

TVS MOTOR COMPANY LIMITED

28th Annual Report 2019-2020



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TVS MOTOR COMPANY LIMITED

Board of Directors	<p>VENU SRINIVASAN <i>Chairman & Managing Director</i></p> <p>SUDARSHAN VENU <i>Joint Managing Director</i></p> <p>K.N. RADHAKRISHNAN <i>Director & CEO</i></p> <p>H. LAKSHMANAN</p> <p>T. KANNAN</p> <p>C. R. DUA</p> <p>Dr. LAKSHMI VENU</p> <p>PRINCE ASIRVATHAM</p> <p>HEMANT KRISHAN SINGH</p> <p>RAJESH NARASIMHAN</p> <p>LALITA D GUPTA</p> <p>R. GOPALAN</p>
Audit Committee	<p>R. GOPALAN, <i>Chairman</i></p> <p>T. KANNAN</p> <p>C.R. DUA</p> <p>PRINCE ASIRVATHAM</p>
Risk Management Committee	<p>T. KANNAN, <i>Chairman</i></p> <p>SUDARSHAN VENU</p> <p>K.N. RADHAKRISHNAN</p> <p>HEMANT KRISHAN SINGH</p> <p>LALITA D GUPTA</p> <p>K. GOPALA DESIKAN</p>
Stakeholders' Relationship Committee	<p>HEMANT KRISHAN SINGH, <i>Chairman</i></p> <p>VENU SRINIVASAN</p> <p>SUDARSHAN VENU</p> <p>C.R. DUA</p> <p>LALITA D GUPTA</p>
Nomination and Remuneration Committee	<p>C.R. DUA, <i>Chairman</i></p> <p>T. KANNAN</p> <p>H. LAKSHMANAN</p>
Corporate Social Responsibility Committee	<p>VENU SRINIVASAN, <i>Chairman</i></p> <p>H. LAKSHMANAN</p> <p>PRINCE ASIRVATHAM</p>
Chief Financial Officer	K. GOPALA DESIKAN
Company Secretary	K.S. SRINIVASAN
Statutory Auditors	<p>V. SANKAR AIYAR & Co., Chartered Accountants, 2-C, Court Chambers, 35 New Marine Lines, Mumbai - 400 020. Tel. : 022-22004465 E-mail :mumbai@vsa.co.in</p>
Cost Auditor	<p>A.N. RAMAN Cost Accountant, No. 10 P, Muthukumaraswami Salai, Off. Baby Nagar 1st Main Road, Velachery, Chennai - 600 042. Tel. 044-22433462 E-mail : anraman@gmail.com</p>

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

Shares listed with BSE Ltd., Mumbai.
National Stock Exchange of India
Ltd., Mumbai.

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

Registered Office
"Chaitanya" No. 12, Khader Nawaz Khan Road,
Nungambakkam, Chennai 600 006, Tamil Nadu, India
Tel : 044-28332115 Fax : 044- 28332113
CIN No. L35921TN1992PLC022845
E-mail: contactus@tvsmotor.com
Website: www.tvsmotor.com

Share Transfer Agent
Sundaram-Clayton Limited,
"Jayalakshmi Estates", 1st Floor, 29, Haddows Road,
Chennai - 600 006, Tamil Nadu, India.
Tel :044 - 2828 4959; Fax : 044 - 2825 7121
Email: icsta@scl.co.in; arockiaraj@scl.co.in

Plant Locations

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

Subsidiary Companies

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

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Financial Highlights

Rupees in crores

Details	Previous GAAP					Ind AS				
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Sales & other income including Excise Duty	6,857	7,749	7,875	8,694	10,788	12,195	13,363	15,618	18,217	16,455
Profit before interest, depreciation, amortisation and tax*	491	520	461	532	669	914	1,030	1,175	1,433	1,346
Profit before tax*	248	316	254	355	456	629	699	879	961	787
Exceptional / Extraordinary Items	–	–	(91)	(3)	–	–	–	–	–	(32)
Profit after tax	195	249	116	262	348	489	558	663	670	592
Net fixed assets	995	1,078	1,048	1,174	1,419	1,751	2,046	2,503	2,837	3,185
Share capital	48	48	48	48	48	48	48	48	48	48
Reserves and surplus	952	1,122	1,177	1,368	1,598	1,911	2,361	2,833	3,300	3,571
Net worth	999	1,170	1,225	1,415	1,645	1,958	2,408	2,880	3,347	3,618
Total borrowings	768	831	634	528	970	924	1,107	1,189	1,400	2,022
Earnings per share (Rs.) #	4.10	5.24	2.44	5.51	7.32	10.30	11.75	13.95	14.11	12.47
Dividend per share (Rs.)	1.10	1.30	1.20	1.40	1.90	2.50	2.50	3.30	3.50	3.50
Book value per share (Rs.) #	21.04	24.62	25.78	29.79	34.63	41.22	50.69	60.63	70.46	76.16
Operating EBITDA* / turnover (%)	7.16	6.71	5.85	6.12	6.20	7.49	7.71	7.74	7.87	8.19
Operating profit before tax* / turnover (%)	3.62	4.08	3.23	4.09	4.23	5.16	5.23	5.63	5.27	4.78
Return on capital employed (%)	16.48	18.96	14.68	18.88	20.27	23.24	21.67	24.61	23.55	16.62
Return on net worth (%)	21.21	22.97	9.69	19.82	22.73	27.15	25.56	25.06	21.52	17.01

Notes:

* Figures stated are before exceptional and extraordinary items.

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 28th Annual General Meeting of the Company (AGM) will be held on Wednesday, the 29th July 2020 at 10.00 A.M. [Indian Standard Time (IST)] through Video Conferencing / Other Audio Visual Means to transact the following businesses:

ORDINARY BUSINESS

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

RESOLVED THAT the standalone and consolidated audited financial statements for the year ended 31st March 2020, together with the Directors' Report and the Auditors' Reports thereon as circulated to the Members and presented to the meeting be and are hereby approved and adopted.

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

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

SPECIAL BUSINESS

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

RESOLVED THAT subject to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended), Mr H Lakshmanan (holding DIN 00057973), a Non-Executive Director, aged 86 years, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company.

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

RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) remuneration of ₹ 6 Lakhs (Rupees six lakhs only) in addition to reimbursement of all applicable taxes, travelling and out-of-pocket expenses, payable to Mr A N Raman, Practising Cost Accountant, holding Membership No. 5359, allotted by The Institute of Cost Accountants of India, who was re-appointed as Cost Auditor of the Company for the year 2020-21 by the Board of Directors of the Company, as recommended by the Audit Committee be and is hereby ratified.

By order of the Board of Directors

Chennai
28th May 2020

K S SRINIVASAN
Company Secretary

Registered Office:
"Chaitanya"

No. 12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006.

