TVS MOTOR COMPANY LIMITED

Annual Report of Subsidiary Companies
for the year 2015-2016

CONTENTS

Board of Directors
H. LAKSHMANAN, Chairman
R. RAMAKRISHNAN
Dr. LAKSHMI VENU
S. SANTHANAKRISHNAN
C. N. PRASAD
S. G. MURALI

Audit Committee
H. LAKSHMANAN, Chairman
R. RAMAKRISHNAN
S. SANTHANAKRISHNAN

Nomination and Remuneration Committee
R. RAMAKRISHNAN, Chairman
H. LAKSHMANAN
S. SANTHANAKRISHNAN

Corporate Social Responsibility Committee
H. LAKSHMANAN, Chairman
R. RAMAKRISHNAN
Dr. LAKSHMI VENU

Chief Executive Officer
RAJESH OOMMEN

Chief Financial Officer
S. RANGARAJAN

Company Secretary
P.D. DEV KISHAN

Auditors
SUNDARAM & SRINIVASAN
Chartered Accountants,
New No. 4 (Old No. 23) Sir C.P. Ramaswamy Road,
Alwarpet, Chennai 600 018.

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

Registered Office:
"Jayalakshmi Estates"
29, Haddows Road
Chennai 600 006
Tel.: 044 2827 2233
Fax : 044 2825 7121
E-mail: corpsec@scl.co.in
Web site: www.sundaramautocomponents.com
CIN : U29249TN1992PLC051417

Plant Locations
1) Belagondapalli, Hosur 635 114.
2) Oragadam, Kancheepuram District 602 105.
3) Byathahalli Village, Kadakola Post, Mysore 571 311.
4) Bhatian Village, Solan District, Himachal Pradesh 174 101.

Directors' Report to the Shareholders of the Company

The directors are pleased to present the twenty-fourth annual report together with the audited statement of accounts for the year ended 31st March 2016.

Financial Highlights

(Rs.in crores)

Details	Year ended 31.03.2016	Year ended 31.03.2015
Sales and other income	**2737.29**	2137.36
Profit before finance cost and depreciation	**56.12**	53.40
Less: Finance Cost	**3.73**	5.21
Depreciation	**13.38**	11.73
Profit after finance cost and depreciation	**39.01**	36.46
Add: Exceptional Item (Income)	**3.23**	0.86
Profit before tax after exceptional items	**42.24**	37.32
Less: Provision for taxation (including deferred tax)	**13.60**	12.00
Profit after tax	**28.64**	25.32
Add: Surplus brought forward	**38.60**	21.60
Total	**67.24**	46.92
Appropriations:		
First Interim Dividend Paid	**4.62**	4.04
Second Interim Dividend Paid	**3.47**	–
Dividend Tax on both Interim Dividend	**1.65**	0.81
Proposed Final Dividend	**–**	2.89
Surcharge on Dividend Distribution tax	**0.01**	–
Dividend tax payable	**–**	0.58
Surplus carried forward	**57.49**	38.60
Total	**67.24**	46.92

The Company earned a profit before tax (PBT) (before exceptional items) of Rs. 39.01 Cr as against Rs. 36.46 Cr in the previous year, registering a growth of 7%. Total revenue for the year stood at Rs. 2737.29 Cr as against Rs. 2,137.36 Cr in the previous year.

Dividend

The board of directors, (the board), at their meeting held on 24th December 2015, declared first interim dividend of Rs.4/- per share on 1,15,50,000 equity shares of Rs. 10/- each fully paid up, absorbing a sum of Rs.5.56 Cr. including dividend distribution tax and the same was paid to the holding company viz., TVS Motor Company Limited (TVSM) on 24th December 2015.

The board at their meeting held on 7th March 2016, declared second interim dividend of Rs.3/- per share on 1,15,50,000 equity shares of Rs.10/- each fully paid up, absorbing a sum of Rs.4.17 Cr. including dividend distribution tax and the same was paid to TVSM on 9th March 2016.

Hence, the total amount of dividend paid, for the year ended 31st March 2016 aggregate to Rs.7/- per share (70%) on 1,15,50,000 equity shares of Rs.10/- each absorbing a sum of Rs. 9.73 Cr including dividend distribution tax.

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

Industry Performance

The two-wheeler industry which was growing at CAGR of 10 per cent in the last 10 years started to slowdown during March 2015 mainly due to poor demand for motorcycles. Motorcycles account for almost 70 per cent of the market share in two-wheeler industry. During first quarter of 2015-16 the two-wheeler sector recorded a modest 0.6 per cent year-on-year growth. While motorcycle volumes declined by 2 percent, scooters recorded a 7.3 percent increase. Despite low fuel prices and lower interest rates, the motorcycle volumes remained sluggish. With the slowdown in motorcycle segment and growth in the scooter segment the overall two wheeler industry grew by 2% during 2015-16.

Passenger car segment grew by 6% in 2015-16, led by growth in small car sales (micro, mini & compact), which accounted for 60-65% of the domestic passenger vehicle sales. Growth in this segment was mainly due to purchase by first time buyers owing to lower cost of ownership / improved affordability. Factors such as low inflation, low fuel prices and interest rate cuts are driving a higher growth. Further, a slew of new model launches in the small car segment during the second half of 2015-16 and recent launches in the utility vehicles segment are expected to push growth in coming years.

Medium and Heavy Commercial vehicles (MHCV) segment grew by 27% in 2015-16, aided by strong growth in replacement demand from large fleet operators and a gradual improvement in new vehicle sales. Demand was backed by improvement in freight availability due to further pick-up in industrial activity and faster execution/awarding of infrastructure projects. Moreover, regulatory changes like mandatory ABS norms implemented in October 2015 led to preponement of purchases in 2015-16.

Category	2014-15	2015-16	Growth
	Nos. in lakhs		%
Two wheelers	184	188	2
Passenger Vehicles	32.2	34.2	6
Medium and Heavy Commercial Vehicles (MHCVs)	2.6	3.3	27

Business outlook

GDP is expected to be around 7.5% and the inflation is expected at 6% levels.

The two wheeler segment is expected to grow only by 2% to 4% in 2016-17 as the rural market is expected to pick up during second half of 2016-17. The growth in this segment will continue to be driven by demand coming from newly launched scooters and high-end motorcycles.

Rise in disposable income, stable cost of ownership and implementation of pay commission recommendation are expected to drive passenger vehicles sales in 2016-17 and the industry is expected to grow around 6% - 8% during 2016-17.

MHCV's replacement demand is expected to remain steady in 2016-17, while an improvement in macro-economic parameters leading to higher freight availability will support a gradual increase in new truck sales. The industry prospects hinges on faster execution of infrastructure projects, pick up in mining segment, improvement in transporter profitability with the reduction in fuel prices and lower interest rates. MHCV segment is expected to register a growth of 12% - 15% during 2016-17.

With the overall growth in the automotive industry and with the new products planned by the Company for its customers, the Company's overall sales during 2016-17 is expected to grow by 5%.

Awards

The Company was awarded for their outstanding effort and commitment towards achieving delivery target by Toyoda Gosei South India Private Limited in recognition of its outstanding delivery support given to the customer during the year.

FINANCIAL PERFORMANCE OF THE SUBSIDIARY AND ASSOCIATE

As on the date of the report, the following are the Subsidiary and Associate of the Company :

Subsidiary Company

Sundaram Holding USA Inc.

The Company made an investment of USD 750 for 750 shares with face value of USD 1 each in Sundaram Holding USA Inc., (SHUI) a Company established under the applicable provisions of Laws of United States of America for carrying out the business of the Company in USA. The Company by this investment acquired 75% of the paid up equity capital of SHUI and hence, SHUI became subsidiary of the Company effective 9th September 2015, by virtue of the provisions of Section 2(87) of the Companies Act, 2013.

Associate Company

Green Infra Wind Energy Theni Limited *(Formerly TVS Wind Energy Limited)*

The Company's investment of Rs.3 Cr for subscribing to 30,00,000 equity shares of Rs.10 each representing 21.58% in Green Infra Wind Energy Theni Limited (Green Infra) was made to comply with the legal requirement of being eligible as captive consumer to draw low cost green energy units produced by Green Infra.

During the year under review, Green Infra reported a PBT of Rs.33 lakhs.

Ministry of Corporate Affairs vide its notification dated 14th October 2014 has exempted the Companies in preparation of consolidated financial statements by an intermediate wholly-owned subsidiaries, other than a wholly-owned subsidiary whose immediate parent is a Company incorporated outside India. Since TVSM, the holding Company is consolidating the accounts of both SHUI and Green Infra along with its other subsidiaries / associates, the Company is exempted from preparation of consolidated financial statements separately.

However, the salient features of the financial statement of the Subsidiary and Associate in Form AOC-I, are annexed to the annual accounts of the Company, in terms of Section 129(3) of the Companies Act 2013 (the Act, 2013) read with Rule 5 of the Companies (Accounts) Rules, 2014.

Risk Management

The Board has established a 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 a 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. The Company's Audit Committee reviews reports given by members of the management team and recommends suitable action from time to time.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your directors make the following statement in terms of Section 134 of the Act 2013:

(a) that in the preparation of the annual accounts for the year ended 31st March 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(c) that the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the directors had prepared the accounts for the financial year ended 31st March 2016 on a going concern basis; and

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

Directors

Independent Directors (IDs)

In line with the requirements of the Companies Act, 2013 (the Act, 2013), the Company has appointed two independent directors viz., Mr R Ramakrishnan and Mr S Santhanakrishnan.

Declaration as to Independence

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

The detailed terms of appointment of IDs is disclosed on the Company's website in the following link http://www.sundaramautocomponents.com.

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 7th March 2016 and they reviewed the performance of:

(i) non-IDs viz., M/s. H Lakshmanan, C N Prasad, S G Murali and Dr. Lakshmi Venu ; and

(ii) the board as a whole.

They also reviewed the performance of Chairman after taking into account, the views of other 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 their duties.

Both the ID's were present at the Meeting.

Directors liable to retire by rotation

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

In terms of the applicable provisions of the Act 2013, Mr S G Murali, non-executive and non-independent director, who is liable to retire at the AGM and, being eligible, offers himself for re-appointment.

Woman Director

In terms of Section 149 of the Act, 2013, 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 Companies Act, 2013, effective 28th January 2015. Her appointment was regularized at the AGM held on 15th May 2015.

Policy on Directors Appointment and Remuneration of Directors, Key Managerial Personnel

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

Remuneration Policy

Directors:

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

The board has approved the payment of remuneration by way of profit related commission to the non-executive Independent directors, in aggregate, not exceeding 1% of the net profits of the Company from the financial year 2015-16, based on the recommendation of the Nomination and Remuneration Committee. The approval of the shareholders by way of an ordinary resolution will be obtained at the ensuing annual general meeting, in terms of Section 197 and 198 and any other applicable provisions of the Act 2013.

Key Managerial Personnel:

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

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

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

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

Criteria for Board Membership

Directors:

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

Independent Directors:

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

Key Managerial Personnel (KMPs)

Appointment of Chief Executive Officer:

Mr Rajesh Oommen, vice-president was appointed as Chief Executive Officer (CEO), whole-time key managerial personnel, in compliance with the requirement of Section 203 of the Act 2013 with effect from 15th May 2015.

Mr Pradip Kumar Saha ceased to be the manager of the Company effective 15th May 2015.

M/s Rajesh Oommen, Chief Executive Officer, S Rangarajan, Chief Financial Officer and Dev Kishan P D, Company Secretary are the Key Managerial Personnel of the Company as on the date of this Report.

Change in Company Secretary:

During the year under review, Mr K Dharmarajan resigned as the Company Secretary of the Company effective 23rd October 2015 and Ms Divya R P was appointed as the Company Secretary on the same date.

Subsequently, Ms Divya R P, due to personal reasons resigned with effect from 31st December 2015. Consequent to her resignation, the board at their meeting held on 7th March 2016 appointed Mr Dev Kishan P D as Company Secretary of the Company in compliance with the provisions of section 203 of the Act 2013, and as per the terms approved by the board.

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

Corporate Governance

Board Meetings:

During the year under review, the board met seven times on 23rd April 2015, 20th July 2015, 6th August 2015, 23rd October 2015, 24th December 2015, 23rd January 2016 and 7th March 2016 and the gap between two meetings did not exceed one hundred and twenty days.

Audit Committee:

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

The Audit Committee of the Company comprises of three members out of which two are independent directors. All members of the Audit Committee possess requisite qualification and have sound knowledge of finance, accounts and internal control.

The following directors are the members of Audit Committee of the Company as on the date of this Report:

1. Mr H Lakshmanan, Chairman, non executive non independent director
2. Mr S Santhanakrishnan, independent director
3. Mr R Ramakrishnan, independent director

Nomination and Remuneration Committee:

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

The Nomination and Remuneration Committee comprises of three members out of which two are independent directors.

The following are the members of Nomination and Remuneration Committee of the Company as on the date of this Report:

1. Mr R Ramakrishnan, Chairman, independent director
2. Mr H Lakshmanan, non executive non independent director
3. Mr S Santhanakrishnan, independent director

Remuneration criteria to Directors:

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.

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 limit of 1% (one percent) of the profits of the Company computed in accordance with applicable provisions of the Act 2013.

Corporate Social Responsibility Committee (CSR):

During the year under review, the board constituted a CSR Committee with the following directors:

1. Mr H Lakshmanan, Chairman, non executive non independent director
2. Dr. Lakshmi Venu, non executive non independent director
3. Mr R Ramakrishnan, independent director.

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

The Company, in order to carry out its CSR activities, contributed to Srinivasan Services Trust (SST), which was established in 1996 with the vision of building self-reliant rural community.

SST, over 20 years of service, has played a pivotal role in changing lives of people in many villages in rural India by creating self-reliant communities that are models of sustainable development.

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

Based on the recommendation of the CSR Committee, the board has approved the projects / programs to be carried out as CSR activities by SST by under taking these programmes / projects, and contributed Rs. 42 lakhs constituting 2% of average net profits, for the immediate past three financial years, towards CSR spending for the current financial year 2015-16.

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

Auditors

Statutory Auditors:

The Company, in terms of Section 139 (1) and (2) of the Act, 2013 is required to appoint a statutory auditor for a term of five consecutive years i.e., till the conclusion of sixth annual general meeting and ratify their appointment in every annual general meeting, during continuance of their term, i.e., till sixth meeting by way of passing of an ordinary resolution.

However, any firm which has held office as auditor prior to the commencement of the Act 2013, such period of office will be taken into account for calculating the period of two term of five consecutive years, as per the fourth proviso to Section 139(2) of the Act 2013 read with Rule 6(3) of the Companies (Audit and Auditors) Rules, 2014.

In view of the above, M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, who has been the statutory auditors of the Company for a period of more than 10 years, were appointed as statutory auditors of the Company for the transitional period of three consecutive years at the annual general meeting held on 11th July 2014, subject to the approval and ratification by the shareholders at each annual general meeting during the transitional period.

It is, therefore, proposed to recommend the ratification of re- appointment of M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, as statutory auditors for the last year in the transitional period of three consecutive years till the conclusion of the next AGM.

The Company has obtained necessary certificate under Section 141 of the Act 2013 from M/s Sundaram & Srinivasan, Chartered Accountants, conveying their eligibility for being statutory auditors of the Company for the year 2016-17.

The audit committee and board reviewed their eligibility criteria, as laid down under Section 141 of the Act 2013.

Observation of Statutory Auditor :

In para 7(a):

According to the records provided to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities. However, certain delays were noticed in remittance of Income tax deduction into Government and an instance of delay in remittance of Central Sales Tax into Government. The Company has not deducted income tax from purchase consideration paid to seller on acquisition of building as required by section 194-IA of the Income-tax, Act 1961.

Reply to Statutory Auditors Observation:

The Company has been advised the legal position based on Court decisions. In the instant case referred to in the auditors' report in paragraph 7(a), there is no transfer overt or implied much less through any document conveying the ownership of the building which vested with the Company consequent to the termination of lease. Since legally there is no transfer of any right in the property after the termination of lease by lessee in favour of the lessor, the provisions of Section 194(1A) are not attracted warranting deduction of tax at the rate of 1% on the voluntary vesting of the property on termination of lease agreement.

Secretarial Auditor

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

Accordingly, M/s. S. Krishnamurthy & Co., Practising Company Secretaries, secretarial auditor of the Company for the year 2015-16 submitted their report in terms of the requirement of Section 134(b) of the Act, 2013 and is free from any adverse remarks or qualification.

M/s S Krishnamurthy & Co, Practicing Company Secretaries, Chennai have been appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2016-17 for attaching their report with the Board's report to the shareholders.

Disclosures

Deposits

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31st March 2016 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

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 2013 read with the Companies (Accounts) Rules 2014.

Material changes and commitments:

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

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

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

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure II to this report.

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.

Related Party Transactions:

Particulars of contracts / arrangements with related parties referred to in sub-section (1) of Section 188 of the Act, 2013 are given in Annexure IV to this report in the prescribed form.

Details of loans / guarantees / investments made:

As regards furnishing the details of loans and guarantees under Section 186 of the Act 2013 for the financial year 2015-16, the Company has not extended any guarantee or loans to other companies during the year under review.

However, please refer note no. 12 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.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding company, namely TVS Motor Company Limited, Chennai.

The directors thank the suppliers, customers and bankers for their continued support and assistance.

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

For and on behalf of the Board

Place : Chennai
Date : 29th April 2016

H Lakshmanan
Chairman

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

A. CONSERVATION OF ENERGY

1.1 Measures taken in the year 2015-16:

- Introduced thermal jacket covers for barrel heaters of injection moulding machines to sustain the temperature for all the machines.
- Installed Servo hydraulic pumps & motors and variable frequency drive equipments for identified high energy consuming injection moulding machines.
- High energy efficient all electric injection moulding machines were purchased during the year.

The above measures resulted in an annual savings of Rs.1.00 crore.

1.2 Proposed measures for the year 2016-17:

- Installation of roof top solar panels at Hosur and Chennai plants for 1MW capacity.
- Proposed to install Servo hydraulic pumps & motors and Variable Frequency drive equipment further 17 high energy consuming machines.
- Conducting energy audit for taking corrective measures.

The above measures are expected to result in an annual saving of approximately Rs.0.80 crore.

2. Steps taken for utilizing alternate sources of energy during the year 2016-17

During the year 2015-16, the company has utilized the power generated through wind energy to an extent of 9766 MW. The Company is planning to continue the utilization of the wind energy for the year 2016-17 to an extent of 11,000 MW. The Company as primary initiative for the year 2016-17 is taking up the project of installing the solar panels as a power source for factory.

3. Capital investment- Energy conservation Equipments

The Company during the year 2015-16 invested in "Energy Efficient All Electric Injection Moulding Machines and Auxiliaries". The total investment in this project or expansion is Rs.15 Cr. These new machines are expected to reduce the power consumption upto 25% from the existing level of power consumed by similar machines. The Company will continue to invest in similar energy machines while undertaking any future expansion projects.

B. TECHNOLOGY ABSORPTION

Not Applicable

C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO.

Total foreign exchange earnings and out go :	(Rs. In Crore)
(a) Earnings	–
(b) Outgo	4.77

For and on behalf of the Board

Place : Chennai
Date : 29th April 2016

H Lakshmanan
Chairman

Annexure - II

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended 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	: U29249TN1992PLC051417
ii)	Registration Date	: 10.06.1992
iii)	Name of the Company	: Sundaram Auto Components Limited
iv)	Category / Sub-Category of the Company	: Public Limited Company
v)	Address of the Registered office and contact details	: "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006
vi)	Whether listed company Yes / No	: No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	: NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1	Plastic Moulded components	2520	19.8%
2	Two Wheelers	3410	80.2%

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 - Companies Act, 2013
1.	TVS Motor Company Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	L35921TN1992PLC022845	Holding Company	100	2(46)
2.	Sundaram Holding USA Inc. 2711, Centerville Road, #400, Wilmington, New Castle - 19808 State of Delaware, USA.	NA	Subsidiary	75	2(87)
3.	Green Infra Wind Energy Theni Limited 2nd Floor, Tower No. 2, NBCC Plaza Sector-V, Pushp Vihar, Saket, New Delhi - 110017	U40109DL2011PLC275063	Associate Company	21.58	2(6)

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

(i) Category-wise Share Holding: Not Applicable

(ii) Shareholding of Promoters

Name of the Shareholders (M/s.)	No. of shares	% of Shareholding
TVS Motor Company Limited (Holding Company) and its six nominees	1,15,50,000	100.00
TOTAL	1,15,50,000	100.00

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

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

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

V. INDEBTEDNESS

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

(Rs. in Crs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	18.79	0.73	19.52
ii) Interest due but not paid	0.20	–	0.20
iii) Interest accrued but not due	–	–	–
Total (i+ii+iii)	18.99	0.73	19.72
Change in Indebtedness during the financial year			
• Addition	12.67	0.14	12.81
• Reduction	(8.00)	–	(8.00)
Net Change	4.67	0.14	4.81
Indebtedness at the end of the financial year			
i) Principal Amount	23.56	0.87	24.43
ii) Interest due but not paid	0.10	–	0.10
iii) Interest accrued but not due	–	–	–
Total (i + ii + iii)	23.66	0.87	24.53

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		RK		SSK		
1.	Independent Directors Fee for attending board / committee meetings	50,000		57,500		1,07,500
	Commission	9,00,000		9,00,000		18,00,000
	Others					
	Total	9,50,000		9,57,500		19,07,500
		HL	CNP	SGM	Dr LV	Total Amount
2.	Other Non -Executive Directors Fee for attending board / committee meetings Commission Others	65,000	17,500	27,500	15,000	1,25,000
	Total	65,000	17,500	27,500	15,000	1,25,000
	Overall Ceiling as per the Act	1,17,03,647				

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

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	Company Secretary	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	70.72	–	–	70.72
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	- as % of profit	–	–	–	–
	- others	–	–	–	–
5.	Others	–	–	–	–
	Total	70.72	–	–	70.72

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

Annexure - IV

FORM No. AOC - 2

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

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contract, arrangement or transaction at arm's length basis:
   (a) Name of the related party — TVS Motor Company Limited
   (b) Nature of relationship — Holding Company
   (c) Duration of the contracts / arrangements / transactions — 2015-16
   (d) Date (s) of approval by the Board, if any: — 23rd April 2015 and 23rd 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)
Purchase	Two wheelers and Three wheelers	Based on dealer price	2227.82
Sale	Plastic Components and Dies & Moulds	Mark-up on cost of raw materials and conversion cost	305.84
Availing of Services	Share of cost of salary, training expenses, rent, sharing of common expenses	At cost	0.45
Rendering of Services	Sharing of common expenses	At cost	0.03
Sale of Properties	Sale of land	At market price	3.96

Annexure - V

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 proposed to be undertaken:

   Focus areas relate to economic development, quality education, empowerment of women, 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.sundaramautocomponents.com/SACL%20CSR%20Policy.pdf

4. Composition of the CSR Committee.

Sl. No.	Name of the Directors (M/s.)	Designation	Status
1.	Mr H Lakshmanan	Non-Independent director	Chairman
2.	Dr. Lakshmi Venu	Non-Independent director	Member
3.	Mr R Ramakrishnan	Independent director	Member

5. Average net profit of the Company for last three financial years — Rs. 20.99 Cr
6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) — Rs. 0.42 Cr
7. Details of CSR spent during the financial year
   (a) Total amount to be spent for the financial year — Rs. 0.42 Cr
   (b) Amount unspent, if any — Not Applicable
   (c) Manner in which the amount spent during the financial year is detailed below.

1	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road, Chennai - 600 006. Tamil Nadu Phone No: 044-28332115 Mail ID: aj@scl.co.in
2	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act, 2013	• Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; • Promotion of Education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects; • Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; • ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and • rural development projects.
3	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure
4	Areas in which Projects / Programmes undertaken:	
	Local Area / Others:	• Venkatagiri Mandal, Andhra Pradesh • Anbil village, Trichy district, Tamil Nadu
	State & district :	- Nellore District, Andhra Pradesh - Trichy District, Tamil Nadu
	Amount outlay (budget) project or program-wise:	Rs.600 lakhs
5	Amount spent on the projects or programmes:	Rs. 586.48 Lakhs (including contribution of Sundaram Auto Components Limited of Rs.42 Lakhs)
6	Sub-heads:	
	Direct expenses On projects / programs:	Rs.586.48 Lakhs
	Overheads:	Nil
7	Cumulative expenditure upto the reporting period:	Rs.586.48 lakhs (including contribution of Sundaram Auto Components Limited of Rs.42 Lakhs)

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

   Not applicable

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

   To discharge the duties cast under provisions of the Act, members of the CSR Committee visit places where SST is doing service.

For and on behalf of the Board

Place : Chennai — H Lakshmanan
Date : 29th April 2016 — Chairman and Chairman of CSR Committee

Annexure

Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Statement containing salient features of the financial statement of subsidiary:-

S. No.	Particulars	
1.	Name of the subsidiary	Sundaram Holding USA Inc.,
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	9th September 2015 to 31st March 2016
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	USD
4.	Share capital	1,000
5.	Reserves & Surplus	(310,318)
6.	Total assets	1,000
7.	Total Liabilities	310,318
8.	Investments	–
9.	Turnover	–
10.	Profit before taxation	(310,318)
11.	Provision for taxation	–
12.	Profit after taxation	(310,318)
13.	Proposed Dividend	–
14.	% of shareholding	75%

Part "B": Associates

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate:-

S. No.	Name of Associate	Green Infra Wind Energy Theni Limited
1.	Latest audited Balance Sheet Date	31.03.2016
2.	Shares of Associate held by the Company on the year end:-	
	(i) No. of shares	30,00,000
	(ii) Amount of Investment in Associate	Rs.3,00,00,000/-
	(iii) Extend of Holding %	21.58%
3.	Description of how there is significant influence	Voting Power
4.	Reason why the associate is not consolidated	The Company, being an intermediate Wholly Owned Subsidiary of TVS Motor Company Limited (TVSM), has been exempted from preparation of consolidated financial statements, as per the notification dated 14th October 2014 issued by the MCA in this regard.
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	Rs. 3,87,25,569/-
6.	Profit / Loss for the year:-	
	i. Considered in Consolidation	Not applicable
	i. Not Considered in Consolidation	Not applicable

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 Personnel) Rules, 2014]

To,

The Members,
Sundaram Auto Components Limited, [CIN:U29249TN1992PLC051417]
Jayalakshmi Estates, No. 29(8), Haddows Road, Chennai-600006

We have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by SUNDARAM AUTO COMPONENTS LIMITED (hereinafter called "the Company") during the financial year from 1st April 2015 to 31st March 2016 (the year / audit period / period under review). 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 the books, papers, minute books and other records maintained by the Company, forms / returns filed, compliance related action taken by the Company, during the year as well as after 31st March 2016 but before the issue of this report, and the information / explanation / representations provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that:

1. In our opinion, during the audit period covering the financial year ended on 31st March 2016, the Company has 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 the forms / returns filed during the year according to the applicable provisions of:
   (i) The Companies Act, 2013 (the Act) and the rules made thereunder (Rules).
   (ii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment.
   (iii) Secretarial Standards on Meetings of Board of Directors and General meetings issued by The Institute of Company Secretaries of India (Standards), which came into effect from 1st July 2015.
3. We are informed that during / in respect of the year:
   (i) The Company 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 Contracts (Regulation) Act, 1956 and the rules made thereunder.
      (b) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
      (c) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings.
      (d) Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992.
      (e) Listing agreement, since the Company is not a listed entity.
   (ii) No other law was specifically applicable to the Company, considering its nature of business, compliance with which we are required to report on under paragraph 2 above.
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, explanations and representations provided to us, generally complied with the provisions of the Acts, Rules and Standards mentioned under paragraph 2 above, to the extent applicable.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors.
2. The Company has no Executive Director but instead has a Chief Executive Officer who is not a member of the Board.
3. 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.
4. Adequate notice is given to all directors to schedule the Board Meetings, except where meetings are held at a shorter notice. Upto 30th June 2015, there was no statutory requirement to send agenda and notes thereon atleast seven days in advance. After 1st July 2015, agenda and detailed notes on agenda were sent at least seven days in advance, except where meetings were held at a shorter notice or additional subjects / supplementary agenda notes were circulated at the meeting.
5. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
6. Majority decision is carried through. We are informed that there were no dissenting members' views that were required to be captured and recorded as part of the minutes.
7. 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.
8. During the audit period, there were no specific events / actions having major bearing on the Company's affairs in pursuance of the above referred Act, Rules and Standards.

For S. Krishnamurthy & Co
Company Secretaries

K. Sriram,
Partner
Membership No.F6312
Certificate of Practice No: 2215

Date : 29th April 2016
Place : Chennai

Annexure - A to Secretarial Audit Report of even date

To,

The Members,
Sundaram Auto Components Limited, [CIN:U29249TN1992PLC051417]
Jayalakshmi Estates, No. 29(8), 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 management of the Company. 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 taken into consideration the 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 records on a test basis to see whether the correct facts are reflected in the secretarial records. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S. Krishnamurthy & Co
Company Secretaries

K. Sriram,
Partner
Membership No.F6312
Certificate of Practice No: 2215

Date : 29th April 2016
Place : Chennai

Independent Auditors' Report to the members of Sundaram Auto Components Limited, Chennai for the year ended 31st March 2016

To the Members of
Sundaram Auto Components Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram Auto Components Limited, Chennai ("the Company"), which comprise 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 the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a) of the state of affairs of the Company as at 31st March 2016;

b) its **Profit** for the year ended on that date; and

c) its cash flows for the year ended on that date .

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure -1, a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   e. On the basis of the written representations received from the directors as on 31st March 2016 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 - 2".
   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 26 (5) 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.
      iii. During the year, there was no requirement on the part of the Company to transfer any amount to Investor Education and Protection Fund.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn No. 004207S

M BALASUBRAMANIYAM
Partner
Membership No.F7945

Place : Chennai
Date : 29th April 2016

Annexure - 1 to Independent Auditors' Report to the members of Sundaram Auto Components Limited, Chennai for the year ended 31st March 2016.

Annexure referred to in our report under "Report on Other Legal and Regulatory Requirements Para 1" of even date on the accounts for the year ended 31st March 2016.

1. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   (b) Fixed assets are verified physically by the management in accordance with a regular programme at reasonable intervals. No material discrepancies were noticed on such verification.

   (c) We have verified all title deeds of immovable properties held in the name of company except in case of those hypothecated with bank as security against loan. In respect of hypothecated immovable properties, we have verified confirmation certificate received from the Company's bank.

2. The inventory has been physically verified at reasonable intervals during the year by the management.

3. During the year, the company has not granted any loan to a company, firm, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

4. During the year, the company has not granted any loan or has made any investments or furnished any guarantees or provided any security. Hence reporting on whether there is compliance with provisions of section 185 and 186 of the Companies Act, 2013 does not arise.

