

TVS MOTOR COMPANY LIMITED

Twenty Fourth Annual Report 2015-2016



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TVS MOTOR COMPANY LIMITED

Board of Directors	<p>VENU SRINIVASAN <i>Chairman & Managing Director</i></p> <p>SUDARSHAN VENU <i>Joint Managing Director</i></p> <p>H. LAKSHMANAN</p> <p>T. KANNAN</p> <p>C. R. DUA</p> <p>R. RAMAKRISHNAN</p> <p>PRINCE ASIRVATHAM</p> <p>HEMANT KRISHAN SINGH</p> <p>Dr. LAKSHMI VENU</p>
Audit Committee	<p>T. KANNAN <i>Chairman</i></p> <p>C.R. DUA</p> <p>R. RAMAKRISHNAN</p> <p>PRINCE ASIRVATHAM</p>
Stakeholders' Relationship Committee	<p>R. RAMAKRISHNAN <i>Chairman</i></p> <p>VENU SRINIVASAN</p> <p>SUDARSHAN VENU</p>
Nomination and Remuneration Committee	<p>T. KANNAN <i>Chairman</i></p> <p>C.R. DUA</p> <p>H. LAKSHMANAN</p>
Corporate Social Responsibility Committee	<p>VENU SRINIVASAN <i>Chairman</i></p> <p>H. LAKSHMANAN</p> <p>PRINCE ASIRVATHAM</p>
President & CEO	K.N. RADHAKRISHNAN
Chief Financial Officer (CFO)	S.G. MURALI
Company Secretary	K.S. SRINIVASAN
Auditors	V. SANKAR AIYAR & Co., Chartered Accountants, 2-C, Court Chambers, 35 New Marine Lines, Mumbai - 400 020.
Cost Auditor	A.N. RAMAN Cost Accountant, No. 10 P, Muthukumaraswami Salai, Off. Baby Nagar 1 st Main Road, Velachery, Chennai - 600 042.
Secretarial Auditor	S. KRISHNAMURTHY & CO., Company Secretaries, No. 16, Pattammal Street, Mandaveli, Chennai - 600 028.
Shares listed with	BSE Ltd., Mumbai. National Stock Exchange of India Ltd., Mumbai.
Share Transfer Agent	Sundaram-Clayton Limited, "Jayalakshmi Estates", 1 st 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 raman@scl.co.in

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

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
Website: www.tvsmotor.com

Plant Locations

1. Post Box No. 4, Harita, Hosur - 635 109, Tamil Nadu, India.
Tel : 04344 - 276780; Fax : 04344 - 276016
2. Post Box No. 1, Byathahalli Village,
Kadakola Post, Mysore - 571 311, Karnataka, India.
Tel : 0821 - 2596561; Fax : 0821 - 2596550 / 2596553
3. Bhatian Village, Bharatgarh Road, Teh. Nalagarh
Solan District - 174 101, Himachal Pradesh, India.
Tel : 01795 - 220492/93; Fax : 01795 - 220496

Subsidiary Companies

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

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Financial Highlights

Rupees in crores

Details	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Sales and other income	3921	3310	3741	4485	6324	7163	7193	7996	10073	11295
Profit before interest, depreciation, amortisation and tax*	254	219	247	304	491	520	461	532	669	848
Profit before tax*	91	35	31	76	248	316	254	355	456	566
Exceptional / Extraordinary Items	–	–	–	–	–	–	(92)	(3)	–	–
Profit after tax	67	32	31	88	195	249	116	262	348	432
Net fixed assets	1003	1043	1036	983	995	1078	1048	1174	1419	1624
Share capital	24	24	24	24	48	48	48	48	48	48
Reserves and surplus	786	798	786	842	952	1122	1177	1368	1598	1889
Networth	751	769	735	835	999	1170	1225	1416	1646	1937
Total borrowings	634	666	906	1003	768	831	635	527	971	924
Earnings per share (Rs.) #	1.40	0.67	0.66	1.86	4.10	5.24	2.44	5.51	7.32	9.10
Dividend per share (Rs.)	0.85	0.70	0.70	1.20	1.10	1.30	1.20	1.40	1.90	2.50
Book value per share (Rs.) #	15.65	16.02	15.32	17.40	20.81	24.38	25.52	29.50	34.29	40.36
EBITDA / turnover (%)	6.5	6.6	6.6	6.8	7.4	7.3	6.4	6.7	6.6	7.5
Profit before tax / turnover (%)	2.3	1.1	0.8	1.7	3.9	4.4	3.5	4.4	4.5	5.0
Return on capital employed (%)	10.4	2.8	5.6	8.0	16.4	19.0	14.7	18.7	20.3	20.9
Return on net worth (%)	9.2	4.1	4.1	11.2	21.3	23.0	9.7	19.8	22.7	24.1

Notes:

The figures from 2013-14 are based on Schedule III to the Companies Act, 2013. The figures upto 2012-13 are based on respective year's reported results.

* Figures stated are before exceptional and extraordinary items.

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

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the twenty-fourth annual general meeting of the Company will be held at 'The Music Academy', New No. 168 (Old No. 306) T.T.K. Road, Royapettah, Chennai 600 014 on Tuesday, the 2nd August 2016 at 10.35 a.m. to transact the following business:

ORDINARY BUSINESS

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

"RESOLVED THAT the audited balance sheet as at 31st March, 2016, 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' reports 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 H Lakshmanan (holding DIN 00057973), 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 fourth year in the first term of five years as recommended by the audit committee and approved by the board of directors of the Company, in terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 on such remuneration, as may be mutually agreed upon between the board of directors of the Company and the Statutory Auditors 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 an ordinary resolution:

"RESOLVED THAT in partial modification of the resolution passed by the shareholders at the annual general meeting held on 29th July 2015 and subject to the applicable provisions of Sections 196, 197, 198 and 203 read with Schedule V to the Companies Act 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the

time being in force) and as recommended by the Nomination and Remuneration Committee and the board of directors of the Company, approval of the Company be and is hereby accorded for the variation in the terms of remuneration payable to Mr Venu Srinivasan, (holding DIN 00051523) Chairman and Managing Director of the Company, effective 1st April 2016, till the remaining period of his tenure, as stated in the Explanatory Statement attached to this Notice, within the limits specified under the provisions of the Act, notwithstanding his holding a similar position in the holding company, viz., Sundaram-Clayton Limited (SCL) and drawing remuneration as approved by its shareholders, from time to time, provided that, the total remuneration drawn by him from the Company and SCL, does not exceed the higher maximum limit admissible from any one of these two companies in terms of Schedule V to the Act.

RESOLVED FURTHER THAT all other terms and conditions of appointment, as approved earlier by the shareholders at the annual general meeting held on 29th July 2015 and which are not dealt with in this resolution, shall remain unaltered.

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

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

"RESOLVED THAT in partial modification of the resolutions passed by the shareholders through postal ballot on 18th March 2013, at the annual general meetings held on 14th July 2014 and 29th July 2015, and subject to the applicable provisions of Sections 196, 197, 198 and 203 read with Schedule V to the Companies Act 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended by the Nomination and Remuneration Committee and the board of directors of the Company, approval of the Company be and is hereby accorded for the revision in the terms of remuneration payable to Mr Sudarshan Venu, (holding DIN 03601690) Joint Managing Director of the Company, effective 1st April 2015, till the remaining period of his tenure, as stated in the Explanatory Statement attached to this Notice, within the limits specified under the provisions of the Act, notwithstanding his holding a similar position in the holding company, viz., Sundaram-Clayton Limited (SCL) and drawing remuneration as approved by its shareholders, from time to time, provided that, the total remuneration drawn by him from the Company and SCL, does not exceed the higher maximum limit admissible from any one of these two companies in terms of Schedule V to the Act.

RESOLVED FURTHER THAT all other terms and conditions of appointment, as approved earlier by the shareholders by way of postal ballot on 18th March 2013 and at the annual general meetings held on 14th July 2014 and 29th July 2015 and which are not dealt with in this resolution, shall remain unaltered.

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 appointed as cost auditor of the Company for the financial year 2016-17 by the board of directors of the Company, as recommended by the audit committee of directors, be and is hereby ratified."

By order of the board

Bengaluru
3rd May 2016

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 the 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 205A read with Section 205C of the Companies Act, 1956, 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 Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules 2012, the Company is providing / hosting the required details of unclaimed amount referred to under Section 205C (2) of the Companies Act, 1956 on its website and also on the website of the Ministry of Corporate Affairs (MCA) viz., www.iepf.gov.in.

General

- 5) With a view to serving the Members better and for administrative convenience, Members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.
- 6) A Corporate Member intending to send its authorised representative to attend the Meeting in terms of Section 113 of the Act, 2013 is requested to send to the Company a certified copy of the Board Resolution / power of attorney authorizing such representative to attend and vote on its behalf at the Meeting.
- 7) Members may also note that the Notice of the AGM and the Annual Report will also be available on the Company's website viz., www.tvsmotor.com for their download. The physical copies of the aforesaid documents 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 28th June 2016 till the date of AGM.
- 8) As a measure of economy, copies of the Annual Report will not be distributed at the AGM. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.

Members holding shares in electronic form

- 9) 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 accounts.
- 10) 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).
- 11) 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.
- 12) Electronic copy of the Annual Report and the Notice of the AGM *inter-alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company / DPs for communication purposes, unless any member has requested for a hard copy of the same.
- 13) Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to Proxy Form. Members / Proxies / Authorised Representatives are requested to bring the attendance slips duly filled in for attending the Meeting. Members are requested to write their Client ID and DP ID numbers in the attendance slip for attending the Meeting and handover the Slip at the entrance of the meeting hall.
- 14) Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the members may also send their requests to investorscomplaintssta@scl.co.in.

Members holding shares in physical form

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

AGM *inter-alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.

- 18) Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to Proxy Form. Members / Proxies / Authorised Representatives are requested to bring the attendance slips duly filled in for attending the Meeting. Members are requested to write their Folio Number in the attendance slip for attending the Meeting and handover the Slip at the entrance of the meeting hall.

Voting

- 19) 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').
- 20) 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.
- 21) 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.
- 22) 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 the 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 26th July 2016 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 by typing the URL <https://www.evoting.nsdl.com>.

The voting rights of the members / beneficial owners will be reckoned on the Equity Shares held by them as on 26th July 2016, i.e "Cut-off Date". Members as on the cut-off date i.e, 26th July 2016 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 by typing the following URL:<https://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 at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$ etc). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential;
- (vi) You need to login again with the new credentials;
- (vii) On successful login, the system will prompt you to select the EVEN, i.e., TVS Motor Company Limited;
- (viii) On the voting page, the number of shares (which represents the number of votes) as held by the member as on the Cut-Off-date will appear. If you desire to cast all the votes assenting / dissenting to the resolutions, then enter all the number of shares and click "FOR" / "AGAINST", as the case may be or partially in "FOR" and partially in "AGAINST", but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the 'Cut-Off date'. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head;
- (ix) Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account;
- (x) Cast your votes by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click 'OK' to confirm or 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolutions;
- (xi) Corporate / Institutional members (i.e other than individuals, HUF, NRI etc) are required to send scanned copy (PDF/JPG Format) of the relevant board resolution / authority letter etc. together with attested specimen signature of the duly authorised signatory (ies) who are authorised to vote, to the Scrutinizer through e-mail sriram.krishnamurthy@rediffmail.com, with a copy marked to e-voting@nsdl.co.in;
- (xii) Members can cast their vote online from 30th July, 2016 (Saturday) (9 a.m.) till 1st August

2016 (Monday) (5 p.m.) through remote e-Voting. The remote e-Voting will not be allowed beyond the aforesaid date and time and the remote e-Voting module will be disabled by NSDL for voting thereafter;

Only members as on the Cut-Off date, attending the AGM 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) for Members and remote e-Voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

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

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

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

- (ii) Please follow steps from 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., 26th July 2016 will be entitled to vote through remote e-Voting or at the venue of the AGM through ballot paper;
- (ii) The Notice of the 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 28th June 2016; 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 the AGM sent along with the Notice; Shareholders who become members of the Company, after despatch of notice and hold shares as on 26th July, 2016 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 or member may send an e-mail request to evoting@nsdl.co.in or can vote through ballot paper distributed at the 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 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 at least 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;
- (v) The Scrutinizer will submit his report to the Chairman, or any other director, who will declare the result of the voting. The results declared along with the Scrutinizer's report will be placed on the Company's website www.tvsmotor.com & on the website of NSDL <https://www.evoting.nsdl.com> and shall also be communicated to the Stock Exchanges. All the resolutions, subject to receipt of requisite no. of votes, shall be deemed to be passed at the AGM scheduled to be held on 2nd August 2016; and
- (vi) All documents referred to in the accompanying Notice and the Explanatory Statement will be open for inspection at the Registered Office of the Company during 10.00 a.m. to 12.00 noon on all working days from 28th June 2016, till the date of the AGM.

- 23) Route-map to the venue of the Meeting is provided in the attendance slip.
- 24) Any query relating to financial statements must be sent to the Company's Registered Office at least seven days before the date of AGM.
- 25) In accordance with the provisions of Article 132 of the Articles of Association of the Company, Mr H Lakshmanan will retire by rotation at the AGM and, being eligible, offer himself for re-election
- 26) In terms of Regulation 36(3) of SEBI (LODR) Regulations read with Secretarial Standards on General Meetings, a brief profile of the directors, who are proposed to be re-appointed and whose terms of remuneration payable are sought to be varied, 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 H Lakshmanan

Mr H Lakshmanan, aged 82 years is a company executive with vast experience. He joined the TVS Group in 1953. He rose to the position of executive director of Sundaram-Clayton Limited in 1982 and continues to hold the position. He has rich experience, expertise and knowledge in areas such as banking, finance, business administration, industrial relations and human resources.

He was co-opted as a director of the Company on 24th April 2000. He attended all the five board meetings held during the year 2015-16.

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

He holds 55,870 equity shares in the Company and he is not related to any director of the Company. Details of his other directorships and membership / chairmanship of committees are given below:

S. No.	Name of the Company	Position held	Committee membership / Chairmanship
1.	Harita Seating Systems Limited	Chairman	Chairman - Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee. Member - Nomination and Remuneration Committee.
2.	Sundaram Auto Components Limited	Chairman	Chairman - Audit Committee, Corporate Social Responsibility Committee. Member - Nomination and Remuneration Committee.
3.	TVS Capital Funds Limited	Director	Member - Governance Committee (Audit Committee), Nomination and Remuneration Committee.
4.	Harita Techserv Limited	Director	-
5.	Chennai Business Consulting Services Limited	Director	-
6.	Harita-NTI Limited	Director	Member - Corporate Social Responsibility Committee.
7.	TVS Investments Limited (Formerly known as Sundaram Investment Limited)	Director	-
8.	Harita Fehrer Limited	Director	Member - Audit Committee. Chairman - Corporate Social Responsibility Committee.

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S. No.	Name of the Company	Position held	Committee membership / Chairmanship
9.	TVS Training and Services Limited	Director	-
10.	Lakson Technology Private Limited	Director	-
11.	TVS Agro Products Private Limited	Director	-
12.	Gallant E- Access Private Limited (Under Process of Striking off)	Director	-
13.	TVS Motor (Singapore) Pte. Limited	Director	-
14.	TVS Motor Company (Europe) B.V,	Director	-

II. Mr Venu Srinivasan

Mr Venu Srinivasan is the Chairman of Sundaram-Clayton Limited and TVS Motor Company Limited, one of the largest two-wheeler manufacturers in India.

Mr Srinivasan, aged 63 years, has an engineering degree from the College of Engineering, Chennai and a Master's Degree in Management from the Purdue University, USA. In recognition of his contribution to management, he was conferred with "Doctor of Management" by his alma-mater, Purdue University in 2014.

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

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

Some of the recent awards conferred on Mr Srinivasan include:

- "Goodwill Envoy for Public Diplomacy" by the Republic of Korea in January 2015.
- "Honorary citizen of Busan City", Korea's 2nd largest city, in December 2014.
- Honorary Commanding Officer of Korean Naval Vessel, ROKS Choi Young, in November 2014.
- The "Padma Shri" award in 2010 by the President of India, for his valuable and outstanding contributions in the field of trade and industry.
- The distinguished civilian honour "Order of Diplomatic Service Merit" (Heung-In Medal) in 2010, conferred by the President of the Republic of Korea, in recognition of his valuable contribution in promoting Korea-India bilateral relations.

Under Mr Srinivasan's leadership, Sundaram-Clayton Ltd. was awarded the Deming Prize in 1998 by the Union of Japanese Scientists and Engineers (JUSE), Japan and also with the Japanese Quality Medal in the year 2002. In the same year, TVS Motor Company was also conferred with the Deming Prize.

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

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

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

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

Mr Srinivasan is also the Managing Trustee of Srinivasan Services Trust (SST) - engaged in transformation & empowerment of over 3000 villages in rural India affecting over 1.6 million people.

- The model is about partnership with the stakeholders (society, police, forest department among others), and not philanthropy.
- The activities of the trust are in five main program areas: Economic Development, Health, Education, Infrastructure and Environment.
- Over hundred thousand hectares of degraded forests have been reforested.
- Successful implementation of watershed development programs has raised the water table and prevented soil erosion in 5800 hectares of land.

SST has received multiple awards like:

- Times of India Social Impact Award on Advocacy & Empowerment in Corporate category (2011).
- Golden award on Readers Digest Pegasus Corporate Social Responsibility Award (2008)
- Silver award on Pegasus Corporate Social Responsibility Award (2007).

He is the managing director of the Company from 1986 and since July 2002, he has been the Chairman and Managing Director (CMD). He is also serving as CMD of Sundaram-Clayton Limited (SCL).

He was re-appointed as chairman and managing director of the Company, effective 24th April, 2015 by the board at its meeting held on 3rd February, 2015 on such terms and conditions as approved by the shareholders at the AGM held on 29th July 2015.

TVS MOTOR COMPANY LIMITED

He is a member of the Stakeholders Relationship Committee and chairman of the Corporate Social Responsibility (CSR) Committee of the Company. He holds 25,69,726 Equity Shares of Re.1/- each in the Company.

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

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

S. No.	Name of the Company	Position held	Committee membership / Chairmanship
1.	Sundaram-Clayton Limited	Chairman and Managing Director	Chairman - CSR Committee
2.	Harita-NTI Limited	Chairman	Chairman - CSR Committee
3.	TVS Credit Services Limited	Chairman	Chairman - CSR Committee
4.	Lucas-TVS Limited	Director	-
5.	T V Sundram Iyengar & Sons Private Limited	Director	Member - Audit Committee
6.	Southern Roadways Limited	Director	-
7.	Sundram Fasteners Limited	Director	Member - Stakeholders Relationship Committee
8.	Cummins India Limited	Director	Member - Stakeholders Relationship Committee Member - Audit & Risk Management Committee
9.	TVS Investments Limited (Formerly known as Sundaram Investment Limited)	Director	-
10.	TVS Lanka Private Limited	Director	-
11.	TVS Motor (Singapore) Pte. Limited	Director	-

III. 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 bachelor degree in 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 27 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 10th 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 / chairmanships of committees are given below:

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

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

The following Explanatory Statement sets out all material facts relating to the special businesses mentioned in the accompanying Notice dated 3rd May 2016 and shall be taken as forming part of the Notice.

Item No.4

The board, on the recommendation of Nomination and Remuneration Committee (NRC), at its meeting held on 3rd February 2015, re-appointed Mr Venu Srinivasan as Chairman and Managing Director (CMD) of the Company for a further period of five years from 24th April 2015 on such

remuneration by way of commission to be determined by the board for each financial year during his tenure of appointment, within the prescribed limit fixed under Section 197 of the Companies Act, 2013 (the Act).

The shareholders approved his appointment and remuneration by way of an ordinary resolution at the 23rd AGM held on 29th July 2015. The shareholders have authorised the board to alter and vary the scope and quantum of remuneration i.e., payment of profit related commission, but they have not explicitly authorised the payment of monthly remuneration, within the limits specified under the Act.

The board reviewed the remuneration payable to him after taking into consideration the time spent and contribution made to the growth of the Company and agreed that CMD can be compensated by way of monthly remuneration along with other allied perquisites from the financial year 2016-17 effective 1st April 2016, as recommended by the NRC, within the overall limits prescribed under Section 197 of the Act.

Therefore, the board, at its meeting held on 3rd May 2016, proposed the following variation in the terms of remuneration payable to him, subject to the approval of the shareholders in the ensuing AGM:

Particulars of Remuneration	Proposed Revision
Salary	Rs. 4.25 lakhs per month and such increments as may be decided by the Board, from time to time.
Commission	Such percentage of net profits of the Company for every financial year, as may be determined by the Board, from time to time. However such percentage shall not exceed the overall limits for remuneration stipulated under the Companies Act, 2013.
Accommodation	Free furnished residential accommodation with provision for gas, electricity, water, furnishings and housekeepers / attendants. In case, no accommodation is provided by the Company, he is entitled to receive house rent allowance, subject to a ceiling of sixty per cent of the salary.
Leave Travel Concession (LTC)	For four weeks in a year including two trips abroad in a year, for self and family. In case of non availment of LTC, he is entitled to receive leave travel allowance equivalent to one month's salary.
Car	Two cars for Company's work as well as for personal purposes along with drivers.
Medical Expenses	All medical expenses incurred for self and family in India or abroad including surgical expenses, travel, boarding and lodging expenses for patient and attendant(s) including premium payment for medical insurance scheme.
Club Fees	Payment of membership fees for three clubs in India and abroad, including any admission / life membership fees.
Personal accident insurance	For an amount, the annual premium of which does not exceed Rs.5 lakhs.
Provident Fund / Superannuation Fund	12% of the Salary to Provident Fund or such other higher rate, as may be notified by the Central Government, from time to time and such percentage as may be permissible to Superannuation Fund under the relevant scheme.
Gratuity	15 days salary for each year of service.
Earned Leave	On full pay and allowances, but not exceeding one month's leave for every eleven months of service. Leave accumulated can be encashed as per the rules of the Company.

Particulars of Remuneration	Proposed Revision
Telephone including Telecommunication facilities	Telephone including telecommunication facilities at his residence. Personal long distance calls on telephone shall be dealt with by the Company as per the applicable provisions under the Income-tax Rules, 1962 or any re-enactment thereof.
Reimbursement of expenses	All actual expenses, including on entertainment and travelling, incurred by him in the course of the Company's business.
Benefits and Amenities	(i) Loan and other schemes - Benefits under loan and other schemes in accordance with the practices, rules and regulations in force, in the Company, from time to time; and (ii) Other benefits and amenities - Such other allowances, benefits, amenities and facilities including those under the Special Post Retirement Benefits Scheme as per the rules of the Company.
Other Clauses	The Board may revise the remuneration payable to CMD, in any financial year during his tenure of office, in such manner as may be agreed to between the Board of Directors and CMD subject to the condition that the total remuneration by way of salary, perquisites, commission, other allowances and other benefits, shall be within the limits permissible under the Companies Act, 2013, as amended from time to time.
Minimum Remuneration	In the event of any loss or inadequacy of profits for any financial year, the Board of Directors / Nomination and Remuneration Committee of the Board shall approve the remuneration payable to CMD, during such financial year, in such manner as may be agreed to between the Board of Directors / Nomination and Remuneration Committee and CMD, however not exceeding the maximum limits specified in this behalf under Section 197 read with Schedule V to the Companies Act, 2013.

It is therefore conceivable that such modification in the terms of remuneration will amount to variation of remuneration payable to him within the overall limit fixed under Sections 197 and 198 read with Schedule V to the Act and require approval of the shareholders.

During his tenure as CMD, he will not be paid any sitting fee for attending meetings of the board or committees thereof. He attended three board meetings out of five board meetings held during the year 2015-16.

He is also the Chairman and Managing Director of the holding company viz., Sundaram-Clayton Limited (SCL), drawing remuneration by way of salary and perquisites as approved by its shareholders.

During the year 2015-16, he was entitled for a sum of Rs.13.88 Cr as remuneration by way of commission and other

perquisites from the Company and Rs.0.32 Cr from SCL by way of remuneration. The aggregate of remuneration payable to him in both the companies shall not exceed the higher maximum limit admissible from any one of these two companies, in terms of Schedule V to the Act.

The terms of remuneration payable to CMD as specified above are now being placed before the members for their approval by way of an ordinary resolution, as set out in item no. 4 of this Notice, in compliance with the provisions of Sections 196, 197 and 203 read with Schedule V to the Act, as recommended by the NRC and by the board.

Mr Venu Srinivasan is deemed to be concerned / interested in this resolution, since it relates to his remuneration as CMD. Mr Sudarshan Venu, Joint Managing Director and Dr Lakshmi Venu, Director are also deemed to be interested, being his relatives.

None of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item No.4 of this Notice.

The board, therefore, recommends the ordinary resolution, as set out in item No.4, for approval by the shareholders of the Company.

Item No.5

At the board meeting held on 1st February, 2013, Mr Sudarshan Venu, was appointed as whole-time director of the Company for a period of five years from 1st February, 2013 on such remuneration within the limit prescribed under applicable provisions of the Companies Act, 1956. The shareholders also approved his terms of appointment and remuneration through postal ballot on 18th March, 2013 and variation in certain perquisites payable to him was also approved by the shareholders at the 22nd AGM held on 14th July, 2014.

Considering his increased responsibilities, the board, at its meeting held on 10th September, 2014, appointed him as Joint Managing Director (JMD), as recommended by the NRC, for the remaining period of his tenure up to 31st January, 2018, without any other change in his terms of appointment and remuneration. The shareholders also approved his appointment in AGM held on 29th July 2015.

The board reviewed the remuneration payable to him after taking into consideration his active involvement in all spheres of management for exploring business opportunities both in India and abroad and felt that, JMD can be compensated by way of enhanced commission.

The board was of the opinion that the existing remuneration was considerably inadequate, when compared with the industry norms and similarly placed senior management

personnel of the Company. Therefore, the board, at its meeting held on 3rd May 2016, proposed the following revision in the terms of remuneration payable to him effective 1st April 2015, as recommended by the NRC, subject to the approval of the shareholders in the ensuing AGM:

Particulars of Remuneration	Proposed Revision
Salary	Rs. 4 lakhs per month and such increments as may be decided by the Board, from time to time.
Commission	Such percentage of net profits of the Company as may be determined by the Board, from time to time. However such percentage shall not exceed the overall limits for remuneration stipulated under the Companies Act, 2013.
Accommodation	Free furnished residential accommodation with provision for gas, electricity, water, furnishings and housekeepers / attendants. In case, no accommodation is provided by the Company, he is entitled to receive house rent allowance, subject to a ceiling of sixty per cent of the salary.
Leave Travel Concession (LTC)	For four weeks in a year including two trips abroad in a year, for self and family. In case of non availment of LTC, he is entitled to receive leave travel allowance equivalent to one month's salary.
Car	Two cars for Company's work as well as for personal purposes along with drivers.
Medical Expenses	All medical expenses incurred for self and family in India or abroad including surgical expenses, travel, boarding and lodging expenses for patient and attendant(s) including premium payment for medical insurance scheme.
Club Fees	Payment of membership fees for three clubs in India and abroad, including any admission / life membership fees.
Personal accident insurance	For an amount, the annual premium of which does not exceed Rs.5 lakhs.
Provident Fund / Superannuation Fund	12% of the Salary to Provident Fund or such other higher rate, as may be notified by the Central Government, from time to time and such percentage as may be permissible to Superannuation Fund under the relevant scheme.
Gratuity	15 days salary for each year of service.
Earned Leave	On full pay and allowances, but not exceeding one month's leave for every eleven months of service. Leave accumulated shall be encashed as per the rules of the Company.
Telephone including Telecommunication facilities	Telephone including telecommunication facilities at his residence. Personal long distance calls on telephone shall be dealt with by the Company as per the applicable provisions under the Income-tax Rules, 1962 or any re-enactment thereof.

Particulars of Remuneration	Proposed Revision
Reimbursement of expenses	All actual expenses, including on entertainment and travelling, incurred by him in the course of the Company's business.
Benefits and Amenities	(i) Loan and other schemes - Benefits under loan and other schemes in accordance with the practices, rules and regulations in force, in the Company, from time to time; and (ii) Other benefits and amenities - Such other allowances, benefits, amenities and facilities including those under the Special Post Retirement Benefits Scheme as per the rules of the Company.
Other Clauses	The Board may revise the remuneration payable to JMD, in any financial year during his tenure of office, in such manner as may be agreed to between the Board of Directors and JMD subject to the condition that the total remuneration by way of salary, perquisites, commission, other allowances and other benefits, shall be within the limits permissible under the Companies Act, 2013, as amended from time to time.
Minimum Remuneration	In the event of any loss or inadequacy of profits for any financial year, the Board of Directors / Nomination and Remuneration Committee shall approve the remuneration payable to JMD, during such financial year, in such manner as may be agreed to between the Board of Directors / Nomination and Remuneration Committee and JMD, however not exceeding the maximum limits specified in this behalf under Section 197 read with Schedule V to the Companies Act, 2013.

It is therefore conceivable that such modification in the terms of remuneration will amount to revision in the overall remuneration payable to him, in terms of Sections 197 and 198 read with Schedule V to the Act and require approval of the shareholders.

During his tenure as JMD, he will not be paid any sitting fee for attending meetings of the board or committees thereof. He attended all the five board meetings held during the year 2015-16.