Notes:

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

1. In view of the outbreak of CoVID-19 pandemic, social distancing norms is being followed and the continuing restriction on movement of persons at several places in the country and pursuant to the Circular No. 14/2020 dated 8th April 2020, Circular No.17/2020 dated 13th April 2020 and Circular No. 20/2020 dated 5th May 2020 issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by the Securities and Exchange Board of India ("SEBI") and in compliance with the provisions of the Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), physical attendance of the Members at the AGM venue is not required and AGM can be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate at the ensuing AGM through VC/OAVM.
2. **Pursuant to the aforesaid Circulars, the facility to appoint proxy by Members under Section 105 of the Act, 2013 to attend and cast vote for the Members is not available for this AGM as the physical attendance of Members has been dispensed with.** However, Body Corporates are entitled to appoint authorised representatives as its Member to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-Voting.
3. The Members can join the AGM through the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to the members on "first come first served" basis. This will not include large Shareholders (Shareholders holding 2% or more of the total number of shares of the Company as on the cut off date as defined), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of "first come first served" basis.
4. Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act, 2013.
5. Pursuant to the provisions of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of Listing Regulations (as amended), and the Circulars issued by MCA dated 8th April, 2020, 13th April, 2020 and 5th May, 2020 the Company is providing facility of remote e-Voting to its Members in respect of

the businesses to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as voting at the meeting will be provided by NSDL.

6. In line with MCA Circular No. 17/2020 dated 13th April, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.tvsmotor.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Act, 2013 read with Circulars issued by MCA and SEBI in this regard.

Unclaimed Dividend

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

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

General

10. With a view to serving the Members better and for administrative convenience, Members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings into one folio.
11. Members may also note that the Annual Report will also be available on the Company's website viz., www.tvsmotor.com for their download.

Members holding shares in electronic form

12. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are requested to submit their PAN to

the Depository Participant(s) (DP) with whom they are maintaining their demat accounts.

13. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC Code, Mandates, Nominations, Power of Attorney, Change of Address / Name / e-mail Address / Contact Numbers, etc., to their DP.
14. Electronic copy of the Annual Report and the Notice of the AGM *inter-alia* indicating the process and manner of e-Voting are being sent to all the Members whose e-mail IDs are registered with the Company / DPs for communication purposes.

Members holding shares in physical form

15. Members can submit their PAN details to the Company/ Share Transfer Agent (STA).
16. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, Mandates, Nomination as per Section 72 of the Act, 2013 by filling Form SH-13, Power of Attorney, Change of Address / Name / e-mail Address / Contact Numbers, etc., with the Company / STA. Blank forms (SH-13) will be sent by e-mail.
17. Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.

Voting

18. The businesses as set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The Members may cast their votes using electronic voting system ('remote e-Voting').
19. In case of joint holders attending AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
20. In terms of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended ('the Rules') and Regulation 44 of the Listing Regulations, the Company has provided facility to exercise votes through electronic voting system to Members holding shares as on 22nd July 2020 being the "Cut-off Date" ("Cut-Off" for the purpose of Rule 20(4)(vii) of the Rules) fixed for determining voting rights of Members entitled to participate in the remote e-Voting process through the platform provided by NSDL viz., www.evoting.nsdl.com.

The voting rights of the Members/Beneficial Owners will be reckoned on the Equity Shares held by them as on Cut-off date. Members as on the Cut-off date only shall be entitled to avail the facility of remote e-Voting or voting at the meeting.

THE INSTRUCTIONS FOR REMOTE E-VOTING AND VOTING AT THE MEETING ARE AS UNDER

1. The remote e-Voting period begins on 26th July 2020 at 9:00 A.M. (IST) and ends on 28th July 2020 at 5:00 P.M. (IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
2. The details of the process and manner for remote e-Voting are explained herein below:
 Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>
 Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

 Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****

c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***
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5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' would be communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email IDs are not registered**.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is mentioned below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login as provided in Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of TVS Motor Company Limited for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those shareholders whose e-mail IDs are not registered with the depositories for procuring user id and password and registration of e-mail IDs for e-Voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please, provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN and AADHAR (self-attested scanned copy) by email to icsta@scl.co.in.

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN and AADHAR (self-attested scanned copy) to icsta@scl.co.in.

2. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
- ii. Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system at the AGM.
- iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-Voting.

INSTRUCTIONS TO THE MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- i. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-Voting credentials. The link for VC/OAVM will be available in shareholder/members login where EVEN of the Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
- ii. Members are encouraged to join the Meeting through Laptops for better experience.
- iii. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- iv. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

Members who would like to express their views/ask questions during the meeting may register themselves as a speaker and send their request mentioning their name, demat account number/folio number, email id, mobile number at kss@scl.co.in / arockiaraj@scl.co.in. at least 48 hours in advance before the start of the meeting i.e. by 27th July 2020 by 10:00 A.M. IST.

- v. Members who would like to express their views/have questions may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number at kss@scl.co.in/arockiaraj@scl.co.in. The same will be replied by the Company suitably.
 - vi. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
 - vii. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number / folio number and mobile number, to reach the Company's e-mail address at kss@scl.co.in/arockiaraj@scl.co.in. at least 48 hours in advance before the start of the meeting. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.
6. The Scrutinizer shall after the conclusion of e-Voting at the AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such report shall then be sent to the Chairman or a person authorized in this regard, within 48 (forty eight) hours from the conclusion of the AGM, who shall then countersign and declare the result of the voting forthwith.
 7. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.tvsmotor.com and on the website of NSDL at www.evoting.nsdl.com immediately after the declaration of results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to BSE Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai.
 8. Pursuant to the Circulars issued by MCA and SEBI, owing to the difficulties involved in dispatching of physical copies of the Notice of the AGM and the Annual Report for the year 2019-20, the said documents are being sent only by email to the Members.

General Guidelines for shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail sriram.krishnamurthy@rediffmail.com with a copy marked to evoting@nsdl.co.in.
 2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
 3. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting.
 4. Mr K Sriram, Practicing Company Secretary (Membership No. 2215), has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and casting vote at the meeting in a fair and transparent manner.
 5. In case of any queries, Members may refer to the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in/ or contact Mr Amit Vishal, Senior Manager - NSDL at amitv@nsdl.co.in/ 022-24994360 / +91 9920264780 or Mr Sagar Ghosalkar, Assistant Manager - NSDL at sagar.ghosalkar@nsdl.co.in/ 022-24994553 / +91 9326781467.
- a) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving Licence, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the Company's email address icsta@scl.co.in.
 - b) For Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
9. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. 1st April 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at rates prescribed in the Income Tax Act, 1961 ("the IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's email address viz, contactus@tvsmotor.com.
 10. In order to receive dividend/s in a timely manner, Members holding shares in physical form who have not

updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividends directly into their bank account electronically or any other means, by sending scanned copy of the following details/documents through email to reach the Company's email address:

- a. a signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received :
 - i. Name and Branch of Bank and Bank Account type;
 - ii. Bank Account Number allotted by your bank after implementation of Core Banking Solutions;
 - iii. 11 digit IFSC Code;
 - iv. Self-attested scanned copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;
 - v. Self-attested scanned copy of the PAN Card; and
 - vi. Self-attested scanned copy of any document (such as AADHAR Card, Driving Licence, Election Identity Card, Passport) in support of the address of the Member as registered with the Company.
- b. For the Members holding shares in demat form, please update your Electronic Bank Mandate through your Depository Participant/s.

