.1 Deemed cost - Property, Plant and Equipment and 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 previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 - Intangible Assets.

Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at previous GAAP carrying value.

##### A.1.2 Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The company has elected to apply this exemption for its investment in equity investments.

### Consolidated notes on accounts – (continued)

#### 32 TRANSITION TO IND AS - (continued)

##### A.1.3 Business Combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

##### A.2 Ind AS mandatory exceptions

###### A.2.1 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 previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 01-04-2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVOCI;
- Impairment of financial assets based on expected credit loss model.

###### A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

###### A.2.3 Government Loans

A first-time adopter has the option to apply the requirements in Ind AS 109 (Financial Instruments) and Ind AS 20 (Accounting for Government Grants and Disclosure of Government Assistance) prospectively to government loans existing at the date of transition to Ind AS and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Accordingly the Company has elected to apply the above option to Sales tax deferral loans which continue to be valued at previous GAAP value.

###### A.2.4 Hedge Accounting

The Company had designated various hedging relationships as cash flow hedges under the previous GAAP. On the date of transition to Ind AS entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

##### B. Notes to first-time adoption

###### Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31-03-2016 increased by Rs.12.35 crores. There is no impact on the total equity as at 31-03-2016.

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Consolidated notes on accounts – (continued)

Rupees in crores

### 33 EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plans as per actuarial valuation

	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
As at 01-04-2015	52.18	(55.35)	(3.17)	47.30	–	47.30	13.98	–	13.98
Current service cost	3.57	–	3.57	2.75	–	2.75	3.29	–	3.29
Interest expense / (income)	4.18	(4.41)	(0.23)	3.81	–	3.81	1.12	–	1.12
Total amount recognised in profit or loss	7.75	(4.41)	3.34	6.56	–	6.56	4.41	–	4.41
Remeasurements									
Return on plan assets, excluding amounts included in interest expense / (income)	–	(0.80)	(0.80)	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	–	–	–	–	–	–	0.08	–	0.08
Experience (gains) / losses	9.50	–	9.50	2.73	–	2.73	1.26	–	1.26
Total amount recognised in other comprehensive income	9.50	(0.80)	8.70	2.73	–	2.73	1.34	–	1.34
Employer contributions	–	(8.92)	(8.92)	–	–	–	–	–	–
Benefit payments	(4.37)	4.07	(0.30)	–	–	–	(3.29)	–	(3.29)
As at 31-03-2016	65.06	(65.41)	(0.35)	56.59	–	56.59	16.44	–	16.44
Current service cost	4.59	–	4.59	2.89	–	2.89	3.33	–	3.33
Interest expense / (income)	5.15	(5.22)	(0.07)	4.17	–	4.17	1.25	–	1.25
Total amount recognised in profit or loss	9.74	(5.22)	4.52	7.06	–	7.06	4.58	–	4.58
Remeasurements									
Return on plan assets, excluding amounts included in interest expense / (income)	–	0.24	0.24	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	5.03	–	5.03	–	–	–	0.11	–	0.11
Experience (gains) / losses	11.34	–	11.34	(0.66)	–	(0.66)	(0.99)	–	(0.99)
Total amount recognised in other comprehensive income	16.37	0.24	16.61	(0.66)	–	(0.66)	(0.88)	–	(0.88)
Employer contributions	–	(4.45)	(4.45)	–	–	–	–	–	–
Benefit payments	(4.92)	4.92	–	–	–	–	–	–	–
As at 31-03-2017	86.25	(69.92)	16.33	62.99	–	62.99	20.14	–	20.14

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Profit and Loss Statement.

The net liability disclosed above relates to funded and unfunded plans are as follows:

	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 01-04-2015
Present value of funded obligations	86.25	65.06	52.18
Fair value of plan assets	(69.92)	(65.41)	(55.35)
Deficit of funded plan	16.33	(0.35)	(3.17)
Unfunded plans	83.13	73.02	61.28
Deficit before asset ceiling	99.46	72.67	58.11

The significant actuarial assumptions were as follows:

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Discount rate	7.0%	8.0%	8.0%
Salary growth rate	6.0%	6.0%	6.0%
Mortality rate	IALM (2006-08) ultimate	IALM (2006-08) ultimate	IALM (2006-08) ultimate
Attrition rate (Gratuity and Leave salary)	3.0%	3.0%	3.0%
Attrition rate (Pension)	0.0%	0.0%	0.0%

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Consolidated notes on accounts – (continued)

### 33 EMPLOYEE BENEFIT OBLIGATIONS - (continued)

Rupees in crores

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 58.