He is also the JMD of the holding company viz., Sundaram-Clayton Limited (SCL), drawing remuneration by way of salary and other perquisites as approved by its shareholders.

During the year 2015-16, he was entitled for a sum of Rs. 9.59 Cr as remuneration from the Company and Rs. 0.44 Cr from SCL. The aggregate of remuneration payable to him in both the companies shall not exceed the

higher maximum limit admissible from any one of these two companies, in terms of Schedule V to the Act.

The terms of remuneration payable to JMD as specified above are now being placed before the members for their approval by way of an ordinary resolution, as set out in item no. 5 of this Notice, in compliance with the provisions of Sections 196, 197 and 203 read with Schedule V to the Act, as recommended by the NRC and by the board.

Mr Sudarshan Venu is deemed to be concerned / interested in this resolution, since it relates to his remuneration as JMD. Mr Venu Srinivasan, CMD and Dr Lakshmi Venu, Director are also deemed to be interested, being his relatives.

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

The board, therefore, recommends the ordinary resolution, as set out in item no.5, for approval by the shareholders of the Company.

Item No.6

As recommended by the audit committee, the board at its meeting held on 3rd May 2016, 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, and fixed a sum of Rs. 5 lakhs as remuneration payable to him for the financial year 2016-17, subject to ratification by the shareholders of the Company.

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

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

The board, therefore, recommends the ordinary resolution, as set out in item No.6, for ratification of the remuneration payable to the Cost Auditor by the shareholders of the Company.

By order of the board

Bengaluru
3rd May 2016

K S SRINIVASAN
Company Secretary

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

TVS MOTOR COMPANY LIMITED

Directors' report to the Shareholders

The directors have pleasure in presenting the twenty-fourth annual report and the audited financial statements for the year ended 31st March 2016.

1. COMPANY PERFORMANCE

The Company continued to grow ahead of the industry for the second year in succession and in 2015-16, registered sales of 25.7 lakh two wheelers, growing by 7% over last year. Sale of Motorcycles increased by 7% and scooters by 16%. Moped sales declined by 2.8%. Three-wheeler sales of the Company increased by 3% in 2015-16. Sales of spare parts grew by 12.7%. Despite continued weakness in economic activity and increased competitive intensity, Company managed to grow satisfactorily.

Company's products continued to top the quality charts. Across categories almost all the products were labelled as best by the recently concluded JD Power Study for the second consecutive year.

Total revenue of the Company including other income increased from Rs.10,072.62 Cr in the previous year to Rs.11,295.18 Cr in the current year. Profit before tax (PBT) for the year 2015-16 increased significantly from Rs. 456.16 Cr in the previous year to Rs.565.97 Cr in the current year. Similarly, PAT increased from Rs. 347.83 Cr achieved in the previous year after considering the extraordinary and exceptional items to Rs. 432.14 Cr in 2015-16.

2. FINANCIAL HIGHLIGHTS

Details	Year ended 31-03-2016	Year ended 31-03-2015
SALES		
Quantitative	(Numbers in lakhs)	
Motorcycles	10.17	9.51
Mopeds	7.38	7.59
Scooters	8.13	7.00
Three Wheelers	1.11	1.08
Total vehicles sold	26.79	25.18
Financials		
	(Rupees in crores)	
Motorcycles	4236.16	3810.20
Mopeds	1554.81	1553.04
Scooters	3054.91	2431.91
Three Wheelers	1023.92	976.00
Spares & Accessories and Raw Materials	1238.38	1093.10
Other Operating Income	135.69	178.08
Other Income	51.31	30.29
Sales (Net of Excise duty) & other income	11295.18	10072.62

Details	Year ended 31-03-2016	Year ended 31-03-2015
	(Rupees in crores)	
EBITDA	848.35	668.91
Less:		
Finance Charges & Interest (Gross)	46.24	27.42
Amortisation	46.30	32.00
Depreciation	189.84	153.33
Profit before tax	565.97	456.16
Less: Provision for tax	133.83	108.33
Profit for the year after tax	432.14	347.83
Add: Balance in Statement of Profit and Loss	722.08	481.76
Profit available for appropriation	1154.22	829.59
Appropriations:		
Dividend and Dividend Distribution Tax #	140.92	107.51
Surplus carried forward	1013.30	722.08
	1154.22	829.59

Rs.140.92 Cr includes Rs.0.20 Cr relating to increased surcharge applicable on dividend relating to 2014-15 paid in 2015-16.

3. DIVIDEND

The board of directors of the Company (the board) at its meeting held on 29th January 2016, declared a first interim dividend of Re.1/- per share (100%) for the year 2015-16 absorbing a sum of Rs. 55.65 Cr including dividend distribution tax. The same was paid to the shareholders on 10th February 2016.

The board at its meeting held on 12th March 2016 declared a second interim dividend of Rs. 1.50 per share (150%) for the year 2015-16 absorbing a sum of Rs. 85.07 Cr including dividend distribution tax. The same was paid to the shareholders on 23rd March 2016.

Hence, the total amount of both dividends for the year ended 31st March 2016 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

Below normal monsoon resulted in a weak rural economic activity. Low commodity prices affected economic growth and in turn currency availability in key export markets in Africa. This resulted in a growth of 3% only in two wheeler industry during 2015-16 as compared to 9% during 2014-15.

In the domestic market, two wheeler industry grew by 3% (from 159 lakh units in 2014-15 to 164 lakh units in 2015-16). Scooter as a category continued to gain share

in total two wheeler industry. The category share of scooters increased from 27% to 31% due to changing consumer preferences and strong urban demand. Scooters increased from 47.00 lakh units to 50.31 lakh units. The motorcycle segment remained flat for the second consecutive year (107.91 lakh numbers). Within motorcycles continued traction in urban demand enabled the premium segment to grow by 14% (from 20.7 lakh numbers in 2014-15 to 23.7 lakh numbers in 2015-16). In complete contrast commuting segment declined by 3% (from 95.4 lakh numbers in 2014-15 to 92.1 lakh numbers in 2015-16). Mopeds declined by 3.5% in 2015-16 compared to a 3.6% growth in 2014-15. The two wheeler exports grew by 1% (from 24.6 lakh units in 2014-15 to 24.8 lakh units in 2015-16).

Industry sales of three wheelers (Domestic plus Export)

The three wheeler industry inclusive of diesel vehicles (3 plus 1 segment) declined by 4% (from 6.23 lakh numbers in 2014-15 to 5.99 lakh numbers in 2015-16). Exports account for more than 70% of 3 Wheeler industry and it declined by 3% (from 4.04 lakh units in 2014-15 to 3.90 lakh units in 2015-16). 3 wheeler domestic passenger market declined by 5% during 2015-16 mainly due to non-availability of open permits in key states (from 2.19 lakh units in 2014-15 to 2.09 lakh units in 2015-16).

BUSINESS OUTLOOK AND OVERVIEW

Recovery in rural India is key to revival in economic activity. High fiscal thrust and a normal monsoon can stimulate rural demand. But lead time for these to translate into actual demand may vary across states. Urban demand is likely to be better than the current year due to 7th pay commission disbursements expected in later half of the year. Consequently, the growth in two wheeler industry in 2016-17 is expected to be around 3%.

New Product Launches and Initiatives

During the year 2015-16, the following new products and variants were launched.

TVS Victor:



TVS Victor was the first indigenously developed four stroke motorcycle and has been a well known brand in commuter segment. The TVS Victor, now comes in an all-new avatar. It is an ideal

combination of modern styling, superior engine performance and class leading comfort. It houses an advanced and refined 3-valve Eco thrust engine. An electric start fires up the 4 speed powertrain to churn out 9.6 PS of power @ 8000 rpm with a torque of 9.4 Nm @ 6000 rpm. Telescopic oil damped front suspension and 5 step adjustable hydraulic series spring suspension at the rear ensure smooth ride and handling. A broad seat adds to the comfort of the motorcycle. TVS Victor comes with new mirrors and

instrument panel. The new 55 watt headlight is brightest in the segment.

TVS Apache RTR 200:



Designed to deliver an adrenalin rush with an exhilarating race performance, TVS Apache RTR 200's advanced four valve racing O3C oil cooled over square, five-speed engine is equipped with balancer shaft mechanism and is programmed to whip up an impressive 20.5 PS @ 8500 rpm with a torque of 18.1 Nm @ 7000 rpm. Apache RTR 200 also comes with a EFI variant and will be available in Indian & International markets. For the first time in the 200cc segment, TVS has introduced an oil cooled combustion chamber with ram air assist, which enables the motorcycle to achieve a top speed of 128 km/h with an astounding performance of 0-60 km/h in a mere 3.9 seconds. This makes it one of the fastest accelerating motorcycles in its segment. The bike is equipped with petal discs and advanced double channel ABS with rear liftoff protection (RLP) facility.

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. It is the no.2 scooter brand in India and has crossed one million customer base, the fastest ever in the scooter category.

Consistent product innovation has been an integral part of TVS Jupiter story. To continue the momentum and to infuse the excitement, a deluxe variant of TVS Jupiter christened as "TVS Jupiter ZX" was launched in 2 colours - Stallion Brown & Matte Sky Blue. Meticulously designed and lovingly crafted, TVS Jupiter ZX's Premium Beige coloured Interior Panels, Dura Cool Seat, 3D Logo of "Jupiter ZX" on side panels are pure indulgence. "Jupiter ZX" scooter adapts to the customer's needs and can be uniquely suited to match their style, status and personality.

TVS Wego:



TVS Wego is the only dual usage Scooter which enables young urban married couples to enjoy quality time together. It was introduced in 2010 as Premium stylish scooter designed for the riding suitability of both "him & her". It is loaded with a long list of features starting from a fully digital speedometer, body balance technology, all metal body, a powerful 110 CVT-i engine which gives the best-in-class mileage.

TVS MOTOR COMPANY LIMITED

To raise the bar, TVS Wego recently launched a refresh version in Mono and Dual Tone Sky Blue color, adding more features like synchronized braking system, digital clock, body colored pillion grab rail and easy to use parking brakes. With this, TVS Wego has become an epitome of a clever integration of style, performance, power, convenience, comfort and safety.

TVS Scooty Zest 110:



TVS Scooty Zest 110 is designed to partner the young modern woman of today. With best-in-class pick-up, handling, storage and mileage, this scooter excels in all departments like its confident rider. With gorgeous color options and a first-time ever USB charger, it is the perfect 'college wali gaadi'. TVS Scooty Zest 110 has been

awarded the 'Best Executive Scooter'. TVS Scooty Zest 110 also became the first-ever Scooter with a female rider to conquer the 18380 feet of Khardung la in Himalayas, one of the highest Motorable roads in the world. To celebrate this unique feat Company introduced, 'Special Edition' of Scooty Zest 110'. with a new color, new sticker, new seat cover, new pigmented panels and a total new look for Scooty.

TVS XL 100:



A new four stroke TVS XL 100 moped was launched in October 2015. The new TVS XL 100 has been designed to meet the evolving needs of today's customer.

Two wheeler operations

The superior quality of our products is well reflected in the recently concluded JD Power study. The Company's products have the lowest number of defects compared to competitors. The study ranks them among the top, second year in a row, in all the segments the Company plays in. TVS Wego has the best initial quality in scooter industry, followed by Jupiter and TVS Zest. In Economy Segment motorcycles; TVS Star City+ and Sport are at 2nd & 3rd positions while in Premium Segment Apache RTR 180 & 160 are at 1st & 2nd position. 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 Zest, TVS Wego, Jupiter, Star City+ & Sport secured highest rank in their respective categories.

Domestic Sales

Category shift from motorcycles to scooters continued in 2015-16. Scooter share in two wheeler industry went up from 28% to 31%. The shift in the scooter consumer preferences towards bigger scooters resulted in drop of TVS Scooty sales and this was addressed by TVS Jupiter. Also the timely refreshes and introduction of limited edition kept the brand momentum high. Scooter sales in domestic market grew by 14%.

Apache scaled new heights with a growth of 32% during the year. The Company expanded the portfolio in premium segment by launching new Apache 200. Overall Motorcycles sales grew by 8% during the year.

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

Exports

The Company's two wheeler exports grew by 11% in 2015-16 despite global economic downturn driven by low crude and commodity prices. However, the exports to key African countries suffered due to restricted availability of foreign exchange in these countries.

Three wheeler operations

Sale of three wheelers grew by a modest 2.7% due to non-availability of permits in key states and slow growth in diesel segment. Exports suffered due to forex shortage in Nigeria and higher down payment regulation in Sri Lanka.

Opportunities and Threats

Growing middle class, need for mobility and increased penetration levels will continue to trigger growth of two wheeler industry. Strong presence of the Company in all segments of two wheeler industry will help the Company to consolidate its gain of last year.

RISKS AND CONCERNS

For continued thrust in rural India, efficient implementation of schemes enabling entrepreneurship and investment, a good monsoon is essential for sustained growth in consumer demand. Currency devaluation in key two wheeler export markets remains a concern. Moreover, currency availability in key export markets can exert further pressure. The continued momentum in scooters and motorcycles and success of planned launches is 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 POLICY

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

Risks and effectiveness of their management are internally reviewed and reported regularly to the board. The Management has reported to the board that the Company's risk management and internal compliance and control system are operating efficiently and effectively in all material respects.

The board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. The Company's audit committee reviews reports by

members of the management team 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 action to address such identified gaps have strengthened the process across the Company.

Cost Management

Total cost management is a continuous journey and the Company has been instituting various cost control measures across the organization. The Company will continue to pursue process innovation, value engineering and alternate sourcing to reduce material costs during this year.

Research and Development

Company's Research and Development (R&D) team has launched three attractive new products in key segments. Leveraging the strength of indigenous competence and capabilities, these new products have been developed meeting highest quality standards, with very high appeal value for the customers in terms of overall product quality, innovative features, superlative performance and premium touch and feel.

The R&D team continued their efforts in developing cutting edge technologies that are relevant for the requirements of the Company. These 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 100 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. TVS Racing has won 8 out of 9 National championships and 5 major awards in 2015.

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 and transparency. Digital manufacturing execution system has been improved to further enhance automation, process quality control and traceability.

During the year the Company has embarked on mobile platforms to get closer to customers by launching mobile apps. Digital frameworks and several enhancements in dealer management system were undertaken to integrate Customer Relationship Management (CRM) and measure customer satisfaction and retention.

As part of continuous improvement and benchmarking the Company's IT systems were audited by external experts and recommendations were implemented. To enhance information security, 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 business 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. 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 committee. Based on the periodical testing, the framework is strengthened, from time to time, to ensure adequacy and effectiveness of Internal Financial Controls.

Occupational Health & Safety (OHS)

The Company has successfully completed 2nd surveillance audit in the 3rd recertification process of Occupational Health & Safety system through implementation of OHSAS 18001:2007 standard in Hosur & Mysore plants. During this year, as a part of continual improvement, around 1375 hazard control measures have been implemented across its plant in Hosur, Mysore and Himachal Pradesh. Robot automations with safety features were part of the Company's control measures to eliminate human exposures to different hazards. The plant safety rating system scores have significantly improved and the Company plants have reached "Gold" status. Towards building a sustainable safety culture, periodical safety trainings have been organized and around 4850 employees were covered in last year.

Towards environmental sustainability, advanced facilities, to recycle waste and to harness renewable energy, were commissioned. Several comprehensive systems like Environmental Management System (ISO14001:2004) and Occupational Health and Safety Management System (OHSAS 18001:2007) are adopted.

HUMAN RESOURCE DEVELOPMENT (HRD)

HRD framework has manpower planning & resourcing, employee engagement, performance & compensation management, competency based development, career &

succession planning and organisation building as its six constituents. Each of these constituents have a structured approach, guidelines, policies and standard operating procedures which are reviewed and updated periodically to deliver consistent results.

Through a systematic talent review process, leadership development for identified talent through exposure to globally acclaimed programs, challenging project assignments and job rotations are taken up on a regular basis.

The Company continues to maintain its record of good industrial relations without any interruption in work. As on 31st March 2016, the Company had 5240 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, 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, with respect to Directors' Responsibility Statement, it is hereby stated -

- i. that in the preparation of annual accounts for the financial year ended 31st March 2016, the applicable Accounting Standards had been followed and that there were no material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the accounts for the financial year ended 31st March 2016 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 were 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), the CSR arm of the Company established by the group companies in 1996 with the vision of building self-reliant rural community.

Over 20 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/ programs, falling within the CSR activities specified under the Act, 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 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 / programs 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, for the immediate past three financial years, towards CSR spending for the current financial year 2015-16.

S.No.	Name of the Trust	Amount spent (Rs in Lakhs)
1	Sri Sathya Sai Central Trust	385.00
2	AIM for SEVA	50.00
3	NIMHANS	64.50
4	Voluntary Health Services	25.00
5	Srinivasan Services Trust	191.00
	Total	715.50

Presently, SST is working in 3,449 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering about 20,90,000 population and 4,63,500 families. Its major focus areas are Economic development, health care, quality education, environment and infrastructure.

Of the 3,449 villages, 2,654 villages (16,72,620 population and 3,67,170 families) have been funded by the Company during the year.

Achievements in 2,654 villages are:

Economic development:

- 2,27,667 families living in these villages have a monthly income of above Rs.15,000/-. They have financial security.
- 1880 farmers groups have been formed with 31,323 members.
- Improved agriculture practices enabled 1,51,862 farmers owning 1,64,124 hectares to increase the yields than the state average by 15%.
- 1,36,050 families earn more than Rs 3,500/- per month through livestock.

Women empowerment:

- Formed 7,064 Self Help Groups. These groups have 1,06,720 women as members.
- Of the 1,06,720 members, 99,170 members are in income generation activities. They earn a minimum income of Rs. 2,500/- per month.

Health care:

- 60,512 children in the age group below 5 are not malnourished.
- 2,75,970 women are freed from anemia.
- 2,32,436 households were provided access to toilet facilities.
- The morbidity percentage reduced from 9% to 5%.
- Enrolment in anganwadis increased from 86% to 100% and attendance is 99%.
- 1,073 anganwadis have met all the Integrated Child Development Services Scheme (ICDS) standards.
- 88% involvement of mother volunteers in the functioning of anganwadis. They volunteer their time to ensure proper functioning.

Quality education:

- 100% enrolment of children in schools. There are no drop outs in the schools.
- Percentage of slow learners reduced in schools from 27% to 14%.
- Out of 1,204 schools, 807 schools are now model schools.
- 73,345 illiterate women out of 1,18,872 have been made literates.

Environment and Infrastructure:

- 2,14,120 households dispose solid waste through individual and common compost pits. 82 tons of vermi compost generated per month from wastes.
- Sewage water from 2,18,234 households disposed through soak pits, kitchen gardens and drains.
- Safe drinking water is available to 2,137 villages.

Communities take care of their development needs. 5,302 social leaders are active in this effort.

As required under Section 135 of the Act 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 2015-16 are given by way of Annexure IV attached to this Report.

7. FINANCIAL PERFORMANCE & POSITION OF SUBSIDIARIES & ASSOCIATE COMPANIES

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

Subsidiaries

- 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 Business Development Consulting (Shanghai) Co. Ltd., Shanghai; and
- Sundaram Holding USA Inc., Delaware, USA.

Associates

- Emerald Haven Realty Limited, Chennai; and
- Green Infra Wind Energy Theni Limited, New Delhi.

Sundaram Auto Components Limited (SACL)

During the year, SACL, a wholly owned subsidiary of the Company, achieved a turnover of Rs.2,737 Cr including Rs.491 Cr in Plastics Component business. SACL earned a profit after tax of Rs.28.64 Cr during 2015-16.

SACL increased its customer base by addition of new customers for manufacture of cluster components and heating, ventilating and air-conditioning parts.

SACL productionized 314 new parts for various customers.

SACL received the following awards:

- "Outstanding Supplier for achieving Delivery Target" from TOYODA GOSEI
- "Q1" certification from FORD India
- "SQ mark" certification from Hyundai Motors India Ltd.
- "Best Supplier Kaizen award" from India Japan Lighting Pvt. Ltd.

SACL on 24th December, 2015, declared a first interim dividend of Rs.4.00 per share (40%) for the year 2015-16 absorbing a sum of Rs.5.56 Cr including dividend distribution tax.

SACL again on 7th March, 2016 declared a second interim dividend of Rs.3.00 per share (30%) for the year 2015-16 absorbing a sum of Rs.4.18 Cr. including dividend distribution tax.

Hence, the total amount of both dividends paid, for the year ended 31st March, 2016 aggregates to Rs.7.00 per share (70%) thereby absorbing a sum of Rs.9.74 Cr. including dividend distribution tax.

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

EHRL is the developer of the Nedungundram, Chennai project of TVSH. Phase 1 was developed as apartments and Phase 2 was launched as villas and row houses. As of 31st March 2016, all the 448 apartments have been sold and customers have taken possession of the apartments. Despite the tough real estate market condition in Chennai, the responses for the villas and row houses have been quite good. As the phase 2 is nearing completion, the Company has already sold about 90% of the units. The Company is confident that the remaining units would be sold during 2016-17.

PT.TVS Motor Company Indonesia (PT TVSM)

During 2015-16, motorcycle industry in Indonesia declined by 12% (from 7.6 million units in 2014-15 to 6.6 million units in 2015-16). The decline was mainly due to lower economic growth and weak consumer sentiments due to subdued commodity prices and further tightening of credit. While the bebek segment declined by 33%, sports motorcycle segment went down by 23%. The scooter category marginally declined by 5%. Within 2 wheelers, the scooter segment continued to dominate with a category share of 75%.

During the year, PT TVSM launched the 110cc Dazz scooter with fuel injection system in Indonesian market. It also launched the new Apache 200cc sports motorcycle. PT TVSM continued its focus on exports to ASEAN and African countries. PT TVSM commenced its exports to Latin American market by entering Colombia.

The decline in two wheeler industry resulted in lower domestic sales during 2015-16. PT TVSM sold total of 17,100 vehicles as against 23,300 vehicles sold in the previous year. However, the focus on ASEAN and African markets helped the company to export 15,000 nos, registering an increase of 4% over the previous year. The EBITDA loss for the year of 6.8 Mn USD is marginally lower than EBITDA loss of 7.7 Mn USD of 2014-15. Focus during 2016-17 will be to build on the portfolio and substantially reduce the EBITDA loss.

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

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

Sundaram Business Development Consulting (Shanghai) Company Limited (SBDC)

SBDC was initially established to explore options of sourcing auto components and local assembly of two wheelers etc., in China. After a complete review, board felt that it may not be viable to carry out manufacturing activities in China and therefore steps were taken for closure of operations of SBDC. All required formalities were completed in April 2016. Hence in the books a provision of Rs.1.07 Cr has been made for diminution in the value of investments.

Sundaram Holding USA Inc.

SACL made an investment of USD 750 consisting of 750 shares with face value of USD 1 each in Sundaram Holding USA Inc., (SHUI) a company established under the applicable laws of United States of America (USA) for carrying out the business of SACL in USA. SACL by this investment acquired 75% of the paid up capital of SHUI and hence, it has become a subsidiary of the Company effective 9th September 2015, by virtue of the provisions of Section 2(87) of the Act.

Green Infra Wind Energy Theni Ltd (GIWETL)

SACL had earlier invested Rs.3 Cr. (30 lakh shares of Rs.10 each) representing 21.58% of total share capital of Rs.13.9 Cr. of GIWETL. The above investment was made by SACL purely to comply with the legal requirement to draw low cost green energy from 6 MW committed to SACL by GIWETL. SACL has no operating control and not involved in daily operation of GIWETL. Hence, both the Company and SACL have not consolidated the financials of GIWETL.

8. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company are prepared in accordance with the provisions of Section 129 of the Act, read with the Companies (Accounts) Rules, 2014 and Regulation 33 of the SEBI (LODR) Regulations 2015 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 business hours.

The consolidated profit after tax of the Company and its subsidiaries & associate amounted to Rs. 369.33 Cr for the financial year 2015-16 as compared to Rs. 328.26 Cr in the previous year.

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Independent Directors (IDs)

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

At the annual general meeting held on 14th July 2014, M/s T Kannan, C R Dua, R Ramakrishnan, Prince Asirvatham and Hemant Krishan Singh, were appointed as IDs for the first term of five consecutive years from the conclusion of the twenty second AGM and entitled 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 as determined by the board from time to time.

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

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

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

Separate meeting of Independent Directors

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

During the year under review, a separate meeting of IDs was held on 12th March 2016 and the IDs reviewed the performance of:

- (i) non-IDs viz., M/s Venu Srinivasan, Chairman and Managing Director, Sudarshan Venu, Joint Managing Director, H Lakshmanan, and Dr Lakshmi Venu, directors; and
- (ii) the board as a whole.

They also reviewed the performance of Chairman after taking into account, the views of Executive and Non-Executive Directors.

They also assessed the quality, quantity and timeliness of flow of information between the Company's Management and the board that is necessary for the board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

Woman director

In terms of Section 149 of the Act and Regulation 17 of the SEBI (LODR) Regulations 2015, the Company is required to have a woman director on its board.

Dr Lakshmi Venu was appointed as non-executive and non-independent director of the Company in terms of Section 161 read with Section 149 of the Act, effective 10th September 2014. Her appointment was regularized at the AGM held on 29th July 2015.

Non-executive and non-independent directors (NE-NIDs)

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Act, 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 AGM.

Mr H Lakshmanan, director who is liable to retire by rotation at the AGM, and being eligible, offers himself for re-appointment.

The directors, therefore, recommend his re-appointment as director of the Company.

Key Managerial Personnel (KMP)

M/s 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.

Nomination and Remuneration Policy

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

In accordance with the requirements under Section 178 of the Act, Nomination and Remuneration Policy was formulated to govern the terms of nomination / appointment and remuneration of (i) Directors, (ii) KMP and (iii) Senior Management Personnel (SMP) of the Company. The same was approved by the board at its meeting held on 23rd September, 2014. There is no change in the Policy during the year under review.

The NRC also reviews succession planning of KMP, SMP and board. The Company's approach in recent years is to have a greater component of performance linked remuneration for SMP.

The process of appointing a director / KMP / SMP is, that when 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, and the balance of skills added to that of which the existing members hold.

The NRC will review the profile of persons and the most suitable person is either recommended for appointment by the board or is recommended to shareholders for their election. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

NRC will ensure that any person(s) who is / are appointed or continues in the employment of the Company as its executive chairman, managing director, whole-time director shall comply with the conditions as laid out under Part I of Schedule V to the Act.

NRC will ensure that any appointment of a person as an independent Director of the Company will be made in accordance with the provisions of Section 149 read with Schedule IV to the Act along with any other applicable provisions and SEBI (LODR) Regulations, 2015.

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.

Variation in the terms of remuneration payable to CMD and JMD

The board, on the recommendation of NRC, at its meeting held on 3rd May 2016, reviewed the remuneration payable to CMD after taking into consideration, the time spent and contribution to the growth of the Company including his active involvement in all spheres of affairs and leading the Company's management in achieving sales and profits and felt that, CMD can be compensated by way of monthly remuneration and allied perquisites along with the profit related commission, from the financial year 2016-17 effective 1st April 2016, within the overall limits prescribed under Section 197 of the Act.

The board also reviewed the remuneration payable to JMD after taking into consideration his active involvement in all spheres of management and exploring business opportunities both in India and abroad and felt that, JMD can be compensated by way of enhanced profit related commission.

Such modification in the terms of remuneration will amount to variation of remuneration payable to them within the overall limit permissible under Sections 197 and 198 read with Schedule V to the Act and placed before the members for their approval by way of ordinary resolutions in the ensuing AGM.

NRC has recommended the modifications in the terms of remuneration payable to both CMD and JMD, to the board subject to approval of the shareholders.

Evaluation of the board, committees and directors

In terms of Section 134 of the Act and the Corporate Governance requirements as prescribed under SEBI (LODR) Regulations 2015, the board reviewed and evaluated its own performance from the perspectives of Company's performance, strategy and implementation, risk management and corporate ethics, based on the evaluation criteria laid down by the NRC.

Board

The board discussed and assessed its own composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, quality of information and the performance and reporting by the Committees viz., Audit Committee, NRC, Stakeholders Relationship Committee (SRC) and Corporate Social Responsibility Committee (CSR).

The board upon evaluation concluded that it is well balanced in terms of diversity of experience encompassing all the

activities of the Company. The Company endeavours to have a diverse board representing a range of experience at policy-making levels in business and technology, and in areas that are relevant to the Company's global activities.

The board also noted that corporate responsibility, ethics and compliance are taken seriously, and there is a good balance between the core values of the Company and the interests of stakeholders. The board is satisfied with the Company's performance in all fronts viz., new product development, operations, sales and marketing, finance management, international business, employee relations and compliance with statutory / regulatory requirements and finally concluded that the board operates effectively and is closely aligned to the culture of the business.

Directors

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

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

Committees

The performance of each committee was evaluated by the board after seeking inputs from its members on the basis of the criteria such as matters assessed against terms of reference, time spent by the committees in considering matters, quality of information received, work of each committee, overall effectiveness and decision making and compliance with the corporate governance requirements and concluded that all the committees continued to function effectively, with full participation by all its members and the members of executive management of the Company.

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 2015-16 are provided as part of Corporate Governance Report prepared in terms of the SEBI (LODR) Regulations 2015.