11. In accordance with the provisions of Article 66 of the Articles of Association of the Company, Mr H Lakshmanan and Dr. Lakshmi Venu will retire by rotation at AGM and being eligible, offer themselves for re-appointment; and
12. In terms of the Regulation 36(3) of the Listing Regulations, read with Secretarial Standards on General Meeting, brief profile of the Directors, who are proposed to be re-appointed in this AGM, nature of their expertise in specific functional areas, other Directorships and Committee Memberships, their shareholding and relationship with other Directors of the Company are given below:

Profile of Dr. Lakshmi Venu

Dr. Lakshmi Venu, aged 37 years, a graduate of Yale University, holds a Doctorate in Engineering Management from the University of Warwick.

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

Dr. Lakshmi Venu is currently the Joint Managing Director of Sundaram-Clayton Limited, the holding company and

Deputy Managing Director of TAFE Motors and Tractors Limited. She also holds directorships in various other companies.

She has been the director of the Company since 10th September 2014.

She is the daughter of Mr Venu Srinivasan, Chairman and Managing Director and sister of Mr Sudarshan Venu, Joint Managing Director of the Company.

She does not hold any share in the Company.

She has attended three out of five Board Meetings held during the year 2019-20.

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

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

(*) Indicates committee in which she holds the position as Chairperson.

Profile of Mr H Lakshmanan

Mr H Lakshmanan, aged 86 years, joined TVS Group in 1953 and raised to the position as Executive Director of Sundaram-Clayton Limited (SCL), the holding Company, in 1982.

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

The following are some of his core functional areas -

- facilitating the proper working of the Board;
- acting as the leading representative of the Company in all its dealings with the Stakeholders like Members,

Financial Institutions, Regulators, Government, Vendors, Dealers etc.;

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

He has been the director of the Company since 24th April 2000. He is not related to any Director or Key Managerial Personnel of the Company.

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

He has attended all the five Board Meetings held during the year 2019-20.

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

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

S. No.	Name of the Company	Position held	Committee Membership / Chairmanship
1.	Harita Seating Systems Limited	Chairman	Audit Committee *
			Stakeholders' Relationship Committee*
			Nomination and Remuneration Committee
			Corporate Social Responsibility Committee*

S. No.	Name of the Company	Position held	Committee Membership / Chairmanship
2.	Sundaram Auto Components Limited	Chairman	Audit Committee *
			Nomination and Remuneration Committee*
			Corporate Social Responsibility Committee*
3.	Harita Fehrer Limited	Director	Audit Committee
			Corporate Social Responsibility Committee*
4.	Harita NTI- Limited	Director	Corporate Social Responsibility Committee
5.	Chennai Business Consulting Services Limited	Director	-
6.	TVS Capital Funds Private Limited	Director	Governance Committee (Audit Committee)
			Nomination and Remuneration Committee
7.	Harita Techserv Private Limited	Director	-
8.	TVS Investments Private Limited	Director	-
9.	TVS Training and Services Limited	Director	-
10.	Lakson Technology Private Limited	Director	-
11.	TVS Organics Private Limited	Director	-
12.	VS Trustee Private Limited	Director	-
13.	TVS Investment and Consultancy Services Private Limited	Director	-
14.	TVS Investments and Holdings Private Limited	Director	-
15.	TSS Staffing Solutions Private Limited	Director	-
16.	TVS Educational and Training Services Private Limited	Director	-
17.	TVS Motor (Singapore) Pte Limited	Director	-
18.	TVS Motor Company (Europe) B.V.	Director	-

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

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

The following Explanatory statement sets out all material facts relating to the special businesses mentioned in the accompanying Notice dated 28th May 2020 and shall be taken as forming part of the Notice.

Item No.3

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from 1st April 2019, appointment or continuation by a person as a non-executive Director who has attained the age of 75 years, requires a special resolution to that effect and the explanatory statement annexed to the Notice for such motion shall indicate the justification for appointing such a person.

Mr H Lakshmanan, aged 86 years, is a Non-Executive Non-Independent Director (NE-NID) of the Company, who is liable to retire by rotation at this AGM.

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

- His rich and long experience in all segments of the business and helping in smooth running of the management; and
- Appreciated him for being the most trusted mentor of the board and ensuring board matters are reviewed and resolved.

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

Except Mr H Lakshmanan, Director, none of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item No.3 of this Notice.

The Board, therefore, recommends the special resolution, as set out in item No.3, for re-appointment of Mr H Lakshmanan, as a Director of the Company liable to retire by rotation, to be approved by the Shareholders.

Item No.4

As recommended by the Audit Committee, the Board at its meeting held on 28th May 2020, re-appointed Mr A N Raman, Practising Cost Accountant, having Membership no. 5359, as Cost Auditor of the Company, in terms of Section 148 of the Act, 2013, and fixed a sum of ₹ 6 lakhs as remuneration payable to him for the financial year 2020-21, subject to ratification by the Shareholders of the Company.

In terms of Section 148 (3) of the Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditor, as recommended by the Audit Committee and approved by the Board of Directors, is required to be ratified by the shareholders of the Company, at the ensuing AGM of the Company.

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

The Directors, therefore, recommend the ordinary resolution, as set out in Item No.4 for ratification of remuneration payable to the Cost Auditor of the Company.

By order of the Board of Directors

Chennai
28th May 2020

K S SRINIVASAN
Company Secretary

Registered Office:
"Chaitanya"
No. 12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the twenty eighth annual report and the audited accounts of the Company for the year ended 31st March 2020.

1. COMPANY PERFORMANCE

The Company registered sales of 30.9 lakh units of two wheelers in 2019-20. The 2W industry declined by 14.4% majorly impacted by on-road price increase in domestic market due to increase in motor vehicle insurance, mandatory safety norms and tepid demand due to lower GDP growth estimated at 4.7%.

Company's performance was better than the industry with 11% decline in the first half of the FY 2019-20. In the second half, the Company transitioned into BS-VI emission norms, well ahead of the competition and successfully positioned entire portfolio with BS-VI product line up by January, 2020 (3 months before deadline). Exports of two-wheeler in 2019-20 were at 6.79 lakh units with a growth of 9.2% over 2018-19. Three-wheeler sales grew by 11% in 2019-20 mainly on account of good acceptance of the product from the international customer base. Sales revenue of spare parts grew by 6%.