5. The company has not accepted any deposit within the meaning of Sections 73 to 76 of the Companies Act, 2013, during the year.

6. We have broadly reviewed the books of accounts maintained by the Company under sub-section of (1) of section 148 of the Companies Act, 2013, read with the rules made by the Central Government for maintenance of cost records and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained.

7. (a) According to the records provided to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues to the appropriate authorities. However, certain delays were noticed in remittance of Income tax deduction into Government and an instance of delay in remittance of Central Sales Tax into Government. The Company has not deducted Income tax from purchase consideration paid to seller on acquisition of building as required by Section 194-IA of the Income-tax Act, 1961.

   (b) According to the information and explanations furnished to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess were in arrears, as at 31st March 2016 for a period of more than six months from the date they became payable.

   (c) According to information and explanations furnished to us, the following are the details of the disputed dues that were not deposited with the concerned authorities:

Name of the statue	Nature of dues	Amount (Rs. In crore)	Forum where the dispute is pending
Central Excise Act, 1944	Cenvat / Excise Duties	0.02	High Court of Judicature at Madras
Finance Act, 1994	Service Tax	0.20	Central Excise and Service Tax Appellate Tribunal
		0.53	Assistant Commissioner, Hosur
		0.03	Assistant Commissioner, Chennai
Income Tax Act, 1961	Income Tax	0.30	Commissioner of Income Tax (Appeals), Chennai
Tamilnadu Value Added Tax, 2006	Tax / VAT credit	0.11	Joint Commissioner of Commercial Tax, Salem

8. Based on our verification and according to the information and explanations furnished by the management, the Company has not defaulted in repayment of dues to its bank.

9. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence reporting on utilization of such money does not arise.

   (b) The Company has not availed any fresh term loan during the year. The loans availed in earlier years were applied for the purpose for which they were availed.

10. Based on the audit procedures adopted and information and explanations furnished to us by the management, no fraud on or by the company has been noticed or reported during the course of our audit.

11. For two independent non-executive directors a sum of Rs. 0.09 Crore each has been provided for as commission, subject to approval by the shareholders in the ensuing annual general meeting.

12. The Company is not a Nidhi company and as such this clause of the Order is not applicable.

13. (a) In our opinion and according to the information and explanations furnished to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013.

    (b) The details of transactions during the year have been disclosed in the Financial Statements as required by the applicable accounting standards. Refer Note no - 26 (1)(n) to the Financial statements.

14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under Section 42 of the Companies Act, 2013.

15. In our opinion and according to the information and explanations furnished to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.

16. The Company is not required to register under Section 45-IA of the Reserve Bank of India Act, 1934.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn No. 004207S

M BALASUBRAMANIYAM
Partner
Membership No.F7945

Place : Chennai
Date : 29th April 2016

Annexure - 2 to Independent Auditors' Report to the members of Sundaram Auto Components Limited, Chennai for the year ended 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")

We have audited the internal financial controls over financial reporting of Sundaram Auto Components Limited, Chennai ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

I. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

II. 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

III. 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 Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on;

i. existing policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business.

ii. continuous adherence to Company's policies.

iii. existing procedures in relation to safeguarding of Company's fixed assets, investments, inventories, receivables, loans and advances made and cash and bank balances.

iv. existing system to prevent and detect fraud and errors.

v. accuracy and completeness of Company's accounting records; and

vi. existing capacity to prepare timely and reliable financial information.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn No. 004207S

M BALASUBRAMANIYAM
Partner
Membership No.F7945

Place : Chennai
Date : 29th April 2016

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	1	**11.55**		11.55	
(b) Reserves and surplus	2	**118.63**		99.61	
			130.18		111.16
2 Non-current liabilities					
(a) Long-term borrowings	3	**–**		9.00	
(b) Deferred tax liabilities (Net)		**9.14**		7.47	
(c) Other Long Term Liabilities	4	**28.12**		24.83	
(d) Long-term provisions	5	**1.50**		0.96	
			38.76		42.26
3 Current liabilities					
(a) Short-term borrowings	6	**15.43**		2.52	
(b) Trade payables					
(i) Total outstanding dues of micro enterprises and small enterprises		**2.65**		0.74	
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**175.63**		162.46	
(c) Other current liabilities	7	**52.57**		62.16	
(d) Short-term provisions	8	**0.03**		3.54	
			246.31		231.42
TOTAL			**415.25**		384.84
II. ASSETS					
1 Non-current assets					
(a) Fixed assets					
(i) Tangible assets	9	**122.04**		98.65	
(ii) Intangible assets	10	**2.27**		0.12	
(iii) Capital work-in-progress	11	**16.25**		3.55	
(b) Non-current investments	12	**32.12**		28.87	
(c) Long term loans and advances	13	**1.58**		5.96	
(d) Other Non Current Assets	14	**6.63**		4.28	
			180.89		141.43
2 Current assets					
(a) Inventories	15	**149.63**		140.85	
(b) Trade receivables	16	**60.97**		79.18	
(c) Cash and cash equivalents	17	**0.52**		2.79	
(d) Short-term loans and advances	18	**18.51**		16.07	
(e) Other Current Assets	19	**4.73**		4.52	
			234.36		243.41
TOTAL			**415.25**		384.84
Accounting Standards, additional disclosures and Notes on accounts	26				

As per our report annexed

H LAKSHMANAN
Chairman

C N PRASAD
Director

S RANGARAJAN
Chief Financial Officer

RAJESH OOMMEN
Chief Executive Officer

Chennai
29-04-2016

DEV KISHAN P.D.
Company Secretary

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration No: 004207S

M BALASUBRAMANIYAM
Partner
Membership No. F 7945

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	20	**2,795.35**	2,188.32
	Less: Excise duty		**60.61**	52.54
			2,734.74	2,135.78
II.	Other income	21	**2.55**	1.58
III.	**Total Revenue (I + II)**		**2,737.29**	2,137.36
IV.	Expenses:			
	Cost of materials consumed	22	**322.51**	268.03
	Purchase of Stock-in-Trade		**2,227.82**	1,727.05
	Changes in inventories of finished goods work-in-process and Stock-in-Trade		**(27.79)**	(41.46)
	Employee benefits	23	**51.49**	41.13
	Finance costs	24	**3.73**	5.21
	Depreciation and amortization expense		**13.38**	11.73
	Other expenses	25	**107.14**	89.21
	Total expenses		**2,698.28**	2,100.90
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		**39.01**	36.46
VI.	Exceptional items		**3.23**	0.86
VII.	**Profit before extraordinary items and tax (V - VI)**		**42.24**	37.32
VIII.	Extraordinary Items		**–**	–
IX.	**Profit before tax (VII + VIII)**		**42.24**	37.32
X.	Tax expense:			
	(1) Current tax		**11.94**	14.13
	(2) Deferred tax		**1.67**	(1.11)
	(3) Tax relating to earlier years		**(0.01)**	(1.02)
XI.	**Profit / (Loss) for the period (IX - X)**		**28.64**	25.32
XII.	Earnings per equity share:			
	Basic & Diluted - Refer Note No.26 (1) (0) under AS 20 in Rs.		**24.80**	21.92
	Accounting Standards, additional disclosures and Notes on accounts	26		

As per our report annexed

H LAKSHMANAN
Chairman

C N PRASAD
Director

S RANGARAJAN
Chief Financial Officer

RAJESH OOMMEN
Chief Executive Officer

Chennai
29-04-2016

DEV KISHAN P.D.
Company Secretary

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration No: 004207S

M BALASUBRAMANIYAM
Partner
Membership No. F 7945

Notes on accounts

Rupees in crores

Particulars		As at 31 March 2016		As at 31 March 2015
1 SHARE CAPITAL				
(a) Details of Authorised, issued and subscribed share capital				
	Number	**Amount**	Number	Amount
Authorised				
Equity shares of Rs.10/- each	**4,00,00,000**	**40.00**	1,20,00,000	12.00
Issued, Subscribed & Paid up				
Equity shares of Rs.10/- each	**1,15,50,000**	**11.55**	1,15,50,000	11.55
Total	**1,15,50,000**	**11.55**	1,15,50,000	11.55
(b) Statement showing reconciliation of equity shares outstanding on 1st April 2015 and 31st March, 2016				
Shares outstanding at the beginning of the year	**1,15,50,000**	**11.55**	1,15,50,000	11.55
Shares issued during the year	**–**	**–**	–	–
Shares outstanding at the end of the year	**1,15,50,000**	**11.55**	1,15,50,000	11.55

(c) Rights and preferences attached to equity share:

(i) Shareholders are entitled to such right as to attend meetings of the shareholders, to receive dividends distributed and also have a right in residual interest in the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided.

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

(d) Statement showing details of shares held by holding company at the end of 31st March 2016

Name of Shareholder	Class of Share	As at 31 March 2016		As at 31 March 2015	
		No. of Shares held	**% of Holding**	No. of Shares held	% of Holding
TVS Motor Company Limited, Chennai and by its six nominees	Equity	**1,15,50,000**	**100%**	1,15,50,000	100%

Rupees in crores

Particulars	As at 31 March 2016	As at 31 March 2015
2 RESERVES AND SURPLUS		
a. Capital Reserve		
On acquisition of Business (Rs.4,075)	**–**	–
Closing Balance	**–**	–
b. Securities premium reserve		
Opening Balance	**49.35**	49.35
Closing Balance	**49.35**	49.35
c. General reserve		
Opening Balance	**11.93**	12.03
Add: Transfer from statement of Profit and Loss	**–**	–
Less: Additional depreciation consequent to adoption of revised useful life of depreciable asset as per Schedule II of the Companies Act, 2013	**–**	(0.15)
Add: Deferred tax impact on above	**–**	0.05
Closing Balance	**11.93**	11.93
d. Other Reserves - Hedging reserve		
Opening Balance	**(0.27)**	(0.15)
Add: Created during the year	**(0.14)**	(0.27)
Less: Utilised during the year	**0.27**	0.15
Closing Balance	**(0.14)**	(0.27)

Notes on accounts - (continued)

Rupees in crores

Particulars	As at 31.03. 2016	As at 31.03. 2015
e. Surplus - i.e. balance in the Statement of Profit and Loss		
Opening balance	**38.60**	21.60
Add: Net Profit for the year	**28.64**	25.32
Less: First Interim Dividend Paid	**(4.62)**	(4.04)
Dividend distribution tax paid on first interim dividend	**(0.94)**	(0.81)
Second interim Dividend paid	**(3.47)**	(2.89)
Dividend distribution tax paid on second interim dividend	**(0.71)**	(0.58)
Surcharge on dividend tax for FY 2014-15	**(0.01)**	–
Transfer to General reserve	**–**	–
Closing Balance	**57.49**	38.60
Total	**118.63**	99.61
3 LONG TERM BORROWINGS		
Secured		
Term Loan From Bank		
Secured by first charge on the entire fixed assets of the Company including Equitable Mortgage on lease hold rights of the land.	**–**	9.00
Repayable over 16 quarterly instalments starting from June, 2013 and ending in March, 2017.		
Total	**–**	9.00
4 OTHER LONG TERM LIABILITIES		
Other payables		
Consideration payable for purchase of investment in property	**28.12**	24.83
	28.12	24.83
5 LONG TERM PROVISIONS		
For Employee benefits:		
(i) Pension Fund	**0.81**	0.56
(ii) Leave Salary	**0.69**	0.40
Total	**1.50**	0.96
6 SHORT TERM BORROWINGS		
Secured - From Banks		
Cash Credit Facility secured by hypothecation of entire current assets, viz. inventories and receivables, both present and future	**14.56**	1.79
Unsecured - From Banks		
Loans Repayable on Demand	**0.87**	0.73
Total	**15.43**	2.52
7 OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term borrowing		
- Term Loan from Banks	**9.00**	8.00
(b) Interest accrued and due	**0.10**	0.20
(c) Other payables:		
(i) Statutory Dues		
- Tax Deducted at Source	**0.61**	0.30
- Income Tax	**0.05**	0.05
- Sales Tax	**18.41**	15.77
(ii) Others		
- Employee Related	**3.62**	2.72
- For expenses	**3.22**	3.42
- Advance received from customers	**17.42**	31.43
(d) Payable under Hedge Instrument	**0.14**	0.27
Total	**52.57**	62.16
8 SHORT TERM PROVISIONS		
(i) Employee Benefit - Leave Salary	**0.03**	0.02
(ii) Employee Benefit - Pension	**–**	0.05
Others		
(i) Interim dividend payable	**–**	2.89
(ii) Dividend Tax Payable	**–**	0.58
Total	**0.03**	3.54

Notes on accounts - (continued)

9 NON CURRENT ASSETS - FIXED ASSETS - TANGIBLE ASSET

Rupees in crores

Description	Land		Buildings	Plant & Equipment	Furniture & fixtures	Office Equipment	Computers	Vehicles	Total	
	Free hold	Lease hold							As at 31-03-2016	As at 31-03-2015
Cost of Assets										
As at 01-04-2015	3.87	9.88	33.80	115.56	2.00	1.02	2.35	0.49	168.97	167.05
New business acquisition*	1.56	–	3.10	4.28	0.43	0.03	0.05	–	9.45	–
Additions	–	–	1.92	24.13	0.92	0.27	0.77	0.09	28.10	14.47
Total	5.43	9.88	38.82	143.97	3.35	1.32	3.17	0.58	206.52	181.52
Less: Impairment / Sale	0.09	–	0.65	0.80	0.10	–	–	–	1.64	12.55
Total	5.34	9.88	38.17	143.17	3.25	1.32	3.17	0.58	204.88	168.97
Depreciation/Amortisation										
As at 31-03-2015	–	0.24	7.77	59.49	0.69	0.31	1.40	0.42	70.32	59.76
For the year										
- charge to statement of profit & loss	–	0.03	1.11	11.12	0.16	0.08	0.45	0.03	12.98	11.57
- charge to retained earnings (ie) to general reserve	–	–	–	–	–	–	–	–	–	0.15
Total	–	0.27	8.88	70.61	0.85	0.39	1.85	0.45	83.30	71.48
Less: Impairment/Deletion	–	–	0.01	0.44	0.01	–	–	–	0.46	1.16
Total	–	0.27	8.87	70.17	0.84	0.39	1.85	0.45	82.84	70.32
Written Down Value										
As at 31-03-2016	5.34	9.61	29.30	73.00	2.41	0.93	1.32	0.13	122.04	–
As at 31-03-2015	3.87	9.64	26.03	56.07	1.31	0.71	0.95	0.07	–	98.65

* on acquisition of Seat manufacturing facilities in Nalagarh, Bhatian Village, Solan District,Himachal Pradesh

10 NON CURRENT ASSETS - FIXED ASSETS - INTANGIBLE ASSETS

Rupees in crores

Description	Goodwill	Software	Licence Fees	Total	
				As at 31-03-2016	As at 31-03-2015
Cost of Assets					
As at 01-04-2015	–	0.63	0.94	**1.57**	1.44
New business acquisition*	2.20	–	–	**2.20**	–
Additions	–	0.35	–	**0.35**	0.13
Total	2.20	0.98	0.94	**4.12**	1.57
Less: Sales / Deletion	–	–	–	–	–
Total	2.20	0.98	0.94	**4.12**	1.57
Amortisation					
As at 31-03-2015	–	0.51	0.94	**1.45**	1.29
For the year	0.28	0.12	–	**0.40**	0.16
Total	0.28	0.63	0.94	**1.85**	1.45
Less: withdrawn on assets sold/deleted	–	–	–	–	–
Total	0.28	0.63	0.94	**1.85**	1.45
Written Down Value					
As at 31-03-2016	1.92	0.35	–	**2.27**	–
As at 31-03-2015	–	0.12	–	**–**	0.12

* on acquisition of Seat manufacturing facilities in Nalagarh, Bhatian Village, Solan District,Himachal Pradesh

11 CAPITAL WORK-IN-PROGRESS

Description	**As at 31 March 2016**	As at 31 March 2015
Plant & Equipment	**7.68**	3.55
Building	**8.57**	–
Total	**16.25**	3.55

12 NON-CURRENT INVESTMENTS

Rupees in crores

Particulars	**As at 31 March 2016**	As at 31 March 2015
Non - Trade Investments		
(a) Investment property (Land at cost)	**28.12**	24.83
(b) Investment in Equity instruments	**3.00**	3.01
(c) Employees pension related investments	**1.00**	1.03
Total	**32.12**	28.87

NON TRADE INVESTMENTS

Name of Body Corporate	Relationship	No. of Shares / units		Quoted/	Partly paid	Extent of Holding		Amount		Basis of
		31-Mar-2016	31-Mar-2015	Unquoted	Fully paid	**31-03-2016**	31-03-2015	**31-03-2016**	31-03-2015	valuation
Details of Investments in Equity Instruments										
(a) Green Infra Wind Energy Theni Limited,* New Delhi (formerly TVS Wind EnergyLimited) (Face value of Rs.10/-each)	Associate	**30,00,000**	30,00,000	Unquoted	Fully Paid	**21.6%**	21.6%	**3.00**	3.00	Cost
(b) Sundaram Engineering Products Services Limited, Chennai	Fellow subsidiary	**–**	7,746	Unquoted	Fully Paid	**0.0%**	15.5%	**–**	0.01	Cost
(c) Sundaram Holding USA, Inc., Delaware (Face value of $1/- each) INR - 49,928)	Subsidiary	**750**	–	Unquoted	Fully Paid	**75.0%**	–	**–**	–	Cost
Other Investments										
Life Insurance Corporation Pension Policy, Mumbai	–	**–**	–	Unquoted	Fully Paid	**–**	–	**1.00**	1.03	Cost
Aggregate amount of unquoted Investments - Total	–	**–**	–	–	–	**–**	–	**4.00**	4.04	–

* Lock-in-period expires on 31st March 2031

Notes on accounts - (continued)

Rupees in crores

Particulars	As at 31.03. 2016	As at 31.03. 2015
13 LONG TERM LOANS AND ADVANCES		
Unsecured - Considered good		
Capital advances*	**1.58**	5.96
Total	**1.58**	5.96

* Note: last year advance includes advance made for purchase of business Rs.5.80 crores.

Notes on accounts - (continued)

Rupees in crores

Particulars	As at 31.03. 2016	As at 31.03. 2015
14 OTHER NON-CURRENT ASSETS		
Secured - Considered good		
Taxes & Duties Recoverable - (Advance income tax net of provision)	**0.55**	0.25
Deposits	**6.08**	4.03
Total	**6.63**	4.28

15 INVENTORIES

Rupees in crores

Particulars	Mode of valuation	As at 31 March 2016		As at 31 March 2015	
Raw materials and components *	Lower of weighted average cost or net realisable value	**10.82**		10.12	
Goods-in-Transit - Raw Materials	- do -	**–**	**10.82**	–	10.12
Work-in-process *					
- Plastic Components	- do -	**1.02**		0.56	
- Moulds	- do -	**3.63**	**4.65**	3.08	3.64
Finished goods - Plastic Components *	- do -		**3.13**		1.92
Stock-in-Trade - Automobiles *	- do -	**97.11**		71.54	
Stock-in-Trade - Goods-in-Transit - Automobiles	- do -	**33.05**	**130.16**	53.18	124.72
Stores and spares *	- do -		**0.87**		0.45
Total			**149.63**		140.85

* As certified by Chairman

Rupees in crores

Particulars	As at 31.03. 2016	As at 31.03. 2015
16 TRADE RECEIVABLES		
(a) Unsecured debts outstanding for a period exceeding six months from the date due for payment		
(i) Considered good	**–**	4.55
(ii) Considered doubtful	**1.00**	0.91
	1.00	5.46
Less: Provision for doubtful debts	**1.00**	0.91
	–	4.55
(b) Other unsecured debts - Considered good	**60.97**	74.63
Total	**60.97**	79.18
17 CASH AND CASH EQUIVALENTS		
(a) Balances with banks - Current Account	**0.46**	0.25
(b) Cash on hand	**0.05**	0.03
(c) Cheques / drafts on hand	**–**	–
(d) Bank deposits	**–**	2.50
(e) Margin money deposits with banks (more than 12 months maturity)	**0.01**	0.01
Total	**0.52**	2.79
18 SHORT-TERM LOANS AND ADVANCES		
Others - Unsecured - Considered good		
- Advances recoverable in cash or in kind	**9.75**	11.20
- Deposits	**0.09**	0.02
- Balance with Central Excise & Commercial Tax authorities	**7.53**	4.33
- Taxes & Duties Recoverable - (Advance income tax net of provision)	**0.59**	0.29
- Prepaid Expenses	**0.55**	0.23
Total	**18.51**	16.07
19 OTHER CURRENT ASSETS		
Interest accrued on Deposits	**0.01**	–
Claims Receivable	**4.72**	4.52
Total	**4.73**	4.52

Rupees in crores

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
20 REVENUE FROM OPERATIONS		
Sale of Automobiles	**2,241.78**	1,720.37
Sale of Components	**551.63**	466.69
Other operating revenues	**1.94**	1.26
Sub total	**2,795.35**	2,188.32
Less: Excise duty	**60.61**	52.54
Total	**2,734.74**	2,135.78
21 OTHER INCOME		
Interest	**0.82**	1.03
Profit on sale of fixed assets	**0.36**	0.02
Other non operating income*	**1.37**	0.53
Total	**2.55**	1.58
* includes Rs.1.07 crores refund received from Tamilnadu Electricity Board towards the wind energy sold during the financial year 2012-13		
22 MATERIAL COST		
A. Cost of Materials consumed		
Opening Stock of Raw Materials & Components	**10.12**	11.14
Add: Purchases	**323.21**	267.01
Less:Closing Stock of Raw Materials & Components	**10.82**	10.12
Consumption of raw materials	**322.51**	268.03
B. Purchase of Stock-in-Trade (Automobiles)	**2,227.82**	1,727.05
C. Changes in inventory of WIP Components and Finished goods Components and Automobiles		
Opening stock: Work in process	**3.64**	4.15
Finished goods - Plastic Components	**1.92**	1.77
Less: Excise duty on finished goods	**(0.04)**	(0.09)
Finished goods - Automobiles	**71.54**	29.72
Total (A)	**77.06**	35.55
Closing stock: Work in process	**4.65**	3.64
Finished goods - Plastic Components	**3.13**	1.92
Less: Excise duty on finished goods	**(0.07)**	(0.04)
Finished goods - Automobiles	**97.11**	71.54
Total (B)	**104.82**	77.06
Change in excise duty on opening and closing stock of finished goods **Total (C)**	**(0.03)**	0.05
(A)-(B)+(C)	**(27.79)**	(41.46)

Refer to Note No.26(10)(1)(a) for broad head of raw materials consumed.

Notes on accounts - (continued)

Rupees in crores

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
23 EMPLOYEE BENEFITS		
Salaries & Wages	**39.26**	32.63
Leave Salary	**1.02**	0.52
Contribution to Provident and other funds	**2.92**	2.09
Welfare expenses	**8.29**	5.89
Total	**51.49**	41.13
24 FINANCE COSTS		
Interest Expense	**3.61**	5.08
Other Borrowing Costs	**0.12**	0.13
Total	**3.73**	5.21
25 OTHER EXPENSES		
Consumption of stores and spare parts	**4.07**	2.96
Power and fuel	**16.22**	15.11
Rent*	**5.83**	3.85
Repairs - Buildings	**3.41**	2.79
Repairs - Plant & Equipment	**9.76**	7.24
Repairs - Other Assets	**1.04**	0.98
Insurance	**0.95**	0.46
Rates and taxes	**2.69**	2.03
Audit fees	**0.20**	0.18
Packing and freight charges *	**50.73**	44.37
Sitting Fees	**0.02**	0.01
Commission to Independent non-executive directors	**0.18**	–
Loss on sale of fixed assets	**0.09**	0.01
Foreign Exchange loss	**1.17**	0.95
Miscellaneous Expenses *	**10.44**	8.27
Provision for Doubtful Debts	**0.34**	–
Total	**107.14**	89.21

(* Net of recoveries)

Refer Note No.26(1)(e) on AS 5 for prior period items

	As at / year ended 31 March 2016	As at / year ended 31 March 2015

26 ADDITIONAL INFORMATION

1. Accounting Standards

(a) AS - 1 Disclosure of accounting policies
The accounts are maintained on accrual basis as a going concern.

(b) AS - 2 Valuation of inventories
Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at lower of realisable value and weighted average cost.

(c) AS - 3 Cash flow statements
The cash flow statement is prepared under "indirect method" and the same is annexed.

(d) AS - 4 Contingencies and Events Occurring After the Balance Sheet Date
There are no reportable contingencies and events occurring after the Balance Sheet date.

(e) AS - 5 Net profit or loss for the period, prior period items and changes in accounting policies.

Exceptional item represents -profit made on the sale of		
immovable property	**3.15**	0.86
insurance claim received.	**0.09**	–

- Details of prior period debits to Profit and Loss Account:

Legal & retainer fees	**–**	0.08
Rent	**–**	0.12
Welfare expenses	**0.01**	–

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)

Rupees in crores

	As at / year ended 31 March 2016	As at / year ended 31 March 2015

(g) AS - 9 Revenue recognition
The income of the company is derived from manufacture and sale of plastic components and trading in automobiles. Sale of goods is recognised on despatch of goods to customers.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend from investments will be recognised when the Company in which they are held declares the dividend and the right to receive the same is established.

The revenue and expenditure are accounted on a going concern basis.

(h) AS - 10 Property, Plant & Equipment
All the fixed assets are valued at cost including expenditure incurred in bringing them to usable condition less depreciation.

Cost of land includes lands acquired on lease	**9.88**	9.88
Buildings include buildings constructed on leasehold lands	**20.35**	19.09

In respect of lease hold land of Rs.6.91 crores, the lease deeds are yet to be executed. Amortisation in respect of leased cost of land situated in Sanad District, Gujarat will commence from the year in which the possession of land is taken over after execution of lease deed. The lease cost is capitalised on the basis of allotment letter. As per the Gujarat Industrial Development Corporation's allotment letter the company is obliged to commence production before 5th March, 2016. The company will seek extension of time limit shortly.

Component Accounting: Useful life of whole asset and part of the asset in respect of all depreciable assets it was noticed that useful life of part of the asset is not significantly different from the "whole of the asset". Accordingly, measurement of depreciation is same for component asset and whole of the asset.

Depreciation has been provided under the straight line method based on the useful life as per the requirements of Schedule II of the Companies Act, 2013.

The company has internally evaluated the useful life of all the assets and that useful life has been considered for providing the depreciation charge. The useful life considered are as under:

	Useful life considered (yrs)
Factory Buildings	**30**
Plant & Equipments	**10**
Electrical Equipment	**15**
Vehicles	**5**
Furnitures & Fixtures	**16**
Office Equipments	**21**
Computers & Accessories	**3**

In respect of assets added / sold during the year pro-rata depreciation has been provided.

Depreciation in respect of Moulds has been provided based on the quantity of components manufactured.

Assets acquired during the year and whose cost is less than Rs.5,000/- are fully depreciated.

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)

	As at / year ended 31 March 2016	As at / year ended 31 March 2015
(i) AS - 11 Accounting for effects of changes in foreign exchange rates		

Rupees in crores

Purchase of imported raw materials, components, spare parts and capital goods are accounted based on retirement memos from banks. In respect of liabilities on import of raw materials, components, spare parts and capital goods which are in transit and where invoices / bills are yet to be received, the liability is accounted based on the advance copies of documents at the market exchange rates prevailing on the date of the balance sheet.

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)

Rupees in crores

	As at / year ended 31 March 2016	As at / year ended 31 March 2015
Net exchange difference on imports debited to Statement of Profit and Loss		
- Under other expenses	**1.17**	0.95
Total	**1.17**	0.95

The Company has entered into forward contracts for hedging the risk of exchange rate fluctuation. There are no derivative contracts other than the forward contracts.

(j) AS - 13 Accounting for Investments
Investments are valued at cost. Provision for diminution in the carrying cost of investments is made if such diminution is other than temporary in nature in the opinion of the management.

(k) AS - 15 Accounting for employee benefits

Disclosure is made as per the requirements of the standard and the same is furnished below:

A Defined contribution plans

(a) Contribution to provident fund is in the nature of defined contribution plan and the same is made to Government.

(b) Contribution to pension fund is partially in nature of defined contribution plan and the same has been made to Life Insurance Corporation of India, Mumbai.

B Defined benefit plan

(a) The Company extends defined benefit plans in the form of leave salary to its employees and pension to senior managers of the Company.

(b) The Company also extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India in accordance with the schemes framed by the Corporation.

Disclosure are as required by Accounting Standard 15: Rupees in crores

		Leave Salary	Pension	Gratuity**
(a)	Expenses recognised in the Statement of Profit & Loss Account			
(i)	Current Service cost	0.05	0.02	
(ii)	Interest cost	0.03	0.05	
(iii)	Expected return on plan assets	–	–	
(iv)	Net actuarial loss / (gain) recognised in the year	0.22	0.13	
	Total	0.30	0.20	
(b)	Change in defined benefit obligation during the year ended 31st March 2016			
(i)	Present value of obligation as at beginning of the year (01.04.2015)	0.42	0.61	
(ii)	Interest cost	0.03	0.05	
(iii)	Current service cost	0.05	0.02	
(iv)	Benefits paid	–	–	
(v)	Actuarial loss / (gain) on obligation	0.22	0.13	
(vi)	Present value of obligation as at the end of the year (31.03.2016)	0.72	0.81	
(c)	Change in fair value of plan assets during the year ended 31st March 2016			
(i)	Fair value of plan assets at the beginning of the year (01.04.2015)	–	–	
(ii)	Expected return on plan assets	–	–	
(iii)	Contributions made during the year	–	–	
(iv)	Benefits paid	–	–	
(v)	Actuarial gain on plan assets	–	–	
(vi)	Fair value of plan assets as at the end of the year (31.03.2016)	–	–	
(d)	Balance Sheet movements			
(i)	Value of benefit obligations / (net assets) at the beginning of the year (01.04.2015)	0.42	0.61	
(ii)	Contributions made during the year	–	–	
(iii)	Expenses	0.30	0.20	
(iv)	Benefits paid	–	–	
(v)	Value of benefit obligations / (net assets) at the end of the year (31.03.2016)	0.72	0.81	
	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%	
(ii)	Expected return on plan assets	NA	NA	
	Estimates of future salary increases considered in actuarial valuation takes into account the inflation, seniority, promotions and other relevant factors.			

**Note: The reconciliation of the present value of obligation and fair value of plan assets as regards gratuity plan is not furnished as information in this regard is not received from Life Insurance Corporation of India. However, contribution to gratuity fund is made based on demand from Life Insurance Corporation of India.

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)

Rupees in crores

(l) AS-16 Borrowing cost

The borrowing costs have been treated in accordance with Accounting Standard on Borrowing Cost (AS-16) issued by The Institute of Chartered Accountants of India.

No interest on borrowings have been capitalised during the year.