10.AUDITORS

Statutory Auditors

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

It is therefore proposed to continue them as statutory auditors for the fourth year in the first term of five consecutive 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 conveying their eligibility for being statutory auditors of the Company for the year 2016-17.

The Auditors' Reports for the financial year 2015-16 does not contain any qualification, reservation or adverse remarks and the same is attached with the annual financial statements.

Secretarial Auditors

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

As required by Section 204 of the Act, the Secretarial Audit Report for the year 2015-16 given by M/s S Krishnamurthy & Co., Company Secretaries, Chennai for auditing the secretarial and related records is attached to this report. The Secretarial Audit Report does not contain any qualification, reservation or other remarks.

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

Cost Auditor

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

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the board, subject to the approval

of the Central Government, has re-appointed Mr A N Raman, Cost Accountant holding certificate of practice No. 5359 allotted by The Institute of Cost Accountants of India, as a Cost Auditor for conducting Cost Audit for the financial year 2016-17.

The Company has also received necessary certificate under Section 141 of the Act 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 for the financial year 2016-17 and is also required to be ratified by the members, at the ensuing AGM as per Section 148(3) of the Act.

11.CORPORATE GOVERNANCE

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

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

The chairman and managing director and the chief financial officer of the Company have certified to the board on financial statements and other matters in accordance with the Regulation 17 (8) of the SEBI (LODR) Regulations 2015 pertaining to CEO / CFO certification for the financial year ended 31st March 2016.

12.POLICY ON VIGIL MECHANISM

The Company has adopted a Policy on Vigil Mechanism in accordance with the provisions of the Act and Regulation 22 of SEBI (LODR) Regulations 2015, which provides a formal mechanism for all directors, employees and other stakeholders of the Company to report to the management, their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Code of conduct or ethics policy.

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

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

13.PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Chapter V of the Act, for the year ended 31st March 2016.

14. STATUTORY STATEMENTS

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

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure I to this report, in terms of the requirements of Section 134(3)(m) of the Act 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 read with the Companies (Accounts) Rules 2014.

Employee's remuneration

Details of employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act 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, 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 related party transactions

Details of material related party transactions under Section 188 of the Act 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 read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2015-16 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.

Please refer note No. X to Notes on accounts for the financial year 2015-16, for details of investments made by the Company.

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.

15. 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 good work done by all the employees of the Company during the year under review.

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

For and on behalf of the Board

Bengaluru
3rd May 2016

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 2015-16:

- a. Optimal utilization of plant and equipment.
- b. Paint plant process water heating through refrigerant heat pump.
- c. Alternate source of power (Wind Power).
- d. Installation of 1 MW roof top solar power plant at Hosur.

The above measures have resulted in an annual saving of approximately Rs. 4.25 crores.

2. Proposed measures during the year 2016-17:

- a. Optimal utilization of plant and equipment.
- b. Hybrid solar heat pump for engine pre-heating in Captive Power Plant.
- c. Alternate source of power.
- d. Process water heating through refrigerant heat pumps.
- e. Additional installation of 2MW roof top solar power plant at Mysore.

The above measures are expected to yield an annual saving of approximately Rs. 5 crores.

3. Steps taken for utilizing alternate sources of energy:

During the year 2015-16, the Company has utilized the power generated through wind energy to an extent of 130 lakh units. The Company is planning to continue the utilization of renewable energy during the year 2016-17.

Towards continual commitment of utilizing renewable energy, the Company has already commissioned 1 MW roof top solar plant in 2015-16, with an estimated generation of 15 lakh units per annum.

4. Capital investment in energy conservation equipment:

In the year 2015-16, the Company has invested Rs. 2.20 crores towards optimization of compressors, alternate source of heat energy with refrigerant heating and in replacement of conventional lights into Light Emitting Diode (LED) / induction lighting, as "Energy Efficient" measures. The Company is planning to invest around Rs. 7.50 crores in energy saving equipment in 2016-17 viz., alternate heating source with heat pumps, solar power equipments, LED lights and other energy efficient systems.

B. TECHNOLOGY ABSORPTION FOR 2015-16

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

- i. Designed, developed and launched new 110cc class 4stroke motorcycle with best-in-class engine smoothness, improved ergonomics and enhanced fuel economy.

- ii. Designed, developed and launched new 200cc premium motorcycle with innovative features, best-in-class ergonomics, ride and handling.
- iii. Designed, developed and launched new 100cc class 4stroke moped with best-in-class single speed engine, improved ergonomics and enhanced fuel economy.
- iv. Developed innovative engine technology for superior performance and implemented in 2 new products.
- v. Design and development of high performance motorcycle is completed and further development is in progress.
- vi. Designed and developed new 4stroke 110cc motorcycle for African markets.
- vii. Designed, developed and launched new 125cc motorcycle for Latin American market.

Future plan of action:

- i. Development of new technologies for reduction of emission and reduction of CO₂ to meet future emission norms.
- ii. Development of technologies including alternate materials, weight reduction, cost reduction and improvement of fuel economy.
- iii. Development of skills and techniques to improve fit and finish quality of products.
- iv. Development of new technologies to improve noise, vibration and 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 R&D Rs.226.38 Cr.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Export activities:

During the year, export of two wheelers is 3.59 lakh units and three wheelers is 0.95 lakh units. The Company continued export of components and sub-assemblies to its subsidiary in Indonesia.

2. Total foreign exchange earned and used (actual):

	(Rs. in Cr)
Foreign exchange used	1,570.55
Foreign exchange earned	2,326.00

For and on behalf of the Board

Bengaluru
3rd May 2016

VENU SRINIVASAN
Chairman

Annexure - II

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

as on the financial year ended on 31st March 2016

[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
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006
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 st Floor, No.29, Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959 Fax : 044 - 2825 7121

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No	Name and Description of main products / services	NIC code of the product / service	% to total turnover of the Company
1	Motorcycles, Scooters, Mopeds	30911	78.3%
2	Three Wheelers	30912	9.1%
3	Parts & Accessories	30913	11.0%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

TVS MOTOR COMPANY LIMITED

Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
4	PT. TVS Motor Company Indonesia Gedung Wirusaha 3 rd Floor, Jalan, H.R. Rasuna Said, Kav. C5, Jakarta 12920	NA	Subsidiary	42.05% by the Company; 22.78% by TVSM Europe; and 35.17% by TVSM Singapore	2(87)
5	TVS Motor Company (Europe) B.V. Claude, Debussylaan 24 1082 MD, Amsterdam	NA	Subsidiary	100%	2(87)
6	TVS Motor (Singapore) Pte. Limited 17, Phillip Street, # 05-01, Grand Building, Singapore - 048 695	NA	Subsidiary	100%	2(87)
7	Sundaram Business Development Consulting (Shanghai) Company Limited RM10P 10, 2299 YAN AN Road (West), Shanghai Mart, Shanghai - 200 336	NA	Subsidiary	100%	2(87)
8	Sundaram Holding USA Inc., 2711, Centerville Road, #400 Wilmington, New Castle - 19808 State of Delaware, USA.	NA	Subsidiary	75% held by S.No.2	2(87)
9	Emerald Haven Realty Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	U45200TN2010PLC075953	Associate	49%	2(6)
10	Green Infra Wind Energy Theni Limited 1, 2nd Floor, Tower No. 2, NBCC Plaza, Sector V, Pushp Vihar, Saket New Delhi - 110 017	U40109DL2011PLC275063	Associate	22%	2(6)

TVS MOTOR COMPANY LIMITED

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 31 st March 2015)				No. of Shares held at the end of the year (as on 31 st March 2016)				change in shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corp.	27,26,82,786	-	27,26,82,786	57.40	27,26,82,786	-	27,26,82,786	57.40	-
Total Shareholding of Promoter (A)	27,26,82,786	-	27,26,82,786	57.40	27,26,82,786	-	27,26,82,786	57.40	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	4,11,29,050	6,570	4,11,35,620	8.66	5,38,28,325	2,428	5,38,30,753	11.33	2.67
b) Banks / FI	12,14,447	70,216	12,84,663	0.27	22,97,866	67,216	23,65,082	0.50	0.23
c) Insurance Companies	1,51,73,315	-	1,51,73,315	3.19	1,31,90,065	-	1,31,90,065	2.78	(0.41)
d) FIs	6,75,33,664	-	6,75,44,664	14.22	6,85,56,793	11,000	6,85,67,793	14.43	0.21
Sub-Total (B)(1)	12,50,50,476	76,786	12,51,38,262	26.34	13,78,73,049	80,644	13,79,53,693	29.04	2.70
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1,91,46,080	69,848	1,92,15,928	4.04	77,95,730	66,856	78,62,586	1.65	(2.39)
ii) Overseas	-	136	136	-	68	68	136	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4,19,69,810	72,51,800	4,92,21,610	10.36	3,73,62,182	58,53,266	4,32,15,448	9.10	(1.26)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	41,96,909	-	41,96,909	0.88	84,61,234	-	84,61,234	1.78	0.90
c) Directors and relatives	28,46,966	5,000	28,51,966	0.60	28,45,966	5,000	28,50,966	0.60	-
d) Others (specify)	17,50,937	28,580	17,79,517	0.37	20,32,685	27,580	20,60,265	0.43	0.06
Sub-total (B)(2):	6,99,10,702	73,55,364	7,72,66,066	16.26	5,84,97,865	59,52,770	6,44,50,635	13.56	(2.70)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	19,49,61,178	74,32,150	20,24,04,328	42.60	19,63,70,914	60,33,414	20,24,04,328	42.60	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	46,76,43,964	74,32,150	47,50,87,114	100.00	46,90,53,700	60,33,414	47,50,87,114	100.00	-

TVS MOTOR COMPANY LIMITED

ii) Shareholding of Promoters

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

iii) Change in Promoters' Shareholding (please specify, if there is no change) - N.A

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
RELIANCE CAPITAL TRUSTEE CO. LTD.								
29,667,945 (6.24%)	01-04-2015	Opening Balance						
	10-04-2015	Transfer / Purchase	395,000	0.08	30,062,945	6.33		
	24-04-2015	Transfer / Purchase	900,000	0.19	30,962,945	6.52		
	01-05-2015	Transfer / Purchase	112,716	0.02	31,075,661	6.54		
	06-05-2015	Transfer / Purchase	517,284	0.11	31,592,945	6.65		
	08-05-2015	Transfer / Purchase	450,000	0.09	32,042,945	6.74		
	15-05-2015	Transfer / Purchase	695,000	0.15	32,737,945	6.89		
	05-06-2015	Transfer / Purchase	565,000	0.12	33,302,945	7.01		
	12-06-2015	Transfer / Purchase	180,000	0.04	33,482,945	7.05		
	19-06-2015	Transfer / Purchase	270,000	0.06	33,752,945	7.10		
	26-06-2015	Transfer / Purchase	25,000	0.01	33,777,945	7.11		
	03-07-2015	Transfer / Purchase	90,000	0.02	33,867,945	7.13		
	17-07-2015	Transfer / Sale	84,774	0.02	33,783,171	7.11		
	24-07-2015	Transfer / Sale	787,454	0.17	32,995,717	6.95		
	31-07-2015	Transfer / Purchase	502,228	0.11	33,497,945	7.05		
	07-08-2015	Transfer / Purchase	10,000	0.00	33,507,945	7.05		
	21-08-2015	Transfer / Purchase	16,600	0.00	33,524,545	7.06		
	28-08-2015	Transfer / Purchase	269,897	0.06	33,794,442	7.11		
	04-09-2015	Transfer / Purchase	8,182	0.00	33,802,624	7.12		
	11-09-2015	Transfer / Purchase	135,475	0.03	33,938,099	7.14		
	18-09-2015	Transfer / Purchase	19,000	0.00	33,957,099	7.15		
	25-09-2015	Transfer / Sale	24,600	0.01	33,932,499	7.14		
	30-09-2015	Transfer / Purchase	200,000	0.04	34,132,499	7.18		
	09-10-2015	Transfer / Purchase	2,420,092	0.51	36,552,591	7.69		
	30-10-2015	Transfer / Sale	576,633	0.12	35,975,958	7.57		
	06-11-2015	Transfer / Sale	1,267,851	0.27	34,708,107	7.31		
	13-11-2015	Transfer / Sale	819,070	0.17	33,889,037	7.13		
	20-11-2015	Transfer / Sale	178,334	0.04	33,710,703	7.10		
	27-11-2015	Transfer / Sale	2,337,666	0.49	31,373,037	6.60		
	04-12-2015	Transfer / Sale	275,179	0.06	31,097,858	6.55		
	11-12-2015	Transfer / Purchase	450,000	0.09	31,547,858	6.64		
	18-12-2015	Transfer / Sale	265,780	0.06	31,282,078	6.58		
	25-12-2015	Transfer / Sale	754,220	0.16	30,527,858	6.43		
31-12-2015	Transfer / Sale	448,821	0.09	30,079,037	6.33			
08-01-2016	Transfer / Sale	800,000	0.17	29,279,037	6.16			
15-01-2016	Transfer / Sale	600,000	0.13	28,679,037	6.04			
22-01-2016	Transfer / Purchase	810,000	0.17	29,489,037	6.21			
29-01-2016	Transfer / Sale	825,180	0.17	28,663,857	6.03			
05-02-2016	Transfer / Purchase	90,180	0.02	28,754,037	6.05			
12-02-2016	Transfer / Purchase	230,000	0.05	28,984,037	6.10			
19-02-2016	Transfer / Sale	12,568	0.00	28,971,469	6.10			

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
	19-02-2016	Transfer / Purchase	100,000	0.02	29,071,469	6.12		
	26-02-2016	Transfer / Sale	643,409	0.14	28,428,060	5.98		
	04-03-2016	Transfer / Purchase	95,626	0.02	28,523,686	6.00		
	04-03-2016	Transfer / Sale	161,,200	0.03	28,362,486	5.97		
	11-03-2016	Transfer / Sale	440,060	0.09	27,922,426	5.88		
	18-03-2016	Transfer / Sale	1,516,131	0.32	26,406,295	5.56		
	25-03-2016	Transfer / Sale	637,600	0.13	25,768,695	5.42		
	31-03-2016	Transfer / Sale	300,635	0.06	25,468,060	5.36		
	31-03-2016	Closing Balance					25,468,060	5.36

JWALAMUKHI INVESTMENT HOLDINGS								
14,364,519 (3.02%)	01-04-2015	Opening Balance						
	17-04-2015	Transfer / Purchase	2,600,000	0.55	16,964,519	3.57		
	24-04-2015	Transfer / Purchase	2,100,000	0.44	19,064,519	4.01		
	01-05-2015	Transfer / Purchase	1,336,044	0.28	20,400,563	4.29		
	06-05-2015	Transfer / Purchase	250,000	0.05	20,650,563	4.35		
	08-05-2015	Transfer / Purchase	75,000	0.02	20,725,563	4.36		
	31-03-2016	Closing Balance					20,725,563	4.36

FRANKLIN TEMPLETON MUTUAL FUND								
5,788,446 (1.22 %)	01-04-2015	Opening Balance						
	10-04-2015	Transfer / Purchase	335,990	0.07	6,124,436	1.29		
	17-04-2015	Transfer / Purchase	100,000	0.02	6,224,436	1.31		
	24-04-2015	Transfer / Purchase	700,000	0.15	6,924,436	1.46		
	01-05-2015	Transfer / Purchase	510,000	0.11	7,434,436	1.56		
	06-05-2015	Transfer / Purchase	100,000	0.02	7,534,436	1.59		
	08-05-2015	Transfer / Purchase	200,000	0.04	7,734,436	1.63		
	15-05-2015	Transfer / Purchase	1,547,139	0.33	9,281,575	1.95		
	22-05-2015	Transfer / Purchase	827,861	0.17	10,109,436	2.13		
	05-06-2015	Transfer / Purchase	885,278	0.19	10,994,714	2.31		
	12-06-2015	Transfer / Purchase	216,297	0.05	11,211,011	2.36		
	19-06-2015	Transfer / Purchase	298,425	0.06	11,509,436	2.42		
	26-06-2015	Transfer / Purchase	300,000	0.06	11,809,436	2.49		
	30-06-2015	Transfer / Purchase	100,000	0.02	11,909,436	2.51		
	03-07-2015	Transfer / Purchase	160,000	0.03	12,069,436	2.54		
	17-07-2015	Transfer / Purchase	75,000	0.02	12,144,436	2.56		
	22-07-2015	Transfer / Purchase	100,000	0.02	12,244,436	2.58		
	24-07-2015	Transfer / Purchase	50,000	0.01	12,294,436	2.59		
	31-07-2015	Transfer / Purchase	1,238,211	0.26	13,532,647	2.85		
	07-08-2015	Transfer / Purchase	626,789	0.13	14,159,436	2.98		
	14-08-2015	Transfer / Purchase	501,000	0.11	14,660,436	3.09		
	21-08-2015	Transfer / Purchase	549,000	0.12	15,209,436	3.20		
	28-08-2015	Transfer / Purchase	1,227,857	0.26	16,437,293	3.46		
	04-09-2015	Transfer / Purchase	178,070	0.04	16,615,363	3.50		
	11-09-2015	Transfer / Purchase	104,981	0.02	16,720,344	3.52		

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
	18-09-2015	Transfer / Purchase	105,360	0.02	16,825,704	3.54		
	25-09-2015	Transfer / Purchase	1,100,000	0.23	17,925,704	3.77		
	30-09-2015	Transfer / Purchase	50,000	0.01	17,975,704	3.78		
	09-10-2015	Transfer / Purchase	100,000	0.02	18,075,704	3.80		
	30-10-2015	Transfer / Sale	300,000	0.06	17,775,704	3.74		
	13-11-2015	Transfer / Sale	430,811	0.09	17,344,893	3.65		
	20-11-2015	Transfer / Sale	494,189	0.10	16,850,704	3.55		
	31-12-2015	Transfer / Purchase	300,000	0.06	17,150,704	3.61		
	08-01-2016	Transfer / Purchase	83,732	0.02	17,234,436	3.63		
	22-01-2016	Transfer / Purchase	150,000	0.03	17,384,436	3.66		
	29-01-2016	Transfer / Sale	200,000	0.04	17,184,436	3.62		
	19-02-2016	Transfer / Purchase	100,000	0.02	17,284,436	3.64		
	04-03-2016	Transfer / Purchase	200,000	0.04	17,484,436	3.68		
	25-03-2016	Transfer / Sale	625,000	0.13	16,859,436	3.55		
	31-03-2016	Transfer / Sale	1,195,000	0.25	15,664,436	3.30		
	31-03-2016	Closing Balance					15,664,436	3.30

TREE LINE ASIA MASTER FUND (SINGAPORE) PTE LTD								
6,000,000 (1.26%)	01-04-2015							
	06-05-2015	Transfer / Purchase	900,000	0.19	6,900,000	1.45		
	31-03-2016	Closing Balance					6,900,000	1.45

FRANKLIN TEMPLETON INVESTMENT FUNDS								
6,364,703 (1.34%)	01-04-2015	Opening Balance						
	10-04-2015	Transfer / Purchase	1,291,697	0.27	7,656,400	1.61		
	17-04-2015	Transfer / Purchase	2,508,600	0.53	10,165,000	2.14		
	24-04-2015	Transfer / Purchase	141,400	0.03	10,306,400	2.17		
	01-05-2015	Transfer / Purchase	496,600	0.10	10,803,000	2.27		
	30-10-2015	Transfer / Sale	1,058,279	0.22	9,744,721	2.05		
	13-11-2015	Transfer / Sale	744,721	0.16	9,000,000	1.89		
	20-11-2015	Transfer / Sale	51,970	0.01	8,948,030	1.88		
	27-11-2015	Transfer / Sale	1,188,175	0.25	7,759,855	1.63		
	04-12-2015	Transfer / Sale	400,000	0.08	7,359,855	1.55		
	25-12-2015	Transfer / Sale	286,800	0.06	7,073,055	1.49		
	31-12-2015	Transfer / Sale	719,070	0.15	6,353,985	1.34		
	08-01-2016	Transfer / Sale	214,130	0.05	6,139,855	1.29		
	26-02-2016	Transfer / Purchase	690,000	0.15	6,829,855	1.44		
	31-03-2016	Transfer / Sale	680,000	0.14	6,149,855	1.29		
	31-03-2016	Closing Balance					6,149,855	1.29

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
LIFE INSURANCE CORPORATION OF INDIA								
6,327,945 (1.33%)	01-04-2015	Opening Balance						
	04-03-2016	Transfer / Sale	300,734	0.06	6,027,211	1.27		
	11-03-2016	Transfer / Sale	334,754	0.07	5,692,457	1.20		
	18-03-2016	Transfer / Sale	294,051	0.06	5,398,406	1.14		
	25-03-2016	Transfer / Sale	60,000	0.01	5,338,406	1.12		
	31-03-2016	Transfer / Sale	10,461	0.00	5,327,945	1.12		
	31-03-2016	Closing Balance					5,327,945	1.12

ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD								
829,958 (0.17%)	01-04-2015	Opening Balance						
	15-05-2015	Transfer / Sale	500,000	0.11	329,958	0.07		
	28-08-2015	Transfer / Purchase	47,310	0.01	377,268	0.08		
	04-09-2015	Transfer / Purchase	260,421	0.05	637,689	0.13		
	11-09-2015	Transfer / Purchase	343,075	0.07	980,764	0.21		
	18-09-2015	Transfer / Purchase	150,270	0.03	1,131,034	0.24		
	25-09-2015	Transfer / Purchase	4,748,139	1.00	5,879,173	1.24		
	13-11-2015	Transfer / Sale	37,229	0.01	5,841,944	1.23		
	27-11-2015	Transfer / Sale	16,281	0.00	5,825,663	1.23		
	04-12-2015	Transfer / Purchase	258,000	0.05	6,083,663	1.28		
	15-01-2016	Transfer / Sale	44,346	0.01	6,039,317	1.27		
	29-01-2016	Transfer / Purchase	131,577	0.03	6,170,894	1.30		
	29-01-2016	Transfer / Sale	93,100	0.02	6,077,794	1.28		
	05-02-2016	Transfer / Purchase	18,502	0.00	6,096,296	1.28		
	19-02-2016	Transfer / Purchase	240,368	0.05	6,336,664	1.33		
	04-03-2016	Transfer / Purchase	34,610	0.01	6,371,274	1.34		
	25-03-2016	Transfer / Purchase	357,414	0.08	6,728,688	1.42		
	31-03-2016	Transfer / Sale	1,373,036	0.29	5,355,652	1.13		
	31-03-2016	Transfer / Sale	80,520	0.02	5,275,132	1.11		
	31-03-2016	Closing Balance					5,275,132	1.11

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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	
INDUS INDIA FUND (MAURITIUS) LIMITED									
0	01-04-2015	Opening Balance							
	30-06-2015	Transfer / Purchase	57,793	0.01	57,793	0.01			
	17-07-2015	Transfer / Purchase	14,807	0.00	72,600	0.02			
	22-07-2015	Transfer / Purchase	7,200	0.00	79,800	0.02			
	07-08-2015	Transfer / Purchase	20,200	0.00	100,000	0.02			
	21-08-2015	Transfer / Purchase	43,000	0.01	143,000	0.03			
	28-08-2015	Transfer / Purchase	18,200	0.00	161,200	0.03			
	04-09-2015	Transfer / Purchase	17,300	0.00	178,500	0.04			
	30-09-2015	Transfer / Purchase	17,300	0.00	195,800	0.04			
	30-10-2015	Transfer / Purchase	1,144,301	0.24	1,340,101	0.28			
	06-11-2015	Transfer / Purchase	1,728,151	0.36	3,068,252	0.65			
	31-12-2015	Transfer / Purchase	21,972	0.00	3,090,224	0.65			
	08-01-2016	Transfer / Purchase	14,700	0.00	3,104,924	0.65			
	04-03-2016	Transfer / Purchase	1,070,036	0.23	4,174,960	0.88			
	11-03-2016	Transfer / Purchase	62	0.00	4,175,022	0.88			
	31-03-2016	Closing Balance					4,175,022	0.88	

DB INTERNATIONAL (ASIA) LTD									
0	01-04-2015	Opening Balance							
	12-06-2015	Transfer / Purchase	338	0.00	338	0.00			
	10-07-2015	Transfer / Purchase	2,600	0.00	2,938	0.00			
	17-07-2015	Transfer / Purchase	5,200	0.00	8,138	0.00			
	31-07-2015	Transfer / Purchase	231,000	0.05	239,138	0.05			
	28-08-2015	Transfer / Sale	230,769	0.05	8,369	0.00			
	04-09-2015	Transfer / Sale	11	0.00	8,358	0.00			
	25-09-2015	Transfer / Purchase	380	0.00	8,738	0.00			
	23-10-2015	Transfer / Sale	710	0.00	8,028	0.00			
	04-12-2015	Transfer / Sale	100	0.00	7,928	0.00			
	25-12-2015	Transfer / Purchase	275,000	0.06	282,928	0.06			
	31-12-2015	Transfer / Purchase	1,205,000	0.25	1,487,928	0.31			
	08-01-2016	Transfer / Purchase	740,000	0.16	2,227,928	0.47			
	05-02-2016	Transfer / Purchase	125,000	0.03	2,352,928	0.50			
	19-02-2016	Transfer / Sale	20,000	0.00	2,332,928	0.49			
	26-02-2016	Transfer / Sale	1,064	0.00	2,331,864	0.49			
	25-03-2016	Transfer / Sale	1,205	0.00	2,330,659	0.49			
	31-03-2016	Transfer / Purchase	805,421	0.17	3,136,080	0.66			
	31-03-2016	Closing Balance					3,136,080	0.66	

THE GOODWILL TRUST									
0	01-04-2015	Opening Balance							
	31-03-2016	Transfer / Purchase	3,000,000	0.63	3,000,000	0.63			
	31-03-2016	Closing Balance					3,000,000	0.63	

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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	56,870 (0.012)	22.05.2015	Sale	1,000	-	-	-	55,870	0.012
T Kannan	5,000	-	-	-	-	-	-	5,000	0.001
C R Dua	Nil	-	-	-	-	-	-	Nil	-
Prince Asirvatham	1,000 -	-	-	-	-	-	-	1,000	-
R Ramakrishnan	1,08,000 (0.023)	-	-	-	-	-	-	1,08,000	0.023
Hemant Krishan Singh	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
Indebtedness at the beginning of the financial year			
i) Principal Amount	343.33	627.14	970.47
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	0.68	0.10	0.78
Total (i + ii + iii)	344.01	627.24	971.25
Change in Indebtedness during the financial year			
- Addition	210.43	-	210.43
- Reduction	-	(254.69)	(254.69)
Net Change	210.43	(254.69)	(44.26)
Indebtedness at the end of the financial year			
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
Total (i + ii + iii)	554.44	372.55	926.99

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	–	48.00	48.00
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	–	70.35	70.35
	(c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	–	8.16	8.16
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission - as % of profit - others, specify	1388.49	833.09	2221.58
5.	Others	–	–	–
	Total (A)	1388.49	959.60	2348.09
	Ceiling as per the Act	–	–	5203.70

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

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		TK	CRD	PA	RK	HKS	
	Independent Directors						
	Fee for attending board / committee meetings	1.20	2.00	2.00	2.40	0.80	8.40
	Commission	15.00	15.00	15.00	15.00	12.00	72.00
	Others	–	–	–	–	–	–
	Total (1)	16.20	17.00	17.00	17.40	12.80	80.40
		Name of Directors					
		HL	Dr LV				
	Other Non -Executive Directors						
	Fee for attending board / committee meetings	2.20	0.80				3.00
	Commission	–	–				–
	Others	–	–				–
	Total (2)	2.20	0.80				3.00
	Total (B)=(1+2)						83.40
	Total Managerial Remuneration (A) + (B)						2431.49
	Overall Ceiling as per the Act						5724.07

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	452.53	181.40	19.84	653.77
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	2.50	-	-	2.50
	(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	-	-	-	-
	Total	455.03	181.40	19.84	656.27

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Annexure - IV

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

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

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

2. Overview of projects or programs 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 programs - <http://www.tvs-motor.com/pdf/CSR-Policy-Feb-2015.pdf>.