The Company forayed in the electric vehicle space with the launch of its first electric Scooter, TVS iQUBE. The product came with 58 exciting features, with many 'Industry-first' elements like Geo-fencing, Ride Statistics, Telematics, Remote Charge Status and Navigation Assist, all brought together to give the customer an overwhelming connected experience. In the existing product categories, new launches like TVS NTORQ 125 racing edition, TVS Jupiter Grande "SmartXonnect" and TVS XL100 Comfort "i-TouchStart" further enhanced its positioning as a company with focus on innovative technology and passion for customers.

With continued efforts towards customer satisfaction and focus on quality, the Company secured leadership position in JD Power's Two-wheeler Customer Service Index (2W CSI) survey for consecutive years since 2016. During the year 2019-20, Company's products bagged 15 awards, of which the premium brands like TVS NTORQ 125 and TVS Apache won the most.

Towards the end of 2019-20 starting 23rd March, the Company's operations were halted due to the CoVID-19 pandemic. A nationwide lockdown was announced to contain the spread of the virus. Understanding the severity of the crisis, the Company took lot of measures to help and support its customers, employees, dealers, suppliers, and society. The Company also set-up a Business Continuity Task Force and pro-actively rolled-out a slew of measures to ensure health & safety of its employees, suppliers and dealers. Work from home was implemented for almost all executives & managers well on time. Some of the key initiatives undertaken by the Company to support the society in fighting this battle include providing 1 Million protective face masks, sanitization of numerous villages and towns, providing food

packets to essential service providers and to the deprived sections of the society.

The Company has spent ₹ 32.33 Cr towards CoVID-19 relief measures, which includes contribution to Prime Minister's dedicated National Fund "PM CARES" and Tamil Nadu Chief Minister's Public Relief Fund.

Total revenue of the Company including other income was ₹ 16,455.44 Cr in the current year as against ₹ 18,217.46 Cr in the previous year. Profit before tax (PBT) was ₹ 754.41 Cr in the current year (after exceptional item of ₹ 32.33 Cr) as against ₹ 960.96 Cr in the previous year. Similarly, Profit after tax (PAT) was ₹ 592.25 Cr in the current year as against ₹ 670.14 Cr in 2018-19.

2. FINANCIAL HIGHLIGHTS

Details	Year ended 31-03-2020	Year ended 31-03-2019
SALES		
Quantitative	(Numbers in lakhs)	
Motorcycles	13.63	15.59
Mopeds	6.51	8.97
Scooters	10.75	13.01
Three Wheelers	1.74	1.56
Total vehicles sold	32.63	39.13
Financials		
	(Rupees in Crores)	
Revenue from operations	16073.63	17912.51
Other Operating Income	349.71	297.41
Other Income	32.10	7.54
Revenue	16455.44	18217.46
EBITDA	1377.96	1440.79
Less:		
Finance Charges & Interest (Gross)	102.19	80.56
Depreciation	489.03	399.27
Profit before tax	786.74	960.96
Less: Exceptional Item	32.33	-
Profit before tax after exceptional Item	754.41	960.96
Provision for Tax	162.16	290.82
Profit after tax	592.25	670.14

3. DIVIDEND

The Board of Directors of the Company (the Board) at their meeting held on 4th February 2020, declared a first interim dividend of ₹ 2.10 per share (210%) for the year 2019-20 absorbing a sum of ₹ 120.28 Cr including dividend distribution tax. The same was paid on 15th February 2020.

The Board at its meeting held on 10th March 2020 declared a second interim dividend of ₹ 1.40 per share (140%) for the year 2019-20 absorbing a sum of ₹ 79.75 Cr including dividend distribution tax. The same was paid on 20th March 2020.

Thus, the total amount of both dividends for the year ended 31st March 2020 aggregated to ₹ 3.50 per share (350%) on 47,50,87,114 equity shares of ₹ 1/- each absorbing ₹ 200.03 Cr including dividend distribution tax.

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

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

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Two-wheeler

2019-20 marked the successful transition to BS-VI for the Indian 2-wheeler industry. A global first of leapfrogging from Stage IV - Stage VI emission norms in 3 years. However, the domestic two-wheeler industry recorded a sale of 17.4 Mn units in 2019-20, a decline of 17.7% from 21.2 Mn units of 2018-19. 16% was the decline in the first half of the year on back of weakening consumer sentiment, falling GDP growth forecasts and increased 2W prices due to insurance cost increases and mandatory safety regulations. The decline further intensified in second half to 20%, owing to BS-VI transition, wherein 2W prices further went up by an average of 15%. The year ended with start of the single minded struggle against CoVID-19 pandemic.

The scooter category declining 16.7%, with 5.6 Mn Units in 2019-20 over 6.7 Mn Units in 2018-19. The category share increased marginally to 32% in 2019-20 from 31.6% in 2018-19.

The motorcycle category also declined by 17% over last year. The category share for motorcycle settled at 64.4%. Within motorcycles, the premium segment with a category share of 9.3%, declined by 25% from 2.15 Mn units in 2018-19 to 1.61 Mn units in 2019-20. The commuter segment category share however moved to 50% while volumes declined by 16% to 8.7 Mn units in 2019-20 from 10.4 Mn units in 2018-19.

In the international market, two-wheeler industry had a growth of 7% over last year. Stable price of crude oil and continued growth in Africa propelled the growth of exports.

Three-wheeler

Overall three-wheeler small passenger industry (3 plus 1 segment) declined by 12% in 2019-20 (from 8.45 lakh units in 2018-19 to 7.45 lakh units in 2019-20). Domestic industry declined by 14% and exports market declined by 11% in 2019-20 over last year.

BUSINESS OUTLOOK AND OVERVIEW

India's GDP growth has decelerated to 11 year low estimated at 4.7% in 2019-20. In 2020-21, the economy will see significant challenges owing to the impact of CoVID-19 pandemic and the resultant interruption to economic activity which is beginning to reopen.

Economic activity and lifestyles will be rebuilt, factoring in coexistence with CoVID-19. Social Distancing (SD) and Work From Home (WFH) practices will see greater prevalence. These new long-term practices of SD could see consumer preferences change towards personal mobility, which could prove to provide some opportunity, especially to the 2-wheeler industry. The Company is cognizant of this opportunity, and well poised to leverage this opportunity with its superior BS-VI offerings across the widest range of personal mobility needs.

The restriction on public mobility and impact on many sectors of the economy will affect GDP, disposable incomes, consumer sentiment and the auto industry as well. Consequently, a very sharp decline in the first quarter of 2020-21 is expected, which may partially alleviate in the following quarter, with any upside possibilities only playing out in the later part of the year. BS-VI Two wheelers offer consumers affordable, safe and eco friendly personal transport and may see less impact due to the need for such solutions.

The favorable reservoir levels, good rabi output and possibility of normal monsoon may support agriculture growth. It is to be noted that much of the sale of two wheelers are in semi urban and rural areas which could see some benefit of this.