(m) AS-17 Segment reporting

The Company operates in only one segment viz., manufacturing of automobile parts and trading of automobiles. Hence the Accounting Standard on segment reporting is not applicable.

(n) AS - 18 Related party disclosure (including Companies Act)

Disclosure is made as per the requirements of the standard and the same is furnished below:

Reporting entity	Sundaram Auto Components Limited, Chennai
List of related parties :	
Holding company	TVS Motor Company Limited, Chennai
Ultimate holding companies	T V Sundram Iyengar & Sons Private Limited, Madurai
	Sundaram - Clayton Limited, Chennai
Subsidiary company	Sundaram Holding USA Inc., Delaware
Fellow Subsidiaries	TVS Housing Limited, Chennai
	TVS Motor (Singapore) Pte Limited, Singapore
	TVS Motor Company (Europe) B.V, Netherlands
	PT. TVS Motor Company Indonesia, Jakarta
	Sundaram Business Development Consulting (Shanghai) Co. Ltd, China
	Sundaram-Clayton (USA) Limited, USA
	Southern Roadways Limited, Madurai
	Sundaram Industries Private Limited, Madurai
	Sundaram Lanka Tyres Limited, Sri Lanka
	Pusam Rubber Products Limited, Madurai
	The Associated Auto Parts Limited, Mumbai
	TVS Interconnect Systems Limited, Madurai
	NSM Holdings Limited, Madurai
	NK Telecom Products Limited, Madurai
	NK Tele Systems Limited, Madurai
	TVS Automobile Solutions Limited, Madurai
	Rajgarhia Automobile Solution Limited, Kolkata
	Essex Automobile Solutions Limited, Gujarat
	TVS Insurance Broking Limited, Coimbatore
	Focuz Automobile Services Limited, Kerala
	GS Automotive Service Equipments (Chennai) Private Limited, Madurai
	TVS All Car Services Private Limited, Madurai
	Lucas-TVS Limited, Chennai
	Lucas Indian Service Limited, Chennai
	TVS Automotive Systems Limited, Chennai
	Sundaram Textiles Limited, Madurai
	Sundaram Investment Limited, Chennai
	TVS Capital Funds Limited, Chennai
	TVS Electronics Limited, Chennai
	Prime Property Holdings Limited, Chennai
	TVS-E Access (India) Limited, Chennai - Under process of striking off
	TVS Training and Services Limited, Chennai
	Uthiram Rubber Products Limited, Madurai
Fellow Subsidiaries - continued	NCR Auto Cars Limited, New Delhi
	SNS Warranty Solutions Limited, Madurai
	Gallant E-Access Private Limited, Delhi
Associate Company	Green Infra Wind Energy Theni Limited, New Delhi
Related Parties under Companies Act, 2013	Amalgamations Private Ltd, Chennai
	Cantata Home Furnitures Private Limited, Bangalore
	Chennai Business Consulting Services Limited, Chennai
	Dansons Lifestyles Solutions Private Limited, Bangalore
	Designo India Furnitures Private Limited, Bangalore
	Designo Lifestyle Solutions Private Limited, Bangalore
	Harita Cheema Private Limited, Chennai
	Harita Venu Private Limited, Chennai
	Hifame Private Limited, Chennai
	Inko Services Private Limited, Chennai
	Lakson Technology Private Limited, Chennai
	S.I. Property (Karnataka) Private Limited, Chennai
	Simply Sofas Private Limited, Bangalore
	Sundharams Private Limited, Chennai
	Swetha Enterprises Private Limited, Chennai
	Thansa Home Furnitures Private Limited, Bangalore
	Thansa Inspirations Private Limited, Bangalore
	Trust Properties Development Co. Pvt. Ltd., Chennai
	TVS Agro Products Private Limited, Chennai
	TVS Staffing Solutions Private Limited, Chennai

Particulars of transactions with related parties	**As at / year ended 31 March 2016**	As at / year ended 31 March 2015
(i) Sale of goods		
- Holding company - TVS Motor Company Limited, Chennai	**302.66**	262.05
- Fellow subsidiaries Lucas-TVS Limited, Chennai	**0.41**	2.64
Sale of fixed assets		
- Holding company - TVS Motor Company Limited, Chennai	**3.96**	–
Sale of investments		
- Fellow Subsidiary - Sundaram Investments Limited	**0.01**	–
(ii) Purchase of goods		
- Holding company TVS Motor Company Limited, Chennai	**2,227.82**	1,727.05
- Ultimate holding company T V Sundaram Iyengar & Sons Private Limited, Madurai	**0.02**	0.04
- Associate Green Infra Wind Energy Theni Limited, New Delhi	**4.69**	5.82
Purchase of fixed assets		
TVS Motor Company Limited, Chennai	**0.65**	–
- Ultimate holding company - Sundaram-Clayton Limited, Chennai	**0.35**	–
(iii) Rendering of services		
- Ultimate holding company Sundaram-Clayton Limited, Chennai	**1.58**	1.16
- Holding company TVS Motor Company Limited, Chennai	**0.03**	–
(iv) Dividend paid - Holding Company		
- TVS Motor Company Limited, Chennai	**8.09**	6.93

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)

Rupees in crores

	As at / year ended 31 March 2016	As at / year ended 31 March 2015
(v) Receiving of services		
- Holding company - TVS Motor Company Limited, Chennai	**0.45**	0.38
- Ultimate holding company - Sundaram-Clayton Limited, Chennai	**4.09**	2.97
- Fellow subsidiaries Lucas TVS Limited, Chennai	**0.12**	0.24
TVS Electronics Limited, Chennai	**0.04**	0.04
(vi) Amount outstanding as at the Balance Sheet:		
(I) Amount payable (Trade Payable)		
- Holding company TVS Motor Company Limited, Chennai	**133.23**	118.89
- Ultimate holding company Sundaram-Clayton Ltd, Chennai	**1.51**	–
- Fellow subsidiaries Lucas-TVS Limited, Chennai	**0.11**	0.11
- Associate Green Infra Wind Energy Theni Limited, New Delhi	**0.12**	0.04
(II) Amount receivable (Sundry debtors)		
- Holding company TVS Motor Company Limited, Chennai	**4.57**	16.76
- Ultimate holding company Sundaram-Clayton Ltd, Chennai	**–**	0.26
- Fellow subsidiary Lucas-TVS Limited, Chennai	**0.13**	0.57

(o) AS-20 Earnings per share

Earnings per share is calculated by dividing the profit attributable to the shareholders by the number of equity shares outstanding as at the close of the year

Profit before tax	**42.24**	37.32
Tax relating to the above	**13.60**	12.00
Profit after tax	**28.64**	25.32
No. of equity shares	**1,15,50,000**	1,15,50,000
Face value per share in Rs.	**10.00**	10.00
Weighted average number of equity shares	**1,15,50,000**	1,15,50,000
Basic Earnings per share (EPS) in Rs.	**24.80**	21.92
Diluted Earnings per share in Rs.	**24.80**	21.92

(p) AS - 21 Consolidated Financial Statements :

The reporting entity owns a subsidiary company namely Sundaram Holding USA Inc, Delaware and also an associate company namely Green Infra Wind Energy Theni Limited, New Delhi.

As the subsidiary's and the associate's accounts are consolidated by the reporting entity's holding company viz TVS Motor Company Limited, Chennai. The reporting entity is not consolidating their results. This is permissible under Companies (Accounts) Rules, 2014 Rule No. 6 second proviso.

(q) AS - 22 Accounting for taxes on income :

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax liability and asset are recognised based on timing difference using the tax rates substantively enacted on the Balance Sheet date.

(i) Deferred tax liability consists of:			
- tax on depreciation		**10.01**	8.13
	(A)	**10.01**	8.13
(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		**0.87**	0.66
	(B)	**0.87**	0.66
Deferred tax liability (net of deferred tax asset) refer Balance Sheet	(A)-(B)	**9.14**	7.47

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)

Rupees in crores

(r) AS - 24 - Accounting for discontinuing operations

There are no discontinuing operations during the year.

(s) AS - 26 - Accounting for intangible assets

In respect of assets falling under the definition of intangible assets as per the Accounting Standard the following disclosures are made:

Software / Licence Fees

	As at / year ended 31 March 2016	As at / year ended 31 March 2015
- Estimated useful life of the asset	2 years	2 years
- Amortisation rates used	50% each year as depreciation	50% each year as depreciation

During the year the company had acquired automobile seat manufacturing business at Nalagarh, Himachal Pradesh. On purchase of this business, valuation of certain category of fixed assets have been carried out and an amount of Rs.2.20 crores have been recognised as goodwill. This goodwill will be written off over four years.

Goodwill

- Estimated useful life of the asset	4 years	

(t) AS 28 - Impairment of assets

As on the Balance Sheet date the carrying amounts of the assets net of accumulated depreciation is not less than the recoverable amount of those assets and hence there is no impairment loss on the assets of the Company.

(u) AS 29 - Provisions, Contingent liabilities and contingent assets

(i) Provisions

Provision are made in respect of all payables based on contracted values. No estimated provision is made.

As regards provision for warranty, the company's terms of sale do not envisage creation of liability.

The retrospective amendment to the Payment of Bonus Act, 1965 (effective from 2014) enhancing the ceiling to Rs. 7000/- per month per employee or aggregate of minimum wages per month whichever is higher, is contested by the company through a writ before High Court of Judicature at Madras. Hence the bonus payable with retrospective effect approximately Rs.0.50 crores is not provided in the accounts. The prospective effect of amendment effective 01-04-2015 is provided for.

(ii) Contingent liabilities

The amount for which the Company is contingently liable are disclosed in Sl. No. 4 below.

(iii) Contested liabilities are detailed in Sl. No. 5 below.

(v) AS 30 - Financial Instruments - Recognition and Measurement

The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations relating to import of raw materials and capital goods with firm commitments. The company does not hold derivative finance instruments for speculative purposes. The company has applied to such forward contracts, the hedge accounting principles set out in the Accounting Standards by marking them to market.

Changes in fair value of the contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging Reserve Account".

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)

Rupees in crores

	As at / year ended 31 March 2016	As at / year ended 31 March 2015
2 Trade payable includes :		
(a) Amount due to Small Scale Industrial units	**2.65**	0.74
(b) Amount due to other industrial units	**175.63**	162.46
(i) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	**2.65**	0.74
(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;	**–**	–
(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	**–**	–
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year;	**–**	–
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		

(c) Information required under the Micro, Small and Medium Enterprises Development Act, 2006:
The Company has written to all suppliers to ascertain if they are covered by the said act. No information has been received in reply.
However, the suppliers' credit terms are generally 45 days within which all payments are made. Hence, the question of payment of interest or provision thereof for belated payments does not arise.

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)

Rupees in crores

	As at / year ended 31 March 2016	As at / year ended 31 March 2015
3 Final dividend proposed to be distributed to equity share holders	**–**	2.89
Dividend payable for 2014-15 is Rs.2.50 per share		
4 Contingent liability not provided for:		
(a) On counter guarantee furnished to banks	**0.02**	0.02
(b) On letters of credit	**7.78**	21.09
(c) On bills of exchange drawn on customers discounted	**17.89**	20.00
5 Liability contested and not provided for:		
(a) Excise	**0.02**	0.18
(b) Service tax	**0.76**	0.25
(c) Income tax	**1.46**	1.30
(d) Sales tax	**0.80**	0.84
6 Contribution to provident and other funds include:		
Contribution towards gratuity as per scheme framed by Life Insurance Corporation of India	**0.63**	0.36
7 Audit fees comprise:		
(a) As statutory auditors	**0.12**	0.11
(b) Taxation matters	**0.03**	0.02
(c) Certification matters	**0.01**	0.02
Total	**0.16**	0.15
8 General		
(a) Other expenses include travel and stay expenses of auditors	**0.02**	0.02
(b) Expenditure in excess of 1% of total revenue or Rs.1,00,000 Whichever is higher	**–**	–
9 Expenditure incurred on Corporate Social Responsibility activities:		
(a) Gross amount required to be spent by the company during the year	**0.41**	0.22
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	**–**	–
(ii) On purposes other than (i) above	**0.41**	0.22
10 Previous year's figures are regrouped and rearranged to conform to current year's classification.	**Nil**	Nil

Rupees in crores

	% of total consumption	Year ended 31-03-2016	% of total consumption	Year ended 31-03-2015
11. COST OF RAW MATERIALS CONSUMED				
I (a) Basic raw materials				
Acrylonitrile Butdiene Styrene (ABS)		**55.02**		51.31
Filled & Unfilled Polypropelene		**89.99**		89.78
(b) Intermediates and components (which individually do not account for more than 10% of the total value of consumption)		**177.50**		126.94
Raw materials and components consumed		**322.51**		268.03
Traded goods:				
(c) Automobiles		**2,202.25**		1,685.23
Total		**2,524.76**		1,953.26
II Consumption of raw materials and components				
(a) Imported	**2.1**	**52.31**	2.2	42.26
(b) Indigenous	**97.9**	**2,472.45**	97.8	1,911.00
Total	**100.00**	**2,524.76**	100.00	1,953.26
III CONSUMPTION OF MACHINERY SPARES				
(a) Imported	**7.4**	**0.18**	12.7	0.21
(b) Indigenous	**92.6**	**2.17**	87.3	1.45
Total	**100.00**	**2.35**	100.00	1.95
IV IMPORTS (CIF VALUE)				
(a) Raw materials		**52.31**		42.26
(b) Spare parts and components		**0.18**		0.21
(c) Capital goods		**9.86**		12.71
12. OTHER EXPENDITURE IN FOREIGN CURRENCY				
(a) Consultancy		**0.05**		0.18
(b) Royalty		**0.01**		0.03
(c) Travel		**0.09**		0.09

Rupees in crores

		Year ended 31-03-2016		Year ended 31-03-2015
13. EARNINGS IN FOREIGN EXCHANGE				
(a) Exports (on f.o.b. basis)		–		–
(b) Sale proceeds of equity shares		–		–
(c) Others (freight and insurance)		–		–
Total		–		–
14. SALE BY CLASS OF GOODS				
(a) Rubber Moulded Components		–		–
(b) Plastic Moulded Components		452.02		398.45
(c) Moulds		39.00		15.70
(d) Automobiles		2,241.78		1,720.37
Total		2,732.80		2,134.52
15. PARTICULARS OF OPENING AND CLOSING INVENTORY				
Raw materials and components	10.82		10.12	
Goods-in-Transit - Raw Materials	–	10.82	–	10.12
Work-in-process		4.65		3.64
Finished goods - Components		3.13		1.92
Stock-in-Trade - Automobiles	97.11		71.54	
Stock-in-Trade - Goods-in-Transit- Automobiles	33.05	130.16	53.18	124.72
Stores and spares		0.87		0.45
Total		149.63		140.85

As per our report annexed

H LAKSHMANAN
Chairman

C N PRASAD
Director

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration No: 004207S

S RANGARAJAN
Chief Financial Officer

RAJESH OOMMEN
Chief Executive Officer

DEV KISHAN PD
Company Secretary

M BALASUBRAMANIYAM
Partner
Membership No. F 7945

Place : Chennai
Date : 29-04-2016

Cash Flow Statement

Rupees in crores

		Year ended 31.03. 2016		Year ended 31.03. 2015
A. Cash flow from operating activities:				
Net profit / (loss) before tax and extraordinary items		42.24		37.32
Add:				
Depreciation for the year	13.38		11.73	
Dividend income	–		–	
Interest income	(0.82)		(1.03)	
Interest expenditure	3.73		5.21	
Profit on sale of investment	–		–	
Profit on sale of assets	(3.51)		(0.88)	
Loss on sale of assets	0.09		0.01	
		12.87		15.04
Operating profit before working capital changes				
Adjustments for:				
Trade payables	15.08		62.27	
Other Current Liabilities	(10.46)		27.98	
Short-Term provisions	(0.04)		(0.12)	
Other non current liabilities	3.29		–	
Long Term Provision	0.54		(0.68)	
Inventories	(8.78)		(75.42)	
Trade receivables	18.21		10.71	
Other Current Assets	(0.21)		(0.24)	
Other Non current Assets	(2.05)		(0.82)	
Short Term Loans & Advances	(2.14)		(10.69)	
		13.44		12.99
Cash generated from operations		68.55		65.35
Direct taxes paid		12.53		14.42
Net cash used in operating activities - (A)		56.02		50.93
B. Cash flow from investing activities:				
Purchase of fixed assets	(40.10)		(14.60)	
Sale of fixed assets	4.60		12.27	
Capital work-in-progress (at Cost)	(12.70)		(3.42)	
Purchase of Investments/ Investment property	(3.27)		(1.03)	

Rupees in crores

		Year ended 31.03. 2016		Year ended 31.03. 2015
Proceeds from sale of investments	0.01		–	
Long Term Advances Made	4.38		(5.83)	
Interest received	0.82		1.03	
Net cash used in investment activities - (B)		(46.26)		(11.58)
C. Cash flow from financing activities :				
Secured loan repaid	(8.00)		(8.00)	
Unsecured loans availed	0.14		–	
Repayment of unsecured loans	–		(0.17)	
Interest paid	(3.73)		(5.21)	
Dividend and dividend tax paid	(13.21)		(8.23)	
Net cash from financing activities - (C)		(24.80)		(21.61)
D. Net increase in cash and cash equivalents - (A+B+C)		(15.04)		17.74
Cash and cash equivalents at the beginning of the year				
Cash & Bank	2.79		0.66	
Cash credit - balance	(1.79)	1.00	(17.40)	(16.74)
Cash and cash equivalents at the end of the year				
Cash & Bank	0.52		2.79	
Cash credit - balance	(14.56)	(14.04)	(1.79)	1.00

Notes:

1. The above statement has been prepared in indirect method except in case of interest, dividend and purchase and sale of investments which has been considered on the basis of actual movement of cash.
2. Cash and cash equivalents represent cash and bank balances and Cash Credit balances.

As per our report annexed

H LAKSHMANAN
Chairman

C N PRASAD
Director

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration No: 004207S

S RANGARAJAN
Chief Financial Officer

RAJESH OOMMEN
Chief Executive Officer

DEV KISHAN PD
Company Secretary

M BALASUBRAMANIYAM
Partner
Membership No. F 7945

Place : Chennai
Date : 29-04-2016

Board of Directors

C. MUKUNDHAN

S G MURALI

R CHANDRAMOULI

Auditors

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

Registered office

Jayalakshmi Estates,
No. 29, Haddows Road,
Chennai - 600 006.
Tel.: 044 2827 2233
Fax : 044 2825 7121
E-mail: corpsec@scl.co.in
CIN : U70101TN2010PLC075027

Directors' Report to the Shareholders of the Company

The directors are pleased to present the sixth annual report together with the audited statement of accounts for the year ended 31st March 2016.

Financial highlights

(Rs. in Lakhs)

Details	**Year ended 31.03.2016**	Year ended 31.03.2015
Sales and other income	**1,723.02**	1,143.89
Less: Expenses	**1,649.62**	1,078.78
Profit before tax	**73.39**	65.11
Less: Provision for taxation (including deferred tax)	**53.61**	37.74
Profit after tax	**19.78**	27.37

Dividend

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

Operation Review

In terms of arrangement entered into with Emerald Haven Realty Limited, Chennai, Phase 1 of Housing Projects 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 response for the villa and row house development has been quite good. Phase 2 is nearing completion and about 90% of the units have been sold.

With the market recovering slowly, it is expected that the remaining units would be sold within next one year.

Material changes and commitments

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

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

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

Internal control systems

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

The Company has well-documented Standard Operating Procedures (SOPs), policies and procedures for various processes which are periodically reviewed. Based on the report of IA function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Risk management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis. These are being discussed at the meetings of the board of directors of the Company.

Related Party Transactions

Pursuant to the provisions of Section 134(h) of the Companies Act, 2013 (Act, 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, furnishing of particulars of contracts or arrangements entered into by the Company with related parties does not arise.

There were no transactions entered into between the Company and the related parties during the year under review and accordingly no particulars are being provided in Form AOC-2.

However, as required under AS 18, the names of the related party and nature of the related party relationship have been provided in Note No.4 to the financial statements of the Company.

Directors' responsibility statement

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

(a) in the preparation of the annual accounts for the year ended 31st March 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the accounts for the financial year ended 31st March 2016 on a going concern basis; and

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

Directors liable to retire by rotation

In terms of the Articles of Association of the Company and the applicable provisions of the Act 2013, Mr S G Murali, Mr C Mukundhan and Mr R Chandramouli, directors are liable to retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the year under review, the board met six times on 24th April 2015, 18th May 2015, 10th August 2015, 16th November 2015, 21st December 2015 and 27th January 2016 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

The Company at its fourth Annual General Meeting (AGM) held on 11th 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 a term of five consecutive years, subject to ratification of their appointment, at every AGM, at such remuneration in addition to service tax, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

It is, therefore, proposed to re-appoint them as statutory auditors for a remaining period of three years of the term, from the conclusion of this AGM subject to ratification by the members at the AGM.

The Company has obtained necessary certificate under Section 141 of the Act 2013 read with the Companies (Audit and Auditors) Rules, 2014, conveying their eligibility for being statutory auditors of the Company for the year 2016-17.

Disclosures

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31st March 2016 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's remuneration:

No employee receives the remuneration in excess of the limits prescribed under Section 197 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and hence the question of attaching a statement containing the details of such employees does not arise.

Details of loans / guarantees / investments made:

As regards the furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the financial year 2015-16, the Company has not extended any guarantee or has given loans to other companies or made any investment during the year under review.

Other Laws

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

Conservation of energy, technology absorption, foreign exchange earnings and outgo

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

During the year under review, there was no foreign exchange earning or expenditure in the Company.

Acknowledgement

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

For and on behalf of the Board

Place : Chennai
Date : 20th April 2016

R CHANDRAMOULI
Director

C MUKUNDHAN
Director

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 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	:	U70101TN2010PLC075027
ii)	Registration Date	:	22.03.2010
iii)	Name of the Company	:	TVS Housing Limited
iv)	Category / Sub-Category of the Company	:	Public Limited Company
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006 Tel: 044- 28272233 Fax: 044- 28257121
vi)	Whether listed company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Developing and subdividing real estate into plots	70105	99.84

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 - Companies Act, 2013
1.	TVS Motor Company Limited (Holding Company) and its six nominees Jayalakshmi Estates, No. 29, Haddows Road, Chennai - 600 006.	L35921TN1992PLC022845	Holding Company	100	2(87)

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

(i) Category-wise Share Holding: Not Applicable

(ii) Shareholding of Promoters

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

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

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

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Remuneration to other directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/WTD : Nil

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2016

To the Members of TVS Housing Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of TVS Housing Limited, Chennai ('the Company'), which comprises the Balance Sheet as at 31 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 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.

Auditor's 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 purpose 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 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 give to us:
      i. On the basis of the information provided and on the basis of the records verified by us, there are no pending litigations as at 31st March 2016.
      ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. there were no amounts which were required to be transferred to the Investor education and Protection Fund by the Company.

For V. SANKAR AIYAR & CO.,
Chartered Accountants
Firm Registration No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 20th April, 2016

Annexure "A" to Independent Auditors' Report 31st March 2016

(Referred to in our report of even date)

(i) The Company has no Fixed Assets. Therefore, the provisions of Clause (i) of the para 3 of the Order are not applicable to the Company.

(ii) The inventories held by Company represent Land. As informed to us, the inventories were physically verified by the management during the year, by way of verification of title deeds, conducting site visits through competent person. In our opinion, the frequency of physical verification is reasonable. There was no material discrepancies noticed during such verification.

(iii) The Company has not granted any loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore the provisions of Clause (iii) of the para 3 of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted loans, provided guarantee and securities and made investments under Section 185 and 186 of the Act. Hence the provisions of Clause (iv) of the para 3 of the Order are not applicable to the Company.

(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) Cost records are not prescribed by the Central Government under Sub section (1) of Section 148 of the Act for operations carried on by the Company, as the threshold limit of Turnover of Rs. 25 crores is not achieved and the Net worth of the Company has not exceeded Rs.150 crores as per Clause C of Rule 3 of Companies (Cost records and audit) Rules, 2014. Therefore, the provisions of Clause (vi) of the para 3 of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Income Tax, Sales Tax (works contract TDS under Tamil Nadu VAT Act), Service Tax, and Cess and other material statutory dues with the appropriate authorities. We are informed that there is no liability towards Provident Fund, Employees' State Insurance, Value Added Tax, duty of customs and duty of excise for the year under audit. According to the information and explanation given to us, no undisputed amount payable in respect of Income Tax, Sales Tax (works contract TDS under Tamil Nadu VAT Act), Service Tax, 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, there are not dues of Income Tax, Sales Tax, Services Tax, duty of Customs, duty of Excise and VAT, which have not been deposited on account of any dispute.

(viii) The Company has not borrowed loan. Hence the provisions of Clause (viii) of the para 3 of the Order are not applicable to the Company.

(ix) The Company has not borrowed loan and Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Hence the provisions of Clause (ix) of the para 3 of the Order are not applicable to the Company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred to Section 197 of 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 Registration No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 20th April, 2016

Annexure "B" to 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 Housing Limited, Chennai("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.

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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 Registration No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 20th April, 2016

Balance Sheet as at 31st March 2016

(Amount in Rs.)

	Note Number		As at 31.03.2016		As at 31.03.2015
I EQUITY AND LIABILITIES					
1 Shareholders' funds					
(a) Share capital	2	**5,00,000**		5,00,000	
(b) Reserves and surplus	3	**48,64,882**		28,86,678	
			53,64,882		33,86,678
2 Current liabilities					
(a) Trade payables	4		**13,59,083**		1,53,540
(b) Other current liabilities	5		**8,03,89,673**		17,60,40,368
Total			**8,71,13,638**		17,95,80,586
II ASSETS					
Current assets					
Inventories	6		**6,88,77,502**		16,82,08,739
Cash and cash equivalents	7		**1,34,039**		50,28,329
Short Term Loans and Advances	8		**1,81,02,097**		63,35,104
Other current assets	9		**–**		8,414
Total			**8,71,13,638**		17,95,80,586
Significant Accounting Policies and notes forming part of Financial Statements	1				

For and on behalf of the board of Directors

As per our report annexed
For V SANKAR AIYAR & CO.,
Chartered Accountants
Firm Registration No. 109208W

C MUKUNDHAN
Director

R CHANDRAMOULI
Director

S VENKATARAMAN
Partner
Membership No. 23116

Chennai
20th April 2016

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

(Amount in Rs.)

			Note Number	Year ended 31.03.2016	Year ended 31.03.2015
I.	**Revenue from operations**		10	**17,20,22,437**	11,39,74,632
II.	**Other income**		11	**2,79,208**	4,14,357
III.	**Total Revenue**	(I + II)		**17,23,01,645**	11,43,88,989
IV.	**Expenses:**				
	Operating expenses		12	**13,77,40,111**	10,63,77,332
	Other Expenses		13	**2,72,22,330**	15,00,176
	Total expenses			**16,49,62,441**	10,78,77,508
V.	**Profit before tax**	(III - IV)		**73,39,204**	65,11,481
VI.	**Tax expense:**				
	(1) Current tax			**53,61,000**	37,73,000
	(2) Deferred tax			**–**	1,069
VII.	**Profit for the year**	(V - VI)		**19,78,204**	27,37,412
VIII.	**Earnings per equity share:**				
	(1) Basic			**39.56**	54.75
	(2) Diluted			**39.56**	54.75
	Significant Accounting Policies and notes forming part of Financial Statements	1			

For and on behalf of the board of Directors

As per our report annexed
For V SANKAR AIYAR & CO.,
Chartered Accountants
Firm Registration No. 109208W

C MUKUNDHAN
Director

R CHANDRAMOULI
Director

S VENKATARAMAN
Partner
Membership No. 23116

Chennai
20th April 2016

Notes forming part of the financial statement

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Corporate Information

TVS Housing Limited is a public limited company incorporated under the provisions of the Companies Act, 1956 during 2009-10. It is a wholly owned subsidiary of TVS Motor Company Limited.

2. Summary of Significant Accounting Policies:

2.1. Basis of Preparation

The financial statements of the Company are prepared under historical cost convention in accordance with generally accepted accounting principles and accounting standards referred to in the Companies (Accounting Standards) Rules, 2006 as per general circular 15/2013 dated 13th September 2013 under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis.

2.2. Use of Estimates

The preparation of financial statements requires the 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.

2.3. Operating Cycle

The normal operating cycle in respect of operation relating to real estate project depends on signing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed & realization of project into cash & cash equivalents and range from 3 to 7 years. Accordingly Assets & Liabilities have been classified into current & non-current based on operating cycle of respective projects.

2.4. Inventories

Stock in Trade

Land is valued at lower of cost or market value. Cost includes cost of acquisition and all related costs. Cost of land gifted as part of development is added to the remaining saleable land.

2.5. Revenue Recognition

The revenue from sale of land is recognised on transferring all significant risk and rewards of ownership on land to the buyers and company does not retain any effective control over the same.

Interest revenue is recognised on time proportion basis taking into account the outstanding amount and the applicable interest rate.

2.6. Taxation

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.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.7. Provisions & Contingencies

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated.

2.8. Cash & Cash Equivalents

Cash and Cash Equivalents for the purposes of cash flow statement comprise cash at bank and in hand.

2.9. Impairment

The carrying amounts of assets are reviewed at each balance sheet date for indication of any impairment based on internal/external factors. An impairment loss is recognized wherever for carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognized by charging it to the statement of profit and loss. A previously recognized impairment loss is reversed where it no longer exists and the assets are restated to the effect.