4. Composition of the CSR Committee:

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

5. Average net profit of the Company for last three financial years Rs. 357.56 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) Rs. 7.15 Cr

7. Details of CSR spent during the financial year:

(a) Total amount spent for the financial year Rs. 7.16 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 Telefax: +91-44-2833 2115 Email: sst@scl.co.in Website: www.tvssst.org	Sri Sathya Sai Central Trust, Prasanthi Nilayam - 515 134 Anantapur district, Andhra Pradesh, India. Telefax: +91-8555- 287390 Email: finance@sssct.org	AIM For Seva No.4, Desika Road, Mylapore, Chennai - 600 004 Phone No: 044 - 2498 7955 / 66 Email: aimallindiamovement@gmail.com	Voluntary Health Services Rajiv Gandhi IT Expy, Tharamani, Chennai - 600 013 Phone No: +91(44)22541972/74 Email: secywhs.1958@gmail.com	National Institute of Mental Health & Neuro Sciences, (NIMHANS) Hosur Road, Lakkasandra, Bengaluru, Karnataka - 560 029 Phone No: 080 - 26995200 Email: 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"> Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; Promoting education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects; Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water; Rural development projects 	Promoting free medical care is one of the object of the Trust	Promoting education	Health care activities	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, Health care, Quality education, Environment and Infrastructure	Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge	Providing access to Education in the rural areas to the children irrespective of caste, creed, religion etc., Improve access by establishing holistic learning 'student homes' in close proximity to schools.	Health Care activities / Project - Centre for Advanced Rehabilitation, Specialties	Mental health and neuro sciences
4	Areas in which Projects / Programmes undertaken	<ul style="list-style-type: none"> Hosur, Padavedu, Thirukkurungudi, Navatirupati and Javadhu Hills Mysore and Chamrajanagar Himachal Pradesh Venkatagiri 	Sri Sathya Sai Institute of Higher Medical Sciences at Prasanthi Gram, Andhra Pradesh and at Whitefield, Bengaluru, Sri Sathya Sai General Hospital at Prasanthi Nilayam Puttaparthi and Whitefield, Bengaluru and Sri Sathya Sai Mobile Hospital.	<ul style="list-style-type: none"> Cumbum, Tamilnadu Chikmangalur, Karnataka Palakad, Tamilnadu Udupi, Karnataka 	Hospitals and 14 Mini Health Care Centers in Chennai and Kancheepuram Districts	Bengaluru
	Local Area / Others		Prasanthi Nilayam, Puttaparthi and Whitefield, Bengaluru		Tharamani	
	State & district	<ul style="list-style-type: none"> Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts Karnataka : Mysore, Bengaluru Urban and Chamrajanagar districts Himachal Pradesh : Solan district Andhra Pradesh - Nellore 	- Anantapur district, Andhra Pradesh and Bengaluru, Karnataka	As stated above	- Tamilnadu - Chennai & Kancheepuram	- Bengaluru, Karnataka

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	Amount outlay (budget) project or program-wise	Rs.600.00 lakhs	Rs.49620 Lakhs	Rs.57.00 Lakhs	Rs.25.00 Lakhs	Rs.64.50 Lakhs
5	Amount spent on the projects or programmes	Rs.586.48 lakhs	Rs. 7100 Lakhs	Rs.50.00 Lakhs	Rs.25.00Lakhs	Rs.64.50 Lakhs
6	Sub-heads Direct expenses On projects / programs	Rs.586.48 lakhs (including contribution of the Company of Rs.191 Lakhs)	Rs. 7100 Lakhs (including contribution of the Company of Rs.385 Lakhs)	Rs.50.00 Lakhs	Rs.25.00 Lakhs	Rs.64.50 Lakhs
	Overheads	Nil	Nil	Nil	Nil	Nil
7	Cumulative expenditure upto the reporting period	Rs.586.48 lakhs (including contribution of the Company of Rs.191 Lakhs)	Rs.36400 Lakhs (including contribution of the Company of Rs.385 Lakhs)	Rs.50.00 Lakhs	Rs.25.00 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 Board report.

Not applicable

9. CSR Committee states that the CSR activities being undertaken / proposed will be implemented and monitored as per CSR Policy and is in compliance with CSR objectives and policy of the Company. Some of the programmes in the areas of healthcare are multiyear projects.

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

For and on behalf of the Board

Bengaluru
3rd May 2016

VENU SRINIVASAN
Chairman and Managing Director and
Chairman of CSR Committee

Annexure - V

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	52
	Sudarshan Venu	JMD	1:161	74
	H Lakshmanan	NENID	NA	NA
	Dr Lakshmi Venu	NENID	NA	NA
	T Kannan	NEID	1:3	NIL
	C R Dua	NEID	1:3	NIL
	Prince Asirvatham	NEID	1:3	NIL
	R Ramakrishnan	NEID	1:3	NIL
	Hemant Krishan Singh	NEID	1:2	NIL
	K N Radhakrishnan	President & CEO	NA	29
	S G Murali	CFO	NA	7
	K S Srinivasan	CS	NA	22

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2	The percentage increase in the median remuneration of employees in the financial year		10.59%			
3	The number of permanent employees on the rolls of the Company		5240			
4	The explanation on the relationship between average increase in remuneration and company performance		Company performance EBITDA Growth	27%		
			Average increase in remuneration	11%		
5	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	Designation	% increase in remuneration	Company Performance (EBITDA in %)		
	Mr Venu Srinivasan	CMD	52	27		
	Mr Sudarshan Venu	JMD	74			
	Mr K N Radhakrishnan	President & CEO	29			
	Mr S G Murali	CFO	7			
	Mr K S Srinivasan	CS	22			
	Total		50			
6	Variations in the market capitalisation of the Company, price earnings ratio and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer	Details as on 31 st March	2014-15	2015-16	Increase	
		No. of Shares	475087114	475087114	-	
		Share Price (in Rs.)	BSE	263.75	322.65	18 %
			NSE	263.85	322.80	18 %
		EPS	7.32	9.10	20 %	
		PE Ratio (based on audited results)	36	35	-1 %	
		Company's Market Cap	Rs.12530 Cr approx (based on BSE price)	Rs.15329 Cr approx (based on BSE price)	18 %	
The Company has not made any public offer till date, since its incorporation. Its shares were listed on Stock Exchanges due to a scheme of amalgamation of the erstwhile listed company, namely TVS Suzuki Limited sanctioned by the Hon'ble High Court of Madras vide its order dated 10 th December 1999.						
7	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2015-16		15%			
	b. Average percentile increase in the managerial remuneration in the financial year 2015-16 There are no exceptional circumstances for increase in the managerial remuneration.		60%			
8	The key parameters for any variable component of remuneration availed by the directors		Every year, the board fixes the Commission payable to CMD and JMD within the statutory limit as approved by the members. There is no variable component of remuneration payable to Independent directors.			
9	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and		Not Applicable			
10	Affirmation that the remuneration is as per the remuneration policy of the Company.		Remuneration paid during the year 2015-16 is as per the remuneration policy of the Company			

CMD - Chairman and Managing Director

JMD - Joint Managing Director

CS - Company Secretary

CEO - Chief Executive Officer

CFO - Chief Financial Officer

NEID - Non Executive Independent Director

NENID - Non Executive Non Independent Director

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Annexure - VI

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	2015-16		
(d)	Date(s) of approval by the Board, if any:	29 th April 2015 and 29 th January 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 wheelers and Three wheelers	Based on dealer price	2216.94
	Purchase	Plastic Components and Dies & Moulds Land and buildings	Mark-up on cost of raw materials and conversion cost Guideline value	351.35 3.96
	Rendering of Services	Share of cost of salary, training expenses, rent, sharing of common expenses	At Cost	0.20

Annexure - VII

DETAILS OF LOANS AND GUARANTEES UNDER SECTION 186 OF THE COMPANIES ACT 2013 FOR THE FINANCIAL YEAR 2015-2016

S. No.	Name of the body corporate	Nature of relationship	Purpose of loan / acquisition / guarantee / security	Rate of interest	Amount of loan / security / guarantee (Rs. in Cr)	% to Free Reserves	Purpose for which the loan / guarantee utilised by the recipient
1	TVS Motor Singapore Pte Ltd	Wholly owned subsidiary	Inter Corporate loan	8%	55.30	2.92	For business purpose
2	PT. TVS Motor Company Indonesia	Wholly owned subsidiary	Guarantee	–	205.38	10.87	For availing credit facilities
3	TVS Credit Services Limited	–	Guarantee	–	33.34	1.76	

Report on Corporate Governance

1. Company's philosophy on code of governance

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

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

The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct and Ethics and Code of Conduct for Prevention of Insider Trading for board of directors and senior management personnel.

2. Board of directors

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

2.1 Composition and category of directors:

As on 31st March 2016, 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 and at least one woman director.

Accordingly, the board has five non-executive independent directors (NE-ID) viz., M/s T Kannan, C R Dua, R Ramakrishnan, Prince Asirvatham and Hemant Krishan Singh and 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 14th 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 video conferencing.

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 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 applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any, etc.

Comprehensively drafted notes for each agenda item along with 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 committee meetings.

During the year 2015-16, the board met five times on 29th April 2015, 24th July 2015, 27th October 2015, 29th January 2016 and 12th March 2016 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 applicable provisions of the 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 29th July 2015 and also the number of other directorships and committee memberships / chairmanships as on 31st March 2016 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	3	Yes	11	4	–
H Lakshmanan (DIN 00057973)	NE-NID	5	Yes	13	5	3
T Kannan (DIN 00040674)	NE-ID	3	No [@]	8	2	1
C R Dua (DIN 00036080)	NE-ID	5	No	17	4	1
R Ramakrishnan (DIN 00809342)	NE-ID	5	Yes	10	4	2
Prince Asirvatham (DIN 00193260)	NE-ID	5	Yes	2	–	–
Hemant Krishan Singh (DIN 06467315)	NE-ID	4	Yes	1	–	–
Sudarshan Venu (DIN 03601690)	JMD	5	Yes	2	–	–
Dr Lakshmi Venu (DIN 02702020)	NE-NID	4	Yes	6	1	–

CMD : Chairman & Managing Director NE-ID : Non-Executive - Independent Director
 NE-NID : Non-Executive - Non-Independent Director JMD : Joint Managing Director
 * includes private companies and companies incorporated outside India.
 ** includes committees where the director holds the position of Chairman.
[@] authorised Mr Prince Asirvatham, one of the Audit Committee member who also chaired the Audit Committee meeting where annual audited accounts for the year 2014-15 were considered and recommended to the board for its approval, to attend the AGM and to answer investors' queries.

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 LV are related to each other. None of the other directors on the board is related to any other director on the board.

2.4 Access to information and updation to directors:

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

Apart from this, the observations on the audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the statutory auditors of the Company are placed and discussed with functional heads, by the committee / board. The board also reviews the declarations made by the chairman and managing director and the company secretary regarding compliance of all applicable laws on quarterly basis. Decisions taken at the meetings of the board / committee are communicated to the functional heads. Action taken report on decisions of previous meetings 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 such topics as the board's role, board composition and conduct, and the risks and responsibilities of the Company directors, 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: <http://www.tvs-motor.com/pdf/TVSM-ID-Familiarisation-Prog.pdf>.

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 member 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 <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 31st March 2016. 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, nature of his 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 have a focused attention on business and for better governance and accountability, constituted the following mandatory committees, viz., Audit 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 and their performance reviewed by the Board. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The minutes of the Committee Meetings are placed before the subsequent board meetings.

3. Audit Committee

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

3.1 Brief description of terms of reference:

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

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

- j. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- k. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- l. Discussing with internal auditors of any significant findings and follow up there on;
- m. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or any failure of internal control systems of a material nature and reporting the matter to the board;
- n. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- o. Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- p. Reviewing the functioning of the Whistle Blower mechanism;
- q. Approving the appointment of CFO (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; and
- r. In addition, reviewing of such other functions as envisaged under Section 177 of the Act 2013 read with the Companies (Meetings of Board and its Powers) Rules 2014 as amended and Regulation 18 of SEBI (LODR) Regulations.

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

3.2 Composition, name of members and the chairman:

As at 31st March 2016, the audit committee consists of the following non-executive independent directors:

M/s T Kannan, C R Dua, R Ramakrishnan and Prince Asirvatham

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

Mr T Kannan, Chairman of the audit committee was not present at the annual general meeting held on 29th July 2015. However he authorized Mr Prince Asirvatham, director, to represent him in the said meeting.

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.

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	Name of the directors (M/s)
28.04.2015	C R Dua, Prince Asirvatham and R Ramakrishnan
23.07.2015	T Kannan, C R Dua and Prince Asirvatham
26.10.2015	C R Dua, Prince Asirvatham and R Ramakrishnan
28.01.2016	T Kannan, C R Dua, Prince Asirvatham and R Ramakrishnan

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., Sundaram Business Development Consulting (Shanghai) Co. Ltd. and Sundaram Holding USA Inc., USA.

The audit 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 the investment by the Company exceeds 20% of its "consolidated networth" or if it has generated 20% or more of its "consolidated income" during the previous financial year.

Based on the above criteria, Sundaram Auto Components Limited and PT. TVS Motor Company Indonesia are the 'material subsidiaries' covered under the said Policy as at 31st March 2016.

Copy of the said policy is available in the Company's website in the following link <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 2015-16 were in the ordinary course of business and on an arms' length pricing and do not attract the provisions of Section 188 of the Act 2013 and the rules made thereunder.

There were no materially significant transactions with the related parties during the year, which were in conflict 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 Accounting Standard 18 issued by Companies (Accounting Standards) Rules, 2006 / The Institute of Chartered Accountants of India.

Details of material related party transactions are enclosed as Annexure VI to the directors' report for the year ended 31st March 2016.

Related Party Transactions Policy:

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

The board at its meeting held on 3rd May 2016, approved the terms of reference to the audit committee for considering the criteria for granting omnibus approval for related party transactions on an annual basis in compliance with Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended.

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

5.2 Disclosure of accounting treatment:

The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and Company (Accounting Standards) Rules, 2006.

The Central Government issued a notification on 29th December 2011 amending the existing Accounting Standard 11 relating to 'The effects of changes in foreign exchange rates' and extended upto 31st March 2020. By this amendment, companies are permitted to add / deduct from the carrying cost of depreciable assets, exchange differences arising out of exchange rate fluctuations with corresponding adjustments in general reserves and provision for depreciation. In order to give effect to the aforesaid amendment, companies are required to exercise their option in this regard. The option once exercised is irrevocable.

This has been effected in the computation of the results of the Company. Exchange difference with regard to External Commercial Borrowing other than relating to acquisition of capital assets are added to or deducted from Foreign Currency Monetary Item Translation Difference Account.

5.3 Risk Management:

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

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

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

The Company has constituted a Risk Mitigation Committee including the Chief Executive Officer and the Chief Financial Officer of the Company. 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, 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 (CEO) 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/CFO certification for the financial year ended 31st March 2016.

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, effective from 15th May 2015.

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

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

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

As at 31st March 2016, 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 of the NRC.

Mr K S Srinivasan, company secretary acts as the secretary of the Committee.

Mr T Kannan, Chairman of the NRC was not present at the AGM held on 29th July 2015. However he authorized Mr H Lakshmanan, director, to represent him in the said meeting.

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

- Guiding the board for laying down the terms and conditions in relation to 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 the NRC is as follows:

- To make recommendations to the board with respect to incentive compensation plans for executive director(s) and remuneration of 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 of director(s), KMP and SMP of the Company.

6.4 Evaluation Criteria:

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

The performance evaluation of the board as a whole was assessed based on the criteria, like its composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, quality of information, governance issues 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 the SMP for 2015-16 and this has been in accordance with the above process.

The NRC has the overall responsibility for evaluating and approving the compensation plans, policies and programmes applicable to the SMP. The NRC also delegated its authority to the 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 the 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 the 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 the board the amounts 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 Company.

6.6 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)
28.04.2015	C R Dua and H Lakshmanan

6.7 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 2015-2016:

(Rs. in lakhs)

Name of the Directors	Salary	Commis- sion	Perqui- sites	Contribution to PF and other funds	Total
Mr Venu Srinivasan, Chairman and Managing Director	-	1388.49	-	-	1388.49
Mr Sudarshan Venu, Joint Managing Director	48.00	833.09	70.35	8.16	959.60

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 position of CMD and JMD, respectively, 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.

The terms of their appointment were elaborately dealt with in the directors' report.

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

A commission of Rs.15 lakhs per annum is payable to each such IDs, who serve as members of the audit committee as well and Rs.12 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 14th July 2014, subject to the limit of 1% in the aggregate of net profits of the Company, as calculated pursuant to Section 198 of the Act 2013.

The above compensation structure is commensurate with the best practices in terms of remunerating NE-IDs and adequately compensates for the time and contribution made by the NE-IDs.

At the AGM held on 14th 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.

6.8 Particulars of sitting fees / commission paid to the non-executive and independent / non-independent directors during the financial year 2015-2016 are as follows:

(Rs. in lakhs)

Name of the Director (M/s)	Sitting fees	Commission	Total
H Lakshmanan	2.20	-	2.20
T Kannan	1.20	15.00	16.20
C R Dua	2.00	15.00	17.00
R Ramakrishnan	2.40	15.00	17.40
Prince Asirvatham	2.00	15.00	17.00
Hemant Krishan Singh	0.80	12.00	12.80
Dr Lakshmi Venu	0.80	-	0.80
Total	11.40	72.00	83.40

6.9 Details of shareholdings of non-executive directors in the Company as on 31st March 2016:

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

7. Stakeholders' Relationship Committee

7.1 The Stakeholders' Relationship Committee (SRC) 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 29th July 2015.

7.2 As required by SEBI (LODR) Regulations, Mr K S Srinivasan, company secretary is the compliance officer of the SRC. 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)
29.04.2015 24.07.2015	R Ramakrishnan, Venu Srinivasan and Sudarshan Venu
27.10.2015	R Ramakrishnan and Sudarshan Venu
29.01.2016	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 balance sheet, 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 2015-16:

S.No	Nature of complaints	No. of complaints
1.	Non-receipt of share certificates, including bonus share certificates	3
2.	Non-receipt of dividend warrants	14
3.	Non-receipt of annual reports	1
	TOTAL	18

7.6 All the queries and complaints received during the financial year ended 31st March 2016, were duly redressed and no query was pending at the year end.

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

7.7 Reconciliation of Share Capital Audit:

A qualified 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) and the total issued and listed capital and places the report for perusal of the Board.

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. Administrative Committee

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

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

Date of the Meeting	Members present (M/s)
04.05.2015	Venu Srinivasan, T Kannan and H Lakshmanan
28.10.2015 28.11.2015 02.01.2016	Venu Srinivasan and H Lakshmanan

9. General body meeting

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

Year	Location	Date	Time
2012-13	The Music Academy, New No.168, (Old No.306), T.T.K. Road, Royapettah, Chennai 600 014	19.07.2013	
2013-14		14.07.2014	10.00 AM
2014-15		29.07.2015	

9.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2012-13 to 2014-15 approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of special resolution	Date of AGM
2012-13	Nil	19.07.2013
2013-14	i) Appointment of M/s T Kannan, C R Dua, Prince Asirvatham, R Ramakrishnan and Hemant Krishnan Singh, as Independent directors of the Company for the first term of five years each; and ii) 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

9.3 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 ballot paper at the meeting for all the items at the AGM held on 29th July 2015.

10. 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.

10.1 Quarterly results:

The unaudited quarterly financial results of the Company were published in English and regional newspapers. These are not sent individually to the shareholders.

10.2 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.

10.3 Website:

The Company has in place a website addressed as www.tvsmotor.com. This website contains the basic information about the Company, e.g. details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under 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.

11. General shareholder information

11.1 Annual General Meeting:

Date and time : Tuesday, 2nd August, 2016, 10.35 AM

Venue : The Music Academy, New No.168 (Old No.306), T.T.K. Road, Royapettah, Chennai - 600 014.

11.2 Financial year : 1st April to 31st March

Financial calendar : 2016-2017 (Tentative)

Financial reporting for the quarter ending

30th June, 2016 : between 15th July and 14th August, 2016

30th September, 2016 : between 15th October and 14th November, 2016

31st December, 2016 : between 15th January and 14th February, 2017

31st March, 2017 : between 15th April and 30th May, 2017

11.3 Particulars of dividend payment:

The board of directors of the Company at its meeting held on 29th January 2016, declared a first interim dividend of Re.1/- per share (100%) for the year 2015-16 absorbing a sum of Rs. 55.65 Cr including dividend distribution tax. The same was paid to the shareholders on 10th February 2016.

The board at its meeting held on 12th March 2016 declared a second interim dividend of Rs. 1.50 per share (150%) for the year 2015-16 absorbing a sum of Rs. 85.07 Cr including dividend distribution tax. The same was paid to the shareholders on 23rd March 2016.

Hence, the total amount of both dividends for the year ended 31st March 2016 aggregate to Rs. 2.50 per share (250%) on 47,50,87,114 equity shares of Re.1/- each.

11.4 Listing on Stock Exchanges:

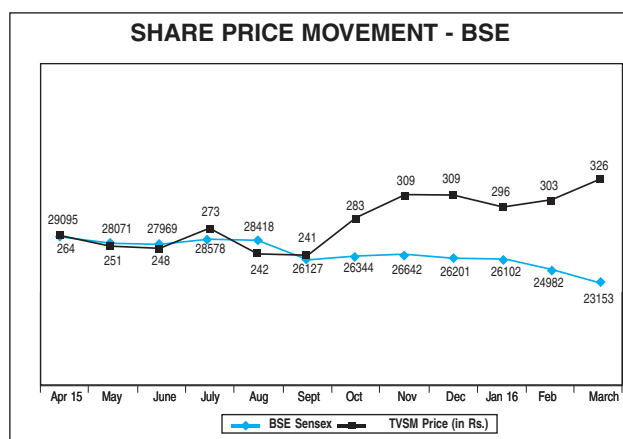
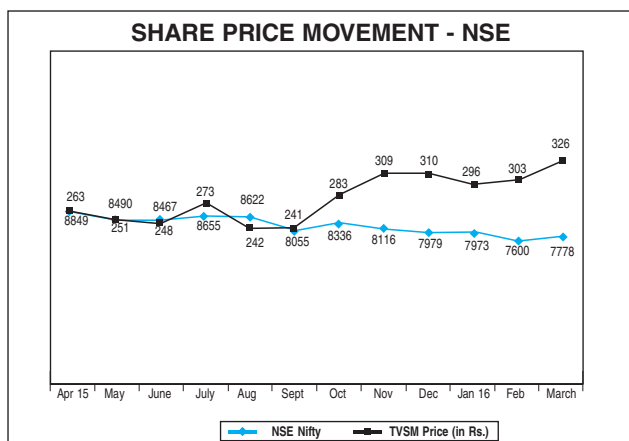
Name & Address of the Stock Exchange	Stock Code / Symbol
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001. India Tel.: 91 22 2272 1233 Fax : 91 22 2272 1919	532343
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (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 2016-17 were duly paid to the above Stock Exchanges and Depositories)

11.5 Market Price Data: (in Rs.)

Month	NSE (Monthly)		BSE (Monthly)	
	High price	Low price	High price	Low price
April 2015	263.30	220.60	263.90	220.70
May 2015	250.60	208.40	250.60	208.70
June 2015	248.00	214.50	248.00	215.00
July 2015	272.75	228.40	272.70	228.90
August 2015	241.60	201.00	241.50	201.00
September 2015	241.40	202.00	241.40	202.60
October 2015	283.10	227.45	282.65	227.40
November 2015	309.25	262.35	309.30	262.40
December 2015	309.80	267.50	309.10	267.50
January 2016	296.00	263.35	296.30	263.10
February 2016	302.75	256.00	302.60	256.30
March 2016	326.35	266.60	326.10	266.50

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



11.7 Share Transfer Agents and share transfer system:

- Sundaram-Clayton Limited, the holding company, which has been registered with SEBI as share transfer agents in Category II, has been appointed as the share transfer agent of the Company (STA) with a view to rendering prompt and efficient service to the investors and in compliance with the Regulation 7 of the SEBI (LODR) Regulations 2015. The shareholders have also been advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company effective 1st October 2004.
- 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.
- Shares lodged for transfers are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects.
- 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.
- 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.
- 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 / kss@scl.co.in for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- h. A certificate signed by the compliance officer of the Registrar and share transfer agent of the Company viz., Sundaram-Clayton Limited 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.

11.8 Shareholding pattern of the Company as on 31st March 2016

Category of Shareholder	No. of shares held	%
Promoter & Promoter Group		
Bodies Corporate	27,26,82,786	57.40
Total (A)	27,26,82,786	57.40
Public Shareholding		
Mutual Funds	5,38,30,753	11.33
Banks / Financial Institutions	23,65,082	0.50
Insurance Companies	1,31,90,065	2.78
Foreign Portfolio Investors	6,85,67,793	14.43
Total Institutions (B)	13,79,53,693	29.04
Bodies Corporate	78,62,586	1.65
Individuals holding nominal capital in excess of Rs. 2 lakh	78,68,905	1.65
Individuals holding nominal capital upto Rs. 2 lakh	4,38,07,777	9.22
NRI Repatriable	7,67,741	0.16
NRI Non- Repatriable	5,04,862	0.11
Overseas Body Corporate	136	-
Foreign National (IND)	1,000	-
Directors & relatives	28,50,966	0.60
Clearing members	7,83,897	0.17
Trusts	2,765	-
Total Non-Institutions (C)	6,44,50,635	13.56
Total Public Shareholding (B+C)	20,24,04,328	42.60
Grand Total (A+B+C)	47,50,87,114	100.00

11.9 Distribution of shareholding as on 31st March 2016:

Shareholding (Range)	No. of shares	%	No. of members	%
Upto 5000	3,36,86,828	7.09	1,05,683	98.76
5001 - 10000	55,06,941	1.16	747	0.70
10001 - 20000	37,84,008	0.80	256	0.24
20001 - 50000	42,60,853	0.90	133	0.12
50001 - 100000	44,64,172	0.94	62	0.06
100001 & above	42,33,84,312	89.11	126	0.12
Total	47,50,87,114	100.00	1,07,007	100.00

11.10 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 19,63,70,914 shares have been dematerialized as on 31st March, 2016 accounting for 97.02%.

11.11 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.

11.12 Other Disclosures

- a) There were no pecuniary relationships or transactions with NE-IDs vis-a-vis the Company during the year under review, except payment of sitting fees and profit related commission.
- b) During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large.
- c) SEBI (LODR) Regulations
SEBI on September 2, 2015, issued SEBI (LODR) Regulations with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability.
The said Regulations were effective 1st December, 2015. Accordingly, the Company entered into Listing Agreement with BSE Limited and the National Stock Exchange of India Limited during December 2015.
- d) Company is a net exporter. Company has a forex hedging policy and covers are appropriately taken to cover the currency risk. The exposure and cover taken are reviewed by the audit committee on regular basis.

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 2 Wheelers and 3 Wheelers are done based on market conditions. Company has not entered into any commodity derivatives with any of the bankers.

11.13 Plant Locations:

Hosur : Post Box No. 4, Harita
Hosur - 635 109, Tamil Nadu
Tel : 04344-276780
Fax : 04344-276016
Email : kn.radhakrishnan@tvsmotor.com
sg.murali@tvsmotor.com

Mysore : Post Box No.1
Byathahalli Village, Kadakola Post
Mysore - 571 311, Karnataka
Tel : 0821 - 2596561
Fax : 0821 - 2596550 / 2596553
Email : kn.radhakrishnan@tvsmotor.com

Himachal Pradesh : Bhatian Village, Bharatgarh Road,
Teh. Nalagarh, Solan District - 174 101.
Himachal Pradesh
Tel : 01795 - 220492 / 93
Fax : 01795 - 220496
Email : kn.radhakrishnan@tvsmotor.com

11.14 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
Unit: TVS Motor Company Limited
"Jayalakshmi Estates", I Floor,
No. 29, Haddows Road,
Chennai - 600 006.
- (ii) For non-receipt of annual report : Email: raman@scl.co.in
sclshares@gmail.com
- (iii) For investors' grievance & general correspondence : Email :
kss@scl.co.in
investorscomplaintssta@scl.co.in

12. 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:

12.1 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.

12.2 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 on the Company's website namely www.tvsmotor.com. The results are not sent to the shareholders individually.

12.3 Audit qualifications:

The financial statements of the Company are unqualified.

13. Request to shareholders

Shareholders are requested to follow the general safeguards / procedures as detailed hereunder in order for the Company to serve them efficiently and avoid risks while dealing in 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 2015, it has become mandatory for transferees to furnish a copy of Permanent Account Number (PAN) for registration of transfer of shares to be held in physical mode.

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

Consolidation of Multiple Folios:

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

Registration of Nominations:

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

It would therefore be in the best interest of the shareholders holding shares in physical form registered

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

Updation of address:

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

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

SMS Alerts:

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

Timely encashment of dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation/ losing your right of claim owing to transfer of unclaimed dividends beyond seven years to Investor Education and Protection Fund (IEPF).

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 31st March, 2009 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 205C of the Companies Act, 1956.

TVS MOTOR COMPANY LIMITED

Accordingly a sum of Rs. 10.87 lakhs, being unclaimed dividend, was transferred to IEPF during the year.

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
2008-2009 Interim	26.06.2009	26.07.2009	26.07.2016
2009-2010 1 st Interim	20.01.2010	19.02.2010	19.02.2017
2009-2010 2 nd Interim	21.07.2010	20.08.2010	20.08.2017
2010-2011 1 st Interim	20.01.2011	19.02.2011	19.02.2018
2010-2011 2 nd Interim	29.07.2011	28.08.2011	28.08.2018
2011-2012 1 st Interim	14.03.2012	13.04.2012	13.04.2019
2011-2012 2 nd Interim	24.05.2012	23.06.2012	23.06.2019
2012-2013 1 st Interim	01.02.2013	03.03.2013	03.03.2020
2012-2013 2 nd Interim	30.04.2013	30.05.2013	30.05.2020
2013-2014 1 st Interim	25.10.2013	24.11.2013	24.11.2020
2013-2014 2 nd Interim	29.04.2014	29.05.2014	29.05.2021
2014-2015 1 st Interim	03.02.2015	05.03.2015	05.03.2022
2014-2015 2 nd Interim	29.04.2015	29.05.2015	29.05.2022
2015-2016 1 st Interim	29.01.2016	28.02.2016	28.02.2023
2015-2016 2 nd interim	12.03.2016	11.04.2016	11.04.2023

14. UNCLAIMED SHARE CERTIFICATES

In terms of the provisions of Regulation 39(4) read with Schedule VI of the SEBI (LODR) Regulations, the unclaimed share certificates are required to be dematerialized and transferred to "Unclaimed Suspense Account". As required under the 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 st March 2015	1,021	9,92,655
No. of shares transferred to the shareholders on request till 31 st March 2016	12	9,855
No of Shares in the Unclaimed suspense account as on 31 st March 2016	1,009	9,82,800

GREEN INITIATIVE IN CORPORATE GOVERNANCE

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

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

To
The Shareholders of TVS Motor Company Limited,
Chennai

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

compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the board for the year ended 31st March 2016.