As pandemic CoVID-19 is affecting most countries across the globe, export of two-wheeler is likely to see a decline during initial part of the year. A sustained trend of low crude prices may also impact export market growth in oil dependent economies of Africa. However, the economic impact of CoVID-19 is expected to be more pronounced in the markets of LATAM, whereas the African countries seem to be lesser impacted, and the core demand may return sooner.

Strategic partnership with BMW Motorrad

The Company has a strategic partnership with BMW Motorrad to develop and manufacture sub-500cc bikes both for domestic and global markets. The Company has produced over 72,000 units of BMW 310cc motorcycle till date.

Norton Acquisition

The Company acquired Norton Motorcycles, in an all-cash transaction for a consideration of GBP 16 Mn through one of the Company's overseas subsidiaries. The "Norton", "Commando", "Dominator" and the more recent "V4RR" are part of the portfolio of this historic motorcycle Company. The first of many 'Isle of Man' wins dates as far back as 1908. An integral part of British popular culture, identity and history, it has a loyal following across Europe.

This acquisition enhances the Company's global portfolio bringing in complementary product segments, markets and capabilities. The Company also believes that Norton

Motorcycles can leverage its additional geographical network reach and global supply chain capabilities to expand to new markets and audiences with existing and upcoming products.

New Product Launches and Initiatives

During the year 2019-20, the following new products and variants were launched.

TVS Jupiter Grande:



TVS Jupiter has become a strong household brand in the last 6 years since inception, with more than 3.5 Mn happy customers by FY 2019-20. Continuing the journey of providing "Zyada ka Fayda", TVS Jupiter Grande SmartXconnect was launched

during festival season (October 2018) making it the first Bluetooth enabled scooter in the 110cc segment. Apart from having a differentiated visual appeal, TVS Jupiter Grande SmartXconnect is loaded with practical, useful features such as, call & message notifications, high speed alert, helmet reminder, trip data and many more.

The brand communication campaign named, 'Dil Ka Mileage' went on to bag the prestigious 'Marketing Campaign of the Year Award' at the Global Awards for Retail Excellence event by ET NOW.

TVS Jupiter Classic BS-VI was the first BS-VI offering by the Company launched in November 2019.

TVS Apache:



TVS Apache Series crossed 3.8 Mn global customers milestone in March 2020. Through the years, TVS Apache has stood for providing an unrivalled experience backed by its rich 38 years of TVS Racing pedigree,

technological prowess and stylish design. Over the last 14 years, the brand has developed a host of premium offerings, ranging from 160cc to 310cc, creating aspiration along every step of evolution. TVS Apache Series has multiple customer experience properties like AOG (Apache Owners Group), ARE (Apache Racing Experience), APP (Apache Pro Performance), TVS Racing Training School & One Make Championship, all of which bring the Apache owners together to celebrate the spirit of 'Racing'.

The 1st edition of TVS Racing MotoSoul Days, the biggest bike festival for TVS, was organized in October 2019 in Goa that saw a strong participation of 1000+ motorcycle enthusiasts. It was also a stage for the launch of TVS Racing Performance Gears, a range of high performance and quality riding gears, helmets and merchandize for TVS Apache Customers.

The end of the financial year 2019-20 saw the launch of the TVS Apache RR310 BS-VI with many first in segment features making it one of the most 'technology-rich' motorcycles in its class. The motorcycle continues to resonate with lots of enthusiasts, thus increasing its loyalists exponentially across the globe.

In the transition to BS-VI, the TVS Apache Series has received a major update that includes a style refresh and an addition of many first in segment features. The entire series is now powered by RT-Fi (Race Tuned Fuel Injection) technology which ensures delivery of best race performance at all driving conditions. The 4V Series comes with a best in class LED headlamp while the RTR 200 4V also boasts of the TVS SmartXconnect. One of the most loved features of the RTR's - the signature exhaust note has gotten racier and more refined. TVS Apache RR310 has seen the biggest upgrade with a multitude of best in class features - new Titanium Black dual tone graphics scheme, Throttle by wire technology, customizable 5" TFT cluster, TVS SmartXconnect with advanced ride analysis and 4 ride modes of **Track, Sport, Urban, and Rain** (first in segment). The entire series also features the introduction of first in segment Glide Through Technology (GTT) which allows the rider to easily navigate through traffic thus reducing rider fatigue.

TVS Radeon:



A unique blend of sturdy build, robust style and plush comfort, TVS Radeon is targeted at the discerning progressive Millennials of Middle India. TVS Radeon has upped the choice for everyday commuters and is successfully creating lot of excitement & delight amongst

its consumers. Over 2 lakh proud consumers overjoyed with their 'Buland' choice.

TVS Radeon has received many accolades and became one of the most awarded commuter motorcycles in its early days itself. The 'Commuter of the Year' Celebratory Special Edition stays true to the TVS Radeon 'Buland' DNA and celebrates its spirit.

TVS Radeon BS-VI comes with next-gen Eco Thrust Fuel Injection (ET-Fi) Technology, which boasts of 15% better mileage along with enhanced engine performance, better durability & smooth riding experience. TVS Radeon offers 20 Best in Class features including chrome bezel headlamp with DRL, car like speedometer, stylish petrol tank with ribbed thigh pads, largest cushion seat, solid suspension among others. The riding experience is made seamless with an optimum seat height, high ground clearance, long wheel-base and handy functional features like USB charging spot and convenient pillion grab-rail.

With distinctiveness and practicality, TVS Radeon continues to live true to its promise to Live Strong Ride Strong (JIYO BULAND BADHO BULAND).

TVS XL100 HD i-TouchStart:



TVS XL100 crossed a new milestone of 3 Mn customers since its launch in 2015 and a Special edition variant was launched to mark this celebration.

Further, a new variant TVS XL100 Comfort i-TouchStart

focusing on entry level commuters was also launched. This variant comes with many style features like head lamp fairing, cushion back rest, chrome finish elements along with mobile charging option. With compact light weight design, new suspension setup, auto gear, this variant would be an ideal choice for those seeking affordable 'easy to ride' product for everyday commute - including elderly people & women.

The product series is now upgraded to meet BS-VI emission norms and launched with exciting features for the customers. Now TVS XL100 series is powered by ET-Fi technology which delivers 15% more mileage, excellent power and pickup with smoother engine. Also, many useful customer friendly features are added to improve convenience and safety - easy on-off combo switch, hydraulic suspension, wider platform, comfortable handlebar, low fuel indicator, roll-over switch off, mobile charger and more. TVS XL100 series has advanced in terms of technology and benefits yet remains affordable to the customer and continues to offer high value.

TVS iQUBE:



Launched in January 2020, TVS iQUBE marked the foray of Company into the Electric Vehicle segment. The TVS iQUBE is a smart mobility solution that promises to deliver a convenient, personalized, connected and eco-friendly experience. It comes equipped

with SmartXonnect, advanced features like Geo-fencing, Ride Statistics, Telematics, Remote Charge Status and Navigation Assist.