(i) Sensitivity analysis

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

	Impact on defined benefit obligation - Gratuity					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016
Discount rate	0.50%	0.50%	79.15	60.09	86.17	65.42
Salary growth rate	0.50%	0.50%	86.19	65.44	79.10	60.05
Mortality	5.00%	5.00%	82.53	62.66	82.51	62.64

	Impact on defined benefit obligation - Pension					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016
Discount rate	0.50%	0.50%	58.21	52.65	65.46	59.21
Salary growth rate	0.50%	0.50%	62.70	56.71	60.66	54.87
Mortality	5.00%	5.00%	61.67	55.78	61.65	55.76

	Impact on defined benefit obligation - Leave Salary					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2016
Discount rate	0.50%	0.50%	18.29	14.98	20.17	16.52
Salary growth rate	0.50%	0.50%	20.17	16.52	18.28	14.97
Mortality	5.00%	5.00%	19.19	15.72	19.19	15.72

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

(ii) Risk exposure

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

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

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

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

**Life expectancy:** The pension obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy. The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, The Company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2017 consists of Government and Corporate bonds, although the Company also invests in equities, cash and mutual funds. The Company believes that equities offer the best returns over the long term with an acceptable level of risk.

(iii) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of Rs. 13.45 crores (previous year Rs.11.84 crores) has been recognised in the Statement of Profit and Loss.



## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts – (continued)

#### 34 RELATED PARTY DISCLOSURE

(a) (i) Related parties and their relationship where control exists:	Associate / Joint venture of holding / subsidiary / fellow subsidiary company - (continued)
Holding company: Sundaram-Clayton Limited, Chennai	
Ultimate holding company: T V Sundram Iyengar & Sons Private Limited, Madurai	Wheels India Limited, Chennai Sundram Fasteners Limited, Chennai
Subsidiaries: Sundaram Auto Components Limited, Chennai TVS Motor Company (Europe) B.V, Amsterdam TVS Motor (Singapore) Pte. Limited, Singapore PT. TVS Motor Company Indonesia, Jakarta TVS Housing Limited, Chennai Sundaram Holding USA Inc, Delaware, USA Green Hills Land holding LLC, South Carolina, USA Component Equipment Leasing LLC, South Carolina, USA Workspace Project LLC, South Carolina, USA Premier Land Holding LLC, South Carolina, USA.	India Nippon Electricals Limited, Chennai Sundaram Brake Linings Limited, Chennai TVS Auto Bangladesh Limited, Dhaka TVS Lanka Private Limited, Colombo TVS Logistics Services Limited, Chennai Harita Techserv Limited, Chennai
Associate company: Emerald Haven Realty Limited, Chennai (Formerly known as Green Earth Homes Limited)	Subsidiaries of associate / joint venture: Upasana Engineering Limited, Chennai TVS Dynamic Global Freight Services Limited, Chennai TVS Commutation Solutions Limited, Chennai
(ii) Other related parties and their relationship where transaction exists:	Enterprises in which directors are interested: TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited) Designo Lifestyle Solutions Private Limited Dua Associates Dua Consulting Private Limited McCann-Erickson (India) Private Limited
Fellow subsidiaries: TVS Electronics Limited, Chennai Southern Roadways Limited, Madurai Sundaram Industries Private Limited, Madurai Lucas-TVS Limited, Chennai Lucas Indian Service Limited, Chennai TVS Auto Assist (India) Limited, Chennai Sundaram Investments Limited, Chennai	Key Management personnel: Mr Venu Srinivasan, Chairman & Managing Director Mr Sudarshan Venu, Joint Managing Director
Associate / Joint venture of holding / subsidiary / fellow subsidiary company: Brakes India Private Limited, Chennai TVS Srichakra Limited, Madurai	Relative(s) of the Key Management personnel Dr. Lakshmi Venu, Director Dr. Malini Srinivasan
	Enterprise over which key management personnel and their relative have significant influence: Harita-NTI Limited, Chennai