3. Deferred tax assets / (liabilities)

The break-up of Deferred tax (asset) / liabilities are as under:

Timing Difference	**As at 31st March 2016**	As at 31st March 2015
Deferred Tax Liabilities:		
Relating to:		
Difference between book and tax depreciation	–	–
Deferred Tax Assets:		
Relating to:		
Preliminary Expenses	–	–
Business loss carried forward	–	–
Net Deferred Tax (Asset) / Liability	–	–

4. Related Party Disclosure

Reporting Entity : TVS Housing Limited, Chennai

Holding Companies : Sundaram-Clayton Limited, Chennai
TVS Motor Company Limited, Chennai

Ultimate Holding Company : T V Sundram Iyengar & Sons Private Limited, Madurai

Fellow Subsidiaries:

Name of the Companies : Sundaram Auto Components Limited, Chennai
TVS Motor (Singapore) Pte Limited, Singapore
TVS Motor Company (Europe) B.V, Netherlands
PT. TVS Motor Company Indonesia, Jakarta
Sundaram Business Development Consulting (Shanghai) Co. Ltd, China
Sundaram-Clayton (USA) Limited, USA
Sundaram Holding USA Inc., USA
Southern Roadways Limited, Madurai
Sundaram Industries Private Limited, Madurai
Sundaram Lanka Tyres Limited, Sri Lanka
Pusam Rubber Products Limited, Madurai
The Associated Auto Parts Limited, Mumbai
TVS Interconnect Systems Limited, Madurai
NSM Holdings Limited, Madurai
NK Telecom Products Limited, Madurai
NK Tele Systems Limited, Madurai
TVS Automobile Solutions Limited, Madurai
Rajgarhia Automobile Solution Limited, Kolkata
Essex Automobile Solutions Limited, Gujarat
TVS Insurance Broking Limited, Coimbatore
Focuz Automobile Services Limited, Kerala
Myers Tyre Supply (India) Limited (Formerly GS Automotive Service Equipments (Chennai) Private Limited), Madurai
Lucas-TVS Limited, Chennai
Lucas Indian Service Limited, Chennai
TVS Automotive Systems Limited, Chennai
Sundaram Textiles Limited, Madurai
Sundaram Investment Limited, Chennai
TVS Capital Funds Limited, Chennai
TVS Electronics Limited, Chennai
Prime Property Holdings Limited, Chennai
TVS-E Access (India) Limited, Chennai
TVS Training and Services Limited, Chennai
Sundaram Engineering Products Services Limited (Amalgamated on 17.02.2016)
Uthiram Rubber Products Limited, Madurai
NCR Auto Cars Limited, New Delhi
TVS TWG Warranty Solutions Limited, Madurai
Gallant E-Access Private Limited, New Delhi (under Voluntary Winding up)
TVS All Car Services Private Limited, Madurai
TVS Auto Assist (India) Limited, Chennai

Notes forming part of the financial statement - *(continued)*

5. **Capital and Other Commitments**

Particulars	As at 31st March 2016	As at 31st March 2015
i. Estimated amount of contracts remaining to be executed on Capital account and not provided for	**Nil**	Nil
ii. Estimated amount of other commitments	**Nil**	Nil

6. **Contingent Liabilities**

Particulars	As at 31st March 2016	As at 31st March 2015
Claims against company not acknowledged as debts	**Nil**	Nil

7. **Additional information – Required to be disclosed under clause 5(viii):**

Particulars	As at 31st March 2016	As at 31st March 2015
a. Expenditure in foreign currency	**Nil**	Nil
b. Earnings in foreign currency	**Nil**	Nil

8. There are no vendors covered under MSMED Act and hence disclosures required to be given under Section 22 of MSMED ACT, 2006 does not arise.

9. **Auditors' remuneration** (included under other expenses)

Particulars	As at 31st March 2016	As at 31st March 2015
Payments to Auditors as		
a. Statutory Audit	**1,00,000**	1,00,000
b. Tax Audit	**50,000**	50,000

10. During the year, the Company has sold lands ad measuring 0.32 cents which was not adjacent to the project. The Company has transferred 3.45 acres (P.Y. 2.36) of land to buyers by way of registration of UDS (Undivided Share) / Plots, bringing the total extent of the land to 2.21 acres as on March 2016.

Through MOU entered into on 12th May 2012, the Company has appointed Emerald Haven Realty Ltd (EHRL) to build and sell houses on their land.

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

12. Figures of previous year have been regrouped and reclassified, wherever required.

(Amount in Rs.)

	As at Year ended 31-03-2016		As at Year ended 31-03-2015	
NOTE 2 SHARE CAPITAL				
(i) Share Capital Information	**Number**	**Value**	Number	Value
Authorised				
Equity Shares of Rs.10/- each	**50,000**	**5,00,000**	50,000	5,00,000
Issued				
Equity Shares of Rs.10/- each	**50,000**	**5,00,000**	50,000	5,00,000
Subscribed & Paid up				
Equity Shares of Rs.10/- each fully paid	**50,000**	**5,00,000**	50,000	5,00,000
	50,000	**5,00,000**	50,000	5,00,000

(ii) Share Capital reconciliation

	Equity Shares		Equity Shares	
	Number	Value	Number	Value
Shares outstanding at the beginning of the year	**50,000**	**5,00,000**	50,000	5,00,000
Shares outstanding at the end of the year	**50,000**	**5,00,000**	50,000	5,00,000

(iii) Terms / Rights attached to Equity Shares

Every shareholder is entitled to such rights as to attend meeting of the shareholders, to receive dividends distributed .There are no restrictions attached to equity shares.

(iv) Shares held by holding company

	As at Year ended 31.03.2016		As at Year ended 31.03.2015	
	No. of shares held	**% of holding**	No. of shares held	% of holding
TVS Motor Company Limited with Nominees	**50,000**	**100%**	50,000	100%

	As at Year ended 31-03-2016	As at Year ended 31-03-2015
NOTE 3 RESERVES AND SURPLUS		
A. Surplus / (Deficit) in Statement of Profit & Loss		
Balance as per Last Financial Statements	**28,86,678**	1,49,266
Profit for the year	**19,78,204**	27,37,412
Closing Balance in Statement of Profit & Loss	**48,64,882**	28,86,678
NOTE 4 TRADE PAYABLES		
Payable to others	**13,59,083**	1,53,540
NOTE 5 OTHER CURRENT LIABILITIES		
Other Payables		
(i) Statutory Remittances	**7,08,133**	15,000
(ii) Others		
Security Deposit received	**4,12,01,456**	14,35,12,008
Advance received for Sale of land	**3,84,80,084**	3,25,13,360
	8,03,89,673	17,60,40,368
NOTE 6 INVENTORIES		
Stock-in-trade		
Land	**6,88,77,502**	16,82,08,739

Note: Land located at Nedungundram is offered as security for loan taken by Emerald Haven Realty Limited.

For and on behalf of the board of Directors

As per our report annexed
For V SANKAR AIYAR & CO.,
Chartered Accountants
Firm Registration No. 109208W

C MUKUNDHAN
Director

R CHANDRAMOULI
Director

S VENKATARAMAN
Partner
Membership No. 23116

Chennai
20th April 2016

Notes forming part of the financial statement - *(continued)*

(Amount in Rs.)

	As at Year ended 31-03-2016	As at Year ended 31-03-2015
NOTE 7 CASH AND CASH EQUIVALENTS		
a. Balances with banks		
In Current Account with Scheduled Banks	**1,34,039**	15,28,329
Fixed Deposits with Banks	**–**	35,00,000
	1,34,039	50,28,329
NOTE 8 SHORT-TERM LOANS & ADVANCES		
(Unsecured, considered good)		
a. Balance with government authorities		
Advance tax and TDS receivable (Net of Provision)	**95,08,887**	63,03,564
Service tax credit receivable	**75,28,839**	18,540
b. Others		
Advances recoverable in cash or in kind	**10,64,371**	13,000
	1,81,02,097	63,35,104
NOTE 9 OTHER CURRENT ASSETS		
Interest Accrued on deposits	**–**	8,414
NOTE 10 REVENUE FROM OPERATIONS		
Income from sale of land	**17,20,22,437**	11,39,74,632
	17,20,22,437	11,39,74,632
NOTE 11 OTHER INCOME		
Interest Income	**2,79,208**	3,93,565
Interest on IT refund	**–**	5,148
Miscellaneous income	**–**	15,644
	2,79,208	4,14,357

(Amount in Rs.)

	As at Year ended 31-03-2016	As at Year ended 31-03-2015
NOTE 12 COST OF SALES		
Inventories at the beginning of the year		
Land	**16,82,08,739**	27,44,17,481
	16,82,08,739	27,44,17,481
Incurred during the year		
Infrastructure	**3,84,08,874**	–
Land	**–**	1,68,590
Inventories at the end of the year		
Land	**6,88,77,502**	16,82,08,739
	6,88,77,502	16,82,08,739
	13,77,40,111	10,63,77,332
NOTE 13 OTHER EXPENSES		
Advertisement Expenses	**1,77,26,202**	–
Advance written off	**–**	12,63,973
Audit Fees	**1,50,000**	1,50,000
Consultancy and Professional Charges	**34,964**	40,731
Deputation cost	**92,31,565**	–
Miscellaneous Expenses	**494**	1,593
Rates& Taxes	**79,105**	43,879
	2,72,22,330	15,00,176

For and on behalf of the board of Directors

As per our report annexed
For V SANKAR AIYAR & CO.,
Chartered Accountants
Firm Registration No. 109208W

Chennai
20th April 2016

C MUKUNDHAN
Director

R CHANDRAMOULI
Director

S VENKATARAMAN
Partner
Membership No. 23116

Cash Flow Statement for the period ended 31st March 2016

(Amount in Rs.)

				For the Year ended 31.03.2016		For the Year ended 31.03.2015
A.	**Cash flow from operating activities:**					
	Profit before tax and extraordinary items			**73,39,204**		65,11,481
	Add: Depreciation for the year		**–**		–	
	Interest Income		**(2,79,208)**	**(2,79,208)**	(4,14,357)	(4,14,357)
	Operating Profit before Working Capital Changes			**70,59,996**		60,97,124
	Adjustments for:					
	Trade Payables		**12,05,543**		(3,37,256)	
	Current Liabilities		**(9,56,50,695)**		(11,39,67,132)	
	Inventories		**9,93,31,237**		10,62,08,742	
	Loans and Advances		**(2,56,94,316)**		(1,06,39,245)	
	Other Current Assets		**–**	**(2,08,08,231)**	–	(1,87,34,891)
	Cash generated from operations			**(1,37,48,235)**		(1,26,37,767)
	Income Taxes (Paid) / Refund Receivable Net			**85,66,323**		1,00,39,324
	Net cash from operating activities	(A)		**(51,81,912)**		(25,98,443)
B.	**Cash flow from investing activities**					
	Interest received		**2,87,622**		4,10,776	
				2,87,622		4,10,776
	Net cash from / (used in) investing activities	(B)		**2,87,622**		4,10,776
C.	**Cash flow from financing activities**					
	Net cash from financing activities	(C)		**–**		–
D.	**Net increase in cash and cash equivalents**	(A) + (B) + (C)		**(48,94,290)**		(21,87,667)
	Cash and cash equivalents at the beginning of the year			**50,28,329**		72,15,996
	Cash and cash equivalents at the end of the year			**1,34,039**		50,28,329

For and on behalf of the board of Directors

As per our report annexed
For V SANKAR AIYAR & CO.,
Chartered Accountants
Firm Registration No. 109208W

Chennai
20th April 2016

C MUKUNDHAN
Director

R CHANDRAMOULI
Director

S VENKATARAMAN
Partner
Membership No. 23116

TVS MOTOR COMPANY (EUROPE) B.V.

Address
Hoogoorddreef 15
1101 BA Amsterdam

Chamber of Commerce : Amsterdam
File number : 34.229.984

1. Directors' Report

The management of TVS Motor Company (Europe) B.V. (the "Company") herewith submits its Annual Report for the financial year 1 April 2015 up to and including 31 March 2016 (the year 2015-16).

1.1. General

The Company is a private company with limited liability (a wholly-owned subsidiary of TVS Motor Company Ltd, Chennai, India), incorporated under the laws of the Netherlands on 21 July 2005, having its corporate seat at Amsterdam, with offices at Hoogoorddreef 15, Amsterdam.

1.2. Summary of activities

During the year under review the Companies activities remained holding activities.

During the year the major shareholder of the Company's Indonesian subsidiary carried out a capital injection in the subsidiary, which decreased the interest of the Company from 24.75% to 22.78%.

1.3. Future outlook

It is the intention to liquidate the Company.

Amsterdam, 29 April 2016.

Mr. R.C. Elshout
Title : Director

Mr. H. Lakshmanan
Title : Director

Mr. PJ. Stegeman
Title : Director

Mr. V.N. Venkatanathan
Title : Director

SGG Management (Netherlands) B.V.
Title : Director

2. BALANCE SHEET AS AT 31 MARCH 2016
(before appropriation of result)

	Notes	**31 March 2016**		31 March 2015	
		USD	USD	USD	USD
ASSETS					
Fixed Assets	5.1				
Financial fixed assets		**–**		–	
			–		–
Current assets	5.2				
Receivables and prepayments		**11,660**		7,983	
Cash at bank		**505,970**		570,052	
			517,630		578,035
Total assets			**517,630**		578,035
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity	5.3				
Paid up share capital		**25,650,518**		24,240,134	
Foreign currency translation reserve		**(7,781,972)**		(8,631,624)	
Revaluation reserve subsidiary		**4,291,239**		–	
Other reserves		**(19,851,815)**		(19,802,235)	
Undistributed result		**(1,739,378)**		4,750,736	
			496,592		557,011
Short-term liabilities	5.5				
Creditors		**5,504**		5,698	
Other payable and accrued expenses		**15,534**		15,326	
			21,038		21,024
Total shareholder's equity and liabilities			**517,630**		578,035

3. INCOME STATEMENT FOR THE PERIOD FROM 1 APRIL 2015 UP TO AND INCLUDING 31 MARCH 2016

	Notes	**2015 / 2016**		2014 / 2015	
		USD	USD	USD	USD
Salary expenses	6.1	**10,487**		11,760	
General and administrative expenses	6.2	**44,712**		48,575	
			(55,199)		(60,335)
Interest income and similar income	6.3	**3,355**		2,019	
Interest expense and similar expenses	6.4	**(8,575)**		(7,694)	
			(5,220)		(5,675)
Result associate	6.5		**(1,678,959)**		4,816,746
Result on ordinary activities before taxation			**(1,739,378)**		4,750,736
Corporate income tax	6.6		**–**		–
Result after taxation			**(1,739,378)**		4,750,736

4. General notes

4.1. Summary of significant accounting policies

General

The Company is a private company with limited liability (a wholly-owned subsidiary of TVS Motor Company Ltd, Chennai, India), incorporated under the laws of the Netherlands on 21 July 2005, having its corporate seat at Amsterdam, with offices at Hoogoorddreef 15, Amsterdam.

Summary of activities

During the year under review the Companies activities remained holding activities.

4.2. General

The financial statements have been prepared in conformity with generally accepted accounting policies in the Netherlands. According to group policy, the annual report and administration have been prepared in United States Dollars instead of Euro's.

Comparison with previous year

The principles of valuation and determination of the result have changed in comparison with previous year, due to the intention of management to liquidate the Company in the next year. As a consequence, the valuation has changed to net realisable value. This change only has an impact on the valuation of the financial fixed assets.

Going Concern

It is the intention of management to liquidate the Company in the coming year. This liquidation will be carried out free of will and management has full intent to pay all her debts. As a consequence, the Company has not made any changes in the applied accounting principles.

The intention to liquidate the Company has resulted in a change of the accounting policies to net realisable value.

Valuation

All assets and liabilities are stated at face value, unless stated otherwise.

Financial fixed assets

Companies over which the Company has a significant influence (considered to be over 20% of the voting shares) are valued at net asset value but not lower than a nil value.

Foreign exchange results on net equity of subsidiaries is added to or deducted from the foreign exchange reserve.

Income and expenses

Income and expenses are attributed to the period to which they relate.

Translation of foreign currencies

Assets and liabilities denominated in foreign currencies are converted into United States Dollars (USD) at the balance sheet date closing rate. Transactions made during the year under review are accounted for at the rate prevailing at the transaction date. The exchange differences are reflected in the financial result for the period. The following exchange rates prevailing at balance sheet date are used:

1 EUR	=	**1.13850 USD**	2014 / 2015 : 1 EUR	=	1.0759 USD
1,000 IDR	=	**0.0758 USD**	2014 / 2015 : 1,000 IDR	=	0.0766 USD

4.3. Taxation

The taxes are calculated over the results, taking all tax credit facilities into account.

A deferred tax asset is recognized to the extent that it is probable that future tax profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5. Notes to the balance sheet as at 31 March 2016

5.1. Fixed assets

5.1.1. Financial fixed assets

During the year under review, the Company continued to hold its investment in PT TVS Motor Company Indonesia, which was established within the framework of the Foreign Capital Investment Law No.1 year 1967 as amended by Law No.11 year 1970 and based on a notarial deed No.21 dated August 8, 2005. The deed of establishment was approved by the Minister of Justice and Human Rights of the Republic of Indonesia on September 5, 2005.

During 2015-2016 the subsidiary received additional capital stock subscription amounting to USD 10,000,000 (1,000,000 new shares). The company holding in PTTVS remains at 2,870,000 number of shares. Consequent to the increase in total number of shares, the shareholding of TVSM B.V. in PTTVS, Indonesia has reduced from 24.75% (as per 31 March 2015) to 22.78%.

The financial statements of the subsidiary show a net asset value as per 31 March 2015 of Rp 176,874,943,718 (31 March 2014: Rp 157,380,747,188). The interest held by the Company corresponds to a net asset value of Rp 40,292,112,179 positive (USD 3,053,115 positive) as at 31 March 2016.

Management expects the subsidiary to have losses in the coming years. As a consequence management changed the valuation of the subsidiary to net realisable value being nil as per 31 March 2016.

	Valuation method	%	31 March 2016 USD	31 March 2015 USD
PT. TVS Motor Company Indonesia	Net asset value	22.78	–	–
			–	–

Movement during the year is specified as follows:

	31 March 2016	31 March 2015
PT. TVS Motor Company Indonesia		
Opening balance	–	–
Result for the period	(2,783,423)	(2,813,213)
Adjustment result previous years due to increase of participating interest	1,461,906	10,901,532
Foreign exchange result on net equity	849,669	(4,816,746)
Revaluation subsidiary	829,290	–
Adjustment valuation	–	(541,745)
	357,442	2,729,828
Impairment loss	(357,442)	(2,729,828)
	–	–

5.2. Current assets	31 March 2016 USD	31 March 2015 USD
5.2.1. Receivables and prepayments		
Prepaid management fees	8,102	7,983
VAT receivable	3,558	–
	11,660	7,983
5.2.2. Cash at bank		
HSBC Bank, EUR current account	25,759	19,545
HSBC Bank, USD current account	480,211	550,507
	505,970	570,052

The cash balances are at free disposal of the Company.

5.3. Shareholder's equity

The authorized share capital of the Company amounts to EUR 50,000,000, divided into 500,000 ordinary shares with a nominal value of EUR 100 each. The issued and paid-up capital amounts to USD 25,650,518 as per 31 March 2015 (EUR 22,530,100).

Movement during the period can be summarised as follows:	31 March 2016 USD	31 March 2015 USD
Paid up share capital		
Opening balance	24,240,134	31,064,501
Revaluation of share capital at balance sheet date	1,410,384	(6,824,367)
Balance as at 31 March	25,650,518	24,240,134
Foreign currency translation reserve		
Opening balance	(8,631,624)	(3,814,878)
Revaluation of subsidiary	849,652	(4,816,746)
Balance as at 31 March	(7,781,972)	(8,631,624)
Revaluation reserve		
Opening balance	–	–
Revaluation of subsidiary	4,219,239	–
Balance as at 31 March	4,219,239	–
Other reserves		
Opening balance	(19,802,235)	(23,814,518)
Revaluation of share capital at balance sheet date	(1,410,384)	6,824,367
Revaluation of subsidiary	(3,389,932)	–
Appropriation of result	4,750,736	(2,812,084)
Balance as at 31 March	(19,851,815)	(19,802,235)
Undistributed result		
Opening balance	4,750,736	(2,812,084)
Appropriation of result	(4,750,736)	2,812,084
Result for the period	(1,739,378)	4,750,736
Balance as at 31 March	(1,739,378)	4,750,736
Total shareholder's equity	496,592	557,011

5.4. Short-term liabilities

		31 March 2016 USD	31 March 2015 USD
5.4.1.	Taxes		
	Corporate income tax current year	–	–
5.4.2.	Other payable and accrued expenses		
	Creditors	–	–
	Tax advisory fees	**2,490**	3,479
	Audit fees	**10,755**	9,218
	Salary (and salary administration)	**2,289**	2,629
		15,534	15,326

6. Notes to the income statement for period of 1 April 2015 up to and including 31 March 2016

		31 March 2016 USD	31 March 2015 USD
6.1.	**Salary expenses**		
	Wages	**10,487**	11,760
		10,487	11,760
6.2.	**General and administrative expenses**		
	Domiciliation and management fees	**10,683**	17,425
	Administrative and accounting fees	**21,106**	16,900
	Audit fees	**11,053**	9,218
	Tax advisory fees	**1,626**	4,959
	Other general expenses	**244**	73
		44,712	48,575
6.3.	**Interest income and similar income**		
	Foreign exchange results	–	2,019
	VAT receivable previous year	**3,355**	–
		3,355	2,019
6.4.	**Interest expense and similar expenses**		
	Bank charges	**6,728**	5,402
	Foreign exchange results	**1,847**	2,292
		8,575	7,694

6.5. Result associate

		31 March 2016 USD	31 March 2015 USD
	Result PT. TVS Motor Company Indonesia	**(2,783,423)**	(2,813,213)
	Adjustment result previous periods	**1,461,906**	10,901,532
	Impairment loss	**(357,442)**	(2,729,828)
	Adjustment valuation	–	(541,745)
		(1,678,959)	4,816,746
6.6.	**Corporate income tax**		
	Corporate income tax current year	–	–
		–	–

Director and employees

The Company has five Directors (2014/2015: five) and one employee (2014/2015: one) during the period under review.

Amsterdam, 29 April 2016

Mr. R.C. Elshout
Title : Director

Mr. H. Lakshmanan
Title : Director

Mr. P.J. Stegeman
Title : Director

Mr. V.N. Venkatanathan
Title : Director

SCG Management (Netherlands) B.V.
Title : Director

7. Supplementary information

Audit

The auditor's report is included on the next page.

Distribution of profits, according to article 22 of the Articles of Association.

The profits shall be at the disposal of the annual general meeting of shareholders. The Company may only make distributions to the shareholders and other entitled persons to the extent that the shareholders' equity exceeds the sum of the paid- and called-up part of the capital. No profit shall be distributed on shares held by the Company itself. Distributions of profits shall take place after the adoption of the annual accounts which show that the distribution is permitted.

Appropriation of the result

The result after tax for the financial year ended 31 March 2016 is included in the item undistributed result in Shareholder's equity (note 5.3).

Appropriation of the result of previous years

The result after tax for the financial year ended 31 March 2015 has been added to the other reserves.

Post-balance sheet date events

It is the intention to liquidate the Company.

RE-STATED ACCOUNTS OF
TVS MOTOR COMPANY (EUROPE) B.V.

BALANCE SHEET AS AT 31ST MARCH 2016

Sl. No.	Particulars	Note Number	US $ in Mn. As at 31.03.2016	Rupees in crores As at 31.03.2016
I	**EQUITY AND LIABILITIES**			
	1 Shareholders' funds			
	(a) Share capital	I	31.06	126.52
	(b) Reserves and surplus	II	(30.57)	(123.24)
	2 Non-current liabilities			
	(a) Long-term borrowings		–	–
	(b) Long-term provisions		–	–
	3 Current liabilities			
	(a) Short-term borrowings		–	–
	(b) Trade payables		0.02	0.14
	(c) Other current liabilities		–	–
	(d) Short-term provisions		–	–
	Total		0.51	3.42
II	**ASSETS**			
	1. Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets		–	–
	(ii) Intangible assets		–	–
	(iii) Capital work-in-progress		–	–
	(iv) Intangible assets under development			
	(b) Non-current investments	III	–	–
	(c) Deferred tax assets (Net)		–	–
	(d) Long-term loans and advances		–	–
	(e) Other non current assets		–	–
	2. Current assets			
	(a) Current investments		–	–
	(b) Inventories		–	–
	(c) Trade receivables		–	–
	(d) Cash and bank balances	IV	0.50	3.35
	(e) Short-term loans and advances	V	0.01	0.07
	(f) Other current assets		–	–
	Total		0.51	3.42

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

Sl. No.	Particulars	Note Number	US $ in Mn. Year ended 31.03.2016	Rupees in crores Year ended 31.03.2016
I	Revenue from operations		–	–
II	Other income	VI	–	0.02
III	Total Revenue (I + II)		–	0.02
IV	Expenses:			
	Cost of materials consumed		–	–
	Purchases of Stock-in-trade		–	–
	Changes in inventories of finished goods work-in-process and stock-in-trade		–	–
	Employee benefits expense	VII	0.01	0.07
	Finance costs	VIII	–	0.01
	Depreciation and amortization expense		–	–
	Other expenses	IX	0.05	0.33
	Total expenses		0.06	0.41
V	Profit before exceptional and extraordinary items and tax (III-IV)		(0.06)	(0.39)
VI	Exceptional Items - Income / (Loss)		–	–
VII	Profit before extraordinary items and tax (V-VI)		(0.06)	(0.39)
VIII	Extraordinary items - Income / (Loss)		–	–
IX	Profit before tax (VII+VIII)		(0.06)	(0.39)
X	Tax expense:			
	(1) Current tax		–	–
	(2) Deferred tax		–	–
XI	Profit / (Loss) for the period (IX-X)		(0.06)	(0.39)

Notes on Accounts

S. No.	Particulars	US $ in Mn. As at 31.03.2016	Rupees in crores As at 31.03.2016
I	**SHARE CAPITAL**		
	Authorised, issued and subscribed share capital		
	Authorised		
	500,000 Ordinary shares of EURO 100/- each	66.78	311.64
	Issued,subscribed and paid up		
	225,301 Ordinary shares of EURO 100/- each	31.06	126.52
		31.06	126.52
II	**RESERVES AND SURPLUS**		
	a. Capital reserve		
	Foreign currency translation reserve	–	12.77
	b. Surplus - Balance in Statement of Profit and Loss		
	Opening balance	(30.51)	(135.62)
	(+) Net profit / (Loss) for the current year	(0.06)	(0.39)
	Closing balance	(30.57)	(136.01)
	Total (a) + (b)	(30.57)	(123.24)
III	**NON CURRENT INVESTMENTS**		
	Trade Investments		
	Investment in equity instruments	27.76	134.19
	Less: Provision for diminution in investment	27.76	134.19
	Total	–	–
IV	**CASH AND BANK BALANCES**		
	Balances with banks	0.50	3.35
		0.50	3.35

Notes on Accounts - *(continued)*

S. No.	Particulars	US $ in Mn. As at 31.03.2016	Rupees in crores As at 31.03.2016
V	**SHORT TERM LOANS AND ADVANCES**		
	Unsecured, considered good:		
	Advance Tax	–	0.02
	Prepaid expense	0.01	0.05
	Total	0.01	0.07
VI	**OTHER INCOME**		
	Interest	–	0.02
	Total	–	0.02
VII	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries and wages	0.01	0.07
	Total	0.01	0.07
VIII	**FINANCE COST**		
	Others - Exchange Fluctuation	–	0.01
	Total	–	0.01
IX	**OTHER EXPENSES**		
	Audit fees	0.01	0.07
	Miscellaneous expenses	0.04	0.26
	Total	0.05	0.33

Directors' Statement

The directors present their report together with the audited financial statements of TVS Motor (Singapore) Pte. Limited (the "company") for the financial year ended 31 March 2016.

1. **OPINION OF THE DIRECTORS**

In the opinion of the directors,

(a) the financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the company for the year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

2. **DIRECTORS**

The directors of the company in office at the date of this report are:
Venu Srinivasan
Hari Hara Iyer Lakshmanan
Seenivasan Elayalwar

3. **ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS SHARES AND DEBENTURES**

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object are, or one of whose object is, to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

4. **DIRECTORS' INTERESTS IN SHARES OR DEBENTURES**

The directors who held holding office at the end of the financial year, had no interests in the share capital of the company and related corporations as recorded in the register of directors' shareholdings required to be kept by the company under Section 164 of the Singapore Companies Act, Chapter 50.

5. **SHARE OPTION**

During the financial year, no option to take up unissued shares of the company was granted.

There were no shares of the company issued by virtue of the exercise of options to take up unissued shares.

As at the end of the financial year, there were no unissued shares of the company under option.

6. **INDEPENDENT AUDITORS**

The independent auditors, Rama & Co., Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board

VENU SRINIVASAN Director	HARI HARA IYER LAKSHMANAN Director

Singapore,
28th April, 2016

Independent Auditors' report to the Members of TVS Motor (Singapore) Pte. Limited

Report on the financial statements

We have audited the accompanying financial statements of **TVS MOTOR (SINGAPORE) PTE. LIMITED**, which comprise the statement of financial position as at 31 March 2016, and statement of comprehensive income, statement of changes in equity and statement of cash flow and a summary of significant accounting policies and other explanatory information.

Management's responsibility for financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the entity'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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act, and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

RAMA & CO.
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS
SINGAPORE

Singapore,
28th April, 2016

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note	2016 S$	2015 S$
ASSETS			
Non-current assets			
Investment in subsidiary	(8)	**–**	63,967,275
Investment in associate	(9)	**63,967,275**	–
Total non-current assets		**63,967,275**	63,967,275
Current assets:			
Other receivable	(10)	**11,090,268**	10,931,992
Bank balance	(11)	**257,206**	493,711
Total current asset		**11,347,474**	11,425,703
Total assets		**75,314,749**	75,392,978
EQUITY AND LIABILITIES			
Capital reserve:			
Share capital	(12)	**64,802,445**	64,364,301
Accumulated losses		**(766,184)**	(597,860)
Total equity		**64,036,261**	63,766,441
Current liabilities:			
Other payables	(13)	**11,278,488**	11,626,537
Total current liabilities		**11,278,488**	11,626,537
Total equity and liabilities		**75,314,749**	75,392,978

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Share Capital S$	Accumulated Losses S$	Total S$
Balance as at 1 April 2014	64,364,301	(438,772)	63,925,529
Total comprehensive loss for the year	–	(159,088)	(159,088)
Balance as at 31 March 2015	64,364,301	(597,860)	63,766,441
Issuance of shares	438,144	–	438,144
Total comprehensive loss for the year	–	(168,324)	(168,324)
Balance as at 31 March 2016	64,802,445	(766,184)	64,036,261

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 S$	2015 S$
Revenue		**–**	–
Other income	(14)	**908,764**	919,094
Administrative expenses		**(20,337)**	(17,345)
Finance cost	(15)	**(1,056,751)**	(1,060,837)
Loss before income tax		**(168,324)**	(159,088)
Income tax	(16)	**–**	–
Loss for the year	(17)	**(168,324)**	(159,088)
Other comprehensive income		**–**	–
Total comprehensive loss for the year		**(168,324)**	(159,088)

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2016

	2016 S$	2015 S$
Cash flow from operating activities:		
Loss before income tax	**(168,324)**	(159,088)
Adjustment for:		
Foreign currency exchange adjustment	**–**	(209)
Interest income	**(908,764)**	(896,256)
Interest expense	**874,998**	881,586
Withholding tax	**90,000**	–
Operating loss before working capital changes	**(112,090)**	(173,967)
Other receivables	**201,724**	–
Other payables	**(335,353)**	133,439
Net cash used in operating activities	**(245,719)**	(40,528)
Investing activities:		
Interest received	**458,764**	896,256
Net cash from investing activities	**458,764**	896,256
Financing activities:		
Interest paid	**(449,550)**	(881,586)
Share application money received	**–**	438,144
Net cash used in financing activities	**(449,550)**	(443,442)
Net (decrease) / increase in bank balance	**(236,505)**	412,286
Bank balance at beginning of year	**493,711**	81,425
Bank balance at end of the year	**257,206**	493,711

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

a) Corporate Information

TVS Motor (Singapore) Pte. Limited ("the company") (Registration number: 200301438H) is a private limited company incorporated and domiciled in the Republic of Singapore with its registered office at:

17 Phillip Street #05-01
Grand Building
Singapore 048695

The principal activities of the Company are to carry on the business as an investment holding company.

b) Authorisation of financial statements for issue

The financial statements of the company for the year ended 31 March 2016 were authorised for issue in accordance with the directors' resolution dated 20 April 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up and in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS")

Historical cost is generally based on the fair value of the consideration given in the exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purpose, fair value measurements are described in Note 5.