VENU SRINIVASAN
Chairman & Managing Director

Place : Bengaluru
Date : 3rd May 2016

TVS MOTOR COMPANY LIMITED

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

To

The Board of Directors
TVS Motor Company Limited

(1) We certify that we have reviewed the financial statements and the cash flow statement for the year ended 31st March 2016 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 for the year ended 31st March 2016, and are in compliance with the existing accounting standards, applicable 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.

(2) Further, we accept that it is our responsibility to establish and maintain internal controls for financial reporting.

(3) Accordingly, we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we further certify that:

(a) there are no deficiencies in the design or operation of internal controls;

(b) there are no significant changes in internal control over the financial reporting during the year;

(c) there are no significant changes in accounting policies during the year; and

(d) there have been no instances of any significant fraud of which we became aware and the involvement therein, if any, of the management or an employee, having a significant role in the Company's internal control system over the financial reporting.

Venu Srinivasan
Chairman & Managing Director

S G Murali
Chief Financial Officer

Place : Bengaluru
Date : 3rd May 2016

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

To

The shareholders of TVS Motor Company Limited,
Chennai

We have examined the compliance of conditions of Corporate Governance by TVS Motor Company Limited, Chennai - 600 006 ('the Company') for the year ended 31st March 2016 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations].

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

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

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 : 3rd May 2016

S. VENKATRAMAN
Partner
Membership Number: F34319

Form No. MR-3
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
TVS 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 1st April 2015 to 31st March 2016 (the year / audit period). The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

We are issuing this report based on our verification of books, papers, minute books and other records maintained, forms / returns filed, compliance related action taken during the year as well as after 31st March 2016 but before the issue of this report, and the information provided by the Company, its officers, agents and authorized representatives during our conduct of secretarial audit.

A. We hereby report that:

1. In our opinion, during the audit period covering the financial year ended on 31st March 2016, the Company complied with the statutory provisions listed hereunder, and also has Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with our letter of even date annexed to this report as Annexure – A.
2. We have examined the books, papers, minute books and other records maintained by the Company and forms / returns filed during the year according to the applicable provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder.
 - (ii) The Companies Act, 1956 and the rules made thereunder.
 - (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
 - (iv) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.

- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings (FEMA).
 - (vi) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act).
 - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015);
 - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (with effect from 15th May 2015);
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding with Companies Act and dealing with client; and
 - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (with effect from 1st December 2015).
 - (vii) The listing agreements (old agreements upto 30th November 2015 and new agreements with effect from 1st December 2015) entered into by the Company with:
 - (a) BSE Limited;
 - (b) National Stock Exchange of India Limited; and
 - (viii) Secretarial Standards on Meetings of Board of Directors and General meetings, issued by the Institute of Company Secretaries of India ("Secretarial Standards") under Section 118(10) of the Act (with effect from 1st July 2015).
3. We are informed that:
- (i) The Company, during the year, was not required to comply with the following laws / regulations /

agreement / guidelines and consequently not required to maintain any books, papers, minute books or other records or file any forms / returns under:

- (a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (e) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment; and
- (ii) No other law was specifically applicable to the Company, considering the nature of its business, compliance with which we are specifically required to report on.
4. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2016 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the information and explanations provided to us:
- (i) Complied with the applicable provisions of the Act, Rules, SEBI Regulations and Listing agreement mentioned under paragraph A-2 above;
 - (ii) Generally complied with the applicable Secretarial Standards; and
 - (iii) Generally complied with the applicable provisions of FEMA.

B. We further report that:

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.
2. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
3. Adequate notice is given to all directors to schedule the Board Meetings.
4. Agenda and detailed notes on agenda for Board meetings were sent at least seven days in advance, except for one Board meeting for which the agenda and notes were sent four days in advance and consent obtained for the same from all the directors entitled thereto.
5. A system exists for seeking and obtaining further information and clarifications on the agenda items before the Board meeting and for meaningful participation at the meeting.
6. Majority decision is carried through. We are informed that there were no dissenting views from any Board member that were required to be captured and recorded as part of the minutes.

C. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

D. We further report that during the audit period, there were no specific events / actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

For S Krishnamurthy & Co
Company Secretaries

K. SRIRAM
Partner

Date : 3rd May 2016
Place: Chennai

Membership No: F6312
Certificate of Practice No: 2215

Annexure – A to Secretarial Audit Report of even date

To,

The Members,
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 31st March 2016 is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of the Company's management. Our responsibility is to express an opinion on the secretarial records produced for audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2016 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

Date : 3rd May 2016
Place: Chennai

Partner
Membership No: F6312
Certificate of Practice No: 2215

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2016

To the members of TVS Motor Company Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of TVS Motor Company Limited, Chennai ('the Company'), which comprises the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
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 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 financial statements based on 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 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 financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend

on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 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 financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
9. As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone financial statements, comply with the 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 as on 31st March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016, 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 Auditors' 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 give to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. XXIII [12(a)] to the 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. XXIII [2] to the financial statements.

iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

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

S. VENKATRAMAN
Partner

Place: Bengaluru
Date : 3rd May 2016

Membership No.: 34319

Annexure A to Independent Auditors' Report - 31st March 2016 (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 Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act, in respect of which:-

a) The terms and conditions of the grant of such loans were, in our opinion, prima facie, not prejudicial to the Company's interest.

b) The schedule of repayment of principal and payment of interest has been stipulated; the receipt of interest is regular.

c) The amount is not overdue.

(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 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, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March 2016 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	29.95	Central Excise and Service Tax Appellate Tribunal, Chennai
	2009-2015	16.15	Assistant / Deputy / Commissioner of Central Excise, Hosur and Mysore
Finance Act, 1994 (Service Tax)	1999-2011	3.60	Assistant / Deputy / Commissioner of Central Excise, Hosur and Mysore
	2002-2014	1.46	Central Excise and Service Tax Appellate Tribunal, Chennai / Bangalore
Customs Act, 1962 (Customs Duty)	2011-2012	0.09	Assistant / Deputy / Commissioner of Central Excise, Hosur and Mysore
	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	13.67	Hon'ble High Court of Orissa
Income Tax Act, 1961 (TDS)	2007-2016	7.89	Department Authorities
Wealth Tax Act, 1957	2007-2009	0.98	*Commissioner Appeal

* The Company is in the process of filing appeal.

- (viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Financial Institutions / 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 material fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment 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 : 3rd May 2016

Membership No.: 34319

Annexure - B to the Independent Auditors' Report - 31st March 2016 (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, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Annexure - B to the Independent Auditors' Report - 31 March 2016
(Referred to in our report of even date) - (continued)**

Management's 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 ICAI. 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, 2016, 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 : 3rd May 2016

Membership No.: 34319

TVS MOTOR COMPANY LIMITED

Balance Sheet as at 31st March 2016

		Rupees in crores	
		As at	As at
		31-03-2016	31-03-2015
	Note number		
I EQUITY AND LIABILITIES			
1			
Shareholders' funds			
(a)	I	47.51	47.51
(b)	II	1,889.29	1,597.85
2			
Non-current liabilities			
(a)	III	494.23	518.98
(b)		175.67	152.75
(c)	IV	39.99	43.73
3			
Current liabilities			
(a)	V	264.23	399.76
(b)	VI		
i. Total outstanding dues of micro enterprises and small enterprises		46.22	35.03
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises		1,497.49	1,443.47
(c)	VII	449.47	260.54
(d)	VIII	58.47	105.03
Total		<u>4,962.57</u>	<u>4,604.65</u>
II ASSETS			
1			
Non-current assets			
(a)			
Fixed assets			
(i)	IX	1,545.93	1,298.11
(ii)	IX	46.92	31.52
(iii)	IX	30.96	89.36
(b)	X	1,184.57	1,012.46
(c)	XI	136.65	143.73
2			
Current assets			
(a)	XII	825.97	819.68
(b)	XIII	578.69	503.86
(c)	XIV	32.84	5.39
(d)	XV	521.91	632.78
(e)	XVI	58.13	67.76
Total		<u>4,962.57</u>	<u>4,604.65</u>
Significant accounting policies, notes on accounts and additional disclosures		XXIII	

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 : 3rd May 2016

TVS MOTOR COMPANY LIMITED

Statement of Profit and Loss for the year ended 31st March 2016

		Rupees in crores	
	Note number	Year ended 31-03-2016	Year ended 31-03-2015
I Revenue from operations	XVII	12,232.12	10,757.97
Less: Excise duty and Service tax		988.25	715.64
		<u>11,243.87</u>	<u>10,042.33</u>
II Other income	XVIII	51.31	30.29
III Total Revenue (I + II)		<u>11,295.18</u>	<u>10,072.62</u>
IV Expenses:			
Cost of materials consumed	XIX	7,703.54	7,162.32
Purchases of stock-in-trade	XIX	251.41	226.88
Changes in inventories of finished goods, work-in-process and stock-in-trade	XIX	70.53	(92.07)
Employee benefits expense	XX	664.23	592.42
Finance costs	XXI	46.24	27.42
Depreciation and amortization expense		189.84	153.33
Other expenses	XXII	1,803.42	1,546.16
Total expenses		<u>10,729.21</u>	<u>9,616.46</u>
V Profit before exceptional and extraordinary items and tax (III-IV)		565.97	456.16
VI Exceptional items Gain / (Loss)		—	—
VII Profit before extraordinary items and tax (V+VI)		565.97	456.16
VIII Extraordinary items Income / (Loss)		—	—
IX Profit before tax (VII+VIII)		565.97	456.16
X Tax expense:			
(a) Current tax		117.16	96.63
(b) MAT credit entitlement		(12.46)	(23.66)
(c) Tax relating to earlier years		6.21	7.29
(d) Deferred tax		22.92	28.07
XI Profit for the year (IX-X)		<u>432.14</u>	<u>347.83</u>
XII Earnings Per equity Share (EPS) - Refer note no.XXIII (7) (Face value Re.1/-each)			
(a) Basic and Diluted EPS before extraordinary items (in Rs.)		9.10	7.32
(b) Basic and Diluted EPS after extraordinary items (in Rs.)		9.10	7.32
Significant accounting policies, notes on accounts and additional disclosures	XXIII		

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 : 3rd May 2016

Membership No.: 34319

TVS MOTOR COMPANY LIMITED

Cash Flow Statement

	Rupees in crores	
	Year ended 31-03-2016	Year ended 31-03-2015
A. Cash flow from operating activities		
Net profit before extraordinary items and tax	565.97	456.16
Add: Depreciation and amortisation for the year	189.84	153.33
Loss on sale of fixed assets	3.39	–
Profit on sale of fixed assets	–	(0.18)
Net (profit) / loss on sale of investments	–	(0.22)
Provision for diminution in value of investments	1.07	–
Dividend income	(11.46)	(7.29)
Interest income	(38.73)	(22.94)
Interest expenditure	47.94	28.47
Provision for pension, leave salary and warranty	15.26	3.26
	<u>207.31</u>	<u>154.43</u>
Operating profit before working capital changes	773.28	610.59
Adjustments for:		
Trade receivables	(74.83)	(169.74)
Inventories	(6.29)	(271.53)
Other current assets	9.82	12.26
Loans and advances	150.81	(263.51)
Trade payables	65.21	265.73
Other current liabilities (excluding current maturity of long term loans)	73.43	41.71
	<u>218.15</u>	<u>(385.08)</u>
Cash generated from operations (before extraordinary items)	991.43	225.51
Direct taxes paid	(145.78)	(140.67)
Net cash from operating activities (A)	<u>845.65</u>	<u>84.84</u>
B. Cash flow from investing activities		
Purchase of fixed assets	(503.53)	(366.87)
Sale of fixed assets	46.78	2.98
Capital work-in-progress	58.40	(41.28)
Purchase of investments	(171.17)	(131.54)
Share application money paid	–	(2.01)
Sale of investments	–	15.22
Interest received	38.54	22.94
Dividends received	11.46	7.29
	<u>(519.52)</u>	<u>(493.27)</u>
Net cash from / (used in) investing activities (B)	<u>(519.52)</u>	<u>(493.27)</u>

TVS MOTOR COMPANY LIMITED

Cash Flow Statement – (continued)

		Rupees in crores	
		Year ended 31-03-2016	Year ended 31-03-2015
C. Cash flow from financing activities			
Borrowings:			
Term loan availed / (repaid)		89.45	72.12
Soft loan from a state owned corporation		–	4.45
Short term borrowings availed / (repaid)		(135.53)	366.29
Other bank balances		(1.96)	(0.43)
Interest paid		(46.12)	(28.47)
Dividend and dividend tax paid		(206.48)	(83.14)
		<u>(300.64)</u>	<u>330.82</u>
Net cash from / (used in) financing activities	(C)	<u>(300.64)</u>	<u>330.82</u>
<hr/>			
Total	(A)+(B)+(C)	<u>25.49</u>	<u>(77.61)</u>
Cash and cash equivalents at the beginning of the year		2.85	80.46
Cash and cash equivalents at the end of the year		28.34	2.85
		<u>25.49</u>	<u>(77.61)</u>
D. Net increase / (decrease) in cash and cash equivalents			

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 : 3rd May 2016

TVS MOTOR COMPANY LIMITED

Notes on accounts

	As at 31-03-2016		As at 31-03-2015	
	Number	Rupees in crores	Number	Rupees in crores
I SHARE CAPITAL				
(a) Authorised, issued, subscribed and fully paid up				
Authorised:				
Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully paid up:				
Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51
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 st March 2011				
	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				
Shares outstanding at the beginning of the year	47,50,87,114	47.51	47,50,87,114	47.51
Shares issued during the year	—	—	—	—
Shares outstanding at the end of the year	47,50,87,114	47.51	47,50,87,114	47.51

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

Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

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

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

Name of shareholder	Class of share	As at 31-03-2016		As at 31-03-2015	
		No. of shares held	% of holding	No. of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40

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

Name of shareholder	Class of share	As at 31-03-2016 No. of shares held	As at 31-03-2015 No. of shares held
Reliance Capital Trustee Company Limited, Mumbai	Equity	2,54,68,060	2,96,67,945

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

	Rupees in crores	
	As at 31-03-2016	As at 31-03-2015
II RESERVES AND SURPLUS		
(a) Capital reserves		
(i) On shares forfeited (Rs.55,200/-)	–	–
(ii) On surplus arising out of amalgamation	6.43	6.43
(iii) Government grant	0.30	0.30
Closing balance	<u>6.73</u>	<u>6.73</u>
(b) General reserve		
Opening balance	865.94	872.76
Less: Residual value of assets or parts of the asset, whose useful life exhausted	0.30	6.82
Closing balance	<u>865.64</u>	<u>865.94</u>
(c) Hedging reserve		
Opening balance	3.10	6.52
Add: Created during the year	3.62	3.10
	<u>6.72</u>	<u>9.62</u>
Less: Utilised during the year	3.10	6.52
Closing balance	<u>3.62</u>	<u>3.10</u>
(d) Surplus i.e., balance in Statement of Profit and Loss		
Opening Balance	722.08	481.76
Add: Net profit for the current year	432.14	347.83
	<u>1,154.22</u>	<u>829.59</u>
Less: First interim dividend paid	47.51	35.63
Second interim dividend paid	71.26	–
Second interim dividend payable	–	54.64
Dividend tax	22.15	17.24
	<u>140.92</u>	<u>107.51</u>
Closing balance	<u>1,013.30</u>	<u>722.08</u>
Total (a) + (b) + (c) + (d)	<u>1,889.29</u>	<u>1,597.85</u>
III LONG-TERM BORROWINGS		
(A) Secured		
Term loans		
(a) From banks	132.51	73.00
(b) From other parties		
Soft loan from a state owned corporation viz., State Industries Promotion Corporation of Tamil Nadu Ltd. (SIPCOT)	157.08	157.08
	<u>289.59</u>	<u>230.08</u>
(B) Unsecured		
From other parties		
(a) Sales tax deferral loan from Karnataka Government	204.64	226.70
(b) Non-banking financial company (NBFC)	–	62.20
	<u>204.64</u>	<u>288.90</u>
	<u>494.23</u>	<u>518.98</u>

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

III LONG-TERM BORROWINGS – (continued)

Repayment terms of long-term loans

Rupees in crores

Total of loans repayable	*Current maturity i.e. loans repayable in 2015-16	Balance long-term loans as at 31-03-2015	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	* Current maturity i.e. loans repayable in 2016-17	Balance long-term loans as at 31-03-2016
56.75	45.40	11.35	Secured: Term Loan from Bank	Quarterly	1	Apr 2016	11.35	11.35	–
61.65	–	61.65	FCNRB Term Loan - I	End of Tenure	1	Jul 2016	66.26	66.26	–
–	–	–	FCNRB Term Loan - II	End of Tenure	1	Nov 2016	66.26	66.26	–
–	–	–	ECB Loan from Bank	End of Tenure	4	Dec 2018	132.51	–	132.51
157.08	–	157.08	State owned corporation	Yearly	4	2022-27	157.08	–	157.08
62.20	–	62.20	Unsecured: Term Loan from NBFC				–	–	–
44.30	6.33	37.97	Sales Tax Deferral Phase-1	Yearly	6	2020-21	37.97	6.33	31.64
188.73	–	188.73	Phase-2	Yearly	12	2027-28	188.73	15.73	173.00
570.71	51.73	518.98	Total				660.16	165.93	494.23

* Grouped under "Other current liabilities".

Details of securities created:

- Term loan from Banks - First and exclusive charge on specific plant and equipment.
- FCNRB Loans from Banks - 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
Term Loan from Bank	INR	11.35 crores per quarter
Term Loan - FCNRB Loan - I	USD	10 Million USD at the end of tenure
Term Loan - FCNRB Loan - II	USD	10 Million USD at the end of tenure
ECB Loan from Bank	USD	20 Million USD in 4 equal instalments between Jul 2018 to Dec 2018.
Sales tax deferral Phase - 1	INR	6.33 crores per annum
Sales tax deferral Phase - 2	INR	15.73 crores per annum
State owned corporation	INR	10.00, 67.23, 75.40 and 4.45 crores (four instalments between 2022 and 2027)

Rupees in crores

As at 31-03-2016 As at 31-03-2015

IV LONG-TERM PROVISIONS

Employee benefits

(a) Pension	25.89	31.91
(b) Leave salary	14.10	11.82
	<u>39.99</u>	<u>43.73</u>

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

	Rupees in crores	
	As at 31-03-2016	As at 31-03-2015
V SHORT-TERM BORROWINGS		
Repayable on demand from banks		
Secured	118.72	67.85
Unsecured	41.57	128.62
Short term loans from banks (Unsecured)	103.94	203.29
	<u>264.23</u>	<u>399.76</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.		
VI TRADE PAYABLES		
(a) Total outstanding dues of micro enterprises and small enterprises	46.22	35.03
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,497.49	1,443.47
	<u>1,543.71</u>	<u>1,478.50</u>
VII OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt		
(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	22.06	6.33
(b) Unclaimed dividends (Not due for transfer to Investor Education and Protection Fund)	4.40	2.46
(c) Interest accrued but not due	2.60	0.78
(d) Others		
(i) Statutory dues	103.40	78.77
(ii) Employee related	37.51	26.49
(iii) Trade deposits received	21.94	20.17
(iv) Advance received from customers	85.11	63.45
(v) Money held under trust	7.84	8.11
(vi) Payables against capital goods	20.74	8.58
	<u>449.47</u>	<u>260.54</u>
VIII SHORT-TERM PROVISIONS		
(a) Pension	29.89	14.78
(b) Employee benefits - Leave Salary	1.62	1.74
(c) Warranty	26.96	22.95
(d) Second interim dividend payable	–	54.64
(e) Dividend tax	–	10.92
	<u>58.47</u>	<u>105.03</u>

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

IX FIXED ASSETS

Rupees in crores

Description	Tangible							Intangible				Total (tangible and intangible)			
	Land		Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total as at		Software	Design Development and knowhow	Total as at		As at	
	Free hold	Lease hold						31/03/2016	31/03/2015			31/03/2016	31/03/2015	31/03/2016	31/03/2015
Cost of assets															
As at 01-04-2015	131.19	10.50	385.22	2,115.82	28.79	69.14	13.88	2,754.54	2,426.62	29.75	37.49	67.24	45.70	2,821.78	2,472.32
Additions	3.57	–	89.31	364.32	2.39	11.72	1.44	472.75	345.33	22.62	8.16	30.78	21.54	503.53	366.87
Sub-total	134.76	10.50	474.53	2,480.14	31.18	80.86	15.32	3,227.29	2,771.95	52.37	45.65	98.02	67.24	3,325.31	2,839.19
Sales / deletion	43.29	–	1.00	73.60	0.28	6.58	0.75	125.50	17.41	0.22	–	0.22	–	125.72	17.41
Total	91.47	10.50	473.53	2,406.54	30.90	74.28	14.57	3,101.79	2,754.54	52.15	45.65	97.80	67.24	3,199.59	2,821.78
Depreciation / Amortisation															
Upto 31-03-2015	–	0.71	106.81	1,275.98	12.03	51.91	8.99	1,456.43	1,320.68	26.29	9.43	35.72	25.93	1,492.15	1,346.61
For the year	–	0.10	15.96	142.67	4.83	9.16	1.73	174.45	143.54	7.78	7.61	15.39	9.79	189.84	153.33
Transfer to reserve	–	–	–	0.30	–	–	–	0.30	6.82	–	–	–	–	0.30	6.82
Sub-total	–	0.81	122.77	1,418.95	16.86	61.07	10.72	1,631.18	1,471.04	34.07	17.04	51.11	35.72	1,682.29	1,506.76
Withdrawn on assets sold / deleted	–	–	0.04	67.88	0.25	6.41	0.74	75.32	14.61	0.23	–	0.23	–	75.55	14.61
Total	–	0.81	122.73	1,351.07	16.61	54.66	9.98	1,555.86	1,456.43	33.84	17.04	50.88	35.72	1,606.74	1,492.15
Written down value															
As at 31-03-2016	91.47	9.69	350.80	1,055.47	14.29	19.62	4.59	1,545.93	–	18.31	28.61	46.92	–	1,592.85	–
As at 31-03-2015	131.19	9.79	278.41	839.84	16.76	17.23	4.89	–	1,298.11	3.46	28.06	–	31.52	–	1,329.63

CAPITAL WORK-IN-PROGRESS (AT COST)

(a) Building														0.82	0.76
(b) Plant & equipment														30.14	88.60
Total														30.96	89.36

a) Cost of buildings includes Rs.33.79 crores (Last year Rs.22.89 crores) pertaining to buildings constructed on leasehold lands.

b) Refer Note No. XXIII(1)(f) and XXIII(23)

Rupees in crores
As at 31-03-2016 As at 31-03-2015

X NON-CURRENT INVESTMENTS

Trade Investments

(a) Investments in equity instruments		726.22	657.20
Less: Provision for diminution in the value of investments		125.79	124.72
		600.43	532.48
(b) Investments in preference shares		557.71	457.71
	(A)	1,158.14	990.19

Other Investments

Employees pension related investments		26.43	22.27
	(B)	26.43	22.27
	(A) + (B)	1,184.57	1,012.46

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

X NON-CURRENT INVESTMENTS – (continued)

Sl. No.	Name of the body corporate	Subsidiary/ Associate	No. of shares/ units		Face Value	Currency	Partly paid/ fully paid	Extent of holding (%)		Rupees in crores	
			As at 31-03-2016	As at 31-03-2015				As at 31-03-2016	As at 31-03-2015	As at 31-03-2016	As at 31-03-2015
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. TRADE INVESTMENTS											
(a)	Investment in Equity Instruments:										
	Quoted:										
(i)	Suprajit Engineering Limited, Bengaluru		28,92,000	28,92,000	1.00	INR	Fully paid			0.08	0.08
(ii)	Ucal Fuel Systems Limited, Chennai		91,760	91,760	10.00	INR	Fully paid			0.25	0.25
	Unquoted:										
(iii)	Sundaram Auto Components Limited, Chennai	Subsidiary	1,15,50,000	1,15,50,000	10.00	INR	Fully paid	100	100	60.90	60.90
(iv)	TVS Motor Company (Europe) B.V., Amsterdam	Subsidiary	2,25,301	2,25,301	100.00	EUR	Fully paid	100	100	126.52	126.52
(v)	TVS Motor (Singapore) Pte. Limited, Singapore	Subsidiary	6,48,02,445	6,43,64,301	1.00	SGD	Fully paid	100	100	203.21	201.20
(vi)	PT.TVS Motor Company Indonesia, Jakarta	Subsidiary	52,97,000	42,97,000	97,400.00	IDR	Fully paid	42	37	288.19	221.24
(vii)	TVS Housing Limited, Chennai	Subsidiary	50,000	50,000	10.00	INR	Fully paid	100	100	0.05	0.05
(viii)	Sundaram Business Development Consulting (Shanghai) Co. Ltd., Shanghai	Subsidiary	2,220	2,220	100.00	USD	Fully paid	100	100	1.25	1.25
(ix)	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	Associate	4,00,00,000	4,00,00,000	10.00	INR	Fully paid	48.8	48.8	40.00	40.00
(x)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited)		32,50,000	32,50,000	10.00	INR	Fully paid			3.25	3.25
(xi)	TVS Lanka (Private) Limited, Colombo		50,00,000	50,00,000	10.00	LKR	Fully paid			2.08	2.08
(xii)	TVS Motor Services Limited, Chennai		3,80,000	3,80,000	10.00	INR	Fully paid			0.38	0.38
(xiii)	Green Infra Wind Power Projects Limited, New Delhi		63,600	-	10.00	INR	Fully paid			0.06	-
	Total									726.22	657.20
	Less: Provision for diminution in the value of investments in TVS Motor Company (Europe) B.V., Amsterdam									124.72	124.72
	Less: Provision for diminution in the value of investments in Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai									1.07	-
	Total (a)									600.43	532.48
(b)	Investments in Preference Shares - Unquoted:										
(i)	TVS Motor Services Limited, Chennai		54,60,10,000	44,60,10,000	10.00	INR	Fully paid			546.01	446.01
(iii)	Pinnacle Engines Inc., USA (face value 0.01 cent)		24,09,638	24,09,638	0.0001	USD	Fully paid			11.70	11.70
	Total (b)									557.71	457.71
	Total (a)+(b)									1,158.14	990.19
B. OTHER INVESTMENTS - Unquoted :											
	Other non-current investments:										
(i)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR	Fully paid			8.79	8.79
(ii)	Life Insurance Corporation Pension Policy, Mumbai					INR	Fully paid			17.64	13.48
(iii)	National Savings Certificates (Rs.37,100/- deposited with Sales Tax authorities)					INR	Fully paid			-	-
	Total									26.43	22.27

Investment summary

Rupees in crores

Particulars	As at 31-03-2016		As at 31-03-2015	
	Cost	Market value	Cost	Market value
Quoted investments	0.33	38.85	0.33	38.54
Unquoted investments	1184.24		1012.13	

Note: All investments are carried at cost, net of provisions for diminution in the value as mentioned above.