With a top speed of 78 kmph, a range of 75 Km in a single charge and features like Q-Park Assist, the TVS iQUBE redefines style, comfort and riding experience. A dedicated public charging ecosystem spanning across 10 dealerships in Bengaluru further enhances customer ease and experience.

With TVS iQUBE, the Company also leveraged digital channels for vehicles booking and sales. A digitally enabled purchase process allows seamless home charging unit installations providing a truly hassle-free experience to the customers. The product has seen extremely encouraging response from the customers. With the increased focus on Electric Vehicles, the TVS iQUBE is expected to be a strong

contender in this space in the times to come. TVS iQUBE will increase its presence in India in a phased manner, having started with Bengaluru and gradually moving to other key cities.

TVS King:



TVS King got a new variant in May 2019, with the introduction of TVS King Duramax with alternate fuel options like Petrol, LPG and CNG. This new variant comes with the 225 cc engine equipped with latest Liquid cooled technology, providing a great combination

of speed, power and performance. This also ensures low wear and tear of engine parts, leading to higher life of engine. The brighter headlamp and strengthened B and C Pillars add better safety to driver and passengers.

The new and sublime changes in both exterior and interior of DURAMAX brings a refreshing change and pride of ownership. The new look dashboard, styling handlebar with compact speedo cluster, integrated fuel gauge and dual tone seat add style to the variant. TVS King Duramax is an ideal choice for those who want to embrace technology to make their daily earnings better.

TVS King family (comprising Deluxe and Duramax variants) is now upgraded to meet the new BS-VI norms. The new BS-VI variants come with integrated starter generator, silent i-touch start, single start-stop switch, anti-wheel lock control and automatic altitude fuel correction. The bi-fuel option will be unique in this category. TVS King will continue to provide best combination of adequate power, mileage, comfort and lower running cost, delivering a great value to the customer.

Domestic Sales

The Company achieved sales of 24.1 lakh units of two-wheelers in the domestic market compared to sales of 31.4 lakhs in 2018-19. Company's domestic volumes declined in 2019-20 mainly due to falling consumer sentiment and rapid increase in cost of ownership towards higher mandatory insurance costs and enhanced safety norms. At the end of the year, towards a planned transition from BS-IV to BS-VI stock was effected throughout the trade.

In domestic motorcycles, the Company achieved sales of 7.6 lakh units and registered a decline of 25% over 2018-19. TVS Apache however, was able to garner a substantial share of the Premium motorcycle market with 3.7 lakh units, posting a decline of only 21%, while the Premium Motorcycle industry declined by 25% in 2019-20 against 2018-19.

In domestic scooters, the Company achieved sales of 10.2 lakh units and registered a decline of 18% over 2018-19. However, inspite of the headwinds, TVS NTORQ 125 sales grew by 24% in 2019-20 and TVS NTORQ 125 Racing Edition created a great momentum for the brand. The product

continues to delight the customers and has garnered several accolades since its inception.

The Company also invested time for training all its service advisors and mechanics (18,000 employees of the extended enterprises) adequately across the country on BS-VI products and technology.

Exports sales - two-wheeler and three-wheeler

The Company's two-wheeler exports in 2019-20 were at 6.79 lakh units and witnessed an improvement with a growth of 9.2% over 2018-19.

Three-wheeler exports during the year reached 1.62 lakh units and recorded a 15.9% growth over 2018-19.

Opportunities and Threats

The CoVID-19 pandemic is causing paradigm shifts in consumer behavior affecting many industries including the automobile Industry. Social distancing norms followed across the globe due to CoVID-19, could become the new normal. People may move away from use of shared/public transport solutions. This changed preference would lead to enhanced need for a personal mobility solution and could emerge as an area of opportunity for two-wheelers.

The Company has also strengthened its offerings in the premium segment catering towards younger customers. Many products in the new BS-VI line up of the Company have first in class and best in class features to attract such customers. TVS Apache, TVS NTORQ and the electric TVS iQube will all help the Company in these segments.

RISKS AND CONCERNS

Domestic Business:

The brunt of the adverse economic environment will be manifest in real contraction of disposable income and weak consumer sentiment. The severity of impact is also higher at the lower to mid income with customers who form bulk of the commuter 2W industry. Consumers will conserve cash, in view of unforeseen events like potential job loss and salary cuts levels. This will lead to delay in purchase of all non-essential durables, and may pose a risk to many industries in the manufacturing sector including automobiles. This may result in delayed recovery of the 2W industry.

While government and RBI are taking measures for enhancing availability of credit for dealers and suppliers, the participation would be dependent on the business outlook. This could lead to challenges in working capital management in the supply chain. The Company is cognizant and is advising dealers and suppliers to make prudent choices in cost reduction and enhance working capital management.

From the supply side, availability of manpower in tier-2 and tier-3 suppliers affecting the supply of parts and daily operations are likely risks. Casual workmen and migrant workers hailing from other states may not return rapidly, posing risks across the supply chain of the Company. The Company has taken appropriate steps to minimize the impact

of such risks and has channelled efforts to get back to normalcy at the earliest.

International Business:

The global pandemic has impacted economic activity across the world, hurting consumer sentiment, disrupting supply chains and reducing demand across many categories. The rising number of CoVID-19 cases in the Company's exports markets of LATAM, Asia, Africa, South-east Asia continue to pose high risk to various industries. Some of the Company's exporting countries have seen a rapid spread of CoVID-19 thereby lowering economic activity while other export markets including some in Africa have seen a more limited impact. A sustained drop in commodity prices and exports will reduce foreign exchange income in some of the export countries. The Company has looked at options to minimize the impact by leveraging opportunity in less affected countries and by launching new products and leveraging financing solutions for customers.

RISK MANAGEMENT POLICY

Company's risk management framework is well embedded and continually reviewed by the Risk Management Committee. It enables the Board, to identify, evaluate and monitor principal risks and where possible, actively mitigate the risks that could affect the achievement of the Company's target.

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

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

OPERATIONS REVIEW

Total Quality Management (TQM)

TQM has always been a way of life, towards driving sustainable growth across the entire chain of suppliers, dealers, stakeholders and community. Continuous drive on cross-functional cluster approach to achieve breakthrough has helped significantly the business processes in the Company.

Several initiatives taken as part of policy management process, has facilitated implementing breakthrough initiatives like BS-VI transition, cost reduction and International business market growth. Emphasis on adhering to 'Daily Work Management' practices was continued for retainment. Towards TVS Way permeation, 170 managers were trained on 'TVS way of working' for developing champions and cascading the initiatives in the respective functions.