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
<b>34 RELATED PARTY DISCLOSURE – (continued)</b>		
(b) Transactions with related parties:		
(i) Purchase of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.45	0.35
- holding company (Sundaram-Clayton Limited, Chennai)	304.30	346.61
- fellow subsidiaries		
TVS Electronics Limited, Chennai	0.13	0.15
Sundaram Industries Private Limited, Madurai	0.07	0.29
Lucas-TVS Limited, Chennai	79.01	78.91
Lucas Indian Service Limited, Chennai	6.45	4.95
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	13.24	19.93
TVS Srichakra Limited, Madurai	272.47	278.86
Wheels India Limited, Chennai	4.42	6.98
Sundram Fasteners Limited, Chennai	51.95	73.39
India Nippon Electricals Limited, Chennai	209.00	194.92
Sundaram Brake Linings Limited, Chennai	9.60	10.76
- subsidiaries of associate / joint venture		
Upasana Engineering Limited, Chennai	14.94	12.81
- enterprises over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	1.18	0.81
- enterprises in which directors are interested		
TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)	0.73	0.65
Designo Lifestyle Solutions Private Limited	0.09	–
(ii) Sale of goods		
- fellow subsidiary (Lucas -TVS Limited, Chennai)	0.08	0.41
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
Sundram Fasteners Limited, Chennai	3.06	3.05
TVS Auto Bangladesh Limited, Dhaka	262.46	161.31
TVS Lanka Private Limited, Colombo	224.08	272.14
(iii) Purchase of asset		
- holding company (Sundaram-Clayton Limited, Chennai)	–	0.35
(iv) Rendering of services (including interest and reimbursements received)		
- holding company (Sundaram-Clayton Limited, Chennai)	4.60	3.03
- fellow subsidiary (Southern Roadways Limited, Madurai)	0.01	0.01
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	0.53	0.49
- Associate		
Emerald Haven Realty Limited	0.11	0.10

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts – (continued)

Rupees in crores

#### 34 RELATED PARTY DISCLOSURE – (continued)

	As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
(v) Availing of services (includes sub-contract charges paid)		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.45	–
- holding company (Sundaram-Clayton Limited, Chennai)	67.70	64.59
- fellow subsidiaries:		
TVS Electronics Limited, Chennai	1.15	1.02
Southern Roadways Limited, Madurai	2.23	2.87
TVS Auto Assist (India) Limited, Chennai	1.81	–
Lucas-TVS Limited, Chennai	0.12	0.12
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	75.29	69.85
Harita Techserv Limited, Chennai	2.43	2.69
- subsidiaries of associate / joint venture		
TVS Dynamic Global Freight Services Limited, Chennai	22.42	33.95
TVS Commutation Solutions Limited, Chennai	0.03	3.45
- enterprises in which directors are interested		
Dua Associates	3.19	0.96
Dua Consulting Private Limited	3.60	4.40
McCann-Erickson (India) Private Limited	6.99	6.80
- associate (Emerald Haven Realty Limited, Chennai)	2.36	5.02
(vi) Investments made		
- associate (Emerald Haven Realty Limited, Chennai)	40.00	–
(vii) Sale of investments		
- fellow subsidiary (Sundaram Investment Limited, Chennai)	–	0.01
(viii) Remuneration to key management personnel:		
- Short-term employee benefits (STEB)	24.56	23.40
- Post-employment benefits	0.17	0.08
Remuneration to Relative to key management personnel (STEB)	0.36	0.57
(ix) Dividend received from:		
Associate of ultimate holding company (TVS Lanka Private Limited, Colombo)	0.37	0.19
(x) Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	68.17	68.17
(c) Balances with related parties (unsecured):		
(i) Trade receivables		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.03	0.03
- associate / joint venture of holding / subsidiary / fellow subsidiary company		
TVS Auto Bangladesh Limited, Dhaka	36.78	3.43
TVS Lanka Private Limited, Colombo	37.44	20.41
- enterprises in which directors are interested		
Designo Lifestyle Solutions Private Limited	0.02	0.02
- fellow subsidiaries		
Lucas-TVS Limited, Chennai	0.08	0.13