The preparation of financial statements in conformity with FRS requires management to exercise its judgments in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements are disclosed in Note 4.

2.2. Changes in Accounting Policies

a) Adoption of new and revised FRSs and INT FRSs

In the current financial year, the company has adopted all the new and revised FRSs and INT FRSs issued by the ASC that are relevant to its operations and effective for annual year beginning on 1 April 2015. The adoption of these new / revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the financial statements.

b) Standards issued but not yet effective

At the date of authorisation of financial statements, the following FRSs, INT FRSs and amendments that are relevant to the Company were issued but not effective are as follows:

Reference	Description	Effective of date (annual periods beginning on or after)
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 January 2016
FRS 27	Separate Financial Statements	1 January 2016
FRS 32	Amendments to FRS 32: Offsetting of Financial Assets and Financial Liabilities	1 January 2016
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Current Assets	1 January 2016
FRS 109	Financial Instruments	1 January 2018

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

c) Improvements to FRSs issued in 2016

INT FRS and amendments issued in 2016 that are relevant to the company were issued but not effective are as follows:

Reference	Subject of amendments	Effective for (annual periods beginning on or after)
FRS 19	Discount rate: regional issue	1 January 2016
FRS 107	Servicing contracts	1 January 2016

The improvement contains amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments.

The management expects that the adoption of the improvements to FRSs above will have no material impact on the financial statements in the period of initial application.

2.3. Functional and Foreign Currency

a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The financial statements of the company are presented in Singapore dollar, which is also the functional currency of the Company.

b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss.

2.4. Subsidiary

Subsidiary is an entity controlled by the company. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. An investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in the profit or loss.

2.5. Associate

An associate is an entity over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

2.6. Impairment of Non-financial Assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.7. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates that have been enacted.

b) Deferred tax

Deferred tax is provided, using the liability method on all temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences carry-forward of unutilised tax assets and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unutilised tax assets and unutilised tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit or loss nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed at the each of reporting period and reduced to the extent that it is not longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.8. Related Parties

A related party is a person or an entity related to the company and is further defined as follows:

a) A person or a close member of that person's family is related to the company if that person:

- i) has control or joint control over the company;
- ii) has significant influence over the company; or
- iii) is a member of the key management personnel of the company or of a parent of the company.

b) An entity is related to a company if:

- i) the entity and the company are members of the same group i.e each parent, subsidiary and fellow subsidiary;
- ii) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
- iii) both entities are joint ventures of the same third party;
- iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
- vi) the entity is controlled or jointly controlled by a person identified in (a); or
- vii) a person identified in (a) i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.
- viii) the entity, or any member of the company of which it is a part, provides key management personnel services to the company or to the parent of the company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the company.

Related party transactions and outstanding balances disclosed in the financial statement are in accordance with the above definition as per FRS24.

2.9. Provisions

Provisions are recognised when the company has present obligations (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.10. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When changes in the probability of an outflow occur so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.11. Events after the Reporting Period

Events after the reporting period that provide additional information about the company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes the financial statements when material.

3. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

3.1. Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

3.2. Financial assets

Financial assets within the scope of FRS 39 are recognised on the statement of financial position when and only when the Company becomes a party to the contractual provision of the financial instruments. The classification of the financial assets depends on the purpose of which the assets were required.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Other receivable and bank balance are classified within loans and receivables on the statement of financial position.

i) Other receivable

Other receivable is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of other receivable is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in profit or loss.

ii) Bank balance

Bank balance comprises the total amount of money held at the bank by the company.

b) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment loss not been recognised.

c) Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

3.3. Equity and Financial Liabilities

Equity instruments issued by the company and financial liabilities are classified accordingly to the substance of the contractual arrangements entered into and the definitions of an equity instrument and a financial liability.

a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

b) Financial liabilities

Other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respectively carrying amounts is recognised in profit or loss.

3.4. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is legally enforceable right to offset the recognised amounts and there is an obligation to settle on a net basis, or realise the asset and settle the liability simultaneously.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1. Critical Accounting judgements

In the application of the company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Determination of functional currency

In determining the functional currencies of the company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the company are determined based on management's assessment of the primary economic environment in which the company operates and the company's process of determining sales prices.

4.2. Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i) Impairment of investment in subsidiary

The company follows the guidance of FRS 36 in determining the recoverability of its investments in subsidiary. This requires assessment as to whether the carrying values of its investment can be supported by the net present values of future cash flows derived from such investment using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement. The company determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information.

ii) Impairment of other receivable

The company assesses at the end of the reporting period whether there is any objective evidence that a financial assets is impaired. To determine whether there is objective evidence of impairment, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of other receivable is disclosed in Note 9 to the financial statements.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT

5.1. Categories of financial assets and liabilities

	2016	2015
	S$	S$
Financial assets		
Other receivable	**11,090,268**	10,931,922
Bank balance	**257,206**	493,711
	11,347,474	11,425,703
Financial liability		
Other payables	**11,278,488**	11,626,537

5.2. Financial Risks Management Policies and Objectives

The company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The Company, however, does not have any written risk management policies and guidelines. The management meet periodically to analyse, formulate and monitor the following risk management of the company and believe that the financial risks associated with these financial instruments are minimal. The Company adopt systematic approach towards risk assessment and management. This is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, and monitoring and reporting of risk profile.

a) Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations to repay amounts owing to company resulting in a loss to the company. The company's primary exposure to credit risk arises through its bank balance and related party balances. It is the company's policy to enter into transactions with creditworthy customers and high credit rating counter-parties to mitigate any significant credit risk. The company has procedures in place to control credit risk and that exposure to such risk is monitored on an ongoing basis.

As the company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

Financial assets that are neither past due nor impaired

Bank balance that is neither past due nor impaired is mainly deposit with bank with high credit ratings assigned by international credit-rating agencies. Other receivable that is neither past due nor impaired is substantially company with a good credit record with the company.

Financial assets that are past due and / or impaired

There is no other class of financial assets that is past due and / or impaired.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market interest rate.

The company has bank balance that is non-interest bearing, therefore has no exposure to cash flow interest rate risk.

No interest rate sensitivity analysis is disclosed as the impact of changes in interest rate is not expected to be material.

c) Foreign currency exchange rate risk

Foreign currency exchange rate risk arose from the change in foreign exchange rates that may have an adverse effect on the company in the current reporting period and in the future periods.

The company transacts mainly in Singapore dollar. Foreign currency exchange exposures are naturally hedged as both trade purchases and sales are denominated in the above currency. This natural hedge reduces significantly the financial impact of movements in the foreign currency exchange rates. Management believes that the foreign exchange rate risk is manageable. Hence, the company does not use derivative financial instruments to mitigate this risk.

The company's exposure to foreign currency exchange rate risk in equivalent Singapore dollar is as follows:

	2016	2015
In Singapore dollar	**S$**	S$
Financial asset		
Other receivable	**11,090,268**	10,931,922
Bank balance	**257,206**	493,711
	11,347,474	11,425,703
Financial liability		
Other payables	**11,208,421**	11,621,087
Net exposure	**139,053**	(195,384)

Sensitivity analysis

A 10% increase or decrease is used when reporting foreign currency exchange rate risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates.

A 10% strengthening of Singapore dollar against the following currency would increase / (decrease) profit or loss and equity by the amount shown below:

	2016	2015
	S$	S$
US $ impact	**13,905**	(19,538)

A 10% weakening of Singapore dollar against the above currency would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

d) Liquidity risk management

Liquidity risk refer to risk that the company will not have sufficient funds to pay its debts as and when they fall due.

In the management of the liquidity risk, the company monitors and maintains a level of bank balances deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuations in cash flows.

The following table summarises the company's remaining contractual maturity for its non-derivative financial instruments at the end of the reporting period based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the company is expected to receive or pay.

2016	**Effective interest rate (%)**	**Within 1 year of repayable on demand**	**Within 2 to 5 year**	**Total**
		S$	**S$**	**S$**
Financial liabilities				
Other payables	–	11,278,488	–	11,278,488

2015	**Effective interest rate (%)**	**Within 1 year of repayable on demand**	**Within 2 to 5 year**	**Total**
		S$	**S$**	**S$**
Financial liability				
Other payables	–	11,626,537	–	11,626,537

e) Fair value of financial assets and financial liabilities

The carrying amounts of other receivable, bank balance and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

5.3. Capital Risk Management Policies and Objectives

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as other payables less bank balance. Total capital is calculated as equity and net debt. The company's overall strategy remains unchanged during the period.

	2016 S$	2015 S$
Other payables	**11,278,488**	11,626,537
Less: Bank balance	**(257,206)**	(493,711)
Net debts	**11,021,282**	11,132,826
Total equity	**64,036,261**	63,766,441
Total capital	**75,057,543**	74,899,267
Gearing ratio	**15%**	15%

The company is not subject to externally imposed capital requirements.

6. HOLDING COMPANY

The company is wholly-owned subsidiary of TVS Motor Company Ltd, incorporated in India. The company's ultimate holding company is Sundaram-Clayton Limited, incorporated in India. The registered office of the holding company is at 29 (Old No.8) Haddows Road, Chennai 600006, India.

Some of the company's transactions and arrangements are between members of the company and the effects of these on the basis determined between the parties are reflected in these financial statements.

Significant holding company transactions:

	2016 S$	2015 S$
Interest expenses	**874,998**	881,586

7. INVESTMENT IN SUBSIDIARY

	2016 S$	2015 S$
Unquoted equity shares at cost		
Balance at beginning and end of year	**–**	63,967,275

Details of the subsidiary are as follows:

Name of subsidiary/ Country of incorporation	Principal activity	Proportion of ownership Interest 2016	2015
PT. TVS Motor Company Indonesia	Manufacturers of Motorcycles, motorcycles spare parts and accessories.	**–**	38%

a) Exemption from consolidation

One set of consolidated financial statements of the company and its subsidiary is not prepared as the company itself is wholly-owned by another corporation which prepares consolidated financial statements available for public use. The registered office of the holding company, TVS Motor Company Ltd is at 29 (Old No. 8) Haddows Road, Chennai 600006, India.

b) Impairment loss

As at the end of the reporting period, the company carried out a review on the recoverable amount of its investment in subsidiary. The review revealed no impairment in value required during the financial year. The recoverable amount of the relevant investment in subsidiary has been determined on the basis of their net assets values at the end of the reporting period as in the opinion of the management of the company, the net assets value of the subsidiary approximate the fair values less costs to sell.

c) Others

The subsidiary's financial statements were audited by M/s Osman Bing Satrio & Eny, Registered Public Accountants, in Indonesia.

8. INVESTMENT IN ASSOCIATE

	2016 S$	2015 S$
Unquoted equity shares at cost	**63,967,275**	–

Details of the associate are as follows:

Name of associate Country of incorporation	**Principal activity**	**Proportion of ownership Interest 2016**	**2015**
P.T.TVS Motor Company Indonesia	Manufacturers of Motorcycles, motorcycles spare parts and accessories	**35%**	–

9. OTHER RECEIVABLES

	2016 S$	2015 S$
Amount due from subsidiary (Note 8)	**–**	10,931,992
Amount due from associate (Note 9)	**10,730,268**	–
Interest receivables from associate (Note 9)	**360,000**	–
	11,090,268	10,931,992

The amount due from subsidiary and associate are unsecured and repayable on demand.

The interest is receivable semi-annually on 30th September and 31st March (2015: 30th June and 31st December) of each year and is calculated at 8.25% on a 360 day year basis.

Other receivables are denominated in United States dollar.

10. BANK BALANCES

	2016 S$	2015 S$
Cash at bank	**257,206**	493,711

Bank balance is denominated in United States dollars.

11. SHARE CAPITAL

	2016 Number of ordinary shares	2015	2016 S$	2015 S$
Issued and Paid Up:				
At beginning of the year	**64,364,301**	64,364,301	**64,364,301**	64,364,301
Issued during the year	**438,144**	–	**438,144**	–
At the end of the year	**64,802,445**	64,364,301	**64,802,445**	64,364,301

During the financial year, the company issued 438,144 ordinary shares at S$1 per share for cash.

The company has one class of ordinary shares with no par value, which carry one vote per share and carry a right to dividends and when declared by the company.

12. OTHER PAYABLES

	2016 S$	2015 S$
Holding Company (Note 6)	**10,846,790**	11,050,704
Interest payables to holding company	**361,631**	–
Share application money	**–**	438,144
Withholding tax payable	**63,817**	132,239
Accrued expenses	**6,250**	5,450
	11,278,488	11,626,537

The amount due to holding company is unsecured and repayable on demand.

The interest is payable semi-annually on 30th September and 31st March (2015: 30th June and 31st December) of each year and is calculated at 8% per annum.

Other payables are denominated in the following currencies:

	2016	2015
	S$	S$
Singapore dollar	**70,067**	5,450
United States dollar	**11,208,421**	10,621,087
	11,278,488	11,626,537

13. OTHER INCOME

	2016	2015
	S$	S$
Foreign currency exchange adjustment gain	**–**	22,838
Interest income	**908,764**	896,256
	908,764	919,094

14. FINANCE COST

	2016	2015
	S$	S$
Interest expenses	**874,998**	881,586
Withholding tax	**181,753**	179,251
	1,056,751	1,060,837

15. INCOME TAX

The income tax expense varied from the amount of income tax determined by applying the Singapore income tax rate of 17% (2015: 17%) to profit before income tax as a result of the following differences:

	2016	2015
	S$	S$
Loss before income tax	**(168,324)**	(159,088)
Income tax expense / (benefit) at statutory rate of 17% (2015: 17%)	**(28,615)**	(27,045)
Income tax effect of:		
- non-taxable items	**–**	(3,882)
- unutilised tax losses c/f	**28,615**	30,927
	–	–

The company has carry forward tax losses available for offsetting against future taxable income as follow:

	2016	2015
	S$	S$
Tax losses		
Amount at beginning of year	**192,805**	10,879
Amount in current year	**168,324**	181,926
Amount at end of year	**361,129**	192,805
Deferred tax benefit on above unrecorded	**61,392**	32,777

The realisation of the future income tax benefits from tax loss carry forward is available for an unlimited period subject to the conditions imposed by law including the retention of majority shareholders as defined.

The deferred tax benefit of the remaining tax loss carried forward has not been recognised in the financial statements because it is not probable that the future taxable profit will be available against which the company can utilise the benefits thereon.

16. LOSS FOR THE YEAR

Loss for the year has been arrived at after (crediting) / charging:

	2016	2015
	S$	S$
Foreign currency exchange adjustment loss / (gain)	**10,157**	(22,838)

17. EVENTS AFTER THE REPORTING PERIOD

No items, transactions or events of material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the company for the succeeding financial year.

Detailed statement of Profit or Loss for the year ended 31 March 2016

	2016	2015
	S$	S$
Revenue	**–**	–
Other income		
Foreign currency exchange adjustment gain	**–**	22,838
Interest income	**908,764**	896,256
	908,764	919,094
Less: Operating expenses		
Administrative expenses		
Accounting fee	**800**	800
Auditors' remuneration	**3,000**	3,000
Bank charges	**833**	1,361
Foreign currency exchange adjustment loss	**10,157**	–
Printing and stationery	**50**	150
Professional fee	**2,950**	2,550
Secretarial fees and charges	**2,547**	9,484
Finance cost		
Interest expense	**874,998**	881,586
Withholding tax	**181,753**	179,251
	(1,077,088)	(1,078,182)
Net loss for the year	**(168,324)**	(159,088)

This schedule does not form part of the statutory audited financial statements.

RE-STATED ACCOUNTS OF
TVS MOTOR (SINGAPORE) PTE. LIMITED

BALANCE SHEET AS AT 31ST MARCH 2016

Sl. No.	Particulars	Note Number	Singapore $ Mn. As at 31.03.2016	Rupees in crores As at 31.03.2016
I	**EQUITY AND LIABILITIES**			
	1 Shareholders' funds			
	(a) Share capital	I	64.80	203.21
	(b) Reserves and surplus	II	(0.77)	(8.74)
	2 Non-current liabilities			
	(a) Long-term borrowings		–	–
	(b) Deferred tax liabilities (Net)		–	–
	(c) Other long term liabilities	III	11.22	55.30
	(d) Long-term provisions		–	–
	3 Current liabilities			
	(a) Short-term borrowings		–	–
	(b) Trade payables		0.01	0.03
	(c) Other current liabilities	IV	0.06	0.31
	(d) Short-term provisions		–	–
	Total		75.32	250.11
II	**ASSETS**			
	1. Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets		–	–
	(ii) Intangible assets		–	–
	(iii) Capital work-in-progress		–	–
	(iv) Intangible assets under development		–	–
	(b) Non-current investments	V	63.97	196.12
	(c) Long-term loans and advances	VI	11.09	52.72
	(d) Other non current assets		–	–
	2. Current assets			
	(a) Current investments		–	–
	(b) Inventories		–	–
	(c) Trade receivables		–	–
	(d) Cash and bank balances	VII	0.26	1.27
	(e) Short-term loans and advances		–	–
	(f) Other current assets		–	–
	Total		75.32	250.11

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

Sl. No.	Particulars	Note Number	Singapore $ Mn. Year ended 31.03.2016	Rupees in crores Year ended 31.03.2016
I	Revenue from operations		–	–
II	Other income		0.91	4.28
III	Total Revenue (I + II)		0.91	4.28
IV	Expenses:			
	Cost of materials consumed		–	–
	Purchases of Stock-in-trade		–	–
	Changes in inventories of finished goods work-in-process and stock-in-trade		–	–
	Employee benefits expense		–	–
	Finance costs	VIII	1.07	5.03
	Depreciation and amortization expense		–	–
	Other expenses	IX	0.01	0.03
	Total expenses		1.08	5.06
V	Profit before tax (III-IV)		(0.17)	(0.78)
VI	Tax expense:			
	(1) Current tax		–	–
	(2) Deferred tax		–	–
VII	Profit / (Loss) for the period (V-VI)		(0.17)	(0.78)

Notes on Accounts

		Singapore $ Mn. As at 31.03.2016	Rupees in crores As at 31.03.2016
I	**SHARE CAPITAL**		
	Authorised, issued and subscribed share capital		
	Authorised		
	Ordinary shares of Singapore $ 1/- each	64.36	201.20
	Issued,subscribed and paid up		
	Ordinary shares of Singapore $ 1/- each	64.80	203.21
		64.80	203.21
II	**RESERVES AND SURPLUS**		
	a. Capital reserve		
	Foreign currency translation reserve	–	(5.01)
	b. Surplus - Balance in Statement of Profit and Loss		
	Opening balance	(0.60)	(2.74)
	(+) Transfer from Foreign currency translation reserve	–	(0.21)
	(+) Net profit / (Loss) for the current year	(0.17)	(0.78)
	Closing balance	(0.77)	(3.73)
	Total (a) + (b)	(0.77)	(8.74)
III	**OTHER LONG TERM LIABILITIES**		
	Advance received	11.22	55.30
	Total	11.22	55.30
IV	**OTHER CURRENT LIABILITIES**		
	Statutory Dues	0.06	0.31
	Total	0.06	0.31

Notes on Accounts - *(continued)*

		Singapore $ Mn. As at 31.03.2016	Rupees in crores As at 31.03.2016
V	**NON CURRENT INVESTMENTS**		
	Trade Investments		
	Investment in equity instruments	63.97	196.12
	Total	63.97	196.12
VI	**LONG TERM LOANS AND ADVANCES**		
	Unsecured, considered good		
	Loans to related parties	11.09	52.72
	Total	11.09	52.72
VII	**CASH AND BANK BALANCES**		
	Balances with banks	0.26	1.27
	Total	0.26	1.27
VIII	**FINANCE COST**		
	Interest expense	1.06	4.98
	Others - Exchange Fluctuation	0.01	0.05
	Total	1.07	5.03
IX	**OTHER EXPENSES**		
	a) Audit fees	–	0.01
	b) Miscellaneous expenses	0.01	0.02
	Total	0.01	0.03

Independent Auditors' Report

No.GA 116 0393 TVS AI

The Stockholders, Board of Commissioners and Directors
PT. TVS Motor Company Indonesia

We have audited the accompanying financial statements of PT. TVS Motor Company Indonesia, which comprise the statement of financial position as of March 31, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT. TVS Motor Company Indonesia as of March 31, 2016, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Emphasis of a matter

We draw your attention to Note 31 to the financial statements which indicates that the Company incurred a total comprehensive loss of Rp 118,281,803,470 during the year ended March 31, 2016 and, as of that date, the Company's current liabilities exceeded its current assets by Rp 166,190,557,193. Further, the Company incurred a deficit of Rp 1,349,619,562,276 as of March 31, 2016, as a result of recurring losses from operations due to gross losses and significant operating expenses. Management's plans concerning these matters are also discussed in Note 31 to the financial statements.

Also, as discussed in Note 2 to the financial statements, in 2016, the Company adopted several Statement of Financial Accounting Standards (PSAK) which have been applied retrospectively and the prior year corresponding figures have been restated.

Our opinion is not modified in respect of these matters.

OSMAN BING SATRIO & ENY
Alvin Ismanto
License of Public Accountant No. AP. 0556

April 21, 2016

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016

	Notes	March 31, 2016	March 31, 2015*)	March 31, 2014*)
		Rp	Rp	Rp
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5	30,984,603,733	27,449,296,143	16,581,261,674
Trade accounts receivable	6			
Related party	27	3,784,871,568	696,254,200	–
Third parties - net of allowance for impairment losses of Rp 582,399,879 and Rp 57,523,011 at March 31, 2015 and 2014, respectively		30,632,599,042	25,813,669,472	18,110,151,525
Inventories - net of allowance for obsolescence of Rp 1,435,699,732, Rp1,959,536,813 and Rp 4,834,855,317 at March 31, 2016, 2015 and 2014, respectively	7	83,655,925,038	82,685,392,869	63,904,348,157
Prepaid taxes - current	8	34,245,411,429	20,978,037,021	10,386,317,604
Advances to suppliers	9	3,204,392,667	2,891,764,515	247,106,101
Other current assets		4,106,417,269	5,081,017,970	6,572,257,360
Total Current Assets		190,614,220,746	165,595,432,190	115,801,442,421
NON-CURRENT ASSETS				
Prepaid taxes - non-current	8	5,930,753,663	7,078,297,947	8,523,458,538
Deferred tax assets - net	26	67,851,131,734	88,858,896,874	60,449,028,873
Property, plant, and equipment - net of accumulated depreciation of Rp 140,080,176,455, Rp 123,873,189,815 and Rp 107,436,948,822 at March 31, 2016, 2015 and 2014, respectively	10	415,357,873,545	377,344,616,524	485,810,788,571
Security deposits		1,087,823,637	1,127,418,694	917,085,887
Deferred charges - net of accumulated amortization of Rp 138,277,605,557, Rp 133,313,455,433 and Rp 127,731,043,296 at March 31, 2016, 2015 and 2014, respectively	11, 27	1,654,716,708	6,618,866,832	12,201,278,969
Total Non-current Assets		491,882,299,287	481,028,096,871	567,901,640,838
TOTAL ASSETS		682,496,520,033	646,623,529,061	683,703,083,259

*) As restated (Note 2)

See accompanying notes to financial statements which are an integral part of the financial statements.

	Notes	March 31, 2016	March 31, 2015*)	March 31, 2014*)
		Rp	Rp	Rp
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Bank loans	12	227,428,259,294	150,363,907,136	119,493,666,150
Trade accounts payable	13			
Related party	27	55,859,568,551	60,014,693,102	4,577,063,482
Third parties		14,705,364,375	10,253,476,071	9,170,718,115
Other accounts payable	14			
Related party	27	1,491,934,802	897,566,177	467,824,695
Third parties		4,623,177,571	6,263,906,601	9,937,992,534
Taxes payable	15	622,552,405	2,527,500,741	720,001,346
Accrued expenses	16	22,358,888,326	19,822,180,799	28,509,670,579
Current maturities of loan from a financial institution	17	28,941,680,000	52,312,187,120	66,329,815,056
Advance from customer		773,352,615	320,666,132	6,773,457
Total Current Liabilities		356,804,777,939	302,776,083,879	239,213,525,414
NON-CURRENT LIABILITIES				
Bank loan - net of current maturities	12	–	10,764,556,410	15,508,457,725
Loan from a financial institution - net of current maturities	17	28,978,560,600	56,895,385,000	94,624,208,424
Loan from a shareholder	18, 27	105,436,345,776	103,911,505,584	79,828,000,000
Post-employment benefits obligation	19	14,401,892,000	14,895,251,000	9,828,213,000
Total Non-current Liabilities		148,816,798,376	186,466,697,994	199,788,879,149
EQUITY				
Capital stock - Rp 97,400 (US$ 10) par value per share				
Authorized - 15,000,000 shares in 2016 and 12,500,000 shares in 2015 and 2014, respectively				
Subscribed and paid-up - 12,597,000 ordinary shares in 2016. 11,597,000 ordinary shares in 2015 and 7,300,000 Class A shares and 3,897,000 Class B shares in 2014	20	1,226,947,800,000	1,129,547,800,000	1,090,587,800,000
Foreign exchange rate difference on paid-in capital	21	50,287,020,000	9,911,020,000	(2,380,980,000)
Revaluation surplus	22	244,396,214,244	195,262,077,544	273,754,721,781
Actuarial gains	19	4,863,471,750	2,289,270,750	3,568,616,250
Deficit		(1349,619,562,276)	(1,179,629,421,106)	(1,120,829,479,335)
Total Equity		176,874,943,718	157,380,747,188	244,700,678,696
TOTAL LIABILITIES AND EQUITY		682,496,520,033	646,623,529,061	683,703,083,259

*) As restated (Note 2)

See accompanying notes to financial statements which are an integral part of the financial statements.

PT. TVS MOTOR COMPANY INDONESIA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended March 31, 2016

	Notes	2016 Rp	2015*) Rp
NET SALES	23, 27	179,981,018,040	225,908,161,104
COST OF GOODS SOLD	24, 27	(210,814,920,461)	(245,323,642,075)
GROSS LOSS		(30,833,902,421)	(19,415,480,971)
Marketing	25	(16,726,306,485)	(32,078,664,890)
General and administrative	25, 27	(60,997,898,871)	(68,149,537,604)
Finance cost		(34,390,587,577)	(29,835,297,627)
Loss on foreign exchange - net		(10,566,923,090)	(48,057,399,786)
Interest income		481,373,000	994,878,930
Loss on sale and disposal of property, plant and equipment	10	(1,588,690)	(536,222,438)
Others - net		3,195,391,104	3,423,566,297
Final tax expense		–	(6,469,166,835)
LOSS BEFORE TAX		(149,840,443,030)	(200,123,324,924)
INCOME TAX BENEFIT (EXPENSE)	26	(20,149,698,140)	27,970,738,916
NET LOSS FOR THE YEAR		(169,990,141,170)	(172,152,586,008)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation surplus	22	49,134,136,700	34,860,000,000
Remeasurement of defined benefits obligation	19	3,432,268,000	(1,705,794,000)
Related tax benefit (expense)	26	(858,067,000)	426,448,500
Total Other Comprehensive Income, net of tax		51,708,337,700	33,580,654,500
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(118,281,803,470)	(138,571,931,508)

*) As restated (Note 2)

See accompanying notes to financial statements
which are an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2016

				Other comprehensive income			
	Notes	Capital Stock	Foreign exchange rate difference on paid-in capital	Revaluation Surplus	Actuarial gains	Deficit	Total Equity
		Rp	Rp	Rp	Rp	Rp	Rp
Balance as of April 1, 2014 prior to change in accounting policy		1,090,587,800,000	(2,380,980,000)	273,754,721,781	-	(1,120,829,479,335)	241,132,062,446
Change in accounting policy	2	-	-	-	3,568,616,250	-	3,568,616,250
Restated balance as of April 1, 2014*)		1,090,587,800,000	(2,380,980,000)	273,754,721,781	3,568,616,250	(1,120,829,479,335)	244,700,678,696
Issuance of shares	20, 21	38,960,000,000	12,292,000,000	-	-	-	51,252,000,000
Other comprehensive income Revaluation surplus	22	-	-	34,860,000,000	-	-	34,860,000,000
Reversal of revaluation surplus - Sale of Land	10, 22	-	-	(113,352,644,237)	-	113,352,644,237	-
Actuarial loss on defined benefits obligation, net of tax	-	-	-	-	(1,279,345,500)	-	(1,279,345,500)
Loss for the year *)		-	-	-	-	(172,152,586,008)	(172,152,586,008)
Balance as of March 31, 2015*)		1,129,547,800,000	9,911,020,000	195,262,077,544	2,289,270,750	(1,179,629,421,106)	157,380,747,188
Issuance of shares	20, 21	97,400,000,000	40,376,000,000	-	-	-	137,776,000,000
Other comprehensive income Revaluation surplus	22	-	-	49,134,136,700	-	-	49,134,136,700
Actuarial gain on defined benefits obligation, net of tax		-	-	-	2,574,201,000	-	2,574,201,000
Loss for the year		-	-	-	-	(169,990,141,170)	(169,990,141,170
Balance as of March 31, 2016		1,226,947,800,000	50,287,020,000	244,396,214,244	4,863,471,750	(1,349,619,562,276)	176,874,943,718

*) As restated (Note 2)

See accompanying notes to financial statements
which are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
For the year ended March 31, 2016

	2016 Rp	2015*) Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax per statement of profit or loss and other comprehensive income	(149,840,443,030)	(200,123,324,924)
Adjustments for:		
Amortization of deferred charges	4,964,150,124	5,582,412,137
Interest and finance charges	34,390,587,577	29,835,297,627
Depreciation of property, plant and equipment	16,296,202,415	17,068,366,779
Loss on disposal of property, plant and equipment	1,588,690	536,222,438
Provision for employee benefits expense	3,034,110,000	3,472,534,000
Provision of allowance for inventory obsolescence	984,061,769	1,071,866,759
Provision for allowance for impairment losses	–	582,399,879
Interest income	(481,373,000)	(994,878,930)
Net unrealized loss on foreign exchange	8,500,241,660	23,533,504,056
Operating cash flows before changes in working capital	(82,150,873,795)	(119,435,600,179)
Changes in working capital:		
Trade accounts receivable	(7,695,504,826)	(7,867,330,531)
Inventories	(1,954,593,938)	(19,852,911,471)
Prepaid taxes	(12,264,451,036)	(10,108,513,968)
Advances to suppliers	(312,628,152)	(2,644,658,414)
Other current assets	964,127,819	1,514,464,519
Trade accounts payable	(544,118,103)	54,874,393,641
Other accounts payable	(1,080,194,837)	(3,771,052,973)
Taxes payable	(1,904,948,336)	1,807,499,395
Accrued expenses	(6,758,043,061)	1,620,747,120
Advance from customer	452,686,483	313,892,675
Cash used in operations	(113,248,541,782)	(103,549,070,186)
Income tax paid	(1,002,923,372)	(345,787,314)
Employee benefits paid	(95,201,000)	(111,290,000)
Proceed from tax refund	1,147,544,284	1,295,061,871
Net Cash Used in Operating Activities	(113,199,121,870)	(102,711,085,629)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in security deposits	43,015,537	(171,679,126)
Interest received	491,845,882	971,653,799
Acquisitions of property, plant and equipment	(5,206,738,754)	(3,783,572,051)
Proceed from sale disposal of property, plant and equipment	29,827,328	129,505,154,881
Net Cash Provided by (Used in) Investing Activities	(4,642,050,007)	126,521,557,503
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock issuance	137,776,000,000	51,252,000,000
Proceeds from bank loans	503,661,480,813	158,371,981,158
Payment of bank loans	(439,457,233,437)	(116,957,135,903)
Payment of loan from a financial institution	(55,842,753,960)	(64,647,408,000)
Interest and financial charges paid	(25,095,836,989)	(41,934,414,872)
Net Cash Provided by (Used in) Financing Activities	121,041,656,427	(13,914,977,617)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,200,484,550	9,895,494,257
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	27,449,296,143	16,581,261,674
Effect of foreign exchange rate changes	334,823,040	972,540,212
CASH AND CASH EQUIVALENTS AT END OF YEAR	30,984,603,733	27,449,296,143

*) As restated (Note 2)

See accompanying notes to financial statements
which are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
March 31, 2016 and for the year then ended

1. GENERAL

PT. TVS Motor Company Indonesia (the "Company") was established within the framework of the Foreign Capital Investment Law No. 1 year 1967 as amended by Law No. 11 year 1970 based on notarial deed No. 21 dated August 8, 2005 of Siti Rayhana, S.H., substitute of Bandoro Raden Ayu Mahyastoeti Notonagoro, S.H., notary in Jakarta. The Deed of Establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia through Decision Letter No. C-24361 HT.01.01.TH.2005 dated September 5, 2005. The Company's Articles of Association have been amended several times, most recently by notarial deed No. 1 dated March 3, 2016 of Rismalena Kasri, S.H., notray in Jakarta, regarding the issuance of shares and increase in the Company's subscribed and paid-up capital which was acknowledged by the Minister of Law and Human Rights of the Republic of Indonesia in his Notification Letter No. AHU-AH.01.03-0031798 dated March 16, 2016. The increase in authorized shares had been confirmed by notarial deed No. 5 dated February 12, 2016 of Rismalena Kasri, S.H., notary in Jakarta and acknowledged by the Minister of Law and Human Rights of the Republic of Indonesia in his Notification Letter No. AHU-AH.01.02-0002929 dated February 15, 2016.