Total Employee Involvement continues to be the strong area, with focus expanding from 'functional excellence' to 'contribution towards business results' through theme-based kaizens. Employees have significantly contributed in the cost reduction initiatives, by focusing on eliminating wastes in processes. 'War room' approach towards cost reduction was intensified and expanded to all functions. Teams had focused on speedy implementation of improvements, while strictly adhering to guiding principle of "speed without haste". Focus continued towards enhancing people capability in problem solving which has helped in increasing the speed of implementation of key projects for achieving business results.

Srinivasan Services Trust (SST), CSR arm of the group, has also used TQM way of work in its activities in the villages adopted.

Mr Venu Srinivasan, Chairman of the Company has been conferred with the prestigious Deming 'Distinguished Service Award for Dissemination and Promotion Overseas' by Japanese Union of Scientists and Engineers (JUSE), for his outstanding contribution in the dissemination and promotion of Total Quality Management (TQM) across all companies in the group. Chairman has also guided in permeating TQM practices in many companies in India through cluster approach initiated by CII and ACMA.

Cost Management

The Company continues to focus on all the elements and drivers of cost. Raw materials, components and conversion cost constitute major element of material cost. The Company pursued process innovation, value engineering, alternate sourcing and localization to reduce material costs. Waste elimination, productivity improvements and process improvement will continue across the supply chain during 2020-21.

In the area of fixed cost, similar systematic approach of deployment of cost reduction is being done.

Research and Development

The Research and Development (R&D) team continued its focus on in-depth customer understanding, technology development and design innovations. This resulted in launch of TVS iQUBE, the first Electric scooter from TVS stable, with cutting edge technologies, including Smart Connect. The team has developed technologies to meet the stringent BS-VI norms, which is significantly lower than the BS-IV emissions for both 2W and 3W models in the portfolio.

Focused work on advanced engine technologies for further improvements in fuel efficiency, performance and reduction of CO₂ emission is being pursued for both domestic and international markets. Further technologies in the area of electric powertrains are continuously pursued with a strong focus towards future requirements.

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

developments are centered on customers, emerging mobility needs, advanced safety regulations and sustainability. The Company also collaborates with leading research establishments and educational institutions, both within and outside the country to develop breakthrough technologies.

TVS Racing continued its dominance with high performance during the year, with 97% podium positions and 9 championship wins out of 10 participations. Several technology and product development projects in R&D are closely linked with the racing technology development, leveraging the decades of racing experience.

Information Technology

The Company continues to implement several projects to improve its efficiency, transparency and process control across supply chain from suppliers to dealers. Major focus areas are improvements at factory, retail management and improving customer experience at dealerships. Various initiatives on industry 4.0 are being adopted for improving quality, productivity, traceability and waste elimination. The Company has adopted various machine learning tools for improving quality of its products and processes.

Company has developed new products with connected technologies and developed skills to take them to the next phase.

As part of continuous improvement and technology benchmarking, the Company's IT systems were audited by external experts and recommendations were implemented. The Company has enhanced information security by adopting new cyber security tools. Periodic audits are conducted by external experts and necessary control measures are taken. The Company has engaged one of the major consulting firms to do benchmark study on cyber security framework and implemented controls based on recommendations. The Company has enhanced security by implementing multi-layered firewalls and deployed security control centres. The Company has formed a cyber-security governance council consisting of senior management and industry experts for improving its cyber security.

The Company is ISO 27001:2013 certified for all manufacturing units and sales offices. Business continuity plan for major business and design applications has been implemented and tested. The Company is certified for ISO 22301 for Business continuity. The Company has been certified for CMM level 3 for its software development process.

The Company is leveraging digital technology to enhance consumer experience and sheer reach with high engagement. Social listening is institutionalized and the Company is leveraging it for grievance redressal, consumer learnings and overall online reputation management.

INTERNAL CONTROL AND THEIR ADEQUACY

The Board is accountable for evaluating and approving the effectiveness of internal controls, including financial, operational and compliance controls. Company has a proper

and adequate internal control system to ensure that all its assets are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded.

The internal control system is subject to continuous improvement, with system effectiveness assessed regularly. Information provided to management is reliable and timely. Company ensures the reliability of financial reporting and compliance with laws and regulations.

Company is strengthening the controls by leveraging technology and centralizing processes, enhancing monitoring and maintaining effective tax and treasury strategies.

The Audit Committee continues to monitor the effectiveness of internal control over the use of new technologies that impact the Financial controls and reporting enterprise risk.

KEY FINANCIAL RATIOS

As required under Regulation 34 of the Listing Regulations, there was a significant change in Interest coverage ratio compared to the previous financial year.

Details of change in Interest coverage and Return on Net Worth as compared to the previous financial year is given below.

Particulars	UOM*	Standalone		Consolidated	
		2019-20	2018-19	2019-20	2018-19
Interest coverage	Times	8.38	12.93	2.01	2.63
Return on Net worth	%	17.01	21.52	19.36	24.10

* UOM - Unit of measurement

Profit for the year is lower primarily due to suspension of plant operations on account of CoVID-19 pandemic and transition from BS-IV to BS-VI.

Also, exceptional expenses, associated with CoVID-19 has negatively impacted the profit for the year. Reduction in profit for the current financial year has resulted in adverse movement of ratios.

ISSUE OF NON-CONVERTIBLE DEBENTURES

During the month of April 2020, the Board approved the issue of rated, unsecured, redeemable, non-convertible debentures (NCD) for a sum of ₹ 500 Cr (Rupees Five Hundred Crores Only). The Company had allotted on 15th May 2020, 5000 NCDs of face value of ₹ 10 Lakhs each aggregating to ₹ 500 Cr with a tenor of 3 years at the rate of 7.5% p.a. NCDs will be redeemed at the end of 3rd year by way of bullet payment. The NCDs were listed with National Stock Exchange of India Limited (NSE) on 19th May 2020.

INTERNAL FINANCIAL CONTROL

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

Occupational Health & Safety (OHS)

Environment

To promote sustainability to stakeholders, a conference was organized with the theme "Sustainability in Manufacturing Supply Chain" during February 2020. The Company's manufacturing facilities have been certified under Integrated Management System (IMS). ISO 14001 (Environment Management System) and ISO 45001 (Occupational Health & Safety Management System) standards are integrated into a common system that meets the requirements of each of the standards.

a. Utilization of Non-renewable energy:

The renewable power contributes to 76% in overall share of power. These initiatives of renewable energy resulted in CO₂ emission reduction of about 60,000 tonnes during 2019-20. Company has invested in group captive mode to the tune of 35 MW wind power and roof top solar power of 5.9 MW.

b. Conservation of water

To conserve water consumption in canteen, the Company has introduced dishwasher and automated washing machines for vegetables which resulted in substantial water saving.

c. Material conservation & waste minimisation

In process design, efforts have been taken to minimize the generation of waste by introduction of clean technologies. Water based paint application (cathodic electro-deposition), pre-treatment based on nano technology in powder coating have been adopted. Robotic paint application is being continuously augmented towards enhancing paint transfer efficiency. Virtual training facility has been established for training operators towards improving their painting skills without using paint and generating waste.

d. Effluent treatment

Automation and advanced treatment processes have been adopted in Effluent treatment, Recycling, Evaporator and Sewage treatment facilities. During 2019-20, a unique effluent treatment process which maximizes recycling efficiency in RO plants was established to treat effluents with different characteristics in a common facility. The chemical sludge from waste water treatment plants and paint sludge generated during paint application are used for co-processing in cement industry.