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
34	RELATED PARTY DISCLOSURE – (continued)		
(ii)	Trade payables		
-	holding company (Sundaram-Clayton Limited, Chennai)	26.08	32.49
-	fellow subsidiaries		
	Lucas-TVS Limited, Chennai	12.40	11.00
	Lucas Indian Service Limited, Chennai	0.91	0.41
	Sundaram Industries Private Limited, Madurai	0.01	0.03
	TVS Auto Assist (India) Limited, Chennai	0.28	–
	TVS Electronics Limited, Chennai	0.06	0.01
-	associate company (Emerald Haven Realty Limited, Chennai)	5.14	5.61
-	associate / joint venture of holding / subsidiary / fellow subsidiary company		
	Brakes India Private Limited, Chennai	2.06	2.00
	TVS Srichakra Limited, Madurai	31.99	28.98
	Wheels India Limited, Chennai	0.86	0.84
	Harita Techserv Limited, Chennai	0.21	0.21
	India Nippon Electricals Limited, Chennai	31.57	30.62
	Sundaram Brake Linings Limited, Chennai	1.73	1.75
	Sundram Fasteners Limited, Chennai	7.34	8.44
	TVS Logistics Services Limited, Chennai	2.20	2.60
-	subsidiaries of associate / joint venture		
	TVS Dynamic Global Freight Services Limited, Chennai	1.98	2.15
	TVS Commutation Solutions Limited, Chennai	0.02	0.03
	Upasana Engineering Limited, Chennai	1.71	1.57
-	enterprises in which directors are interested		
	Dua Consulting Private Limited	0.10	0.10
	McCann-Erickson (India) Private Limited	0.81	0.81
	TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited)	0.04	–
-	enterprise over which key management personnel and their relatives have significant influence (Harita-NTI Limited, Chennai)	0.22	0.17

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
<b>35 EARNINGS PER SHARE</b>		
Profit after tax	511.24	429.15
Number of equity shares	47,50,87,114	47,50,87,114
Face value of the share (in rupees)	1.00	1.00
Weighted average number of equity shares	47,50,87,114	47,50,87,114
Basic and diluted earnings per share for continued operations (in rupees)	10.76	9.03
Basic and diluted earnings per share for discontinued operations (in rupees)	–	–
Basic and diluted earnings per share for continued and discontinued operations (in rupees)	10.76	9.03
<b>36 WARRANTY PROVISION (CURRENT)</b>		
Opening balance	26.96	22.95
Add: Provision for the year (net)	23.46	26.96
	<u>50.42</u>	<u>49.91</u>
Less: Payments / debits (net)	26.96	22.95
Closing balance	<u>23.46</u>	<u>26.96</u>
<b>37 PAYMENT TO AUDITORS COMPRISES</b>		
As statutory auditors	1.15	1.03
Taxation matters	0.13	0.13
Certification matters	0.06	0.03
	<u>1.34</u>	<u>1.19</u>
Miscellaneous expenses include travel and stay expenses of auditors	0.09	0.18
	<u>1.43</u>	<u>1.37</u>
<b>38 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR</b>		
(a) Claims against the company not acknowledged as debts:		
(i) Excise	30.02	48.98
(ii) Service tax	6.74	7.31
(iii) Customs	1.87	1.96
(iv) Sales tax	1.81	16.13
(v) Income tax	21.95	15.79
(vi) Others	3.50	3.50
The future cash flows on the above items are determinable only on receipt of the decisions / judgments that are pending at various forums / authorities. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
(b) Other money for which the Company is contingently liable:		
(i) On bills discounted with banks	81.33	72.76
(ii) On factoring arrangements	1.90	4.21

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts – (continued)

#### 38 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR: – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2017	As at/ Year ended 31-03-2016
(c) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	463.70	137.01
(d) Other commitments:		
On import of capital goods under Export Promotion Capital Goods Scheme	45.48	45.45