In accordance with article 3 of the Company's Articles of Association, the scope of its activities include production of motorcycles, motorcycle component parts and accessories, three wheelers and its components. The Company started commercial operations on April 29, 2007.

The Company is domiciled in Jakarta and its head office is located at Wirausaha Building, 3rd Floor, Jl. HR. Rasuna Said, Kav. C5 Kuningan, Jakarta. As of March 31, 2016 and 2015, the Company has 325 and 345 employees, respectively.

The Company's management as of March 31, 2016 consists of the following:

President Commissioner	: Nihal Kaviratne Vijaya Devadas, CBE
Commissioners	: Kunnath Narayanan Radhakrishnan
	: Dr. Juwono Sudarsono
	: Rangaswami Ramakrishnan
President Director	: Ramaswamy Anandakrishnan
Director	: Venkataraman Thiyagarajan

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATION OF PSAK ("ISAK")

a. Standards effective in the current year

In the current year, the Company adopted the following new and revised standards and interpretations issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant to its operations and effective for accounting period beginning on January 1, 2015.

- PSAK 1 (revised 2013), Presentation of Financial Statements

  The amendments to PSAK 1 introduce new terminology for the statement of comprehensive income. Under the amendments to PSAK 1, the statement of comprehensive income is renamed as a "statement of profit or loss and other comprehensive income". The amendments to PSAK 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to PSAK 1, require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (1) items that will not be reclassified subsequently to profit or loss; and (2) items that may be reclassified subsequently to profit or loss when specific conditions are met.

  The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

- PSAK 24 (revised 2013), Employee Benefits

  The amendments to PSAK 24 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of PSAK 24 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of PSAK 24 are replaced with a "net interest" amount under PSAK 24 (revised 2013) which is calculated by applying the discount rate to the net defined benefit liability or asset.

  These changes have had an impact on the amounts recognized in profit or loss and other comprehensive income in prior years (see the tables below for details). In addition, PSAK 24 (revised 2013) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

  Specific transitional provisions are applicable to first-time application of PSAK 24 (revised 2013). The Company has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis.

- PSAK 46 (revised 2014), Income Taxes

  The amendments to PSAK 46: (1) remove references to final tax which was previously scoped in the standard; and (2) established a rebuttable presumption that the carrying amount of an investment property measured using the fair value model in PSAK 13, Investment Property will be recovered entirely through sale.

  Under the amendments, unless the presumption is rebutted, the measurement of the deferred tax liability or deferred tax asset is required to reflect the tax consequences of recovering the carrying amount of the investment property through sale. The "sale" presumption is rebutted if the investment property is depreciable and the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  Impact on asset, liability and equity as of March 31, 2014 / April 1, 2014 of the application of PSAK 24 (revised 2013), Employee Benefits:

	As previously reported	Adjustments	As restated
	Rp	Rp	Rp
Deferred tax assets - net	61,638,567,623	(1,189,538,750)	60,449,028,873
Post-employment benefits obligation	14,586,368,000	(4,758,155,000)	9,828,213,000
Other comprehensive income	273,754,721,781	3,568,616,250	277,323,338,031

  Impact on assets, liability and equity as of March 31, 2015 of the application of PSAK 24 (revised 2013), Employee Benefits:

	As previously reported	Adjustments	As restated
	Rp	Rp	Rp
Deferred tax assets - net	89,608,585,124	(749,688,250)	88,858,896,874
Post-employment benefits obligation	17,894,004,000	(2,998,753,000)	14,895,251,000
Other comprehensive income	195,262,077,544	2,289,270,750	197,551,348,294
Deficit	1,179,589,215,106	40,206,000	1,179,629,421,106

  Impact on profit or loss and other comprehensive income for the year ended March 31, 2015 of the application of PSAK 24 (revised 2013), Employee Benefits:

	As previously reported	Adjustment PSAK 24	Adjustment PSAK 46	As restated
	Rp	Rp	Rp	Rp
General and administrative	(68,095,929,604)	(53,608,000)	–	(68,149,537,604)
Final tax expense	–	–	(6,469,166,835)	(6,469,166,835)
Income tax benefit (expense)	21,488,170,081	13,402,000	6,469,166,835	27,970,738,916
Other comprehensive income	34,860,000,000	(1,279,345,500)	–	33,580,654,500

Below are the new and revised standards and interpretation that did not have a significant impact on presentation and amounts reported in the financial statements:

- PSAK 4 (revised 2013), Separate Financial Statements
- PSAK 15 (revised 2013), Investments in Associates and Joint Ventures
- PSAK 48 (revised 2014), Impairment of Assets
- PSAK 50 (revised 2014), Financial Instruments: Presentation
- PSAK 55 (revised 2014), Financial Instruments: Recognition and Measurement
- PSAK 60 (revised 2014), Financial Instruments: Disclosures
- PSAK 65, Consolidated Financial Statements
- PSAK 66, Joint Arrangements
- PSAK 67, Disclosures of Interests in Other Entities
- PSAK 68, Fair Value Measurements
- ISAK 26, Reassessment of Embedded Derivatives

b. Standards and Interpretations in issue but not yet adopted

Standard and improvements to standards effective for periods beginning on or after January 1, 2016, with early application permitted are as follows:

Standard

- PSAK 110 (revised 2015), Accounting for Sukuk,

Improvements

- PSAK 5: Operating Segments,
- PSAK 7: Related Party Disclosures,

- PSAK 13: Investments Property,
- PSAK 16: Property, Plant and Equipment,
- PSAK 19: Intangible Assets,
- PSAK 22: Business Combination,
- PSAK 25: Accounting Policies, Changes in Accounting Estimates and Errors,
- PSAK 53: Share-based Payments, and
- PSAK 68: Fair Value Measurement.

Amendments to standards and interpretation which are effective for periods beginning on or after January 1, 2016, with retrospective application are as follows:

- PSAK 4: Separate Financial Statements about Equity Method in Separate Financial Statements,
- PSAK 15: Investment in Associates and Joint Venture about Investment Entities: Applying the Consolidation Exception,
- PSAK 24: Employee Benefits about Defined Benefit Plans: Employee Contributions,
- PSAK 65: Consolidation Financial Statements about Investment Entities: Applying the Consolidation Exception,
- PSAK 67: Disclosures of Interest in Other Entities about Investment Entities: Applying the Consolidation Exception, and
- ISAK 30: Levies.

Amendments to standards effective for periods beginning on or after January 1, 2016, with amendments to be applied prospectively are as follows:

- PSAK 16: Property, Plant and Equipment about Clarification of Acceptable Methods of Depreciation and Amortization,
- PSAK 19: Intangible Asset about Clarification of Acceptable Methods of Depreciation and Amortization, and
- PSAK 66: Joint Arrangements about Accounting for Acquisitions of Interests in Joint Operation.

Amendments to standard and interpretation effective for periods beginning on or after January 1, 2017, with early application permitted are amendments to PSAK 1: Presentation of Financial Statements about Disclosure Initiative and ISAK 31, Scope Interpretation of PSAK 13: Investment property.

Standard and amendment to standard effective for periods beginning on or after January 1, 2018, with early application permitted are PSAK 69: Agriculture and amendments to PSAK 16: Agriculture: Bearer Plants.

As of the issuance date of the financial statements, management is still evaluating the effect of these standards and interpretations on the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards.

These financial statements are not intended to present the financial position, result of operations and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

b. Basis of Presentation

The financial statements, except for the statement of cash flows, are prepared under the accrual basis of accounting. The reporting currency used in the preparation of the financial statements is the Indonesian Rupiah (Rp), while the measurement basis used is the historical cost, except for certain accounts which are measured on the basis described in the related accounting policies.

The statements of cash flows are prepared using the indirect method with classifications of cash flows into operating, investing and financing activities.

Historical cost is generally based on the fair value of the consideration given in exchange for good and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics the asset or a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of PSAK 30, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PSAK 14 or value in use in PSAK 48.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c. Foreign Currency Transactions and Balances

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

d. Transactions with Related Parties

A related party is a person or entity that is related to the Company (the reporting entity):

a. A person or a close member of that person's family is related to the reporting entity if that person:
   i. has control or joint control over the reporting entity;
   ii. has significant influence over the reporting entity; or
   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
b. An entity is related to the reporting entity if any of the following condition applies:
   i. The entity, and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   iii. Both entities are joint ventures of the same third party.
   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   vi. The entity is controlled or jointly controlled by a person identified in (a).
   vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

e. Financial Assets

All financial assets are recognized and derecognized on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs.

The Company's financial assets are classified as loans and receivables.

<u>Loans and receivables</u>

Cash and cash equivalent, trade and other accounts receivable, other current assets and security deposit that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortized cost using the effective interest method less impairment. Interest is recognized by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis.

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at each reporting date. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

Loan and receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of loans and receivable is reduced by the impairment loss through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

f. Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities, which include trade and other payables, accrued expenses, bank loans, loan from a financial institution and from a shareholder are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

g. Netting of Financial Assets and Financial Liabilities

The Company only offsets financial assets and liabilities and present the net amount in the statement of financial position where the Company:

- currently has a legal enforceable right to set off the recognized amount; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h. Cash and Cash Equivalents

For cash flow presentation purposes, cash and cash equivalents consist of cash on hand, in banks and all unrestricted investments with maturities of three months or less from the date of placement.

i. Inventories

Inventories are stated at cost or net realizable value, whichever is lower. Cost is determined using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

j. Prepaid Expenses

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

k. Property, Plant and Equipment

Property, plant and equipment held for use in the production or supply of goods or services or for administrative purposes, are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Buildings	20
Machinery and tools	4 -10
Office equipment and furnitures	4
Vehicles	5

Moulds and dies are depreciated based on units of production of 150,000 units in 2016 and 2015.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Land is not depreciated and effective starting April 1, 2013, land is stated in the statement of financial position at its revalued amount, being the fair value at the date of the revaluation. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting date.

Any revaluation increase arising on the revaluation of land is credited in other comprehensive income and accumulated in equity and presented as revaluation surplus, under other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit of loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation land is recognised in profit of loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of property, plant and equipment, are recognized as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation and any impairment loss are removed from the accounts and any resulting gain or loss is reflected in the current operations.

l. Impairment of Non-Financial Assets

At reporting dates, the Company reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit)is reduced to its recoverable amount and an impairment loss is recognized immediately against earnings.

m. Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

n. Deferred Charges

Expenses related to product development are deferred and amortized using the straight-line method over 36 months.

o. After Sales Warranty

The Company makes a provision to cover possible cost on after sales warranty granted to customers. Such provision is recognized based on certain percentage of sales.

p. Revenue and Expense Recognition

Sale of Goods

Revenue from sales of goods is recognized when all of the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the company; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Interest Revenue

Interest revenue is accrued on time basis, by reference to the principal outstanding and at the applicable interest rate.

Expenses

Expenses are recognized when incurred.

q. Post-Employment Benefits

The Company established defined benefit pension plan covering all the local permanent employees. In addition, the Company also provides post-employment benefits as required under Labor Law No. 13/2003 (the "Labor Law").

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected as a separate item under other comprehensive income in equity and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

The Company presents the first two components of defined benefit cost in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

r. Income Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax expense is determined based on the taxable income for the year computed using the prevailing tax rates.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that is probable the taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized in the temporary differences arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside of profit or loss.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities when there is an intention to settle its current tax assets and current tax liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Company accounting policies, which are described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

In the process of applying the accounting policies described in Note 3, management has not made any critical judgment that has significant impact on the amounts recognized in the financial statements, apart from those involving estimates, which are dealt with below.

Key Sources of Estimation Uncertainty

The key assumptions concerning future and other key sources of estimation at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment Loss on Loans and Receivables

The Company assesses their loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, management makes judgment as to whether there is an objective evidence that loss event has occurred. Management also makes judgment as to the methodology and assumptions for estimating the amount and timing of future cash flows which are reviewed regularly to reduce any difference between loss estimate and actual loss. The carrying amount of loans and receivables are disclosed in Note 6.

Allowance for Decline in Value of Inventories

The Company provides allowance for decline in value of inventories based on estimated future usage of such inventories. While it is believed that the assumptions used in the estimation of the allowance for decline in value of inventories are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of the allowance for decline in value of inventories, which ultimately will impact the result of the Company's operations. The carrying amount of inventories is disclosed in Note 7.

Estimated Useful Lives of Property, Plant and Equipment and Deferred Charges

The useful life of each item of the Company's property, plant and equipment and product development costs are estimated based on the period over which the asset is expected to be available for use, or the period over which benefits are expected to be realized. Such estimation is based on internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

The carrying amounts of property, plant and equipment and deferred charges is disclosed in Note 10 and 11, respectively.

Realization of Deferred Tax Assets

The Company recognizes deferred tax assets on deductible temporary differences and fiscal loss carry forwards to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences and fiscal loss can be utilized.

In assessing whether deferred tax assets should be recognized, management makes judgement as to the assumptions used in estimating future taxable income. Any significant changes in the assumptions may materially affect the amount of deferred tax assets and ultimately will have an impact on its results of operations. The carrying amount of deferred tax assets - net is disclosed in Note 26.

Income Taxes

The Company is exposed to assessments on its income taxes and significant judgment is involved in determining the provision for income taxes. In certain circumstances, the Company may not be able to determine the exact amount of its current or future tax liabilities due to ongoing investigations by, or negotiations with, the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income.

The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the prepaid taxes, taxes payable and deferred tax assets (net of deferred tax liabilities) at the end of the reporting period are discussed in Notes 8, 15 and 26.

Fair Value of Land

Effective April 1, 2013, the Company's land is measured at fair value. In estimating the fair value of land, management engages third party qualified appraisal to perform the valuation. Management works closely with the qualified external appraisal to establish the appropriate valuation techniques and inputs. Any changes in the inputs and valuation techniques may have a material effect in the financial statements.

As of March 31, 2016 and 2015, the carrying value of land amounted to Rp 272,063,000,000 and Rp 222,928,863,300, respectively (Note 10).

5. CASH AND CASH EQUIVALENTS

	2016 Rp	2015 Rp
Cash on hand	133,334,957	86,487,343
Cash in banks		
Rupiah		
Bank Danamon Indonesia	365,854,370	1,237,580,826
Bank Mandiri	244,993,479	–
Bank SBI Indonesia	151,761,895	51,731,623
The Hongkong and Shanghai Banking Corporation Limited, Jakarta	143,516,391	1,376,839,668
Bank ina Perdana	117,167,240	57,856,255
Bank DBS Indonesia	56,332,971	108,983,726
Sub total	1,079,626,346	2,832,992,098
U.S. Dollar		
Bank Danamon Indonesia	5,236,823,475	268,144,017
Bank SBI Indonesia	3,455,543,129	574,036,687
Bank DBS Indonesia	904,046,744	725,777,200
The Hongkong and Shanghai Banking Corporation Limited, Jakarta	106,807,544	5,794,658,798
Bank Mandiri	92,421,538	–
Sub total	9,795,642,430	7,362,616,702
Total	10,875,268,776	10,195,608,800
Time deposits		
Rupiah		
Bank Ina Perdana	6,700,000,000	6,700,000,000
U.S. Dollar		
Bank SBI Indonesia	13,276,000,000	10,467,200,000
Sub total	19,976,000,000	17,167,200,000
Total	30,984,603,733	27,449,296,143
Interest rate per annum		
Rupiah	8.0% - 9.75%	7.5% - 12.5%
U.S. Dollar	1.75% - 2.50%	3.0% - 4.0%

6. TRADE ACCOUNTS RECEIVABLE

	2016 Rp	2015 Rp
a) By debtor		
Related party - TVS Motor Company Limited, India (Note 27)	3,784,871,568	696,254,200
Third parties		
Agrocorp International Pte Ltd	18,318,339,718	4,184,747,308
Stargold Motorcycle Co	6,141,942,260	–
OKI General Tradin LLC	1,529,926,240	–
Sunshine (Far East) Ltd - Guinea	1,416,858,000	3,265,243,040
PT Simpur Motor Lestari	886,455,445	6,689,615,375
PT Motormart Multi Artha	589,999,145	2,003,024,698
PT Terang Kemuliaan Raja	316.659,191	409,239,757
CV Bumi Indo Jaya	171,830,903	504,982,689
PT Gemilang Surya Motorindo	86,156,245	210,976,203
Niroo Motor Shiraz Co Ltd.	–	5,200,890,000
Cv Max-Auto TVS	–	558,517,638
Others (Below Rp 500,000,000 each)	1,174,431,895	3,368,832,643
Subtotal	30,632,599,042	26,396,069,351
Allowance for impairment losses	–	(582,399,879)
Subtotal	30,632,599,042	25,813,669,472
Net	34,417,470,610	26,509,923,672
b) By age category		
Not yet due	21,373,154,157	14,583,880,499
Past due		
1 - 30 days	9,968,792,415	4,154,375,088
31 - 60 days	320,782,977	1,861,526,396
61 - 90 days	401,726,167	2,829,174,967
91 - 120 days	–	1,404,755,776
121 - 180 days	120,849,453	892,162,710
181 - over 365 days	2,232,165,441	1,366,448,115
Subtotal	34,417,470,610	27,092,323,551
Allowance for impairment losses	–	(582,399,879)
Total	34,417,470,610	26,509,923,672
c) By currency		
Singapore Dollar	16,562,827,686	–
US Dollar	14,661,831,722	13,205,825,124
Rupiah	3,192,811,202	13,886,498,427
Subtotal	34,417,470,610	27,092,323,551
Allowance for impairment losses	–	(582,399,879)
Total	34,417,470,610	26,509,923,672

The changes in allowance for impairment losses are as follows:

	2016 Rp	2015 Rp
Beginning balance	582,399,879	57,523,011
Provision during the year (Note 25)	–	582,399,879
Write off during the year	(582,399,879)	(57,523,011)
Ending Balance	–	582,399,879

The average credit period on sales of goods is 45 days. Interest of 2% per month is charged on trade receivables that are past due over 45 days from the date of the invoice.

Included in the Company's trade accounts receivable are past due but not impaired receivables with carrying amounts of Rp 13,044,316,453 and Rp 11,926,043,173 as of March 31, 2016 and 2015, respectively.

Management believes that the allowance for impairment losses for trade accounts receivable from third parties as of March 31, 2015 is adequate to cover possible losses on uncollectible accounts. The Company did not provide allowance for impairment losses as on March 31, 2016 as management believes that all such receivables will be collected. No allowance for impairment losses was provided on trade accounts receivable from related parties as management believes that all such receivables are collectible.

Trade accounts receivable are used as collateral for a bank loan (Note 12).

7. INVENTORIES

	2016 Rp	2015 Rp
Finished goods	5,295,639,033	9,279,111,327
Materials, components and spare parts	79,478,239,773	74,898,747,371
Others	317,745,964	467,070,984
Total	85,091,624,770	84,644,929,682
Allowance for inventory obsolescence	(1,435,699,732)	(1,959,536,813)
Net	83,655,925,038	82,685,392,869

The change in allowance for inventory obsolescence is as follows:

	2016 Rp	2015 Rp
Beginning balance	1,959,536,813	4,834,855,317
Provision during the year	984,061,769	1,071,866,759
Write-off during the year	(1,507,898,850)	(3,947,185,263)
Ending Balance	1,435,699,732	1,959,536,813

Management believes that allowance for decline in value of inventories is adequate.

As of March 31, 2016 and 2015, all inventories are insured with total coverage of US$ 7,000,000 to PT Fairfax Insurance Indonesia, PT Asuransi FPG Indonesia, PT ACE Jaya Proteksi and PT Asuransi Tokio Marine Indonesia

Inventories are used as collateral for a bank loan (Note 12).

8. PREPAID TAXES

	2016 Rp	2015 Rp
Income tax (Note 26)	1,322,148,372	888,070,312
Value added tax (VAT)	38,854,016,720	27,168,264,656
Total	40,176,165,092	28,056,334,968
Claim for VAT refund - noncurrent portion	(5,930,753,663)	(7,078,297,947)
Current portion	34,245,411,429	20,978,037,021

Value added tax includes claims for VAT refund of Rp 5,930,753,663 and Rp 7,078,297,947 as of March 31, 2016 and 2015, respectively, representing payments for tax assessment letters for fiscal year 2008. As of the date of these financial statements the Company is still waiting for the decision from the supreme court.

In 2015, the Company has applied for a VAT refund amounting to Rp 19,946,064,092. As of the date of these financial statements, the tax office is still reviewing the Company's claim.

Management believes that these claims are recoverable.

9. ADVANCES TO SUPPLIERS

This account represents advances made by the Company to its suppliers for the purchase of raw materials, tools and other components.

10. PROPERTY, PLANT AND EQUIPMENT

	April 1, 2015 Rp	Additions Rp	Deductions Rp	Revaluation Rp	March 31,2016 Rp
Revalued amount:					
Land	222,928,863,300	–	–	49,134,136,700	272,063,000,000
Cost:					
Buildings	79,896,536,922	46,000,000	–	–	79,942,536,922
Machinery and tools	103,446,096,730	633,192,750	22,030,000	–	104,057,259,480
Moulds and dies	84,411,023,404	4,183,982,000	–	–	88,595,005,404
Office equipment and furnitures	9,755,282,649	343,564,004	98,601,793	–	10,000,244,860
Vehicle	780,003,334	–	–	–	780,003,334
Total	501,217,806,339	5,206,738,754	120,631,793	49,134,136,700	555,438,050,000
Accumulated depreciation:					
Buildings	30,937,021,532	3,994,914,824	–	–	34,931,936,356
Machinery and tools	69,116,779,201	9,857,385,597	18,387,639	–	78,955,777,159
Moulds and dies	14,337,449,621	2,002,906,570	–	–	16,340,356,191
Office equipment and furnitures	8,895,735,219	359,870,231	70,828,136	–	9,184,777,314
Vehicle	586,204,242	81,125,193	–	–	667,329,435
Total	123,873,189,815	16,296,202,415	89,215,775	–	140,080,176,455
Net Book Value	377,344,616,524				415,357,873,545

	April 1, 2014 Rp	Additions Rp	Deduction Rp	Revaluation Rp	March 31,2015 Rp
Revalued amount					
Land	317,400,000,000	52,200,000	129,383,336,700	34,860,000,000	222,928,863,300
Cost :					
Buildings	79,976,632,565	487,264,726	547,360,369	–	79,896,536,922
Machinery and tools	103,415,565,421	750,462,345	719,931,036	–	103,446,096,730
Moulds and dies	82,435,124,323	1,975,899,081	–	–	84,411,023,404
Office equipment and furnitures	9,240,411,750	537,745,899	22,875,000	–	9,755,282,649
Vehicle	780,003,334	–	–	–	780,003,334
Total	593,247,737,393	3,783,572,051	130,673,503,105	34,860,000,000	501,217,806,339
Accumulated depreciation:					
Buildings	26,988,775,283	4,012,395,845	64,149,596	–	30,937,021,532
Machinery and tools	59,838,493,352	9,823,387,039	545,101,190	–	69,116,779,201
Moulds and dies	11,598,458,711	2,738,990,910	–	–	14,337,449,621
Office equipment and furnitures	8,508,752,422	409,857,797	22,875,000	–	8,895,735,219
Vehicle	502,469,054	83,735,188	–	–	586,204,242
Total	107,436,948,822	17,068,366,779	632,125,786	–	123,873,189,815
Net Book Value	485,810,788,571				377,344,616,524

Depreciation expense was allocated to the following:

	2016 Rp	2015 Rp
Manufacturing cost	15,855,206,989	16,574,773,796
General and administrative expenses (Note 25)	440,995,426	493,592,983
Total	16,296,202,415	17,068,366,779

The Company owns a piece of land located in Karawang, Ciampel – Kutanegara, Jawa Barat with a total area of 126,541 square meters as of March 31, 2016 and 2015, with Building Use Rights (HGB) expiring on November 11, 2028. Management believes that there will be no difficulty in the extension of the landrights since all the land were acquired legally and supported by sufficient evidence of ownership.

In 2015, the Company sold a parcel of land, adjacent to its Karawang factory with a total area 73,459 square meters for Rp 129,383,336,700. Revaluation surplus amounting to Rp 113,352,644,237 was reclassified directly to deficit.

An independent valuation of the Company's land was performed by KJPP Susan Widjojo & Rekanand KJPP Hendra Gunawan and Partners (a member of Colliers International) to determine the fair value of the land as of March 31, 2016 and 2015, respectively. The valuation which conforms to standards established by the Indonesian Appraisal Association was determined using the market approach.

As of March 31, 2016 and 2015, property, plant and equipment except land were insured with PT Fairfax Insurance Indonesia, PT Asuransi FPG Indonesia, PT ACE Jaya Proteksi, and PT Ansuransi Tokio Marine Indonesia, against earthquake, fire, lightning, explosion and other possible risk for US$ 31,500,000 and US$ 31,700,000, respectively. Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

Loss from disposal in 2016 and 2015 are as follows:

	2016 Rp	2015 Rp
Proceeds	29,827,328	129,505,154,881
Net book value	(31,416,018)	(130,041,377,319)
Loss on sale and disposal	(1,588,690)	(536,222,438)

11. DEFERRED CHARGES

This account consists of :

	2016 Rp	2015 Rp
Product development	139,932,322,265	139,932,322,265
Accumulated amortization	(138,277,605,557)	(133,313,455,433)
Net	1,654,716,708	6,618,866,832

Movement of accumulated amortization is as follows:

	2016 Rp	2015 Rp
Beginning Balance	133,313,455,433	127,731,043,296
Amortization of product development	4,964,150,124	5,582,412,137
Ending balance	138,277,605,557	133,313,455,433

Amortization expenses for product development are recorded under cost of goods sold (Note 24).

12. BANK LOANS

	2016 Rp	2015 Rp
Rupiah		
The Hongkong and Shanghai Banking Corporation	–	16,670,059,759
Bank DBS Indonesia	20,942,423,825	12,819,150,037
Bank SBI Indonesia	–	5,000,000,000
Subtotal	20,942,423,825	34,489,209,796
U.S. Dollar		
Bank SBI Indonesia (US$ 13,697,579 in 2016 and US$ 6,200,000 in 2015)	181,849,059,202	81,120,800,000
Bank DBS Indonesia (US$ 1,855,738 in 2016 and US$ 1,339,597 in 2015)	24,636,776,267	17,419,672,730
The Hongkong and Shanghai Banking Corporation (US$ 2,147,568 in 2015)	–	28,098,781,020
Subtotal	206,485,835,469	126,639,253,750
Total	227,428,259,294	161,128,463,546
Less: Non-current portion - Bank DBS Indonesia	–	(10,764,556,410)
Current portion of bank loan	227,428,259,294	150,363,907,136

The bank loan is repayable as follows:

	2016 Rp	2015 Rp
Due in the year		
2015	–	150,363,907,136
2016	227,428,259,294	10,764,556,410
Total	227,428,259,294	161,128,463,546
Accrued interest	1,254,606,322	890,700,288
Total	228,682,865,616	162,019,163,834

Bank SBI Indonesia

The Company obtained a revolving credit facility from Bank SBI Indonesia with a maximum credit limit of US$ 16,350,000, which is a combination of demand loan and foreign exchange facility and LC facility. The foreign exchange facility has a maximum credit limit of US$ 500,000. The facility is secured by a Standby Letter of Credit (SBLC) issued by the State Bank of India, CAG, Chennai – India amounting to US$ 16,000,000. In March 2016, the Company renewed the loan which will be due in March 2017. The loan bears interest rate of 13.50% per annum for IDR denominated loans and 7.5% per annum for USD currency.

In January 2016, the Company paid all its IDR denominated loans.

Interest expense recognized in the statements of profit and loss and other comprehensive income to Rp 9,826,992,865 and Rp 6,146,457,912 in 2016 and 2015, respectively.