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

	Rupees in crores	
	As at 31-03-2016	As at 31-03-2015
XI LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
(a) Capital advances	9.03	10.56
(b) Deposits made	21.80	18.57
(c) Loans to related parties*	55.30	50.14
(d) Share application money paid (pending allotment)	-	2.01
(e) Advance payment of Income Tax less provisions	50.52	62.45
	<u>136.65</u>	<u>143.73</u>
* Refer Note no. XXIII 6(c)(ii) on Loans and advances receivable from related parties		
XII INVENTORIES (at cost or net realisable value whichever is less)		
(a) Raw materials and components*	310.95	295.58
(b) Goods-in-transit - Raw materials and components	103.38	88.92
(c) Work-in-process*	63.55	48.71
(d) Finished goods*	130.80	234.02
(e) Stock-in-trade*	50.73	32.88
(f) Stores and spares*	36.92	33.67
(g) Dies, moulds & tools*	129.64	85.90
	<u>825.97</u>	<u>819.68</u>
Note: Work-in-process comprises of:		
Vehicles pending testing	3.79	1.04
Semi finished vehicles and sub-assemblies thereto	59.76	47.67
	<u>63.55</u>	<u>48.71</u>
* (as certified by Management)		
XIII TRADE RECEIVABLES		
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	0.99	0.28
(ii) Considered doubtful	4.69	4.38
	<u>5.68</u>	<u>4.66</u>
Less: Provision for doubtful debts	4.69	4.38
	<u>0.99</u>	<u>0.28</u>
(b) Other unsecured debts (considered good)	577.70	503.58
	<u>578.69</u>	<u>503.86</u>
XIV CASH AND BANK BALANCES		
(a) Cash and cash equivalents		
(i) Balances with banks in current accounts	6.82	2.15
(ii) Balances with banks in fixed deposits (Less than 3 months maturity)	21.01	0.02
(iii) Cheques / drafts on hand	-	0.03
(iv) Cash on hand	0.51	0.65
(b) Other bank balances		
(i) Earmarked balances with banks (for unpaid dividend)	4.40	2.46
(ii) Balances with banks (with more than 12 months maturity)	0.10	0.08
	<u>32.84</u>	<u>5.39</u>
XV SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
(a) Inter corporate deposits made	3.00	3.00
(b) Employee related	8.94	10.91
(c) Rent advance	3.85	3.52
(d) VAT receivable and dues from Government	327.28	205.91
(e) Balance with excise	105.80	283.34
(f) Prepaid expense	12.53	9.53
(g) Vendor advance	33.67	48.43
(h) Advance payment of Income Tax less provisions	26.84	68.14
	<u>521.91</u>	<u>632.78</u>

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2016	As at/ Year ended 31-03-2015
XVI	OTHER CURRENT ASSETS		
(a)	Interest accrued on deposits/investments	0.19	0.00
(b)	Claims receivable	0.59	0.94
(c)	Export Incentive receivable	43.21	62.31
(d)	Derivative financial instruments - receivable	10.52	0.45
(e)	Hedge asset and Deferred forward contract premium	3.62	4.06
		<u>58.13</u>	<u>67.76</u>
XVII	REVENUE FROM OPERATIONS		
(a)	Sale of products	12,009.74	10,505.82
(b)	Sale of raw materials	68.94	58.61
(c)	Sale of services	15.82	11.89
(d)	Other operating revenues	137.62	181.65
		<u>12,232.12</u>	<u>10,757.97</u>
	Less: Excise duty and service tax	988.25	715.64
		<u>11,243.87</u>	<u>10,042.33</u>
XVIII	OTHER INCOME		
(a)	Interest income	38.73	21.54
(b)	Dividend		
(i)	From subsidiaries	10.97	6.93
(ii)	From others	0.49	0.36
(c)	Gain on sale of investments	–	0.22
(d)	Profit on sale of fixed assets	–	0.18
(e)	Other non-operating income	1.12	1.06
		<u>51.31</u>	<u>30.29</u>
XIX	MATERIAL COST		
	Cost of Materials consumed:		
	Opening stock of raw materials and components	295.58	194.46
	Add: Purchases	7,718.91	7,263.44
		8,014.49	7,457.90
	Less: Closing stock of raw materials and components	310.95	295.58
	Consumption of raw materials and components	<u>7,703.54</u>	<u>7,162.32</u>
	Purchases of stock-in-trade:		
	Spare parts	115.46	106.63
	Engine oil	61.99	54.78
	Raw materials	63.10	52.02
	Finished goods	10.86	13.45
		<u>251.41</u>	<u>226.88</u>
	Changes in inventories of finished goods, work-in-process and stock-in-trade:		
	Opening stock:		
	Work-in-process	48.71	32.78
	Stock-in-trade	32.88	28.97
	Finished goods	234.02	161.79
		<u>315.61</u>	<u>223.54</u>
		(A)	
	Closing stock:		
	Work-in-process	63.55	48.71
	Stock-in-trade	50.73	32.88
	Finished goods	130.80	234.02
		<u>245.08</u>	<u>315.61</u>
		(B)	
		<u>70.53</u>	<u>(92.07)</u>
		(A)-(B)	

Refer note no.XXIII (17) for broad heads of raw materials consumed.

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

	Rupees in crores	
	Year ended 31-03-2016	Year ended 31-03-2015
XX EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and wages	572.87	512.07
(b) Contribution to provident and other funds	39.55	26.87
(c) Welfare expenses	51.81	53.48
	<u>664.23</u>	<u>592.42</u>
XXI FINANCE COSTS		
(a) Interest expense	47.94	29.20
(b) Others - Exchange fluctuation	(1.70)	(1.78)
	<u>46.24</u>	<u>27.42</u>
XXII OTHER EXPENSES		
(a) Consumption of stores, spares and tools*	50.68	59.33
(b) Power and fuel*	88.29	91.29
(c) Rent*	15.96	13.25
(d) Repairs - buildings	9.31	10.34
(e) Repairs - plant and equipment	51.66	44.33
(f) Insurance	4.52	3.04
(g) Rates and taxes (excluding taxes on income)	4.75	5.09
(h) Audit fees	0.59	0.48
(i) Packing and freight charges*	402.89	355.05
(j) Advertisement and publicity*	317.71	256.55
(k) Other marketing expenses*	397.97	295.51
(l) Loss on sale of fixed assets	3.39	–
(m) Foreign exchange loss	6.49	–
(n) Corporate social responsibility expenditure	7.16	6.62
(o) Miscellaneous expenses* (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher)	442.05	405.28
	<u>1,803.42</u>	<u>1,546.16</u>

* Net of recoveries

XXIII Significant accounting policies, notes on accounts and additional disclosures

1 SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of preparation**

The financial statements are prepared on a going concern basis under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles and Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014.

(b) **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.

(c) **Revenue recognition**

The Company recognises revenue from the sale of products net of trade discounts, when the products are delivered to the dealer / customer or when delivered to the carrier, when risks and rewards of ownership pass to the dealer / customer. Export incentives are accounted on accrual basis.

Sales include income from services. Sale of products and services is presented gross of excise duty and service tax where applicable and excludes other indirect taxes.

Dividend from investments is recognised when the right to receive the payment is established. Interest income is recognised on time proportion basis, determined by the amount outstanding and the rate applicable.

(d) **Fixed assets**

Fixed assets 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 overhead expenditure incurred upto the date the asset is ready for its intended use. However, cost excludes Excise duty, VAT & Service tax, wherever credit of the duty or tax is availed of.

(e) **Borrowing costs**

Borrowing cost incurred for qualifying assets is capitalised upto the date the asset is ready for intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. Borrowing costs also include exchange differences relating to long term foreign currency borrowings attributable to the acquisition of depreciable asset w.e.f. April 1, 2007.

All other borrowing costs are recognised as an expense in the period for which they relate to.

(f) **Depreciation and amortisation**

(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
Material handling equipment	5
Plant and machinery	5 to 21
Electrical equipment	15
Furniture and fixtures	10
Computers and information systems	3 to 4
Mobile phone	2
Vehicles	6

iii. Tools and dies used for two wheelers are amortised based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 3 years. Tools and dies used for three wheeler operations are depreciated at 11.31 per cent.

iv. 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.

v. Depreciation in respect of tangible assets costing less than Rs.5,000/- is provided at 100%.

XXIII Significant accounting policies, notes on accounts and additional disclosures - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

(g) **Intangible assets**

Intangible assets acquired are recorded at their acquisition cost and are amortised over 2 years in the case of software and 6 years in the case of technical knowhow. Other intangible assets are amortised over their useful life or 10 years, whichever is earlier.

(h) **Impairment**

At each Balance Sheet date, the Company ascertains whether there is any impairment of the fixed / intangible assets based on internal / external factors. An impairment loss is recognised, wherever the carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognised by charging it to the Profit and Loss Statement.

(i) **Transactions in foreign currencies**

- (i) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.
- (ii) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- (iii) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- (iv) Exchange differences arising on settlement of transactions and translation of monetary items other than those covered by (v) below are recognised as income or expense in the year in which they arise.
- (v) Exchange differences relating to long term foreign currency monetary assets / liabilities are accounted for with effect from April 1, 2007 in the following manner:
 - Differences relating to borrowings attributable to the acquisition of depreciable capital asset are added to / deducted from the cost of such capital assets.
 - Other differences are accumulated in Foreign Currency Monetary Item Translation Difference Account, to be amortized over the period till the date of maturity or March 31, 2020, whichever is earlier, in accordance with the notification issued by the Ministry of Corporate Affairs on December 29, 2011.
- (vi) Exchange differences relating to forward exchange contracts entered into for hedging i.e., for mitigating the foreign currency fluctuation risk on an underlying asset or liability other than those covered under (v) above are recognised in the Profit and Loss Statement. Premium or discount on forward contracts other than those covered in (v) above is amortised over the life of such contracts and is recognised as income or expense.

(j) **Hedge accounting**

With effect from 1st April 2008, the Company has adopted the principles of hedge accounting prescribed by Accounting Standard (AS30) - "Financial Instruments Recognition and Measurement". Accordingly, the company designates certain pre shipment credit limits (PCFC) as hedging instruments and uses foreign currency derivative contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions.

Recognition and Measurement

These derivative contracts are stated at fair value at each reporting date. Changes in the fair value of these contracts that are designated and effective as hedges of future cash flows are recognized directly in Hedging Reserve Account under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Profit and Loss Statement. Amounts accumulated in Hedging Reserve Account are transferred to Profit and Loss Statement in the respective periods in which the forecasted transactions are consummated.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Hedging Reserve Account is retained there until the forecasted transaction is consummated.

(k) **Inventories**

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

Cost of raw materials and consumables are ascertained on a moving weighted average / basis. Attributable costs are allocated to work-in-process, stock-in-trade and finished goods.

(l) **Investments**

Long term investments are stated at cost. The carrying amount is reduced to recognise a decline, other than temporary, in the value of the investment. Current investments are stated at lower of cost and market value.

XXIII Significant accounting policies, notes on accounts and additional disclosures - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

(m) Employee benefits

(i) 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.

(ii) Pension

The Company has a pension plan which is a defined benefit plan, for its senior managers of the company. The liability for the pension benefits payable in future under the said plan, is provided for based on an independent actuarial valuation as at Balance Sheet date.

(iii) Gratuity

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.

(iv) Leave encashment

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

(n) Taxes on income

Tax expense comprises of current and deferred taxes.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax is net of credit for entitlement for Minimum Alternative Tax (MAT), which is recognised where there is a convincing evidence that the Company will pay normal Income tax during the specified period.

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to be applied in the period when asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

(o) Government Grants

Government grants are recognised on receipt. Grants identifiable to specific fixed assets are shown as a deduction from the gross value of the asset concerned in arriving at its book value. Where the government grants cannot be identified with any specific identifiable fixed assets, such amount is credited to capital reserve.

(p) Provisions and contingent liabilities

(i) Provision

A provision arising out of a present obligation, is recognised only when 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.

(ii) Contingent liabilities

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

XXIII Significant accounting policies, notes on accounts and additional disclosures - (continued)

2 Derivative transactions:

The company uses forward exchange contracts and certain foreign currency packing credit loans to hedge its exposure in foreign currency.

Derivative instruments outstanding as at 31.3.2016:

S. No.	Particulars	Currency	Amount		Buy / Sell		Amount	
			Foreign currency in millions				Rupees in crores	
			31-03-2016	31-03-2015	31-03-2016	31-03-2015	31-03-2016	31-03-2015
a)	Forward exchange contracts (net)	US\$ / INR	46.00	125.00	Sell	Sell	304.77	781.25
b)	Foreign currency exposures not covered by derivative instruments - receivable / (payable) (net)	US\$ / INR	(0.49)	10.47	Buy	Sell	(3.22)	65.41
		Euro / INR	(0.58)	0.28	Buy	Sell	(4.39)	1.90
		JPY / INR	(54.13)	62.48	Buy	Sell	(3.19)	3.26
		SGD / INR	0.42	0.01	Sell	Sell	2.09	0.04
		GBP & CHF / INR	-	-	Sell	Sell	0.06	0.24

The Company has a process whereby periodically all long term contracts are assessed. At the year end, the Company has reviewed the long term contracts including derivative contracts and there are no material foreseeable losses on such contracts.

3 Diminution in the value of investment:

The Company directly holds 52,97,000 nos. of Equity Shares (Class A shares) of USD 10/- each (Last year 42,97,000 nos.) in PT TVS Motor Company Indonesia (PT TVS), (a wholly owned subsidiary). Besides, the company holds in PT TVS, through its wholly owned subsidiaries viz., TVS Motor Company (Europe) B.V. Amsterdam and TVS Motor (Singapore) Pte. Limited, Singapore, 73,00,000 nos. of Equity Shares (Class A shares) of USD 10/- each. The aggregate cost of both, the Company's direct and indirect investments in PT TVS is Rs.491.19 crores (last year Rs.424.24 crores).

In view of the accumulated losses of PT TVS, the company, based on the future estimated cash flows of PT TVS, evaluated its investment in the subsidiaries for the purpose of determination of potential diminution in the value of its investment. On such evaluation, the company is of the opinion that there is no permanent diminution in the value of investment.

**XXIII Significant accounting policies, notes on accounts
and additional disclosures – (continued)**
4 (a) Defined benefit plans / leave salary as per actuarial valuation:

Rupees in crores

	Gratuity	Pension	Leave salary
(a) Expenses recognised in the Statement of Profit and Loss			
(i) Current service cost	3.39	2.73	3.24
(ii) Interest cost	4.03	3.74	0.96
(iii) Expected return on plan assets	(5.41)	–	–
(iv) Net actuarial loss / (gain) recognised in the year	9.12	2.61	1.04
Total	11.13	9.08	5.24
(b) Change in defined benefit obligation during the year ended 31-03-2016			
(i) Present value of obligation as at the beginning of the year (01-04-2015)	50.33	46.69	13.56
(ii) Interest cost	4.03	3.74	0.96
(iii) Current service cost	3.39	2.73	3.24
(iv) Benefits paid	(4.22)	–	(3.08)
(v) Actuarial loss on obligation	9.12	2.61	1.04
(vi) Present value of obligation as at the end of the year (31-03-2016)	62.65	55.77	15.72
(c) Change in fair value of plan assets during the year ended 31-03-2016			
(i) Fair value of plan assets at the beginning of the year (01-04-2015)	57.47	–	–
(ii) Expected return on plan assets	5.41	–	–
(iii) Contributions made during the year	9.48	–	–
(iv) Benefits paid	(4.22)	–	–
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year (31-03-2016)	68.14	–	–
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2015)	50.33	46.69	13.56
(ii) Contributions made during the year	16.54	9.08	5.24
(iii) Expenses	–	–	(3.08)
(iv) Benefits paid	(4.22)	–	–
(v) Value of benefit	62.65	55.77	15.72
Note: The net asset in respect of gratuity plan is not recognised as it is lying in irrevocable trust fund approved by Income tax authorities.			
(e) Actuarial assumptions			
(i) Discount rate used	8.00%	8.00%	8.00%
(ii) Expected return on plan assets	NA	NA	NA
Estimates of future salary increases considered in actuarial valuation takes into account the inflation, seniority, promotions and other relevant factors.			

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

4 (b) Defined contribution plans:

The company's contribution to defined contribution plan i.e., provident fund of Rs.10.13 crore (last year Rs.10.51 crore) has been recognised in the statement of Profit and Loss.

5 The Company operates in only one segment viz., automotive vehicles.

6 (a) Related parties and their relationship for the financial year 2015-16:

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 Business Development Consulting (Shanghai) Co. Ltd, Shanghai
 Sundaram Holding USA Inc., Delaware

Fellow subsidiaries:

TVS Investments Limited, Chennai
 (Previously known as Sundaram Investment Limited)
 TVS Electronics Limited, Chennai
 Uthiram Rubber Products Limited, Madurai
 Prime Property Holdings Limited, Chennai
 TVS-E Access (India) Limited, Chennai
 TVS Training and Services Limited, Chennai
 NCR Autocars Limited, New Delhi
 Southern Roadways Limited, Madurai
 Sundaram Industries Private Limited, Madurai
 The Associated Auto Parts Private Limited, Mumbai
 TVS Interconnect Systems Private Limited, Madurai
 Lucas-TVS Limited, Chennai
 Sundaram Textiles Limited, Madurai
 TVS Automobile Solutions Limited, Madurai
 Sundaram Lanka Tyres Limited, Colombo
 NSM Holdings Limited, Madurai
 TVS TWG Warranty Solutions Limited, Madurai
 NK Telecom Products Limited, Madurai

Fellow subsidiaries: (continued)

NK Tele Systems Limited, Madurai
 Lucas Indian Service Limited, Chennai
 TVS Automotive Systems Limited, Chennai
 Rajgarhia Automobile Solution Limited, Kolkata
 Pusam Rubber Products Limited, Madurai
 Sundaram-Clayton (USA) Limited, USA
 Essex Automobile Solutions Limited, Gujarat
 Gallant E-Access Private Limited, New Delhi
 TVS Insurance Broking Limited (Previously known as Navratna Insurance Broking Limited), Chennai
 Focuz Automobile Services Limited, Ernakulam
 Myers Tyre Supply (India) Limited (Previously known as GS Automotive Service Equipments (Chennai) Private Limited), Madurai
 TVS Capital Funds Limited, Chennai
 TVS All Car Services Private Limited (Previously known as SANRAV Automobile Solutions (Chennai) Private Limited), Madurai
 TVS Auto Assist (India) Limited, Chennai

Associate companies:

Emerald Haven Realty Limited, Chennai
 (Previously known as Green Earth Homes 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 relatives have significant influence:

Harita-NTI Limited, Chennai

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2016	As at/ Year ended 31-03-2015
6 (b) Transactions with related parties:			
(i) Purchase of goods			
– ultimate holding company (T V Sundram Iyengar & Sons Private Limited, Madurai)		0.33	0.40
– holding company (Sundaram-Clayton Limited, Chennai)		346.61	312.97
– subsidiary companies			
Sundaram Auto Components Limited, Chennai		351.35	305.81
PT.TVS Motor Company Indonesia, Jakarta		18.38	0.88
– fellow subsidiaries			
TVS Electronics Limited, Chennai		0.15	0.07
Sundaram Industries Private Limited, Madurai		0.29	0.30
Lucas-TVS Limited, Chennai		78.91	71.95
Lucas Indian Service Limited, Chennai		4.95	2.28
– enterprises over which key management personnel and their relatives have significant influence (Harita-NTI Limited, Chennai)		0.81	0.73
(ii) Sale of goods			
– subsidiary companies			
Sundaram Auto Components Limited, Chennai		2,216.94	1,764.67
PT. TVS Motor Company Indonesia, Jakarta		28.69	58.67
(iii) Purchase of Assets - Subsidiary company (Sundaram Auto Components Limited, Chennai)		3.96	–
(iv) Rendering of services (including interest and reimbursements received)			
– holding company (Sundaram-Clayton Limited, Chennai)		1.45	1.03
– subsidiary companies			
Sundaram Auto Components Limited, Chennai		0.20	0.40
TVS Motor (Singapore) Pte. Limited, Singapore		4.27	3.99
PT. TVS Motor Company Indonesia, Jakarta		1.48	0.93
– fellow subsidiary (Southern Roadways Limited, Madurai)		0.01	0.01
(v) Availing of services (includes sub-contract charges paid)			
– holding company (Sundaram-Clayton Limited, Chennai)		58.47	54.76
– fellow subsidiaries			
TVS Electronics Limited, Chennai		0.98	0.89
Southern Roadways Limited, Madurai		2.87	2.87
(vi) Investments made during the year			
– subsidiary companies :			
TVS Motor (Singapore) Pte. Limited, Singapore		–	2.01
PT. TVS Motor Company Indonesia, Jakarta		66.94	24.92
(vii) Remuneration to key management personnel		23.48	14.67
(viii) Dividend received from subsidiary company (Sundaram Auto Components Limited, Chennai)		10.97	6.93
(ix) Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)		68.17	40.90

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2016	As at/ Year ended 31-03-2015
6 (c) Balance with related parties:		
(i) Trade receivables		
– ultimate holding company (T V Sundram Iyengar & Sons Private Limited, Madurai)	0.03	0.02
– subsidiary companies		
Sundaram Auto Components Limited, Chennai	131.89	118.88
PT. TVS Motor Company Indonesia, Jakarta	33.49	45.31
(ii) Loans and advances receivable		
– subsidiary company (TVS Motor (Singapore) Pte. Limited, Singapore)	55.30	50.14
(iii) Trade payables		
– holding company (Sundaram-Clayton Limited, Chennai)	28.92	56.93
– subsidiary company (Sundaram Auto Components Limited, Chennai)	–	24.09
– fellow subsidiaries		
Lucas-TVS Limited, Chennai	10.89	10.89
Lucas Indian Service Limited, Chennai	0.41	0.72
Sundaram Industries Private Limited, Madurai	0.03	0.06
Southern Roadways Limited, Madurai	–	0.29
TVS Electronics Limited, Chennai	0.01	0.06
– associate company (Emerald Haven Realty Limited, Chennai)	1.49	1.59
– enterprise over which key management personnel and their relatives have significant influence (Harita-NTI Limited, Chennai)	0.17	0.07
(iv) Obligation arising out of agreements facilitating credit to subsidiary company (PT. TVS Motor Company Indonesia, Jakarta)	205.38	150.00

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2016	As at/ Year ended 31-03-2015
7	Earnings per share:		
	Profit after tax before extraordinary items	432.14	347.83
	Profit after tax after extraordinary items	432.14	347.83
	Number of equity shares	475087114	475087114
	Face value of the share (in rupees)	1.00	1.00
	Weighted average number of equity shares	475087114	475087114
	Basic and diluted earnings per share before extra ordinary items (in rupees)	9.10	7.32
	Basic and diluted earnings per share after extraordinary items (in rupees)	9.10	7.32
8	Deferred tax:		
	(i) Deferred tax liability consists of:		
	– tax on depreciation	204.23	175.80
	– tax on amortisation of dies and moulds	12.94	12.52
	– tax on expenses admissible on payment basis under Income Tax Act, 1961	–	–
		(A) <u>217.17</u>	<u>188.32</u>
	(ii) Deferred tax asset consists of:		
	– tax on provision in respect of expenditure which will be allowed under the Income Tax Act, 1961 only on payment basis and others	41.50	35.57
		(B) <u>41.50</u>	<u>35.57</u>
	Deferred tax liability (net of deferred tax asset) (A) - (B)	<u>175.67</u>	<u>152.75</u>
9	Warranty provision (current):		
	Opening balance	22.95	20.48
	Add: Provision for the year (net)	26.96	22.95
		49.91	43.43
	Less: Payments / debits (net)	22.95	20.48
	Closing balance	<u>26.96</u>	<u>22.95</u>
10	Trade payables includes:		
	Amount due to Micro, Small and Medium Enterprises	46.24	35.07
	Disclosure under Micro, Small and Medium Enterprises Development Act, 2006.		
	(i) The principal amount and interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year:		
	(a) Principal (all are within agreed credit period and not due for payment)	46.24	35.07
	(b) Interest (as no amount is overdue)	Nil	Nil
	(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
	(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
	(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2016	As at/ Year ended 31-03-2015
(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
11	Payment to auditors comprises:		
(a)	As statutory auditors	0.42	0.34
(b)	Taxation matters	0.10	0.08
(c)	Certification matters	0.02	0.01
(d)	Cost audit fees	0.05	0.05
		<u>0.59</u>	<u>0.48</u>
	Miscellaneous expenses include travel and stay expenses of auditors	0.18	0.17
		<u>0.77</u>	<u>0.65</u>
12	Contingent liabilities and commitments not provided for:		
(a)	Claims against the Company not acknowledged as debts:		
(i)	Excise	48.96	83.53
(ii)	Service tax	6.55	5.30
(iii)	Customs	1.96	1.96
(iv)	Sales tax	15.33	3.19
(v)	Income tax	14.33	17.25
(vi)	Others	3.50	3.50
	The future cashflows 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)	Guarantees:		
	On counter guarantee given to banks to facilitate credit to subsidiary company	106.00	56.25
(c)	Other money for which the Company is contingently liable:		
(i)	On letters of credit	170.53	139.03
(ii)	On bills discounted with banks	54.87	130.11
(iii)	On obligation arising out of agreements facilitating credit to a company	33.34	41.66
(iv)	On obligation arising out of guarantees given to financial institution to facilitate credit to subsidiary company	99.38	93.75
(v)	On factoring arrangements	4.21	3.78
(d)	Commitments:		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	137.01	133.50
(e)	Other commitments:		
	On import of capital goods under Export Promotion Capital Goods Scheme	45.45	37.78
13	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	141.43	117.03
(b)	Capital Expenditure (Including WIP)	40.08	43.72
	R&D Expenditure Not Eligible for Weighted Deduction - Claimed U/s 35		
(a)	Revenue Expenditure	18.85	26.33
(b)	Capital Expenditure:		
	– Land & Building	–	–
	– Others	26.02	8.76
		<u>226.38</u>	<u>195.84</u>
	Total		

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

14 Additional provision for Bonus for Financial Year 2014-15 of Rs.5.68 crores, was made in the accounts of the third quarter ended 31st December, 2015, pursuant to the amendment made to the Payment of Bonus Act. In view of subsequent stay granted by the Hon'ble Karnataka High Court, to the retrospective application of the amendment to the Payment of Bonus Act, the said provision towards additional bonus has been reversed in the accounts.

15 During the year the company received a net amount of Rs.10.36 crores by way of insurance claim (included under other operating revenue) which, in the Company's view, is a capital receipt and hence not includible as book profit under Section 115JB of the Income Tax Act, 1961.

16 Disclosure made in terms of Regulation 34(3) of SEBI (LODR) Regulations, 2015

Rupees in crores

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2016	Amount outstanding as at 31-03-2015
(a)	Loans and advances Loans and advances in the nature of loans made to subsidiary company	TVS Motor (Singapore) Pte. Limited, Singapore Maximum amount due at any time During the year During the previous year	55.30 50.14	55.30	50.14
(b)	Investments by the Company				
(i)	In subsidiary companies	Sundaram Auto Components Limited, Chennai [1,15,50,000 (last year-1,15,50,000) Equity shares of Rs.10/- each fully paid up] Maximum amount held at any time During the year During the previous year	60.90 60.90	60.90	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] Maximum amount held at any time During the year During the previous year	1.80 * 1.80 *	1.80 *	1.80 *
		* net of provision for diminution in value			

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

16 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 31-03-2016	Amount outstanding as at 31-03-2015
(b)	Investments by the Company	TVS Motor (Singapore) Pte. Limited, Singapore	203.21	201.20
(i)	In subsidiary companies - (continued)	[6,48,02,445 (last year 6,43,64,301) Ordinary shares of Singapore \$ 1/- each fully paid up]		
		Maximum amount held at any time		
		During the year	203.21	
		During the previous year	201.20	
		Share application money paid to TVS Motor (Singapore) Pte. Limited, Singapore (pending allotment)	–	2.01
		TVS Housing Limited, Chennai	0.05	0.05
		[50,000 (last year - 50,000) Equity shares of Rs.10/- each fully paid up]		
		Maximum amount held at any time		
		During the year	0.05	
		During the previous year	0.05	
		PT. TVS Motor Company Indonesia, Jakarta	288.19	221.24
		[52,97,000 Equity shares (Last year - 42,97,000) of Indonesian Rp.97,400/- each fully paid up]		
		Maximum amount held at any time		
		During the year	288.19	
		During the previous year	221.24	
		Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai	0.18*	1.25
		[2,220 (Last year - 2,220) Equity shares of of USD 100/- each fully paid up]		
		Maximum amount held at any time		
		During the year	1.25	
		During the previous year	1.25	
		* net of provision for diminution in value		

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

16 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 31-03-2016	Amount outstanding as at 31-03-2015
(b)	Investments by the Company - (continued)				
(ii)	In associate companies	Emerald Haven Realty Limited, Chennai, (Formerly known as Green Earth Homes Limited) [4,00,00,000 (Last year - 4,00,00,000) Equity shares of Rs. 10/- each fully paid up] Maximum amount held at any time		40.00	40.00
		During the year	40.00		
		During the previous year	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		13.63	13.63
		During the year	13.63		
		During the previous year	13.63		

Rupees in crores					
		Year ended 31-03-2016	Year ended 31-03-2015		
17 Raw materials consumed:					
(i)	(a) Basic raw materials				
	Steel sheets, coils, strips and bars	45.51		51.05	
	Steel tubes	0.01		0.01	
	Aluminium alloys and ingots	75.74		83.25	
	(b) Intermediates and components (which individually do not account for more than 10% of the total value of consumption)	7,582.28		7,028.01	
		<u>7,703.54</u>		<u>7,162.32</u>	
(ii)	Consumption of raw materials and components				
		% of total consumption		% of total consumption	
	(a) Imported	15.9	1,222.56	14.4	1,027.96
	(b) Indigenous	84.1	6,480.98	85.6	6,134.36
		<u>100.0</u>	<u>7,703.54</u>	<u>100.0</u>	<u>7,162.32</u>

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

	Rupees in crores	
	Year ended 31-03-2016	Year ended 31-03-2015
18 Earnings in foreign exchange:		
(a) Exports (on F.O.B. basis)	2,492.13	2,254.84
(b) Others:		
(i) Freight and insurance	51.74	56.70
(ii) Interest income	4.27	3.92
(iii) Dividend income	0.19	0.08
(iv) Technical knowhow	0.56	0.55
	<u>2,548.89</u>	<u>2,316.09</u>
19 Imports (CIF value):		
(a) Raw materials	62.18	72.66
(b) Components and spare parts	1,093.07	1,006.67
(c) Capital goods	84.12	63.63
20 Other expenditure in foreign currency:		
(a) Travel	28.83	24.31
(b) Subscriptions	0.27	0.24
(c) Welfare expenses - training	0.79	1.77
(d) Consultancy	39.11	22.35
(e) Advertisement and publicity	8.98	15.47
(f) Other marketing expenses	2.92	6.57
(g) Procurement / selling commission	25.67	34.23
(h) Research and development	34.97	39.33
(i) Warranty cost reimbursement	4.34	6.42
(j) Interest on foreign currency loan	5.59	0.17
(k) Overseas representative office expenses including salary	5.16	4.70
(l) Repairs & Maintenance	3.72	1.10
(m) Freight	21.91	25.50
(n) Technical knowhow	–	2.16

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2016	As at/ Year ended 31-03-2015
21 Sale by class of Goods		
(a) Motorcycles	4,236.16	3,810.20
(b) Mopeds	1,554.81	1,553.04
(c) Scooters	3,054.91	2,431.91
(d) Three wheelers	1,023.92	976.00
(e) Raw materials, spares and accessories, provision of technical know-how and plant & equipment	1,238.38	1,093.10
	<u>11,108.18</u>	<u>9,864.25</u>
22 Stock of finished goods		
(a) Motorcycles	52.57	93.93
(b) Mopeds	6.54	6.27
(c) Scooters	31.05	104.56
(d) Three wheelers	40.64	29.26
(e) Components which do not individually account for 10% or more of the total value of stock	50.73	32.88
	<u>181.53</u>	<u>266.90</u>

23 During the year ended 31st March 2016, in accordance with Part A of Schedule II to the Companies Act, 2013, the management, based on Chartered Engineer's technical evaluation, has reassessed the remaining useful life of tangible fixed assets and part of the fixed assets with effect from 1st April 2015. As a result of the same, depreciation for the year is higher by Rs.0.73 crores. Wherever the useful life of parts of the tangible fixed assets as on 1st April 2015 is nil, the carrying amount of Rs.0.30 crores has been adjusted to reserves.