#### 39 DETAILS OF SPECIFIED BANK NOTES

Particulars	Specified bank notes	Other denomination	Value in rupees
			Total
Closing cash in hand as on 8.11.2016	45,00,000.00	31,49,246.00	76,49,246.00
(+) Permitted receipts	91,000.00	26,68,073.00	27,59,073.00
(-) Permitted payments	–	18,18,791.00	18,18,791.00
(-) Amount deposited in Banks	45,91,000.00	6,76,469.00	52,67,469.00
Closing cash in hand as on 30.12.2016	–	33,22,059.00	33,22,059.00

#### 40 CORPORATE SOCIAL RESPONSIBILITY

(a) Gross amount required to be spent during the year is Rs.9.68 crores (last year Rs.7.57 crores)

(b) Amount spent during the year:

Sl.No.	Particulars	in cash	Yet to be paid in cash	31-03-2017	31-03-2016
1	Construction / acquisition of any asset	–	–	–	–
2	Expenses incurred through trusts	9.90	–	9.90	7.58

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts – (continued)

#### 41 SEGMENT INFORMATION FOR THE YEAR ENDED 31-03-2017

Rupees in crores

Particulars	Business segment			
	Automotive vehicles & parts	Automotive components	Others	Total
Revenue				
External sales - domestic	11,014.20	288.75	7.00	11,309.95
- exports	2,263.94	–	–	2,263.94
Inter segment sales	–	296.68	–	296.68
Total sales	13,278.14	585.43	7.00	13,870.57
Less: Inter segment sales	–	296.68	–	296.68
Net revenue	13,278.14	288.75	7.00	13,573.89
Segment-wise results before interest and tax	690.06	26.95	0.37	717.38
Less: interest	56.22	3.40	–	59.62
Profit before tax	633.84	23.55	0.37	657.76
Less: Tax expenses	138.69	9.87	0.11	148.67
Profit after tax	495.15	13.68	0.26	509.09
Share of profit of Associates	–	–	0.20	0.20
Profit / Loss for the period	495.15	13.68	0.46	509.29
Segment assets	5,657.20	465.50	5.26	6,127.96
Segment liabilities	3,695.69	202.99	4.46	3,903.14
Segment depreciation	301.31	15.51	–	316.82

Notes: The Company and its Indian subsidiaries cater mainly to the needs of the domestic market. There are no reportable geographical segments.

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Consolidated notes on accounts – (continued)

#### 42 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31-03-2017

Name of the entity	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount Rs. in crores	As % of consolidated profit or loss	Amount Rs. in crores	As % of consolidated other comp- rehensive income	Amount Rs. in crores	As % of consolidated total comp- rehensive income	Amount Rs. in crores
1	2	3	4	5	6	7	8	9
<b>Parent</b>								
TVS Motor Company Limited	77.06%	1,714.34	106.88%	546.40	371.78%	33.20	111.42%	579.60
<b>Subsidiaries - Indian</b>								
Sundaram Auto Components Limited	11.80%	262.51	2.98%	15.24	(7.28%)	(0.65)	2.80%	14.59
TVS Housing Limited	0.04%	0.80	0.05%	0.26	–	–	0.05%	0.26
<b>Subsidiaries - Foreign</b>								
TVS Motor (Singapore) Pte Limited	0.13%	2.93	(0.18%)	(0.92)	(19.82%)	(1.77)	(0.52%)	(2.69)
TVS Motor Company Europe B.V.	0.12%	2.74	(0.10%)	(0.50)	(0.45%)	(0.04)	(0.10%)	(0.54)
PT. TVS Motor Company Indonesia	5.40%	120.07	(8.82%)	(45.10)	(235.50%)	(21.03)	(12.71%)	(66.13)
Sundaram Holding USA Inc.	1.18%	26.24	(1.23%)	(6.29)	(12.54%)	(1.12)	(1.42%)	(7.41)
Non-controlling Interest in all subsidiaries	–	–	0.38%	1.95	3.81%	0.34	0.44%	2.29
<b>Associates - Indian</b> (Investment as per the equity method)								
Emerald Haven Realty Limited	4.27%	95.19	0.04%	0.20	–	–	0.04%	0.20
<b>Total</b>	<b>100.00%</b>	<b>2,224.82</b>	<b>100.00%</b>	<b>511.24</b>	<b>100.00%</b>	<b>8.93</b>	<b>100.00%</b>	<b>520.17</b>

#### 43 PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED WHEREVER NECESSARY TO CONFORM TO THE CURRENT YEAR'S CLASSIFICATION.