The Hongkong and Shanghai Banking Corporation Limited, Jakarta (HSBC)

As per mutual agreement between the Company and HSBC, Indonesia, the Company repaid all the outstanding facilities in 2016.

Interest rate per annum ranges from 6% - 6.5% for USD denominated loan and 12.0% - 12.8% for IDR denominated loan in 2016 and 5.0% - 5.5% for USD denominated loan and 11.8% - 13.2% for IDR denominated loan in 2015.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounted to Rp 3,918,748,170 and Rp 2,127,481,973 in 2016 and 2015, respectively.

Bank DBS Indonesia

In May 2013, the Company obtained loan facilities from DBS Bank through trade finance facility for accounts payable financing, with a maximum credit limit of US$ 2,000,000, term loan to finance the procurement of tooling and equipment for new types of scooter, with a maximum credit limit of US$ 3,000,000 and overdraft to finance working capital with maximum credit limit Rp 15,000,000,000. The loan facilities will mature between June 2016 to February 2017.

Interest rate per annum is at 6.50% and 11.00% for USD and IDR denominated loans, respectively.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounted to Rp 2,015,061,871 and Rp 3,690,855,224 in 2016 and 2015, respectively.

The working capital facility is collateralized by the Company's inventories for US$ 1,000,000 and Rp 7,500,000,000 and trade accounts receivable for US$ 1,000,000 and Rp 7,500,000,000 and letter of awareness from TVS Motor Company Limited.

The term loan facility is collateralized by the Company's tooling and equipment with minimum mortgage amount of US$ 3,000,000.

The loan requires the Company to maintain certain positive covenants.

13. TRADE ACCOUNTS PAYABLE

	2016 Rp	2015 Rp
a. By Creditors		
Related party - TVS Motor Company Limited, India (Note 27)	55,859,568,551	60,014,693,102
Third parties		
PT Setia Guna Sejati	3,329,710,099	1,515,207,516
PT Dharma Polimetal	1,215,075,500	1,196,503,705
Other (below Rp 1 billion each)	10,160,578,776	7,541,764,850
Sub total	14,705,364,375	10,253,476,071
Total	70,564,932,926	70,268,169,173
b. By Currency		
Rupiah	12,421,448,160	8,945,228,846
U.S. Dollar	58,143,484,766	61,322,940,327
Total	70,564,932,926	70,268,169,173

14. OTHER ACCOUNTS PAYABLE

	2016 Rp	2015 Rp
Related party-TVS Motor Company Limited, India (Note 27)	1,491,934,802	897,566,177
Third parties		
PT Surya Cipta Swadaya Talisman Insurance Broker	859,153,518	1,011,192,422
PT Super Sukses Anugerah	468,284,020	–
PT Eka Consol Utama Line	467,948,267	–
CV. YAP GLOBAL MOTOR	307,106,287	–
PT Tabitha Express	244,644,574	353,843,829
Pusaka Prima Transport	164,450,520	509,415,480
PT Speedmark Logistik Indonesia	70,001,125	769,213,573
PT Panorama Tours Indonesia	64,920,749	375,431,763
Others (below Rp 300,000,000 each)	1,976,668,511	3,244,809,534
Sub total	4,623,177,571	6,263,906,601
Total	6,115,112,373	7,161,472,778

Other accounts payable to a related party represents bank charges and information technology service fees in 2016 and 2015.

15. TAXES PAYABLE

	2016 Rp	2015 Rp
Income taxes		
Article 21	489,380,424	588,069,124
Article 4(2) Final	48,194,800	107,477,587
Article 26	40,835,480	1,780,716,232
Article 23	38,138,309	44,422,599
Article 22	6,003,392	6,815,199
Total	622,552,405	2,527,500,741

16. ACCRUED EXPENSES

	2016 Rp	2015 Rp
Provision for sales, marketing and warranty expenses	9,789,232,501	15,237,369,388
Interest	5,789,618,594	1,142,243,300
Professional fees	2,612,811,225	1,451,900,000
Employees' social security	1,235,981,066	625,528,761
Others	2,931,244,940	1,365,139,350
Total	22,358,888,326	19,822,180,799

17. LOAN FROM A FINANCIAL INSTITUTION

	2016 Rp	2015 Rp
US$ 20 Million IFC loan	–	23,789,067,120
US$ 12 Million IFC loan	58,016,120,531	85,700,200,523
Total	58,016,120,531	109,489,267,643
Less current maturities	(28,941,680,000)	(52,312,187,120)
Non-current portion	29,074,440,531	57,177,080,523
Unamortized transaction costs-net of current portion	(95,879,931)	(281,695,523)
Long-term loans from a financial institution - net	28,978,560,600	56,895,385,000

Loan from a financial institution is repayable as follows:

	2016 Rp	2015 Rp
Due in the year		
2015	–	52,312,187,120
2016	28,941,680,000	28,523,120,000
2017	29,074,440,531	28,653,960,523
Total	58,016,120,531	109,489,267,643
Accrued interest	141,088,360	251,543,012
Total	58,157,208,891	109,740,810,655

On September 21, 2007, the Company obtained a long-term credit facility from International Finance Corporation (IFC) with maximum credit limit of US$ 20,000,000. The loan has a term of 8 years, payable semi-annually starting September 15, 2010 and bears a fixed interest rate of 3.72% per annum. This loan is collateralized by the Company's property, plant and equipment (Note 10). As of March 31, 2015 this loan has outstanding principal balance of US$ 1,818,180. The loan has been fully repaid in September 2015.

On March 19, 2009, the Company entered into a new loan agreement with IFC amounting to US$ 12,000,000. The loan has a term of 9 years, payable semi-annually starting March 15, 2013 and bears a fixed interest rate of 5.52% per annum. This loan is guaranteed by TVS Motor Company Ltd., India. As of March 31, 2016 and 2015, this loan has outstanding principal balance of US$ 4,370,000 (Rp 58,016,120,531) and US$ 6,550,000 (Rp 85,700,200,523), respectively.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounted to Rp 4,935,247,041 and Rp 7,374,137,497 in 2016 and 2015, respectively.

The above loans were obtained for the construction and commercial operation of the Company's motor vehicle plant in Jakarta. These loan requires certain negative covenants.

18. LOAN FROM A SHAREHOLDER

On April 10, 2007, the Company obtained a fixed rate long-term credit facility from TVS Motor Company (Europe) B.V., a shareholder of the Company, with maximum credit limit of US$ 15,000,000 and payable upon maturity. The loan has an initial term of 3 years, bears fixed interest rate of 8.25% per annum payable on a monthly basis, and can be renewed upon agreement of both parties.

On March 31, 2014, part of this loan amounting to US$ 8,000,000 was converted to 800,000 Class A shares and the balance of US$ 7,000,000 together with accrued interest of US$ 941,876 were assigned by TVS Motor Company (Europe) B.V. to TVS Motor (Singapore) Pte., Limited. The loan bears fixed interest rate of 8.25% per annum and can be renewed upon agreement of both parties. On March 23, 2016, the loan was renewed for another 3 years. The outstanding balance amounted to US$ 7,941,876 as of March 31, 2016 and 2015, respectively.

Interest expense recognized in the statement of Profit or loss and other comprehensive income amounted to Rp 9,055,601,100 and Rp 8,837,147,611 in 2016 and 2015, respectively.

19. POST-EMPLOYMENT BENEFITS OBLIGATION

The Company provides post-employment benefits for its qualifying employees in accordance with Labor Law No. 13/2003. The number of employees entitled to the benefits are 252 employees, 333 employees and 216 employees in 2016, 2015 and 2014, respectively.

The defined benefit pension plan typically exposes the Company to actuarial risks such as: interest rate risk and salary risk.

Interest risk

A decrease in the bond interest rate will increase the plan liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Amounts recognized in the statement of profit or loss and other comprehensive income with respect to these post-employment benefits are as follows:

	2016 Rp	2015 Rp
Service cost		
Current service cost	2,857,431,000	2,593,003,000
Past service cost and (gain) or loss from settlements	(1,011,133,000)	–
Interest cost	1,187,812,000	879,531,000
Components of defined benefits cost recognised in profit or loss (Note 25)	3,034,110,000	3,472,534,000
Remeasurement on the net defined benefit obligation		
Actuarial gains and losses arising from changes in financial assumptions	(2,123,591,000)	1,778,697,000
Actuarial gains and losses arising from experience adjustments	(1,308,677,000)	(72,903,000)
Components of defined benefit costs recognised in other comprehensive income	(3,432,268,000)	1,705,794,000
Total	(398,158,000)	5,178,328,000

The amounts recognized in statement of financial position arising from the Company's obligation with respect to its post-employment benefits are as follows:

	2016 Rp	2015 *) Rp	2014 *)
Post-employment benefits obligation	14,401,892,000	14,895,251,0000	9,828,213,000

Changes in the present value of unfunded benefit obligations are as follows:

	2016 Rp	2015 Rp
Beginning of the year	14,895,251,000	9,828,213,000
Current service cost	2,857,431,000	2,593,003,000
Interest cost	1,187,812,000	879,531,000
Remeasurement:		
Actuarial gains and losses arising from changes in financial assumptions	(2,123,591,000)	1,778,697,000
Actuarial gains and losses arising from experience adjustments	(1,308,677,000)	(72,903,000)
Past service cost and gain on settlements	(1,011,133,000)	–
Benefit payment	(95,201,000)	(111,290,000)
End of the year	14,401,892,000	14,895,251,000

*) As restated (Note 2)

Significant actuarial assumptions for the determination of the defined benefits obligation are discount rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting year, while holding all other assumptions constant.

If the discount rate is 100 basis points higher (lower), the defined benefits obligation would decrease to Rp 12,803,366,000 (increase to Rp 16,306,023,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefits obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

The average duration of the defined benefit obligation at March 31, 2016 is 18.3 year.

The cost of providing post-employment benefits is calculated by an independent actuary, PT Milliman Indonesia. The actuarial valuation was carried out using the following key assumptions:

	2016	2015
Discount rate per annum	8.5%	8%
Salary increment rate per annum	8%	8.5%
Normal retirement age	55 years old and can be extended up to 60 years old	55 years old and can be extended up to 60 years old
Mortality rate	TMI III	TMI III
Resignation rate	5% p.a. at age of 25 and decreasing linearly to 0% p.a. at age 45 and thereafter	5% p.a. at age of 25 and decreasing linearly to 0% p.a. at age 45 and thereafter
Disability	10% of TMI III	10% of TMI III

20. CAPITAL STOCK

Name of Stockholders	2016 Ordinary Shares	2016 Percentage of Ownership	2016 Total Capital Stock
		%	Rp
TVS Motor (Singapore) Pte., Limited	4,430,000	35%	431,482,000,000
TVS Motor Company (Europe) B.V.	2,870,000	23%	279,538,000,000
TVS Motor Company Limited, India	5,297,000	42%	515,927,800,000
Total	12,597,000	100%	1,226,947,800,000

Name of Stockholders	2015 Ordinary Shares	2015 Percentage of Ownership	2015 Total Capital Stock
		%	Rp
TVS Motor (Singapore) Pte., Limited	4,430,000	38%	431,482,000,000
TVS Motor Company (Europe) B.V.	2,870,000	25%	279,538,000,000
TVS Motor Company Limited, India	4,297,000	37%	418,527,800,000
Total	11,597,000	100%	1,129,547,800,000

Movements in paid-in capital are as follows:

	2016	2015
	Rp	Rp
Beginning of the year	1,129,547,800,000	1,090,587,800,000
Issuance of capital stock	97,400,000,000	38,960,000,000
End of the year	1,226,947,800,000	1,129,547,800,000

Changes in the Company's outstanding Class A shares are as follows:

	2016 Number of Shares	2015 Number of Shares
Beginning of the year	11,597,000	7,300,000
Issuance of capital stock for cash	1,000,000	400,000
Conversion of Class B to Class A shares	–	3,897,000
End of the year	12,597,000	11,597,000

In 2016, the Company received additional capital stock subscription amounting to US$ 10,000,000 (equivalent to Rp 137,776,000,000) from TVS Motor Company Limited, India.

In 2015, the Company received additional capital stock subscription amounting to US$ 4,000,000 (equivalent to Rp 51,252,000,000) from TVS Motor Company Limited, India.

Changes in the Company's outstanding Class B shares are as follows:

	2015 Number of Shares
Beginning of the year	3,897,000
Conversion of Class B to Class A shares	(3,897,000)
End of the year	–

In 2015, all of the outstanding Class B shares were converted to Class A shares. As stated in notarial deed No.30 dated September 22, 2014 by Sastriany Josoprawiro, S.H., notary in Jakarta and approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Notification Letter No. AHU-07344.40 dated October 14, 2014.

21. FOREIGN EXCHANGE RATE DIFFERENCE ON PAID-IN CAPITAL

This account represents the difference between the exchange rate stated in the articles of association and the actual exchange rate at the date the payments for capital subscription were received, with details as follows:

	2016	2015
	Rp	Rp
Beginning balance	9,911,020,000	(2,380,980,000)
Foreign exchange rate difference on issuance of shares	40,376,000,000	12,292,000,000
Ending balance	50,287,020,000	9,911,020,000

22. REVALUATION SURPLUS

This amount represents the increase in value of land due to revaluation.

	2016	2015
	Rp	Rp
Beginning balance	195,262,077,544	273,754,721,781
Revaluation surplus	49,134,136,700	34,860,000,000
Sale of portion of land	–	(113,352,644,237)
Ending balance	244,396,214,244	195,262,077,544

23. NET SALES

	2016	2015
	Rp	Rp
Sales	181,920,564,920	228,041,079,709
Less sales discounts	(1,939,546,880)	(2,132,918,605)
Net	179,981,018,040	225,908,161,104

21.64% in 2016 and 0.33% in 2015, of the total net sales were made to TVS Motor Company Limited, India, the ultimate holding company (Note 27b).

Details of net sales to dealers representing more than 10% of the total net sales are as follows:

Name of Customers	2016 Rp	2016 %	2015 Rp	2015 %
Sunshine (Far East) Ltd.	41,193,356,039	22.89%	22,629,183,344	10.02%
TVS Motor Company Ltd.	38,939,727,537	21.64%	744,656,700	0.33%
Agrocorp International Pte Ltd.	33,391,998,308	18.55%	13,486,655,500	5.97%
PT Simpur Motor Lestari	3,941,565,926	2.19%	35,930,241,795	15.90%
Niroo Motor Shiraz Co Ltd	2,037,812,700	1.13%	68,217,975,126	30.20%
Total	119,504,460,510		141,008,712,465	

24. COST OF GOODS SOLD

	2016	2015
	Rp	Rp
Raw materials and components used	139,625,056,872	180,441,487,775
Direct labor	9,400,111,150	9,766,341,781
Overhead	57,806,280,145	52,848,214,000
Total Manufacturing Cost	206,831,448,167	243,056,043,556
Finished goods		
At beginning of year	9,279,111,327	11,546,709,846
At end of year	(5,295,639,033)	(9,279,111,327)
Cost of Goods Sold	210,814,920,461	245,323,642,075

55.89% in 2016 and 52.15% in 2015 of the total purchases of raw materials and components were made from TVS Motor Company Limited, India, the ultimate holding company (Note 27c).

25. OPERATING EXPENSES

	2016 Rp	2015 Rp
Marketing		
Advertising and market research	15,491,341,547	25,091,232,338
Services, trainings, and promotions	257,792,827	1,266,940,302
Dealer development and public relations	233,339,005	1,667,146,475
Subvention charges	210,388,399	1,682,100,000
Free service charges	118,219,318	1,700,711,275
Others	415,225,389	670,534,500
Total	16,726,306,485	32,078,664,890

	2016 Rp	2015 *) Rp
General and administrative		
Salaries and allowances (Note 27)	21,265,539,460	21,997,321,597
Rental	7,508,555,896	7,966,026,373
Honorarium	6,596,263,453	7,057,630,605
Travel and transportation	6,025,571,109	7,581,228,542
Consultancy fees	5,309,631,453	7,769,760,682
Post-employment benefits (Note 19)	3,034,110,000	3,472,534,000
Training and development	2,132,567,273	2,295,879,686
Insurance	1,858,433,730	1,697,032,866
Data processing	1,710,798,319	1,661,082,496
Research and development	1,465,429,552	1,095,106,558
Taxes, permit and license	1,211,290,776	1,001,111,265
Professional fees	715,885,668	696,169,600
Telecommunication	588,313,832	1,068,287,424
Depreciation (Note 10)	440,995,426	493,592,983
Office supplies	390,535,746	514,360,823
Business meeting	147,171,967	484,922,038
Postage and courier	73,303,726	111,273,983
Repairs and maintenance	58,144,988	237,424,256
Recruitment	34,455,799	51,425,902
Provision for impairment losses (Note 6)	–	582,399,879
Others	430,900,698	314,966,046
Total	60,997,898,871	68,149,537,604

26. INCOME TAX

Tax expense of the Company consists of:

	2016 Rp	2015 *) Rp
Deferred tax	(20,149,698,140)	27,983,419,501
Current tax	–	(12,680,585)
Total income tax benefit (expense)	(20,149,698,140)	27,970,738,916

*) As restated (Note 2)

Current tax

The reconciliation between loss before tax per statements of profit or loss and other comprehensive income and fiscal loss is as follows:

	2016 Rp	2015 *) Rp
Loss before tax per statements of profit or loss and other comprehensive income	(149,840,443,030)	(200,123,324,924)
Temporary differences:		
Provision for employee benefits - net	2,938,909,000	3,361,244,000
Depreciation of property, plant and equipment	957,147,130	(7,373,879)
Employee vehicle ownership program	(754,863,747)	276,367,207
Provision for accrued expenses	(5,448,136,887)	666,006,446
Amortization of deferred charges	–	5,582,412,137
Total	(2,306,944,504)	9,878,655,911
Permanent differences:		
Amortization of deferred charges	4,964,150,124	–
Employee welfare	3,410,606,745	3,944,829,372
Tax expenses	557,273,751	412,293,402
Provision for inventory obsolescence	984,061,769	1,071,866,759
Interest income already subjected to final tax	(491,846,068)	(971,814,040)
Provision for impairment losses	–	582,399,879
Final tax on land	–	6,469,166,835
Others	160,495,558	91,859,921
Total	9,584,741,879	11,600,602,128
Fiscal loss before fiscal loss carryforward	(142,562,645,655)	(178,644,066,885)
Fiscal loss carryforward - net of expired portion	(707,468,755,706)	(699,527,725,627)
Tax correction (unappealed tax case)	20,566,849,352	–
Tax expense	–	(12,680,585)
Total accumulated fiscal loss	(829,464,552,009)	(878,184,473,097)
Current tax	Nil	Nil

	2016 Rp	2015 Rp
Prepaid taxes		
2016	1,002,923,372	–
2015	319,225,000	345,787,314
2014	–	542,282,998
Prepaid taxes (Note 8)	1,322,148,372	888,070,312

*) As restated (Note 2)

In 2015, the Company received a refund of Rp 1,295,061,871 and wrote off prepaid income taxes article 28A for 2011 amounting to Rp 12,680,585 which was recorded under tax expense in the statement of profit or loss and other comprehensive income.

Deferred Tax

The details of the Company's deferred tax assets (liabilities) are as follows:

	April1, 2014 *) Rp	Credited (charged to profit or loss for the year *) Rp	Credited to Other Comprehensive Income Rp	March 31, 2015 *) Rp	Credited (charged to profit or loss for the year Rp	Charged to Other Comprehensive Income Rp	March 31, 2016 Rp
Deferred tax asset (liabilities):							
Fiscal loss	70,876,577,454	25,513,755,523	–	96,390,332,977	(17,424,520,778)	–	78,965,812,199
Accrued expense	3,596,842,237	166,501,612	–	3,763,343,849	(1,316,035,724)	–	2,447,308,125
Deferred charges	798,836,700	1,395,603,034	–	2,194,439,734	(2,194,439,734)	–	–
Employee vehicle ownership program	160,739,838	69,091,802	–	229,831,640	(188,715,937)	–	41,115,703
Property, plant and equipment	(17,441,020,606)	(1,843,470)	–	(17,442,864,076)	239,286,783	–	(17,203,577,293)
Post-employment benefits obligation	2,457,053,250	840,311,000	426,448,500	3,723,812,750	734,727,250	(858,067,000)	3,600,473,000
Deferred Tax Asset - Net	60,449,028,873	27,983,419,501	426,448,500	88,858,896,874	(20,149,698,140)	(858,067,000)	67,851,131,734

The fiscal loss can be utilized against the taxable income for a period of five years subsequent to the year the fiscal loss was incurred.

A reconciliation between the tax expense and the amounts computed by applying the effective tax rates to profit before tax is as follows:

	2016 Rp	2015 *) Rp
Loss before tax per statements of profit or loss and other comprehensive income	(149,840,443,030)	(200,123,324,924)
Tax benefit at effective tax rates	(37,460,110,758)	(50,030,831,231)
Unrecognized deferred tax on fiscal loss	53,065,182,192	19,147,261,198
Tax effect of permanent differences	2,396,185,470	2,900,150,532
Derecognation of deferred tax on deferred charges	2,194,439,734	–
Correction of tax base	(45,998,498)	–
Adjustment of tax expense	–	12,680,585
Tax expense (benefit)	20,149,698,140	(27,970,738,916)

27. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

a. TVS Motor Company (Europe) B.V. and TVS Motor (Singapore) Pte., Limited, are stockholders of the Company.

b. TVS Motor Company Limited, India (TVS India) is the ultimate holding company of the Company and a stockholder.

*) As restated (Note 2)

Transactions with Related Parties

The Company entered into certain transactions with related parties, including the following:

a. Compensation paid to the Commissioners and Directors of the Company amounted to Rp 14,349,118,192 and Rp 12,040,264,494 in 2016 and 2015, respectively.

b. Net sales to a related party accounted for 21.64% in 2016 and 0.33% in 2015, of the total net sales. At reporting date, the receivables from these net sales were presented as trade accounts receivable, which constituted 0.55% and 0.11% of the total assets as of March 31, 2016 and 2015, respectively.

c. Purchases from a related party constituted 55.89% in 2016 and 52.15% in 2015 of the total purchases of raw materials and components. At reporting date, the liabilities for these purchases were presented as trade accounts payable which constituted 11.05% and 12.27% of the total liabilities as of March 31, 2016 and 2015, respectively.

d. The Company also entered into non-trade transactions such as other accounts payable (Note 14), product developments (Note 11), foreign guarantee charges and license agreements with a related party (Note 13).

e. The Company obtained a loan from a shareholder and incurred interest expense as discussed in Note 18.

28. SIGNIFICANT CONTRACTS AND AGREEMENTS

a. The Company entered into a License and Technical Assistance Agreement (the "Agreement") dated February 26, 2007 with TVS Motor Company Limited (the "Licensor"), India, a stockholder, for 5 years and can be renewed upon mutual agreement by both parties. In accordance with the Agreement, the Company is required to pay technical assistance fee amounting to INR 20,000,000 per annum. In addition to such agreement, the Company is also required to pay royalty starting April 1, 2009.

On April 1, 2010, both parties amended the Agreement relating to royalty. The Licensor, agreed to waive the Company's royalty obligation starting April 1, 2010 until the Company achieves a monthly sales of 10,000 units of two wheelers. In addition, both parties agreed to extend the validity of this Agreement until March 31, 2017.

On January 1, 2012, the parties once again amended the Agreement. The parties have mutually agreed to waive the payment of technical fees from April 1, 2014 up to March 31, 2017.

b. On March 8, 2014, the Company entered into supplemental agreement to the long term credit facility agreement dated April 10, 2007 with TVS Motor Company (Europe) B.V granting rights of conversion of loan into shares of the Company (Note 18).

29. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

		March 31, 2016		March 31, 2015	
		Foreign Currency	Equivalent in Rp	Foreign Currency	Equivalent in Rp
Assets					
Cash and cash equivalents	USD	1,743,870	23,151,617,187	1,366,262	17,876,173,445
Trade accounts receivable					
Related party	USD	285,091	3,784,871,568	53,214	696,254,200
Third parties	USD	819,295	10,876,960,154	956,097	12,509,570,924
	SGD	1,684,927	16,562,827,686	–	–
Security deposits	USD	17,815	236,510,214	23,365	305,707,660
Total assets			54,612,786,809		31,387,706,229
Liabilities					
Bank loans	USD	15,553,317	206,485,835,469	9,678,940	126,639,253,750
Trade accounts payable					
Related party	USD	4,207,560	55,859,568,551	4,586,877	60,014,693,102
Third parties	USD	172,033	2,283,916,215	99,988	1,308,247,225
Other accounts payable					
Related party	USD	112,378	1,491,934,802	68,600	897,566,177
Third parties	USD	63,843	847,585,377	171,380	2,242,330,487
Accrued expenses	USD	446,333	5,925,516,775	251,614	3,292,121,805
Loan from a financial institution	USD	4,362,778	57,920,240,600	8,346,650	109,207,572,120
Loan from a shareholder	USD	7,941,876	105,436,345,776	7,941,876	103,911,505,584
Total liabilities			436,250,943,565		407,513,290,250
Net Liabilities			(381,638,156,756)		(376,125,584,021)

The conversion rates used by the Company are as follows:

	March 31, 2016 Rp	March 31, 2015 Rp
USD	13,276	13,084
SGD	9,830	9,508

30. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Categories and Classes of Financial Instruments

	March 31, 2016		
	Loans and receivables Rp	Liabilities at amortized cost Rp	Total Rp
Financial Assets			
Cash and cash equivalents	30,984,603,733	–	30,984,603,733
Trade accounts receivable			
Related party	3,784,871,568	–	3,784,871,568
Third parties	30,632,599,042	–	30,632,599,042
Other current assets	2,033,185,383	–	2,033,185,383
Security deposit	1,087,823,637	–	1,087,823,637
Financial Liabilities			
Trade accounts payable			
Related party	–	(55,859,568,551)	(55,859,568,551)
Third parties	–	(14,705,364,375)	(14,705,364,375)
Other accounts payable			
Related party	–	(1,491,934,802)	(1,491,934,802)
Third parties	–	(4,623,177,571)	(4,623,177,571)
Accrued expenses	–	(22,358,888,326)	(22,358,888,326)
Bank loans	–	(227,428,259,294)	(227,428,259,294)
Loan from a financial institution	–	(57,920,240,600)	(57,920,240,600)
Loan from a shareholder	–	(105,436,345,776)	(105,436,345,776)
Total	68,523,083,363	(489,823,779,295)	(421,300,695,932)

	March 31, 2015		
	Loans and receivables	Liabilities at amortized cost	Total
	Rp	Rp	Rp
Financial Assets			
Cash and cash equivalents	27,449,296,143	–	27,449,296,143
Trade accounts receivable			
Related party	696,254,200	–	696,254,200
Third parties	25,813,669,472	–	25,813,669,472
Other current assets	2,204,551,602	–	2,204,551,602
Security deposit	1,127,418,694	–	1,127,418,694
Financial Liabilities			
Trade accounts payable			
Related party	–	(60,014,693,102)	(60,014,693,102)
Third parties	–	(10,253,476,071)	(10,253,476,071)
Other accounts payable			
Related party	–	(897,566,177)	(897,566,177)
Third parties	–	(6,263,906,601)	(6,263,906,601)
Accrued expenses	–	(19,822,180,799)	(19,822,180,799)
Bank loans	–	(161,128,463,546)	(161,128,463,546)
Loan from a financial institution	–	(109,207,572,120)	(109,207,572,120)
Loan from a shareholder	–	(103,911,505,584)	(103,911,505,584)
Total	57,291,190,111	(471,499,364,000)	(414,208,173,889)

b. Capital Risk Management

The Company manages capital risk to ensure that it will be able to continue as going concern, in addition to maximizing the profits of the shareholders through the optimization of the balance of debt and equity. The Company's capital structure consists of cash and cash equivalents (Note 5), bank loans (Note 12), loan from a financial institution (Note 17), loan from a shareholder (Note 18) and equity, consisting of subscribed and paid-up capital (Note 20), foreign exchange rate difference on paid-in capital (Note 21) and revaluation surplus (Note 22).

The gearing ratio as of March 31, 2016 and 2015 are as follows:

	March 31, 2016	March 31, 2015
	Rp	Rp
Debt	390,784,845,670	374,247,541,250
Cash and cash equivalents	30,984,603,733	27,449,296,143
Debt - net	359,800,241,937	346,798,245,107
Equity	176,784,943,718	157,380,747,188
Net debt to equity ratio	204%	220%

c. Financial risk management objectives and policies

The Company's overall financial risk management and policies seek to ensure that adequate financial resources are available for operation and development of its business, while managing its exposure to foreign exchange, interest rate, credit and liquidity risks. The Company operates within defined guidelines that are approved by the Board of Directors.

i. Interest rate risk management

The interest rate risk exposure relates to the amount of assets or liabilities which is subject to a risk that a movement in interest rates will adversely affect the profit for the year. The risks on interest income and interest expense are limited as the Company's financial instruments with variable interest rate are short-term in nature and obtains long-term financing from banks and shareholders at a fixed rate of interest. The Company has a policy of obtaining financing from banks which offer the most favorable interest rate. Approvals from the Directors and Commissioners must be obtained before committing the Company to any of the instruments to manage the interest rate risk exposure.

Financial instruments that are exposed to interest rate risk are included in the liquidity table in item (iv).

ii. Foreign currency risk management

The Company is exposed to the effects of foreign currency exchange rate fluctuations mainly because of foreign currency denominated transactions such as sales and purchases of goods, and borrowings denominated in foreign currency.

The Company manages the foreign currency exposure by matching, as far as possible, receipts and payments in each individual currency. The Company's net open foreign currency exposure as of reporting date is disclosed in Note 29.

The following table details the Company's sensitivity to changes of Indonesian Rupiah against other currencies. The sensitivity analysis represents management's assessment of the effect to the financial statements caused by the reasonably possible change in foreign exchange rates, on outstanding foreign currency denominated monetary financial assets and liabilities.

	2016		2015	
	Percentage of changes in exchange rate	Effect on profit or loss after tax	Percentage of changes in exchange rate	Effect on profit or loss after tax
		Rp		Rp
US Dollar	4%	11,946,029,534	4%	11,283,767,521

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

iii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in a loss to the Company.

The Company's credit risk is primarily attributed to its cash in banks, trade accounts receivable, other current assets and security deposits. The Company places its bank balances with credit worthy financial institutions, while trade accounts receivable are entered with respected and credit worthy third and related parties. With respect to the distributors to whom credit is extended for the sale of vehicles, the Company has a policy of obtaining bank guarantees and / or assets for collateral, which is the basis for setting-up the distributor's credit limit. The Company's exposure and its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually. In respect of export transactions, the Company supplies its products to its distributors outside Indonesia based on letters of credit issued by reputable banks or based on advance remittance of money by telegraphic transfer. Goods are shipped out only after ensuring receipt of letters of credit or funds covering the value of exports or part of it depending on the assessment of each party carried out by the management.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with trade accounts receivables is partially mitigated because the trade accounts receivable are partially secured by bank guarantee and land certificates. Trade accounts receivable amounting to Rp 29,711,458,260 as of March 31, 2016 are fully covered by collaterals.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for impairment losses and credit risk enhancements represents the Company's exposure to credit risk.

iv. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company receives support from shareholders to finance its ongoing working capital requirements.