24 Expenditure incurred on Corporate Social Responsibility (CSR) activities:

(a) Gross amount required to be spent during the year is Rs.7.15 crores

(b) Amount spent during the year:

Sl. No.	Particulars	Paid in cash	Yet to be paid in cash	31.3.2016	31.3.2015
1	Construction / acquisition of any asset	–	–	–	–
2	Expenses incurred through trusts	7.16	–	7.16	6.40

25 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 : 3rd May 2016

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

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2016

To the members of TVS Motor Company Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated 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, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement 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 Director 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 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.

Auditor's 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 judgement, 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 31st March 2016, 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 four subsidiaries, whose financial statements reflect total assets (net) of Rs.971.61 crores as at March 31, 2016, total revenues of Rs.2,830.32 crores and net cash outflows amounting to Rs.14.59 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

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

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 two subsidiaries whose financial statements reflect total assets (net) of Rs.3.60 crores as at March 31, 2016, total revenues of Rs.0.02 crores and net cash outflows amounting to Rs.0.42 crores for the year then ended on that date, as considered in the consolidated financial statements. These financial statements 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 the 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 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 and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) in our opinion, the aforesaid consolidated financial statements, comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of written representations received from the Directors of the Holding Company as on 31 March 2016 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 2016, 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 no. XXIII [9(a)] to the consolidated financial statements.
- (ii) The Group and associate did not have any material foreseeable losses on long - term contracts including derivative contracts.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies and associate incorporated in India.

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

S. VENKATRAMAN
Partner

Place : Bengaluru
Date : 3rd May 2016

Membership No.: 34319

Annexure to Independent Auditors' Report of even date on the Consolidated Financial Statements of TVS Motor Company Limited as on 31st March 2016

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 financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial

controls over financial reporting of TVS Motor Company Limited ("the Holding Company") and a subsidiary company and we have relied on the audit report of the subsidiary not audited by us, which is a company incorporated in India, as of that date.

Annexure to Independent Auditors' Report of even date on the Consolidated Financial Statements of TVS Motor Company Limited as on 31st March 2016 - (continued)

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, 2016, 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 : 3rd May 2016

Membership No.: 34319

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated Balance Sheet as at 31st March 2016

Rupees in crores

	Note number	As at 31-03-2016	As at 31-03-2015
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	I	47.51	47.51
(b) Reserves and surplus	II	1,535.37	1,277.12
2 Non-current liabilities			
(a) Long-term borrowings	III	508.72	560.29
(b) Deferred tax liabilities (Net)		184.81	160.22
(c) Long-term provisions	IV	48.69	53.23
3 Current liabilities			
(a) Short-term borrowings	V	390.58	464.78
(b) Trade payables	VI		
i. Total outstanding dues of micro enterprises and small enterprises		48.87	35.77
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises		1,573.53	1,488.48
(c) Other current liabilities	VII	525.00	373.82
(d) Short-term provisions	VIII	58.50	108.57
Total		<u>4,921.58</u>	<u>4,569.79</u>
II ASSETS			
Non-current assets			
1 (a) Fixed assets			
(i) Tangible assets	IX	1,900.50	1,605.04
(ii) Intangible assets	IX	49.19	31.64
(iii) Capital work-in-progress	IX	47.21	92.91
(b) Non-current investments	X	648.40	539.34
(c) Long-term loans and advances	XI	93.06	102.36
2 Current assets			
(a) Inventories	XII	1,012.26	1,017.19
(b) Trade receivables	XIII	491.49	414.75
(c) Cash and bank balances	XIV	53.68	27.81
(d) Short-term loans and advances	XV	560.88	664.24
(e) Other current assets	XVI	64.91	74.51
Total		<u>4,921.58</u>	<u>4,569.79</u>
Significant accounting policies, notes on accounts and additional disclosures	XXIII		

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 : 3rd May 2016

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated Statement of Profit and Loss for the year ended 31st March 2016

Rupees in crores			
	Note number	Year ended 31-03-2016	Year ended 31-03-2015
I Revenue from operations	XVII	12,565.20	11,023.97
Less : Excise duty and Service tax		<u>1,048.86</u>	<u>768.18</u>
		11,516.34	10,255.79
II Other income	XVIII	<u>38.54</u>	<u>21.34</u>
III Total Revenue (I + II)		<u>11,554.88</u>	<u>10,277.13</u>
IV Expenses:			
Cost of materials consumed	XIX	7,743.98	7,200.71
Purchases of stock-in-trade	XIX	266.13	226.90
Changes in inventories of finished goods, work-in-process and stock-in-trade	XIX	62.77	(117.00)
Employee benefits expense	XX	743.53	665.89
Finance costs	XXI	67.51	62.11
Depreciation and amortization expense		216.29	178.59
Other expenses	XXII	<u>1,942.25</u>	<u>1,674.04</u>
Total expenses		<u>11,042.46</u>	<u>9,891.24</u>
V Profit before exceptional and extraordinary items and tax (III-IV)		512.42	385.89
VI Exceptional items - Profit on sale of land / building		-	58.27
VII Profit before extraordinary items and tax (V+VI)		512.42	444.16
VIII Extraordinary items Income / (Loss)		-	-
IX Profit before tax (VII+VIII)		512.42	444.16
X Tax expense:			
(a) Current tax		129.64	114.42
(b) MAT credit entitlement		(12.46)	(23.66)
(c) Tax relating to earlier years		6.20	6.27
(d) Deferred tax		<u>24.59</u>	<u>26.91</u>
XI Profit / (Loss) for the period (IX-X)		364.45	320.22
XII Share of Profit of Associates (net)		4.88	8.04
XIII Minority Interest		-	-
XIV Profit / (Loss) for the period (XI+XII+XIII)		<u>369.33</u>	<u>328.26</u>
XV Earnings Per equity Share (EPS) (Refer note no.XXIII (6)) (Face value Re.1/- each)			
(a) Basic and Diluted EPS before extraordinary items (in Rs.)		7.77	6.91
(b) Basic and Diluted EPS after extraordinary items (in Rs.)		7.77	6.91
Significant accounting policies, notes on accounts and additional disclosures	XXIII		

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 : 3rd May 2016

Membership No.: 34319

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated Cash Flow Statement

	Rupees in crores	
	Year ended 31-03-2016	Year ended 31-03-2015
A. Cash flow from operating activities		
Net profit before tax and extraordinary items	512.42	444.16
Add:		
Depreciation and amortisation for the year	216.29	178.59
Profit on sale of fixed assets	–	(58.17)
Loss on sale of fixed assets	3.12	–
Profit on sale of investments	–	(0.22)
Provision for pension, leave salary, warranty and other expenses	14.42	2.52
Dividend income	(0.49)	(0.36)
Interest income	(35.36)	(20.58)
Interest expenditure	63.88	45.53
	<u>261.86</u>	<u>147.31</u>
Operating profit before working capital changes	774.28	591.47
Adjustments for:		
Trade receivables	(76.74)	(61.83)
Inventories	4.93	(351.14)
Other current assets	10.25	7.88
Loans and advances	148.25	(272.93)
Trade payables	98.15	261.16
Other current liabilities (excluding current maturity of long term loans)	53.00	67.53
	<u>237.84</u>	<u>(349.33)</u>
Cash generated from operations (before extraordinary items)	1,012.12	242.14
Direct taxes paid	(159.66)	(159.34)
Net cash from operating activities (A)	<u>852.46</u>	<u>82.80</u>
B. Cash flow from investing activities		
Purchase of fixed assets	(552.00)	(375.73)
Sale of fixed assets	48.24	77.05
Capital work-in-progress	45.70	(44.70)
Purchase of investments	(104.18)	(107.65)
Sale of investments	–	15.22
Interest received	35.36	20.58
Dividends received	0.49	0.36
	<u>(526.39)</u>	<u>(414.87)</u>
Net cash from / (used in) investing activities (B)	<u>(526.39)</u>	<u>(414.87)</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated Cash Flow Statement – (continued)

		Rupees in crores	
		Year ended 31-03-2016	Year ended 31-03-2015
C. Cash flow from financing activities			
Long term loans availed / (repaid)		52.94	36.61
Short term loans availed / (repaid)		(74.20)	356.65
Sales tax deferral loan availed / (repaid)		(6.33)	(1.88)
Other bank balances		(1.96)	(0.44)
Interest paid		(63.88)	(45.53)
Dividend and dividend tax paid		(208.73)	(84.44)
		<u>(302.16)</u>	<u>260.97</u>
Net cash from / (used in) financing activities	(C)	<u>(302.16)</u>	<u>260.97</u>
<hr/>			
Total	(A) + (B) + (C)	<u>23.91</u>	<u>(71.10)</u>
Cash and cash equivalents at the beginning of the year		25.26	96.36
Cash and cash equivalents at the end of the year		49.17	25.26
<hr/>			
D. Net increase / (decrease) in cash and cash equivalents		<u>23.91</u>	<u>(71.10)</u>

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 : 3rd May 2016

Membership No.: 34319

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts

		As at 31-03-2016		As at 31-03-2015	
	Number	Rupees in crores	Number	Rupees in crores	
I SHARE CAPITAL					
(a) Authorised, issued, subscribed and fully paid up					
Authorised:					
Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00	
Issued, subscribed and fully paid up:					
Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51	
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:					
(a) Number of shares - 23,75,43,557					
(b) Year of allotment - Year ended 31 st March 2011	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					
Shares outstanding at the beginning of the year	47,50,87,114	47.51	47,50,87,114	47.51	
Shares issued during the year	—	—	—	—	
Shares outstanding at the end of the year	47,50,87,114	47.51	47,50,87,114	47.51	
(c) Rights and preferences attached to equity share:					
(i) Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.					
(ii) There are no restrictions attached to equity shares.					
(d) Shares held by holding / ultimate holding / subsidiaries / associates of holding company at the end of the year					
Name of shareholder	Class of share	As at 31-03-2016		As at 31-03-2015	
		No. of shares held	% of holding	No. of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40
(e) Shareholders holding more than five percent at the end of the year (other than I (d))					
Name of shareholder	Class of share	As at 31-03-2016 No. of shares held	As at 31-03-2015 No. of shares held		
Reliance Capital Trustee Company Limited, Mumbai	Equity	2,54,68,060	2,96,67,945		

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

		Rupees in crores	
		As at 31-03-2016	As at 31-03-2015
II RESERVES AND SURPLUS			
(a) Capital reserves			
(i)	On shares forfeited (Rs.55,200/-)	–	–
(ii)	On surplus arising out of amalgamation	6.51	6.51
(iii)	Government grant	0.30	0.30
(iv)	Foreign currency translation reserve	(9.05)	(27.59)
	Closing Balance	<u>(2.24)</u>	<u>(20.78)</u>
(b) General reserve			
	Opening Balance	876.54	883.51
	Less: Residual value of assets or parts of the asset, whose useful life exhausted	0.30	6.97
	Closing Balance	<u>876.24</u>	<u>876.54</u>
(c) Other reserves - Hedging reserve			
	Opening balance	2.83	6.37
	Add: Created during the year	3.48	2.83
		6.31	9.20
	Less: Utilised during the year	2.83	6.37
	Closing balance	<u>3.48</u>	<u>2.83</u>
(d) Revaluation Reserve			
	Opening Balance	93.24	145.03
	Add: Revaluation of land by one of the subsidiaries	28.96	5.62
		122.20	150.65
	Less: Utilised on sale of revalued land	–	57.41
	Closing Balance	<u>122.20</u>	<u>93.24</u>
(e) Surplus i.e. balance in Statement of Profit and Loss			
	Opening balance	325.29	(3.42)
	Add: Net profit for the current year	369.33	328.26
	Dividend received from subsidiary	10.97	6.93
	Transfer to Foreign currency translation reserve	(19.23)	109.35
		<u>686.36</u>	<u>444.54</u>
	Less: First interim dividend paid	52.13	39.67
	Second interim dividend paid / payable	74.73	54.64
	Proposed dividend	–	2.89
	Dividend tax	23.81	18.63
		<u>150.67</u>	<u>115.83</u>
	Closing balance	<u>535.69</u>	<u>325.29</u>
	Total (a)+(b)+(c)+(d)+(e)	<u>1,535.37</u>	<u>1,277.12</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

		Rupees in crores	
		As at 31-03-2016	As at 31-03-2015
III LONG-TERM BORROWINGS			
(A) Secured			
Term Loans			
(a) From banks		132.51	87.14
(b) From other parties			
(i) Financial Institutions		14.49	27.17
(ii) Soft loan from a state owned corporation viz., State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT)		157.08	157.08
	(A)	<u>304.08</u>	<u>271.39</u>
(B) Unsecured			
From other parties			
(a) Sales tax deferral loan from Karnataka Government		204.64	226.70
(b) From Non banking financial company (NBFC)		–	62.20
	(B)	<u>204.64</u>	<u>288.90</u>
	(A) + (B)	<u>508.72</u>	<u>560.29</u>

Repayment terms of long-term loans

Rupees in crores

Total of loans repayable	*Current maturity i.e. loans repayable in 2015-16	Balance long-term loans as at 31-03-2015	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	*Current maturity i.e. loans repayable in 2016-17	Balance long-term loans as at 31-03-2016
56.75	45.40	11.35	Secured:						
17.00	8.00	9.00	Term Loan from Bank - I	Quarterly	1	Apr 2016	11.35	11.35	–
61.65	–	61.65	Term Loan from Bank - II	Quarterly	4	Mar 2017	9.00	9.00	–
–	–	–	FCNRB Term Loan - I	End of Tenure	1	Jul 2016	66.26	66.26	–
–	–	–	FCNRB Term Loan - II	End of Tenure	1	Nov 2016	66.26	66.26	–
–	–	–	ECB Loan from Bank	End of Tenure	4	Dec 2018	132.51	–	132.51
52.15	24.98	27.17	Financial institution	Half-yearly	4	Mar 2018	28.96	14.47	14.49
14.44	9.30	5.14	Term Loan from Bank - III	Monthly	11	Feb 2017	2.79	2.79	–
157.08	–	157.08	State owned corporation	Yearly	4	2022-27	157.08	–	157.08
			Unsecured:						
			Sales Tax Deferral:						
44.30	6.33	37.97	Phase-1	Yearly	6	2020-21	37.97	6.33	31.64
188.73	–	188.73	Phase-2	Yearly	12	2027-28	188.73	15.73	173.00
62.20	–	62.20	Term loan from NBFC				–	–	–
654.30	94.01	560.29	Total				700.91	192.19	508.72

* Grouped under "Other current liabilities".

Details of securities created:

- (i) Term loans
 - (a) First and exclusive charge on specific plant and equipment.
 - (b) Charge on pari-passu basis on the movable plant and equipment, spares, tools and accessories and other movables, both present and future situated in all plants, with the existing term loan lenders.
- (ii) FCNRB Loan from Banks - Charge on specific plant and equipment.
- (iii) ECB Loan from Bank - Exclusive charge over assets procured out of proceeds of the loan.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

- (iv) 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 lands.

- (v) Term loans from financial institution is secured by collateral on property, plant and equipment of the subsidiary situated outside India.

Amount payable in each instalments:

Description	Currency	Amount
Term Loan from Bank - I	INR	11.35 crores
Term Loan from Bank - II	INR	2.25 crores
Term Loan - FCNRB Loan - I	USD	10 Million at the end of tenure
Term Loan - FCNRB Loan - II	USD	10 Million at the end of tenure
ECB Loan from Bank	USD	20 Million in 4 equal instalments between July 2018 and December 2018
Financial institution	USD	1.1 million
Term Loan from Bank - III	USD	11 unequated monthly instalments
Sales tax deferral Phase-1	INR	6.33 crores per annum
Sales tax deferral Phase-2	INR	15.73 crores per annum
State owned corporation	INR	10.00, 67.23, 75.40 and 4.45 crores (four instalments between 2022 and 2027)

Rupees in crores

As at 31-03-2016 As at 31-03-2015

IV LONG-TERM PROVISIONS

Employee benefits

(a) Pension	33.90	41.01
(b) Leave salary	14.79	12.22
	<u>48.69</u>	<u>53.23</u>

V SHORT-TERM BORROWINGS

Repayable on demand from banks:

Secured	244.20	132.14
Unsecured	42.44	128.62
Short term loans from banks (Unsecured)	<u>103.94</u>	<u>204.02</u>
	<u>390.58</u>	<u>464.78</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 loan of Rs.90.92 crores in USD obtained from a bank, secured by a letter of comfort issued by a bank in India and
- A loan of Rs.9.53 crores in IDR and Rs.10.47 crores in USD obtained from another bank, secured by the subsidiary's inventories and trade account receivables.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

	Rupees in crores	
	As at 31-03-2016	As at 31-03-2015
VI TRADE PAYABLES		
(a) Total outstanding dues of micro enterprises and small enterprises	48.87	35.77
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,573.53	1,488.48
	<u>1,622.40</u>	<u>1,524.25</u>
VII OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt		
(i) Term loans	37.61	87.68
(ii) FCNRB loans	132.52	–
(iii) Sales tax deferral loan from Karnataka Government	22.06	6.33
(b) Unclaimed dividend (Not due for transfer to Investor Education and Protection Fund)	4.40	2.46
(c) Interest accrued but not due	2.70	1.93
(d) Others		
(i) Statutory dues	123.17	96.70
(ii) Employee related	41.13	29.23
(iii) Trade deposits received	26.06	37.77
(iv) Payable against capital goods	20.74	8.58
(v) Advance received from customers	106.77	95.03
(vi) Money held under trust	7.84	8.11
	<u>525.00</u>	<u>373.82</u>
VIII SHORT-TERM PROVISIONS		
(a) Employee benefits - Leave salary	1.65	1.76
(b) Employee benefits - Pension	29.89	14.83
(c) Warranty	26.96	22.95
(d) Second interim dividend payable	–	54.64
(e) Proposed dividend	–	2.89
(f) Dividend tax	–	11.50
	<u>58.50</u>	<u>108.57</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

IX NON-CURRENT ASSETS - FIXED ASSETS

Rupees in crores

Description	Tangible								Intangible				Total (tangible and intangible)			
	Land		Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total as at		Software	Design Development and knowhow	Goodwill	Total as at		As at	
	Free hold	Lease hold						31/03/2016	31/03/2015				31/03/2016	31/03/2015	31/03/2016	31/03/2015
Cost of assets																
As at 01-04-2015	241.51	20.38	463.53	2,373.21	35.46	72.53	14.74	3,221.36	2,948.09	31.32	37.49	-	68.81	47.14	3,290.17	2,995.23
Additions	26.55	-	94.67	395.58	3.91	12.84	1.53	535.08	361.60	22.97	8.16	2.20	33.33	21.67	568.41	383.27
Foreign exchange translation reserve adjustments	5.01	-	1.93	4.40	0.22	-	0.02	11.58	4.03	-	-	-	-	-	11.58	4.03
Sub-total	273.07	20.38	560.13	2,773.19	39.59	85.37	16.29	3,768.02	3,313.72	54.29	45.65	2.20	102.14	68.81	3,870.16	3,382.53
Sales / deletion	43.38	-	1.65	74.41	0.43	6.58	0.75	127.20	92.36	0.22	-	-	0.22	-	127.42	92.36
Total	229.69	20.38	558.48	2,698.78	39.16	78.79	15.54	3,640.82	3,221.36	54.07	45.65	2.20	101.92	68.81	3,742.74	3,290.17
Depreciation / Amortisation																
Upto 31-03-2015	-	0.96	129.79	1,405.25	16.98	53.64	9.70	1,616.32	1,447.65	27.74	9.43	-	37.17	30.40	1,653.49	1,478.05
For the year	-	0.13	19.34	164.38	5.16	9.69	1.80	200.50	171.82	7.90	7.61	0.28	15.79	6.77	216.29	178.59
Transfer to reserves	-	-	-	0.30	-	-	-	0.30	6.97	-	-	-	-	-	0.30	6.97
Foreign exchange translation reserve adjustments	-	-	0.75	(1.94)	0.21	-	0.01	(0.97)	5.95	-	-	-	-	-	(0.97)	5.95
Sub-total	-	1.09	149.88	1,567.99	22.35	63.33	11.51	1,816.15	1,632.39	35.64	17.04	0.28	52.96	37.17	1,869.11	1,669.56
Withdrawn on assets sold / deleted	-	-	0.09	68.32	0.29	6.39	0.74	75.83	16.07	0.23	-	-	0.23	-	76.06	16.07
Total	-	1.09	149.79	1,499.67	22.06	56.94	10.77	1,740.32	1,616.32	35.41	17.04	0.28	52.73	37.17	1,793.05	1,653.49
Written down value																
As at 31-03-2016	229.69	19.29	408.69	1,199.11	17.10	21.85	4.77	1,900.50		18.66	28.61	1.92	49.19		1,949.69	
As at 31-03-2015	241.51	19.42	333.74	967.96	18.48	18.89	5.04	1,605.04		3.58	28.06	-	31.64		1,636.68	
CAPITAL WORK-IN-PROGRESS (AT COST)																
(a) Building															8.50	0.76
(b) Plant & equipment															38.71	92.15
Total															47.21	92.91

- a) Value of land Includes Rs.122.20 crores (last year Rs.93.24 crores) towards revaluation of land by one of its subsidiaries.
b) Cost of buildings includes Rs.54.14 crores (Last year Rs.41.98 crores) pertaining to buildings constructed on leasehold lands.
c) Refer Note No. XXIII (1) (B)(g) and XXIII (14)

X NON-CURRENT INVESTMENTS

Rupees in crores

	As at 31-03-2016	As at 31-03-2015
Trade Investments		
(a) Investments in equity instruments	49.93	49.05
Add: Profit / (loss) of associate	13.33	9.28
	63.26	58.33
(b) Investments in preference shares	557.71	457.71
	(A) 620.97	516.04
Other Investments		
Employees pension related investments	27.43	23.30
	(B) 27.43	23.30
	(A) + (B) 648.40	539.34

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

X NON-CURRENT INVESTMENTS – (continued)

Sl. No.	Name of the body corporate	Subsidiary/ Associate	No. of shares/ units		Face Value	Currency	Partly paid/ fully paid	Extent of holding (%)		Rupees in crores	
			As at 31-03-2016	As at 31-03-2015				As at 31-03-2016	As at 31-03-2015	As at 31-03-2016	As at 31-03-2015
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. TRADE INVESTMENTS											
(a) Investment in Equity Instruments:											
Quoted:											
(i)	Suprajit Engineering Limited, Bengaluru		28,92,000	28,92,000	1.00	INR	Fully paid			0.08	0.08
(ii)	Ucal Fuel Systems Limited, Chennai		91,760	91,760	10.00	INR	Fully paid			0.25	0.25
Unquoted:											
(iii)	TVS Lanka (Private) Limited, Colombo		50,00,000	50,00,000	10.00	LKR	Fully paid			2.08	2.08
(iv)	TVS Motor Services Limited, Chennai		3,80,000	3,80,000	10.00	INR	Fully paid			0.38	0.38
(v)	Sundaram Engineering Products Services Limited, Chennai.		-	7,746	10.00	INR	Fully paid			-	0.01
(vi)	Green Infra BTV Limited, New Delhi (Formerly known as TVS Energy Limited)		32,50,000	32,50,000	10.00	INR	Fully paid			3.25	3.25
(vii)	Green Infra Wind Energy Theni Limited, New Delhi (Formerly known as TVS Wind Energy Limited)		30,00,000	30,00,000	10.00	INR	Fully paid			3.83	3.00
(viii)	Green Infra Wind Power Projects Limited, New Delhi		63,600	-	10.00	INR	Fully paid			0.06	-
(ix)	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	Associate	4,00,00,000	4,00,00,000	10.00	INR	Fully paid	48.8	48.8	40.00	40.00
Sub-total										49.93	49.05
Add : Share in profit/(loss) of associate										13.33	9.28
Total (a)										63.26	58.33
(b) Investments in Preference Shares -Unquoted :											
(i)	TVS Motor Services Limited, Chennai		54,60,10,000	44,60,10,000	10.00	INR	Fully paid			546.01	446.01
(ii)	Pinnacle Engines Inc., USA (face value 0.01 cent)		24,09,638	24,09,638	0.0001	USD	Fully paid			11.70	11.70
Total (b)										557.71	457.71
Total (a)+(b)										620.97	516.04
B. OTHER INVESTMENTS – Unquoted :											
Other non-current investments											
(i)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai						Fully paid			8.79	8.79
(ii)	Life Insurance Corporation Pension Policy, Mumbai						Fully paid			18.64	14.51
(iii)	National Savings Certificates (Rs.37,100/- deposited with Sales Tax authorities)						Fully paid			-	-
Total (b)										27.43	23.30

Investment summary

Rupees in crores

Particulars	As at 31-03-2016		As at 31-03-2015	
	Cost	Market value	Cost	Market value
Quoted investments	0.33	38.85	0.33	38.54
Unquoted investments	648.07		539.01	

Note : All investments are valued at cost.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

	Rupees in crores	
	As at 31-03-2016	As at 31-03-2015
XI LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
(a) Capital advances	10.60	16.52
(b) Deposits made	28.42	23.14
(c) Advance payment of Income Tax less provisions	54.04	62.70
	<u>93.06</u>	<u>102.36</u>
XII INVENTORIES (at cost or net realisable value whichever is less)		
(a) Raw materials and components	368.56	337.99
(b) Goods-in-transit - Raw materials and components	103.38	93.29
(c) Work-in-process	68.20	52.35
(d) Finished goods	116.73	228.85
(e) Stock-in-trade	154.72	121.22
(f) Goods-in-transit - stock-in-trade	33.05	63.23
(g) Stores and spares	37.96	34.36
(h) Dies, moulds and tools	129.66	85.90
	<u>1,012.26</u>	<u>1,017.19</u>
XIII TRADE RECEIVABLES		
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	2.11	4.83
(ii) Considered doubtful	5.69	5.58
	<u>7.80</u>	<u>10.41</u>
Less: Provision for doubtful debts	5.69	5.58
	<u>2.11</u>	<u>4.83</u>
(b) Other unsecured debts (considered good)	489.38	409.92
	<u>491.49</u>	<u>414.75</u>
XIV CASH AND BANK BALANCES		
(a) Cash and cash equivalents		
(i) Balances with banks in current accounts	17.53	13.44
(ii) Balances with banks in fixed deposits	31.00	11.07
(iii) Cheques / drafts on hand	–	0.03
(iv) Cash on hand	0.64	0.72
(b) Other bank balances		
(i) Earmarked balances with banks (for unpaid dividend)	4.40	2.46
(ii) Balances with banks (with more than 12 months maturity)	0.11	0.09
	<u>53.68</u>	<u>27.81</u>
XV SHORT-TERM LOANS AND ADVANCES		
Unsecured considered good:		
(a) Inter corporate deposits made	3.00	3.00
(b) Employee related	8.94	10.91
(c) Rent advance	3.85	3.52
(d) VAT receivable and dues from government	343.76	218.88
(e) Balance with excise	114.08	287.67
(f) Prepaid expense	13.08	9.76
(g) Vendor advance	45.13	61.01
(h) Advance payment of Income Tax less provisions	29.04	69.49
	<u>560.88</u>	<u>664.24</u>
XVI OTHER CURRENT ASSETS		
(a) Interest accrued on deposits / investments	0.20	–
(b) Claims receivable	5.36	5.51
(c) Export Incentive Receivable	43.21	62.31
(d) Derivative financial instruments - receivable	10.52	0.45
(e) Hedge asset and Deferred forward contract premium	3.48	3.79
(f) Others	2.14	2.45
	<u>64.91</u>	<u>74.51</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

	Rupees in crores	
	Year ended 31-03-2016	Year ended 31-03-2015
XVII REVENUE FROM OPERATIONS		
(a) Sale of products	12,340.93	10,770.05
(b) Sale of raw materials	68.94	58.61
(c) Sale of services	14.14	10.56
(d) Other operating revenues	141.19	184.75
	<u>12,565.20</u>	<u>11,023.97</u>
Less : Excise duty and service tax	1,048.86	768.18
	<u>11,516.34</u>	<u>10,255.79</u>
XVIII OTHER INCOME		
(a) Interest income	35.56	19.17
(b) Dividend	0.49	0.36
(c) Gain on sale of investments	–	0.22
(d) Other non operating income	2.49	1.59
	<u>38.54</u>	<u>21.34</u>
XIX MATERIAL COST		
Cost of Materials consumed		
Opening stock of raw materials and components	337.99	231.65
Add: Purchases	7,774.55	7,307.05
	<u>8,112.54</u>	<u>7,538.70</u>
Less: Closing stock of raw materials	368.56	337.99
Consumption of raw materials	<u>7,743.98</u>	<u>7,200.71</u>
Purchases of stock-in-trade	<u>266.13</u>	<u>226.90</u>
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	52.35	36.93
Stock-in-trade	121.22	86.11
Finished goods	228.85	162.38
	<u>(A) 402.42</u>	<u>285.42</u>
Closing stock:		
Work in process	68.20	52.35
Stock-in-trade	154.72	121.22
Finished goods	116.73	228.85
	<u>(B) 339.65</u>	<u>402.42</u>
	<u>(A)-(B) 62.77</u>	<u>(117.00)</u>
XX EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and wages	640.19	573.46
(b) Contribution to provident and other funds	41.53	31.14
(c) Welfare expenses	61.81	61.29
	<u>743.53</u>	<u>665.89</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

	Rupees in crores	
	Year ended 31-03-2016	Year ended 31-03-2015
XXI FINANCE COSTS		
(a) Interest expense	64.65	46.18
(b) Other borrowing cost - exchange fluctuation and processing charges	2.86	15.93
	<u>67.51</u>	<u>62.11</u>
XXII OTHER EXPENSES		
(a) Consumption of stores, spares and tools*	54.75	62.29
(b) Power and fuel*	105.70	107.56
(c) Rent*	26.18	21.79
(d) Repairs - buildings	13.59	14.02
(e) Repairs - plant and equipment	61.90	52.02
(f) Insurance	6.37	4.36
(g) Rates and taxes (excluding taxes on income)	8.04	7.87
(h) Audit fees	1.24	1.10
(i) Packing and freight charges*	458.54	402.93
(j) Advertisement and publicity*	326.99	269.26
(k) Other marketing expenses*	398.57	299.05
(l) Loss on sale / impairment of assets	3.12	0.10
(m) Foreign exchange loss	7.66	–
(n) Corporate social responsibility expenditure	7.57	6.62
(o) Miscellaneous expenses* (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher)	462.03	425.07
	<u>1,942.25</u>	<u>1,674.04</u>

* Net of recoveries

XXIII Significant accounting policies, notes on accounts and additional disclosures

1 SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

TVS Motor Company Limited (the Company), a public limited 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 and components and spare parts thereof and housing.