VENU SRINIVASAN  
Chairman & Managing Director

SUDARSHAN VENU  
Joint Managing Director

H. LAKSHMANAN  
Director

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

S.G. MURALI  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATRAMAN  
Partner  
Membership No.: 34319

Place : Bengaluru  
Date : 27<sup>th</sup> April 2017



# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Annexure Form AOC - I

### Statement containing salient features of the financial statement of subsidiaries / associate companies

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

#### Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts Rupees in crores )

Sl. No.	Particulars	Indian Subsidiaries		Foreign Subsidiaries			
		Sundaram Auto Components Limited	TVS Housing Limited	TVS Motor (Singapore) Pte Ltd	TVS Motor Company (Europe) B.V.	PT TVS Motor Company Indonesia	Sundaram Holding USA Inc.
1.	The date since when subsidiary was acquired	01-04-2003	21-06-2010	21-10-2005	21-07-2005	05-09-2005	09-09-2015
2.	Reporting currency and Exchange rate as on last date of the relevant financial year in the case of foreign subsidiaries	INR	INR	SGD INR 46.4125/SGD	USD INR 64.85/USD	IDR INR 0.4875/IDR 100	USD INR 64.85/USD
3.	Share capital	14.55	0.05	260.12	126.52	727.17	35.60
4.	Reserves & Surplus	153.72	0.75	(11.26)	(123.78)	(618.52)	(9.36)
5.	Total assets	514.04	5.26	248.89	2.90	328.11	26.58
6.	Total Liabilities	514.04	5.26	248.89	2.90	328.11	26.58
7.	Investments	27.61	-	245.93	-	-	-
8.	Turnover	2,915.95	7.02	1.23	-	149.22	-
9.	Profit before taxation	34.93	0.37	(0.92)	(0.60)	(45.10)	(6.29)
10.	Provision for taxation	9.87	0.11	-	(0.10)	-	-
11.	Profit after taxation	25.06	0.26	(0.92)	(0.50)	(45.10)	(6.29)
12.	Proposed Dividend	-	-	-	-	-	-
13.	% of shareholding	100	100	100	100	100	68.01

# The figures of Sundaram Holding USA Inc includes the consolidation of its subsidiaries viz, Green Hills Land Holding LLC, Component Equipment Leasing LLC, Workspace Project LLC and Premier Land Holding LLC, all located at South Carolina, USA.

Notes: 1. Subsidiaries which are yet to commence operations - Premier Land Holding LLC, USA.

2. Subsidiaries which have been liquidated or sold during the year - NIL.

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to  
Associate Companies and Joint Ventures

Rupees in crores

Sl.No.	Name of Associate	Emerald Haven Realty Limited
1.	Latest audited balance sheet date	31-03-2017
2.	Date on which the Associate was acquired	26-03-2012
3.	Shares of Associate held by the Company on the year end	
	(i) No. of shares	8,00,00,000
	(ii) Amount of Investment in Associate	80.00
	(iii) Extent of Holding %	48.8
4.	Description of how there is significant influence	Holding more than 20% of share capital.
5.	Reason why the Associate is not consolidated	Not applicable
6.	Net worth attributable to shareholding as per latest audited balance Sheet	95.19
7.	Profit / (Loss) for the year	
	(i) Considered in consolidation	0.20
	(ii) Not Considered in consolidation	0.21

Notes: 1. Associates or Joint ventures which are yet to commence operations - Nil.

2. Associates or Joint ventures which have been liquidated or sold during the year - Nil.

VENU SRINIVASAN  
*Chairman & Managing Director*

SUDARSHAN VENU  
*Joint Managing Director*

H. LAKSHMANAN  
*Director*

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

S.G. MURALI  
*Chief Financial Officer*

K.S. SRINIVASAN  
*Company Secretary*

S. VENKATRAMAN  
*Partner*

Place : Bengaluru  
Date : 27<sup>th</sup> April 2017

*Membership No.: 34319*

TVS  
**Jupiter**  
ZYADA KA FAYDA



TVS  
**KING**

*The King of Autos.*



# 1

**VOTED**

# NO.1

**IN CUSTOMER SATISFACTION**