The table below summarizes the maturity profile of financial assets and liabilities based on remaining maturity of contractual undiscounted payments as of March 31, 2016 and 2015.

March 31, 2016

	Weighted average effective interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5+ years	Total
		Rp	Rp	Rp	Rp	Rp	Rp
Financial assets							
Non-interest bearing							
Cash on hand		133,334,957	–	–	–	–	133,334,957
Trade receivables		10,437,421,776	22,227,059,242	1,752,989,592	–	–	34,417,470,610
Security deposits		–	–	–	1,087,823,637	–	1,087,823,637
Other current assets		302,372,283	252,390,459	2,056,335,070	–	–	2,611,097,812
Variable interest rate instruments							
Cash in banks	1.75% - 2.5%	10,741,933,819	–	–	–	–	10,741,933,819
Fixed interest rate instruments							
Time Deposits	2.0% - 10.0%	13,298,126,667	7,278,423,611	–	–	–	20,576,550,278
Total		34,913,189,502	29,757,873,312	3,809,324,662	1,087,823,637	–	69,568,211,113
Financial liabilities							
Non–interest bearing							
Trade accounts payable							
Related party		–	35,782,416,734	20,077,151,817	–	–	55,859,568,551
Third party		3,065,529,782	8,513,747,547	3,126,087,046	–	–	14,705,364,375
Other accounts payable							
Related party		–	1,491,934,802	–	–	–	1,491,934,802
Third party		2,390,846,532	2,232,331,049	–	–	–	4,623,177,571
Accrued expense		10,318,770,715	7,650,544,942	4,389,571,919	–	–	22,358,887,576
Variable interest rate instruments							
Bank loans	5.15% - 13%	1,048,578,839	2,079,249,682	2,575,269,320	–	–	5,703,097,841
Fixed interest rate instruments							
Bank loans	6.5%	1,429,968,045	3,431,973,973	14,256,078,880	202,673,093,565	–	221,791,114,463
Loan from a financial institution	5.52%	291,032,266	873,096,798	31,744,774,640	30,279,953,904	–	63,188,857,608
Loan from a shareholder	8.25%	765,788,660	2,297,365,980	8,698,498,527	131,531,841,356	–	143,293,494,523
Total		19,310,514,829	64,352,661,507	84,867,432,149	364,484,888,825	–	533,015,497,310
Maturity GAP		15,602,674,673	(34,594,788,195)	(81,058,107,487)	(363,397,065,188)	–	(463,447,286,197)

March 31, 2015

	Weighted average effective interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5+ years	Total
		Rp	Rp	Rp	Rp	Rp	Rp
Financial assets							
Non-interest bearing							
Cash on hand		86,487,343	–	–	–	–	86,487,343
Trade receivables		8,145,007,228	17,142,222,741	1,222,693,703	–	–	26,509,923,672
Security deposits		–	–	–	1,127,418,694	–	1,127,418,694
Other current assets		187,478,217	287,782,227	3,177,629,575	–	–	3,652,890,019
Variable interest rate instruments							
Cash in bank	1.5% - 3%	10,212,601,481	–	–	–	–	10,212,601,481
Fixed interest rate instruments							
Time Deposit	3.0% - 10.0%	12,230,342,460	5,044,152,540	–	–	–	17,274,495,000
Total		30,861,916,729	22,474,157,508	4,400,323,278	1,127,418,694	–	58,863,816,209
Financial liabilities							
Non–interest bearing							
Trade accounts payable							
Related party		–	–	60,014,693,102	–	–	60,014,693,102
Third party		5,774,094,275	4,479,381,796	–	–	–	10,253,476,071
Other accounts payable							
Related party		–	897,566,177	–	–	–	897,566,177
Third party		3,131,201,735	3,132,704,866	–	–	–	6,263,906,601
Accrued expense		2,126,982,035	11,857,380,917	5,837,817,847	–	–	19,822,180,799
Floating interest rate instruments							
Bank loans	5.4% - 15%	1,099,802,176	2,180,798,315	3,125,632,451	12,030,212,052	–	18,436,444,994
Fixed interest rate instruments							
Bank loans	6.5%	14,541,634,986	14,607,861,999	122,905,875,802	–	–	152,055,372,787
Loan from a financial institution	5.52%	437,120,211	1,325,939,790	57,115,511,500	61,127,715,296	–	120,006,286,797
Loan from a shareholder	8.25%	661,697,400	1,985,092,200	8,572,699,211	138,202,302,427	–	149,421,791,237
Total		27,772,532,818	40,466,726,059	257,572,229,913	211,360,229,775	–	537,171,718,565
Maturity GAP		3,089,383,910	(17,992,568,551)	(253,171,906,635)	(210,232,811,081)	–	(478,307,902,355)

d. Fair value of financial instruments

Fair value of financial instruments carried at amortized cost

Except as shown in the following table, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate their fair values:

	March 31, 2016		March 31, 2015	
	Carrying value	Fair value	Carrying value	Fair value
	Rp	Rp	Rp	Rp
Loan from a shareholder	105,436,345,776	107,976,373,056	103,911,505,584	99,022,921,507
Loan from financial institution	58,016,120,531	59,313,247,150	109,489,267,643	110,742,380,496

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair value of non financial asset and financial liabilities are determined as follows:

- Fair value of financial liabilities are determined in accordance with generally accepted pricing models on discounted cash flow analysis.
- Fair value of the land and building was determined based on market approach that considers current market value from identical or comparable assets transaction, income approach that considers the value of income generated by the assets during its useful life and calculating the value through conversion process from revenue into equity through appropriate discount rate, also cost approach that is based on cost principal that will be paid by the buyer in the market for the assets that valued less than its cost to buy or build the comparable assets, except for unfair timing factor, inconvenience, risk or other factors.

The following table provide an analysis of fair value of assets and liabilities, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

	March 31, 2016			
	Level 1	Level 2	Level 3	Total
	Rp	Rp	Rp	Rp
Non-financial assets				
Land	–	272,063,000,000	–	272,063,000,000
Liabilities to which fair value are disclosed				
Loan from a shareholders	–	107,976,373,056	–	107,976,373,056
Loans from financial institution	–	59,313,247,150	–	59,313,247,150
Total	–	439,352,620,206	–	439,352,620,206

In 2016, there is no movement of fair value measurement method from level 1 to level 2, and vice versa.

31. OTHER MATTERS

The Company incurred a totalling comprehensive loss of Rp 118,281,803,470 during the year ended March 31, 2016 and, as of that date, the Company's current liabilities exceeded its current assets by Rp 166,190,557,193. Further, the Company incurred a deficit of Rp 1,349,619,562,276 as of March 31, 2016, as a result of recurring losses from operations due to gross losses and significant operating expenses. The Company was also unable to operate at expected capacity and incurred significant fixed costs. The Company is also still developing its market share and introducing its brand in Indonesia. In introducing its new brand, the Company has to compete with the existing wellknown brands. They are also developing their networks to distributors, dealers and consumer finance companies.

Nevertheless, the Company's management believes that they maintain considerable financial resources, including support from the Company's ultimate shareholder.

Management also implemented and continues to implement the following measures:

- Focus on increasing sales volume and improvement to gross margin;
- Focus on increasing brand awareness and conversion at dealerships;
- Expand the network at select areas;
- Introduce new products and ensure continued customer satisfaction;
- Aim to create own niche segment in the market;
- Thrust on exports; and
- Reduction in fixed cost

The Company's management also believes that it is well placed to manage the Company's business risks successfully despite the current condition and is able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

32. EVEN AFTER THE REPORTING PERIOD

Based on the circular resolution dated April 1, 2016, the shareholders of the Company appointed Mr. Venkataraman Thiyagarajan as the only Director of the Company.

33. MANAGEMENT'S RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The preparation and fair presentation of the financial statements on pages 2 to 44 were the responsibilities of the management, and were approved by the Directors and authorized for issue on April 21, 2016.

RE-STATED ACCOUNTS OF
PT. TVS MOTOR COMPANY INDONESIA

BALANCE SHEET AS AT 31ST MARCH 2016

Sl. No		Particulars	Note Number	IDR in Mn.	Rupees in crores
I		**EQUITY AND LIABILITIES**			
1		Shareholders' funds			
	(a)	Share capital	I	1,226,947.80	623.90
	(b)	Reserves and surplus	II	(1,000,701.51)	(542.21)
2		Non-current liabilities			
	(a)	Long-term borrowings	III	134,414.91	67.21
	(b)	Deferred tax liabilities (Net)		–	–
	(c)	Long-term provisions	IV	14,401.89	7.20
3		Current liabilities			
	(a)	Short-term borrowings	V	221,852.18	110.92
	(b)	Trade payables		99,038.93	49.52
	(c)	Other current liabilities	VI	35,913.66	17.96
	(d)	Short-term provisions		–	–
		Total		731,867.86	334.50
II		**ASSETS**			
		Non-current assets			
1	(a)	Fixed assets			
		(i) Tangible assets	VII	534,235.08	235.68
		(ii) Intangible assets		–	–
		(iii) Capital work-in-progress		–	–
		(iv) Intangible assets under development			
	(b)	Non-current investments		–	–
	(c)	Long-term loans and advances	VIII	7,018.57	3.51
	(d)	Other non current assets		–	–
2		Current assets			
	(a)	Current investments		–	–
	(b)	Inventories	IX	83,655.93	41.83
	(c)	Trade receivables	X	34,417.47	17.21
	(d)	Cash and bank balances	XI	30,984.60	15.50
	(e)	Short-term loans and advances	XII	37,449.80	18.72
	(f)	Other current assets	XIII	4,106.41	2.05
		Total		731,867.86	334.50

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

Sl. No	Particulars	Note Number	IDR in Mn.	Rupees in crores
I	Revenue from operations	XIV	183,176.41	88.80
II	Other income	XV	481.37	0.23
III	Total Revenue (I + II)		183,657.78	89.03
IV	Expenses:			
	Cost of materials consumed	XVI	138,477.84	67.28
	Purchases of Stock-in-trade	XVI	–	–
	Changes in inventories of finished goods work-in-process and stock-in-trade	XVI	3,983.47	1.78
	Employee benefits expense	XVII	57,208.74	27.74
	Finance costs	XVIII	43,432.67	21.05
	Depreciation and amortization expense		18,733.67	13.07
	Other expenses	XIX	61,179.30	29.68
	Total expenses		323,015.69	160.60
V	Profit before exceptional and extraordinary items and tax (III-IV)		(139,357.91)	(71.57)
VI	Exceptional items		–	–
VII	Profit before extraordinary items and tax		(139,357.91)	(71.57)
VIII	Extraordinary items - Income		–	–
IX	Profit before tax		(139,357.91)	(71.57)
X	Tax expense:			
	(1) Current tax		–	–
	(2) Deferred tax		–	–
XI	Profit (Loss) for the period (IX-X)		(139,357.91)	(71.57)

Notes on Accounts

	IDR in Mn. As at 31.03.2016	Rupees in crores As at 31.03.2016
I SHARE CAPITAL		
Authorised issued and subscribed share capital		
Authorised 15,000,000 Ordinary shares of IDR.97,400 each	1,461,000.00	730.50
Issued, subscribed and paid–up 12,597,000 Ordinary shares of IDR.97,400 each	1,226,947.80	623.90
	1,226,947.80	623.90
II RESERVES AND SURPLUS		
(a) Capital reserve		
(i) Exchange difference on paid up Capital	50,287.02	25.14
(ii) Foreign currency translation reserve	–	(42.01)
	50,287.02	(16.87)
(b) Revaluation Reserve	244,396.21	122.20
(c) General reserve		
Opening Balance	(5,698.14)	(0.81)
(+) Current Year Transfer from Statement of Profit and Loss	–	–
Closing Balance	(5,698.14)	(0.81)
(d) Surplus - Balance in Statement of Profit and Loss		
Opening balance	(1,150,328.69)	(556.14)
(+) Net profit / (Loss) for the current year	(139,357.91)	(71.57)
(+) Transfer to Foreign currency translation reserve	–	(19.02)
Closing balance	(1,289,686.60)	(646.73)
Total (a)+(b)+(c)+(d)	(1,000,701.51)	(542.21)
III LONG TERM BORROWINGS		
(A) Secured		
Term loans		
From banks - International Finance Corporation	28,978.56	14.49
Total (A)	28,978.56	14.49
(B) Unsecured		
From related party	105,436.35	52.72
Total (B)	105,436.35	52.72
Total (A)+(B)	134,414.91	67.21

Notes on Accounts - *(continued)*

	IDR in Mn. As at 31.03.2016	Rupees in crores As at 31.03.2016
IV LONG TERM PROVISIONS		
Employee benefits:		
Pension	14,401.89	7.20
Total	14,401.89	7.20
V SHORT TERM BORROWINGS		
Secured		
From banks	221,852.18	110.92
Total	221,852.18	110.92
VI OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term borrowings		
International Finance Corporation and Banks	34,517.76	17.26
(b) Others		
(i) Statutory dues payable	622.55	0.31
(ii) Advance received from customers	773.35	0.39
Total (a) + (b)	35,913.66	17.96

Notes on Accounts - *(continued)*

VII FIXED ASSETS **Rupees in crores**

Description	Tangible: Land – Free hold	Land – Lease hold	Buildings	Plant & machinery tools, dies and jigs	Furniture & fixtures Equipments	Vehicles	Total as at 31.03.2016	Intangible: Software	Total as at 31.03.2016	Total (tangible and intangible) As at 31.03.2016
Cost of assets										
As at 01-04-2015	106.45	–	44.52	141.86	4.66	0.37	297.86	–	–	297.86
Additions	24.57	–	0.34	2.85	0.17	–	27.93	–	–	27.93
Foreign exchange translation reserve adjustment	5.01	–	1.93	4.40	0.22	0.02	11.58	–	–	11.58
Sub–total	136.03	–	46.79	149.11	5.05	0.39	337.37	–	–	337.37
Sales / deletion	–	–	–	0.01	0.05	–	0.06	–	–	0.06
Total	136.03	-	46.79	149.10	5.00	0.39	337.31	–	–	337.31
Depreciation / Amortisation										
Upto 31-03-2015	–	–	15.23	69.82	4.25	0.28	89.58	–	–	89.58
For the year	–	–	2.27	10.59	0.17	0.04	13.07	–	–	13.07
Foreign exchange translation reserve adjustment	–	–	0.75	(1.94)	0.21	0.01	(0.97)	–	–	(0.97)
Sub–total	–	–	18.25	78.47	4.63	0.33	101.68	–	–	101.68
Withdrawn on assets sold / deleted	–	–	–	0.01	0.04	–	0.05	–	–	0.05
Total	–	–	18.25	78.46	4.59	0.33	101.63	–	–	101.63
Written down value										
As at 31-03-2016	136.03	–	28.54	70.64	0.41	0.06	235.68	–	–	235.68
As at 31-03-2015	106.45	–	29.29	72.04	0.41	0.09	208.28	–	–	208.28

CAPITAL WORK-IN-PROGRESS (AT COST)

(a) Building	–
(b) Machinery	–
Total	–

VII FIXED ASSETS **IDR in Mn.**

Description	Tangible: Land – Free hold	Land – Lease hold	Buildings	Plant & machinery tools, dies and jigs	Furniture & fixtures Equipments	Vehicles	Total as at 31.03.2016	Intangible: Software	Total as at 31.03.2016	Total (tangible and intangible) As at 31.03.2016
As at 01-04-2015	222,928.86	–	93,316.39	298,905.25	9,755.28	780.00	625,685.78	–	–	625,685.78
Additions	49,134.14	–	687.43	5,700.58	343.56	–	55,865.71	–	–	55,865.71
Sub–total	272,063.00	–	94,003.82	304,605.83	10,098.84	780.00	681,551.49	–	–	681,551.49
Sales / deletion	–	–	–	22.03	98.60	–	120.63	–	–	120.63
Total	272,063.00	–	94,003.82	304,583.80	10,000.24	780.00	681,430.86	–	–	681,430.86
Depreciation / Amortisation										
Upto 31-03-2015	–	–	32,256.48	86,812.90	8,895.74	586.21	128,551.33	–	–	128,551.33
For the year	–	–	4,681.94	13,610.73	359.87	81.13	18,733.67	–	–	18,733.67
Sub–total	–	–	36,938.42	100,423.63	9,255.61	667.34	147,285.00	–	–	147,285.00
Withdrawn on assets sold / deleted	–	–	–	18.39	70.83	–	89.22	–	–	89.22
Total	–	–	36,938.42	100,405.24	9,184.78	667.34	147,195.78	–	–	147,195.78
Written down value										
As at 31-03-2016	272,063.00	–	57,065.40	204,178.56	815.46	112.66	534,235.08	–	–	534,235.08
As at 31-03-2015	222,928.86	–	61,059.91	212,092.35	859.54	193.79	497,134.45	–	–	497,134.45

CAPITAL WORK-IN-PROGRESS (AT COST)

(a) Building	–
(b) Machinery	–
Total	–

Notes on Accounts - *(continued)*

	IDR in Mn. As at/ Year ended 31.03.2016	Rupees in crores As at/ Year ended 31.03.2016
VIII LONG TERM LOANS AND ADVANCES		
(a) Deposits made	1,087.82	0.54
(b) Advance payment of tax less provisions	5,930.75	2.97
Total	7,018.57	3.51
IX INVENTORIES (at cost or net realisable value whichever is less)		
(a) Raw materials and components	78,042.54	39.02
(b) Finished goods	5,295.64	2.65
(c) Stores and spares	317.75	0.16
Total	83,655.93	41.83
X TRADE RECEIVABLES		
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	2,232.17	1.12
(ii) Considered doubtful	–	–
	2,232.17	1.12
Less: Provision for doubtful debts	–	–
	2,232.17	1.12
(b) Other unsecured debts	32,185.30	16.09
Total	34,417.47	17.21
XI CASH AND BANK BALANCES		
Cash and cash equivalents		
(a) Balances with banks	10,875.27	5.44
(b) Balances with banks in Fixed Deposits	19,976.00	9.99
(c) Cash on hand	133.33	0.07
Total	30,984.60	15.50
XII SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
(a) Vendor advance	3,204.39	1.60
(b) Advance payment of tax less provisions	1,322.15	0.66
(c) Advance payment of Sales tax / VAT	32,923.26	16.46
Total	37,449.80	18.72
XIII OTHER CURRENT ASSETS		
Others	4,106.41	2.05
Total	4,106.41	2.05
XIV REVENUE FROM OPERATION		
(a) Sale of products	179,981.02	87.25
(b) Other operating revenues	3,195.39	1.55
	183,176.41	88.80
Less:Excise duty and service tax	–	–
Total	183,176.41	88.80
XV OTHER INCOME		
Interest	481.37	0.23
Total	481.37	0.23

Notes on Accounts - *(continued)*

	IDR in Mn. Year ended 31.03.2016	Rupees in crores Year ended 31.03.2016
XVI MATERIAL COST		
Cost of Materials consumed		
Opening stock of of raw materials and components	72,939.21	34.82
Add: Purchases	143,581.17	71.48
	216,520.38	106.30
Less:Closing stock of raw materials	78,042.54	39.02
Consumption of raw materials	138,477.84	67.28
Purchases of stock in trade	–	–
Changes in inventory		
Opening stock:		
Work in process	–	–
Stock in trade	–	–
Finished goods	9,279.11	4.43
Total (A)	9,279.11	4.43
Closing stock:		
Work in process	–	–
Stock in trade	–	–
Finished goods	5,295.64	2.65
Total (B)	5,295.64	2.65
(A)–(B)	3,983.47	1.78
XVII EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and wages	52,225.00	25.32
(b) Contribution to provident and other funds	1,456.51	0.71
(c) Welfare expenses	3,527.23	1.71
Total	57,208.74	27.74
XVIII FINANCE COSTS		
(a) Interest expense	34,390.59	16.67
(b) Others - Exchange Fluctuation	9,042.08	4.38
Total	43,432.67	21.05
XIX OTHER EXPENSES		
(a) Power and fuel	2,444.52	1.19
(b) Rent	9,062.75	4.39
(c) Repairs - buildings	1,786.44	0.87
(d) Repairs - machinery	992.89	0.48
(e) Insurance	1,858.43	0.90
(f) Rates and taxes (excluding taxes on income)	1,211.29	0.59
(g) Audit fees	715.89	0.35
(h) Packing and freight charges	10,144.94	4.92
(i) Advertisement and publicity	15,491.34	7.51
(j) Other marketing expenses	1,234.96	0.60
(k) Miscellaneous expenses	16,235.85	7.88
Total	61,179.30	29.68

Independent Auditor's Report

The Board of Directors
Sundaram Holding USA, Inc.

We have audited the accompanying financial statements of Sundaram Holding USA, Inc. ('the Company'), which comprise the balance sheet as at March 31, 2016 and the related statement of loss, changes in stockholders' deficit and cash flows for the period September 09, 2015 (date of inception) to March 31, 2016 and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at March 31, 2016 and the results of its operations and its cash flows for the period then ended, in accordance with the accounting principles generally accepted in the United States of America.

Knav P.A.
Atlanta, Georgia

April 27, 2016

BALANCE SHEET

(All amounts in United States Dollars, unless otherwise stated)

	As at March 31, 2016
ASSETS	
Current assets	
Cash and cash equivalents	1,000
Total assets	1,000
LIABILITIES AND STOCKHOLDER'S DEFICIT	
Current liabilities	
Payable to related party(Refer Note D)	310,318
Total current liabilities	**310,318**
Stockholders'deficit	
Common stock, $1 par, 10,000,000 shares authorized; 1,000 shares issued and outstanding	1,000
Accumulated deficit	(310,318)
Total stockholders'deficit	**(309,318)**
Total liabilities and stockholders' deficit	**1,000**

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF LOSS

(All amounts in United States Dollars, unless otherwise stated)

	For the period September 09, 2015 to March 31, 2016
Costs and expenses	
General and administrative expenses	310,318
Total costs and expenses	**310,318**
Loss before tax	**(310,318)**
Income tax expense	–
Net loss	**(310,318)**

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF STOCKHOLDERS'DEFICIT

(All amounts in United States Dollars, except number of shares)

For the period September 09, 2015 (date of inception) to March 31, 2016

Particulars	Common stock				Accumulated surplus US$	Total stockholder's deficit US$
	Authorized		Issued & outstanding			
	Shares	Value US$	Shares	Value US$		
Balance as on September 09, 2015	10,000,000	10,000,000	–	–	–	–
Common stock issued	–	–	1,000	1,000	–	1,000
Net loss	–	–	–	–	(310,318)	(310,318)
Balance as at March 31, 2016	10,000,000	10,000,000	1,000	1,000	(310,318)	(309,318)

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF CASH FLOWS

(All amounts in United States Dollars unless otherwise stated)

	For the period September 09, 2015 to March 31, 2016
Cash flow from operating activities	
Net loss	(310,318)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Changes in assets and liabilities	
Payable from related party	310,318
Net cash provided by operating activities	–
Cash flow from financing activities	
Issuance of common stock	1,000
Net cash provided by financing activities	**1,000**
Net increase in cash and cash equivalents	**1,000**
Cash and cash equivalents at the beginning of the period	–
Cash and cash equivalents at the end of the period	**1,000**
Supplemental cash flow information	
Income taxes paid	–

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

(All amounts in United States Dollars unless otherwise stated)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

1. **Business**

   Sundaram Holding USA Inc. (the "Company"), was incorporated in the State of Delaware on September 09,2015.The Company is a jointly owned subsidiary of Sundaram Auto Components Limited (75%) and Sundaram-Clayton Limited(25%).The Company is a member in three single member limited liability companies - Green Hills Land Holding LLC, Component Equipment Leasing LLC and Workspace Projects LLC. All the three LLCs are in a dormant state and there are no transactions occurred during the period for them.

2. **Basis of preparation**

   a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ('US GAAP') to reflect the financial position, results of operations and cash flows of the Company.

   b. The financial statements are for the period September 09, 2015 (date of inception) to March 31, 2016. These are the first set of financial statements produced by the Company from the date of incorporation. Comparative figures are not presented in the balance sheet, the statement of loss, the statement of stockholders'equity, the statement of cash flows and the related notes to the financial statements as required by ASC 205 - "Presentation of Financial Statements".

3. **Estimates and assumptions**

   The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for realization of deferred tax assets and estimation relating to unsettled transactions and events at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates.

4. **Going concern issue**

   The Company was incorporated on September 09, 2015 and the first set of financial statements are for the period from September 09, 2015 to March 31, 2016 (approximately 6 months). The Company is in its start-up phase and is expected to start operations once the set-up for commercial production is completed. The financial statements of the Company have been prepared on the assumption that it remains a going concern. The management considers that the parent companies will continue to finance the company through equity as and when the need arises.

5. **Cash and cash equivalents**

   The Company considers all highly liquid investments and deposits with an original maturity of ninety days or less to be cash equivalents. Cash and cash equivalents comprises of cash in hand.

6. **Revenue recognition**

   The Company is currently in a start-up phase and is expected to start operations once the set-up for commercial production is completed.

7. **Income taxes**

   Income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management's best assessment of estimated future taxes to be paid. The Company is subject to income taxes in the United States. Significant judgments and estimates are required in determining the income tax expense.

   The Company accounts for deferred taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the period in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of income in the period of change. Based on management's judgment, the measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits for which it is more likely than not that some portion or all of such benefits will not be realized.

8. **Fair values measurements and financial instruments**

   The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

   Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

   - Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.
   - Level 2 - inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
   - Level 3 - unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

   This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Company comprise of:

	As at March 31, 2016
Cash in hand	1,000
Total	**1,000**

Cash in hand comprises of cash received for shares issued and held in trust with the officer of the Company.

NOTE C - INCOME TAXES

The income tax expense for the period is $ Nil. The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The components of deferred taxes at March 31, 2016 are as follows:

	As at March 31, 2016
Non-current deferred tax assets	
Startup organization costs	46,548
Less : Valuation allowance	(46,548)
Deferred tax asset, net	**–**

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Given the early stage of the operations of the Company, the negative evidence outweighs the positive evidence and it is considered more likely than not that the benefit from deferred tax asset may not be realized in the foreseeable future. In recognition of this risk, a valuation allowance of $ 46,548 has been recorded at March 31, 2016. .

Accounting for uncertain tax position

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. This had no material effect on the Company's financial position, results of operations or cash flows. The due date for the first tax return is on June 15, 2016.

NOTE D – RELATED PARTY TRANSACTIONS

a) Details of related parties, their relationship and the respective transactions during the period are provided hereunder:

Name of the related party	Relationship
Sundaram-Clayton Limited	Shareholder

b) Summary of the transactions with related parties are as follows:

Particulars	For the period September 09, 2015 to March 31, 2016
Transactions during the period	
• Expenses incurred by Sundaram-Clayton Limited on behalf of Sundaram Holding USA Inc.	310,318
Balances at year end	
• Advance payable	310,318

NOTE E - CONCENTRATION OF RISKS

The Company is in a start-up phase and is expected to start operations once the set-up for commercial production is completed.

NOTE F - STOCKHOLDERS' EQUITY

Authorized

Authorized stock 10,000,000 at par $ 1.

Common stock issued

Common stock issued as at March 31, 2016 was 1,000 shares of $ 1 par

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE G - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 27, 2016 which is the date the financial statements were issued.There are no material effects of the same on the financial statements as on March 31, 2016.

RE-STATED ACCOUNTS OF
SUNDARAM HOLDING USA INC.

BALANCE SHEET AS AT 31ST MARCH 2016

Sl. No.	Particulars	Note Number	USD Mn. As at 31.03.2016	Rupees in crores As at 31.03.2016
I	**EQUITY AND LIABILITIES**			
	1 Shareholders' funds			
	(a) Share capital	I	–	0.01
	(b) Reserves and surplus	II	(0.31)	(2.06)
	2 Non-current liabilities			
	(a) Long-term borrowings		–	–
	(b) Long-term provisions		–	–
	3 Current liabilities			
	(a) Short-term borrowings		–	–
	(b) Trade payables		0.31	2.06
	(c) Other current liabilities		–	–
	(d) Short-term provisions		–	–
	Total		–	0.01
II	**ASSETS**			
	1. Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets		–	–
	(ii) Intangible assets		–	–
	(iii) Capital work-in-progress		–	–
	(iv) Intangible assets under development		–	–
	(b) Non-current investments		–	–
	(c) Long-term loans and advances		–	–
	(d) Other non current assets		–	–
	2. Current assets			
	(a) Current investments		–	–
	(b) Inventories		–	–
	(c) Trade receivables		–	–
	(d) Cash and bank balances	III	–	0.01
	(e) Short-term loans and advances		–	–
	(f) Other current assets		–	–
	Total		–	0.01

Notes on Accounts

Sl. No.		USD Mn. As at 31.03.2016	Rupees in crores As at 31.03.2016
I	**SHARE CAPITAL**		
	Authorised, issued and subscribed share capital		
	Authorised		
	10,000,000 Ordinary shares of US $ 1/- each	10.00	66.26
	Issued,subscribed and paid up		
	1,000 Ordinary shares of US $ 1/- each	–	0.01
		–	0.01
II	**RESERVES AND SURPLUS**		
	(a) Foreign currency translation reserve	–	(0.03)
	(b) Surplus - Balance in Statement of Profit and Loss		
	Opening balance	–	–
	(+) Net profit / (Loss) for the current year	(0.31)	(2.03)
	Closing balance	(0.31)	(2.03)
	Total (a) + (b)	(0.31)	(2.06)
III	**CASH AND BANK BALANCES**		
	Cash in Hand	–	0.01
	Total	–	0.01
IV	**OTHER EXPENSES**		
	General & Administrative Expenses	0.31	2.03
	Total	0.31	2.03

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

Sl. No.	Particulars	Note Number	As at 31.03.2016	As at 31.03.2016
I	Revenue from operations		–	–
II	Other income		–	–
III	Total Revenue (I + II)		–	–
IV	Expenses:			
	Cost of materials consumed		–	–
	Purchases of Stock-in-trade		–	–
	Changes in inventories of finished goods work-in-process and stock-in-trade		–	–
	Employee benefits expense		–	–
	Finance costs		–	–
	Depreciation and amortization expense		–	–
	Other expenses	IV	0.31	2.03
	Total expenses		0.31	2.03
V	Profit before tax (III-IV)		(0.31)	(2.03)
VI	Tax expense:			
	(1) Current tax		–	–
	(2) Deferred tax		–	–
VII	Profit (Loss) for the period (V-VI)		(0.31)	(2.03)