The Company's shares are listed for trading on the National Stock Exchange and Bombay Stock Exchange.

B. Significant accounting policies

a. Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles in India and Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

Assets of TVS Motor Company (Europe) B.V., Amsterdam (intend to liquidate) and Sundaram Business Development Consulting (Shanghai) Co. Limited, Shanghai (under liquidation process), are reported at realisable value and liabilities at restatement value.

b. Principles of consolidation

The financial statements of the subsidiary companies and associate companies used in the consolidation are drawn up to the same reporting date as of the Company, except in case of Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai, a subsidiary.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

1 SIGNIFICANT ACCOUNTING POLICIES – (continued)

The consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.
- ii) The consolidated financial statements include the share of profit / loss of associate companies, which are accounted under the 'Equity method' as per which the share of profit / loss of the associate company has been adjusted to the cost of investment. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.
- iii) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments in the subsidiary companies are made and further movements in their share in the equity, subsequent to the dates of investments.
- iv) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as that adopted by the Parent Company for its separate financial statements.
- v) 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
1	Subsidiary Companies:			
a.	Sundaram Auto Components Limited, Chennai	India	100	31.03.2016
b.	TVS Housing Limited, Chennai	India	100	31.03.2016
c.	TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	100	31.03.2016
d.	TVS Motor Company (Europe) B.V. Amsterdam	Netherlands	100	31.03.2016
e.	PT. TVS Motor Company Indonesia, Jakarta	Indonesia	42% direct holding, 35% by (c) and 23% by (d)	31.03.2016
f.	Sundaram Business Development Consulting (Shanghai) Co. Ltd., Shanghai.	China	100	31.12.2015
g.	Sundaram Holdings USA Inc.	USA	75	31.03.2016
2.	Associate Companies:			
a.	Emerald Haven Realty Limited, Chennai (Formerly known as Green Earth Homes Limited)	India	48.80	31.03.2016

c. Uses 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 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.

d. Revenue recognition

Revenues from the sale of products net of trade discounts is recognised, when the products are delivered to the dealer / customer or when delivered to the carrier, when risks and rewards of ownership pass to the dealer / customer. Export incentives are accounted on accrual basis.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

1 SIGNIFICANT ACCOUNTING POLICIES – (continued)

Sales include income from services. Sale of products and services is presented gross of excise duty and service tax where applicable, and excludes other indirect taxes.

Dividend from investments is recognised when the right to receive the payment is established. Interest income is recognised on the time proportion basis determined by the amount outstanding and the rate applicable.

e. Fixed assets

Fixed assets 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 overhead expenditure incurred upto the date the asset is ready for its intended use. However, cost excludes excise duty, VAT and service tax wherever credit of the duty or tax is availed of.

In case, any particular asset is revalued at fair value, consequent increase in revaluation is credited to Revaluation Reserve Account under Reserves and Surplus. Any decrease in the revaluation is recognised in the Statement of Profit and Loss to the extent it exceeds the balance, if any, held in Revaluation Reserve relating to a previous revaluation of that asset.

f. Borrowing costs

Borrowing cost incurred for qualifying assets is capitalised upto the date the asset is ready for intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. Borrowing costs also include exchange differences relating to long term foreign currency borrowings attributable to the acquisition of depreciable asset w.e.f. April 1, 2007.

All other borrowing costs are recognised as an expense in the period for which they relate to.

g. Depreciation and amortisation

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. In the case of foreign subsidiaries depreciation is charged over the estimated useful life of the assets based on internal technical evaluation.

ii. The estimated useful life of the tangible fixed assets followed by the Company is given below:

Description	Years
Factory building and other buildings	5 to 61
Material handling equipment	5
Plant and machinery	5 to 21
Electrical equipment	15
Furniture and fixtures	4 to 10
Computers and information systems	3 to 4
Mobile phone	2
Vehicles	5 to 6

iii. Tools and dies used for two wheelers are amortised based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 3 years. Tools and dies used for three wheeler operations are depreciated at 11.31%.

iv. On tangible fixed assets added/disposed of during the year, depreciation is provided on pro-rata basis.

v. Depreciation in respect of assets costing less than Rs.5000/- is provided at 100%.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

1 SIGNIFICANT ACCOUNTING POLICIES – (continued)

h. Intangible assets

Intangible assets acquired are recorded at their acquisition cost and are amortised over 2 years in the case of software, 6 years in the case of technical knowhow and goodwill arising on acquisition of business over 4 years. Other intangible assets are amortised over their useful life or 10 years, whichever is earlier.

i. Impairment

At each Balance Sheet date, the Company ascertains whether there is any impairment of the fixed / intangible assets based on internal / external factors. An impairment loss is recognised, wherever the carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognised by charging it to the Profit and Loss Statement.

j. Transactions in foreign currencies

- i. Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- ii. Foreign currency monetary assets and liabilities such as cash, receivables, payables etc., are translated at year end exchange rates.
- iii. Non-monetary items denominated in foreign currency such as investments, fixed assets etc., are valued at the exchange rate prevailing on the date of transaction.
- iv. Exchange differences arising on settlement of transactions and translation of monetary items other than those covered by (v) below are recognised as income or expense in the year in which they arise.
- v. Exchange differences relating to long term foreign currency monetary assets / liabilities are accounted for with effect from April 1, 2007 in the following manner:
 - Differences relating to borrowings attributable to the acquisition of the depreciable capital asset are added to / deducted from the cost of such capital assets.
 - Other differences are accumulated in Foreign Currency Monetary Item Translation Difference Account, to be amortized over the period till the date of maturity or March 31, 2020, whichever is earlier in accordance with the notification issued by the Ministry of Corporate Affairs on December 29, 2011.
- vi. Exchange differences relating to forward exchange contracts entered into for hedging i.e for mitigating the foreign currency fluctuation risk on an underlying asset or liability other than those covered under (v) above are recognised in the Profit and Loss Statement. Premium or discount on forward contracts other than those covered in (v) above is amortised over the life of such contracts and is recognised as income or expense.
- vii. For the purpose of consolidation, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such change is accumulated under Foreign Currency Translation Reserve.

k. Hedge accounting

With effect from April 1, 2008, the Company has adopted the principles of hedge accounting prescribed by Accounting Standard (AS30) - "Financial Instruments Recognition and Measurement": Accordingly the Company designates certain pre-shipment credit limits (PCFC) as hedging instruments and uses foreign currency derivative contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions

Recognition and Measurement

These derivative contracts are stated at fair value at each reporting date. Changes in the fair value of these contracts that are designated and effective as hedges of future cash flows are recognized directly in Hedging Reserve Account under Reserves and Surplus, net of applicable deferred income taxes and the ineffective

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

1 SIGNIFICANT ACCOUNTING POLICIES – (continued)

portion is recognised immediately in the Profit and Loss Statement. Amounts accumulated in Hedging Reserve Account are transferred to Profit and Loss Statement in the respective periods in which the forecasted transactions are consummated.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Hedging Reserve Account is retained there until the forecasted transaction is consummated.

l. Inventories

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

Cost of raw materials and consumables are ascertained on a moving weighted average / basis. Attributable costs are allocated to work-in-progress, stock-in-trade and finished goods.

m. Investments

Long term investments are stated at cost. The carrying amount is reduced to recognise a decline, other than temporary in the value of the investments. Current investments are stated at lower of cost and market value.

n. Employee benefits

(i) 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.

(ii) Pension

The Company has pension plan which is a defined benefit plan, in respect of senior managers of the Company. The liability for the pension benefits payable in future under the said plan, is provided for based on an independent actuarial valuation as at Balance Sheet date.

(iii) Gratuity

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.

(iv) Leave encashment

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

o. Taxes on income

Tax expense comprises of current and deferred taxes.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax is net of credit for entitlement for Minimum Alternative Tax (MAT), which is recognised where there is a convincing evidence that the Company will pay normal Income tax during the specified period.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

1 SIGNIFICANT ACCOUNTING POLICIES – (continued)

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to be applied in the period when asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

p. Government Grants

Government grants are recognised on receipt. Grants identifiable to specific fixed assets are shown as a deduction from the gross value of the asset concerned in arriving at its book value. Where the government grants cannot be identified with any specific identifiable fixed assets, such amount is credited to capital reserve.

q. Provisions and contingent liabilities

(i) Provision

A provision arising out of a present obligation is recognised only when 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.

(ii) Contingent liabilities

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

2 Derivative transactions:

The Company uses forward exchange contracts and certain foreign currency packing credit loans to hedge its exposure in foreign currency.

Derivative instruments outstanding as at 31.3.2016:

S. No.	Particulars	Currency	Amount		Buy / Sell		Amount	
			Foreign currency in millions				Rupees in crores	
			31-03-2016	31-03-2015	31-03-2016	31-03-2015	31-03-2016	31-03-2015
a)	Forward exchange contracts (net)	US\$ / INR	46.00	125.00	Sell	Sell	304.77	781.25
b)	Foreign currency exposures not covered by derivative instruments - receivable / (payable) (net)							
		US\$ / INR	(0.49)	10.47	Buy	Sell	(3.22)	65.41
		Euro / INR	(0.58)	0.28	Buy	Sell	(4.39)	1.90
		JPY / INR	(54.13)	62.48	Buy	Sell	(3.19)	3.26
		SGD / INR	0.42	0.01	Sell	Sell	2.09	0.04
		GBP & CHF / INR	-	-	Sell	Sell	0.06	0.24

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

3 (a) **Defined benefit plans / leave salary as per actuarial valuation:** Rupees in crores

	Gratuity	Pension	Leave salary
(a) Expenses recognised in the Statement of Profit and Loss			
(i) Current service cost	3.57	2.75	3.29
(ii) Interest cost	4.18	3.79	0.99
(iii) Expected return on plan assets	(5.60)	–	–
(iv) Net actuarial loss / (gain) recognised in the year	9.50	2.74	1.26
Total	11.65	9.28	5.54
(b) Change in defined benefit obligation during the year ended 31-03-2016			
(i) Present value of obligation as at the beginning of the year (01-04-2015)	52.18	47.30	13.98
(ii) Interest cost	4.18	3.79	0.99
(iii) Current service cost	3.57	2.75	3.29
(iv) Benefits paid	(4.37)	–	(3.08)
(v) Actuarial loss on obligation	9.50	2.74	1.26
(vi) Present value of obligation as at the end of the year (31-03-2016)	65.06	56.58	16.44
(c) Change in fair value of plan assets during the year ended 31-03-2016			
(i) Fair value of plan assets at the beginning of the year (01-04-2015)	59.24	–	–
(ii) Expected return on plan assets	5.60	–	–
(iii) Contributions made during the year	10.39	–	–
(iv) Benefits paid	(4.37)	–	–
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year (31-03-2016)	70.86	–	–
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2015)	52.18	47.30	13.98
(ii) Contributions made during the year	17.25	9.08	5.24
(iii) Expenses	–	0.20	(2.78)
(iv) Benefits paid	(4.37)	–	–
(v) Value of benefit	65.06	56.58	16.44
Note: The net asset in respect of gratuity plan is not recognised as it is lying in irrevocable trust fund approved by Income tax authorities.			
(e) Actuarial assumptions			
(i) Discount rate used	8.00%	8.00%	8.00%
(ii) Expected return on plan assets	NA	NA	NA
Estimates of future salary increases considered in actuarial valuation takes into account the inflation, seniority, promotions and other relevant factors.			

3 (b) **Defined contribution plans:**

The Company's contribution to defined contribution plans i.e., provident fund of Rs.10.80 crores (last year Rs.11.09 crores) has been recognised in the Statement of Profit and Loss.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

4 Segment information for the year ended 31st March 2016

Rupees in crores

Particulars	Business segment			
	Automotive vehicles & parts	Automotive components	Others	Total
Revenue				
External sales - domestic	8,758.26	190.38	17.20	8,965.84
- exports	2,550.50	–	–	2,550.50
Inter segment sales	–	302.66	–	302.66
Total sales	11,308.76	493.04	17.20	11,819.00
Less Inter segment sales	–	302.66	–	302.66
Net revenue	11,308.76	190.38	17.20	11,516.34
Segmentwise results before interest and tax	537.90	41.29	0.74	579.93
Less: Interest	63.78	3.73	–	67.51
Profit before tax	474.12	37.56	0.74	512.42
Less: Tax expense	133.83	13.60	0.54	147.97
Profit after tax	340.29	23.96	0.20	364.45
Share of profit of Associates	–	–	4.88	4.88
Profit / (Loss) for the period	340.29	23.96	5.08	369.33
Segment assets	4,544.89	367.97	8.72	4,921.58
Segment liabilities	3,202.36	128.16	8.18	3,338.70
Total cost incurred during the year to acquire segment assets	470.38	30.41	(9.24)	491.55
Segment depreciation / amortisation	202.91	13.38	–	216.29
Non-cash expenses / (income) other than depreciation / amortisation	–	–	–	–

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

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

5(a) Related parties and their relationship for the financial year 2015-16

Holding company: Sundaram-Clayton Limited, Chennai	Fellow subsidiaries: (continued) TVS Insurance Broking Limited (Previously known as Navratna Insurance Broking Limited), Coimbatore Focuz Automobile Services Limited, Ernakulam Myers Tyre Supply (India) Limited (Previously known as GS Automotive Service Equipments (Chennai) Private Limited), Madurai TVS Capital Funds Limited, Chennai TVS Auto Assist (India) Limited, Chennai TVS All Car Services Private Limited (Previously known as SANRAV Automobile Solutions (Chennai) Private Limited), Madurai
Ultimate holding company: T V Sundram Iyengar & Sons Private Limited, Madurai	Associate companies: Emerald Haven Realty Limited, Chennai (Formerly known as Green Earth Homes Limited)
Fellow subsidiaries: TVS Investments Limited, Chennai (Previously known as Sundaram Investment Limited) TVS Electronics Limited, Chennai Uthiram Rubber Products Limited, Madurai Prime Property Holdings Limited, Chennai TVS-E Access (India) Limited, Chennai TVS Training and Services Limited, Chennai NCR Autocars Limited, New Delhi Southern Roadways Limited, Madurai Sundaram Industries Private Limited, Madurai The Associated Auto Parts Limited, Mumbai TVS Interconnect Systems Limited, Madurai Lucas-TVS Limited, Chennai Sundaram Textiles Limited, Madurai TVS Automobile Solutions Limited, Madurai Sundaram Lanka Tyres Limited, Colombo NSM Holdings Limited, Madurai TVS TWG Warranty Solutions Limited, Madurai NK Telecom Products Limited, Madurai NK Tele Systems Limited, Madurai Lucas Indian Service Limited, Chennai TVS Automotive Systems Limited, Chennai Rajgarhia Automobile Solution Limited, Kolkata Pusam Rubber Products Limited, Madurai Sundaram-Clayton (USA) Limited, USA Essex Automobile Solutions Limited, Gujarat Gallant E-Access Private Limited, New Delhi	Key Management Personnel: Mr Venu Srinivasan, Chairman & Managing Director (CMD) Mr Sudarshan Venu, Joint Managing Director (JMD) Relative(s) of the Key Management Personnel: Related to CMD and JMD Dr. Lakshmi Venu, Director Dr. Malini Srinivasan Enterprise over which key management personnel and their relatives have significant influence: Harita-NTI Limited, Chennai

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2016	As at/ Year ended 31-03-2015
5(b)	Transactions with related parties:		
(i)	Purchase of goods		
	– ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.35	0.40
	– holding company (Sundaram-Clayton Limited, Chennai)	346.61	312.97
	– fellow subsidiaries		
	TVS Electronics Limited, Chennai	0.15	0.07
	Sundaram Industries Private Limited, Madurai	0.29	0.30
	Lucas-TVS Limited, Chennai	78.91	71.95
	Lucas Indian Service Limited, Chennai	4.95	2.28
	– enterprises over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	0.81	0.73
(ii)	Purchase of fixed assets		
	– holding company (Sundaram-Clayton Limited, Chennai)	0.35	–
(iii)	Sale of goods		
	– fellow subsidiary (Lucas - TVS Limited, Chennai)	0.41	2.64
(iv)	Sale of investments		
	– fellow subsidiary (TVS Investments Limited, Chennai) (Previously known as Sundaram Investment Limited)	0.01	–
(v)	Rendering of services (including interest and reimbursement received)		
	– holding company (Sundaram-Clayton Limited, Chennai)	3.03	2.19
	– fellow subsidiary (Southern Roadways Limited, Madurai)	0.01	0.01
(vi)	Availing of services (includes sub-contract charges paid)		
	– holding company (Sundaram-Clayton Limited, Chennai)	64.59	57.73
	– fellow subsidiaries:		
	TVS Electronics Limited, Chennai	1.02	0.89
	Southern Roadways Limited, Madurai	2.87	2.87
	Lucas - TVS Limited, Chennai	0.12	0.24
(vii)	Remuneration to key management personnel	23.48	15.14
(viii)	Remuneration to relative of key management personnel	0.57	0.56
(ix)	Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	68.17	40.90
5(c)	Balances with related parties:		
(i)	Trade receivables		
	– holding company (Sundaram-Clayton Limited, Chennai)	–	0.26
	– ultimate holding company - (T V Sundram Iyengar & Sons Private Limited, Madurai)	0.03	0.02
	– fellow subsidiary (Lucas-TVS Limited, Chennai)	0.13	–

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2016	As at/ Year ended 31-03-2015
5(c) Transactions with related parties: – (continued)		
(ii) Trade payables		
– holding company (Sundaram-Clayton Limited, Chennai)	32.49	56.93
– fellow subsidiaries		
Lucas-TVS Limited, Chennai	11.00	11.00
Lucas Indian Service Limited, Chennai	0.41	0.72
Sundaram Industries Private Limited, Madurai	0.03	0.06
Southern Roadways Limited, Madurai	–	0.29
TVS Electronics Limited, Chennai	0.01	0.06
– Associate		
(Emerald Haven Realty Limited, Chennai)	1.49	1.59
– enterprise over which key management personnel and their relatives have significant influence - Harita-NTI Limited, Chennai	0.17	0.07
6 Earnings per share:		
Profit after tax before extraordinary items	369.33	328.26
Profit after tax after extraordinary items	369.33	328.26
Number of equity shares	475087114	475087114
Face value of the share (in rupees)	1.00	1.00
Weighted average number of equity shares	475087114	475087114
Basic and diluted earnings per share before extra ordinary items (in rupees)	7.77	6.91
Basic and diluted earnings per share after extra ordinary items (in rupees)	7.77	6.91
7 Deferred tax:		
(i) Deferred tax liability consists of:		
– tax on depreciation	214.24	183.93
– tax on amortisation of dies and moulds	12.94	12.52
(A)	<u>227.18</u>	<u>196.45</u>
(ii) Deferred tax asset consists of:		
– tax on provision in respect of expenditure which will be allowed under the Income Tax Act, 1961 only on payment basis and others	42.37	36.23
(B)	<u>42.37</u>	<u>36.23</u>
Deferred tax liability (net of deferred tax asset) (A) - (B)	<u>184.81</u>	<u>160.22</u>
8 Warranty provision (current):		
Opening balance	22.95	20.48
Add: Provision for the year (net)	26.96	22.95
	<u>49.91</u>	<u>43.43</u>
Less: Payments / debits (net)	22.95	20.48
Closing balance	<u>26.96</u>	<u>22.95</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2016	As at/ Year ended 31-03-2015
9 Contingent liabilities and commitments not provided for:		
(a) Claims against the Company not acknowledged as debts:		
(i) Excise	48.98	83.71
(ii) Service tax	7.31	5.55
(iii) Customs	1.96	1.96
(iv) Sales tax	16.13	4.03
(v) Income tax	15.79	18.55
(vi) Others	3.50	3.50
(b) Guarantees:		
(i) On counter guarantee given to banks	106.02	56.27
(c) Other money for which the Company is contingently liable:		
(i) On letters of credit	178.31	160.12
(ii) On bills discounted with banks	72.76	150.11
(iii) On obligation arising out of agreements facilitating credit to a company	33.34	41.66
(iv) On obligation arising out of guarantees given to financial institution to facilitate credit to subsidiary company	99.38	93.75
(v) On factoring arrangements	4.21	3.78
(d) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	137.01	133.50
(e) Other commitments:		
On import of capital goods under Export Promotion Capital Goods Scheme	45.45	37.78
10 The audited / unaudited financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principle of its Country of incorporation or International Financial Reporting Standards. The differences in accounting policies of the Company and its subsidiaries / associates are not material.		
11 One of the overseas subsidiaries has an accumulated loss of Rs.542.21 crores as at 31.3.2016. The subsidiary is developing its brand and introducing new products in a highly competitive environment. The subsidiary is also developing their network of distributors, dealers and consumer finance companies. The Company continues to extend financial support to the subsidiary. Considering these measures, the management is of the opinion that the subsidiary will continue to be in operation in the foreseeable future and preparation of the financial statements of the subsidiary (which have been included in preparing the Consolidated Financial Statements) as a going concern is not affected.		
12 The retrospective amendment to the Payment of Bonus Act, effective from 1.4.2014, is contested by the Company and stayed by High Court of Karnataka and Madras. Hence, the bonus payable with retrospective effect of Rs.6.18 crores is not provided.		
13 Amortisation of lease cost of land of a subsidiary will commence from the year in which the possession of land is taken over after execution of lease deed.		
14 During the year ended 31 st March 2016, in accordance with Part A of Schedule II to the Companies Act, 2013, the management, based on Chartered Engineer's technical evaluation, has reassessed the remaining useful life of tangible fixed assets and part of the fixed assets with effect from 1 st April 2015. As a result of the same, depreciation for the year is higher by Rs.0.73 crores. Wherever the useful life of parts of the tangible fixed assets as on 1 st April 2015 is nil, the carrying amount of Rs.0.30 crores has been adjusted to reserves.		

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

15 Expenditure incurred on Corporate Social Responsibility (CSR) activities:

(a) Gross amount required to be spent during the year is Rs.7.57 crores

(b) Amount spent during the year (Rs. in crores):

Sl. No.	Particulars	In cash	Yet to be paid in cash	31.03.2016	31.3.2015
1	Construction / acquisition of any asset	–	–	–	–
2	Expenses incurred through trusts	7.58	–	7.58	6.62

16 Additional Information on net assets and share of profits as at 31st March 2016

Name of the entity	Net Assets (Total Assets - Total liabilities)		Share in profit or (loss)	
	As % of consolidated net asset	Amount Rs. in crores	As % of consolidated profit or loss	Amount Rs. in crores
1	2	3	4	5
Parent				
TVS Motor Company Limited	70.83	1,121.12	111.97	413.54
Subsidiaries - Indian				
Sundaram Auto Components Limited	15.15	239.81	6.90	25.48
TVS Housing Limited	0.03	0.54	0.05	0.20
Subsidiaries - Foreign				
TVS Motor (Singapore) Pte Limited	0.06	0.93	(0.21)	(0.78)
TVS Motor Company Europe B.V.	0.21	3.28	(0.11)	(0.39)
PT. TVS Motor Company Indonesia	10.47	165.74	(19.37)	(71.57)
Sundaram Business Development Consulting (Shanghai) Co. Ltd	0.01	0.18	–	–
Sundaram Holding USA Inc.	(0.13)	(2.05)	(0.55)	(2.03)
Minority Interests in all subsidiaries	–	–	–	–
Associates - Indian (Investment as per the equity method)				
Emerald Haven Realty Limited	3.37	53.33	1.32	4.88
Total	100.00	1,582.88	100.00	369.33

17 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 : 3rd May 2016

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

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 Rs. in Crores)

Sl No.	Particulars	Indian Subsidiaries			Foreign Subsidiaries				Sundaram Business Development Consulting (Shanghai) Co. Limited
		Sundaram Auto Components Limited	TVS Housing Limited	TVS Motor (Singapore) Pte. Limited	TVS Motor Company (Europe) B.V.	PT. TVS Motor Company Indonesia	Sundaram Holding USA Inc.	Sundaram Business Development Consulting (Shanghai) Co. Limited	
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period								1 st Jan 2015-31 st Dec 2015
2.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.			SGD; INR 49.265/ SGD	USD; INR 66.255/ USD	IDR; INR 0.50/ IDR 100	USD; INR 66.255/ USD	RMB; INR 10.2466/ RMB	
3.	Share capital	11.55	0.05	203.21	126.52	623.90	0.01	1.25	
4.	Reserves & Surplus	118.62	0.49	(8.74)	(123.24)	(542.21)	(2.06)	(1.07)	
5.	Total assets	386.99	8.72	250.11	3.42	334.50	0.01	0.18	
6.	Total Liabilities	386.99	8.72	250.11	3.42	334.50	0.01	0.18	
7.	Investments	4.01	0.00	196.12	0.00	0.00	0.00	0.00	
8.	Turnover	2737.01	17.23	4.28	0.02	89.03	0.00	0.00	
9.	Profit before taxation	42.24	0.74	(0.78)	(0.39)	(71.57)	(2.03)	0.00	
10.	Provision for taxation	13.60	0.54	0.00	0.00	0.00	0.00	0.00	
11.	Profit after taxation	28.64	0.20	(0.78)	(0.39)	(71.57)	(2.03)	0.00	
12.	Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
13.	% of shareholding	100	100	100	100	100	75	100	

Notes: 1. Subsidiaries which are yet to commence operations - Sundaram Holding USA Inc.

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

Sl.No.	Name of Associates	Emerald Haven Realty Limited
1.	Latest audited Balance Sheet Date	31 st March 2016
2.	Shares of Associate / Joint Ventures held by the company on the year end	
	(i) No. of shares	4,00,00,000
	(ii) Amount of Investment in Associates / Joint Venture	40.00
	(iii) Extent of Holding %	48.8
3.	Description of how there is significant influence	Holding More than 20% of the share capital.
4.	Reason why the associate / joint venture is not consolidated	–
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	53.33
6.	Profit / Loss for the year	
	(i) Considered in Consolidation	4.88
	(ii) Not Considered in Consolidation	5.46

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
Membership No.: 34319

Place : Bengaluru
Date : 3rd May 2016



TVS *Sport*



TVS *Victor*



TVS *XL100*



The King of Autos.



TVS MOTOR COMPANY LIMITED

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