Towards IT & IOT initiatives, ambient air quality, ambient VOC and stationary emissions are monitored through online systems. Water & energy consumption is monitored through online system. The forms and returns under applicable Environmental Acts and Rules were made online.

Health & Safety

Implementation of ISO 45001:2018 has helped to improve occupational health and safety performance by proactively

preventing work-related injury and ill health. As part of continual improvement in safety, around 643 proactive hazard control measures have been implemented across plants. The Company has achieved a reduction of 33% in frequency rate of accidents compared to previous year.

Towards building a sustainable safety culture, periodical safety trainings have been organized and around 7352 employees were covered. During National Safety Day celebration on 4th March 2020, as a part of "Buckle up & Strap up" - Road Safety campaign, various promotional activities were conducted and all the employees were covered across Hosur, Mysore & Nalagarh locations.

TVSM-Hosur plant received three "First prizes" from Government of Tamil Nadu in the State Safety Awards function held in Chennai during September 2019. This recognition for achieving longest accident free period & reducing frequency rate of accident.

Influenza immunization was done to employees under high risk categories including those in marketing and field staff all over India. Health days were celebrated (World Health Day, Diabetic, Heart, No Tobacco and Aids Days) to create awareness among employees through talks, posters, quiz competitions, standees. Walkathon conducted during March 2020, to promote idea of health and wellness among employees and encourage walking among them and their families.

HUMAN RESOURCE DEVELOPMENT (HRD)

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

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

The Company continues to maintain its record of good industrial relations without any interruption in work. As on 31st March 2020, the Company had 5,133 employees on its rolls.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, amongst others, Economic Conditions affecting demand/

supply and Price Conditions in the Domestic and Overseas Market in which the Company operates, changes in the Government Regulations, Tax Laws and Other Statutes and Incidental Factors.

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. that in the preparation of annual accounts for the financial year ended 31st March 2020, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- ii. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors had prepared the annual accounts for the financial year ended 31st March 2020 on a "going concern basis";
- v. that the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Over 24 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

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

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

Based on the recommendation of the CSR Committee, the Board has approved the projects / programmes carried out as CSR activities by the following non-profitable organizations having an established track record for more than the prescribed years in undertaking similar programmes / projects, constituting more than 2% of the average net profits of the Company, made during the three immediately preceding financial years, towards CSR spending for the financial year 2019-20.

The Company spent an additional sum of ₹ 17 Cr by way of contribution to PM CARES fund, which is covered under the CSR provisions of the Act, 2013.

S.No.	Name of the Organisation	Amount spent (₹ in Cr)
1.	Srinivasan Services Trust (SST)	7.66
2.	Sri Sathya Sai Central Trust	3.00
3.	Ramakrishna Mission Centre For Human Excellence	3.00
4.	Seva Bharati, Purbanchal	2.00
5.	Sreevalsam Educational Trust	1.00
6.	PM CARES	17.00
	Total	33.66

Presently, SST is working in 5,000 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering a population of about 24.50 lakhs and 6.24 lakh families. SST has focused on the areas of economic development, health care, education, environment, social and infrastructure actively in 3000 villages. SST will focus on 2000 villages also, so that all the areas are covered in the next 3 years.

As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual Report on CSR, containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the Board for the financial year 2019-20 are given by way of Annexure IV attached to this Report.

7. FINANCIAL PERFORMANCE & POSITION OF SUBSIDIARIES & ASSOCIATES

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

Subsidiaries

1. Sundaram Auto Components Limited, Chennai
2. TVS Housing Limited, Chennai
3. TVS Motor Services Limited, Chennai
4. TVS Credit Services Limited, Chennai
5. TVS Two-wheeler Mall Private Limited, Chennai
6. TVS Micro Finance Private Limited, Chennai
7. Harita ARC Private Limited, Chennai

8. Harita Collection Services Private Limited, Chennai
9. TVS Commodity Financial Solutions Private Limited, Chennai
10. TVS Housing Finance Private Limited, Chennai
11. TVS Motor Company (Europe) B.V., Amsterdam
12. TVS Motor (Singapore) Pte. Limited, Singapore
13. PT TVS Motor Company Indonesia, Jakarta
14. Sundaram Holding USA Inc, Delaware, USA
15. Green Hills Land Holding LLC, South Carolina, USA
16. Components Equipment Leasing LLC, South Carolina, USA
17. Sundaram - Clayton (USA) LLC, South Carolina, USA
18. Premier Land Holding LLC, South Carolina, USA

Associates

- Emerald Haven Realty Limited, Chennai and its subsidiaries.
- Ultraviolette Automotive Private Limited, Bengaluru.
- Tagbox Solutions Pvt Ltd, Bengaluru.

Associates of TVS Motor (Singapore) Pte Ltd

- Tagbox Pte Ltd, Singapore.
- Predictronics Corp, USA.

PERFORMANCE OF SUBSIDIARIES

Sundaram Auto Components Limited (SACL)

Sales of SACL was ₹ 530 Cr in 2019-20 as against ₹ 601 Cr in the previous year.

SACL earned a Profit Before Tax of ₹ 6.44 Cr during the year 2019-20 as against ₹ 17.37 Cr in the previous year.

SACL declared an interim dividend of ₹ 0.50 per share (5%) for the year ended 31st March 2020, thereby absorbing a sum of ₹ 2.54 Cr including dividend distribution tax, and paid to the Company.

During the year, TVSM (the Company) has subscribed a sum of ₹ 60 Cr in the equity capital of SACL.

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

TVS Housing Limited is a 100% subsidiary of the Company.

EHRL

Chennai residential real estate market has de-grown by 20% in the financial year 2019-20. The NBFC crisis, changes to GST regulations and CoVID-19, led to a reduction in the number of new launches by developers and postponement of purchase decision by buyers, resulting in a general slowdown in the real estate market.

During the year, all villas in the final phase of GreenHills and plots in Salamangalam, Chennai were sold.

In 2019-20, the Company launched Flourish Apartments at Salamangalam comprising of 208 residential units. This project falls under the category of "affordable homes" defined by the

Government of India. 61% of the apartments have been sold till date.

During 2019-20, project Lighthouse in Chennai was launched - a 14 storey residential apartment complex comprising of 279 units and 73% of the apartments have been sold till date.

In January 2019, Emerald Haven Life Spaces (Radial Road) Limited (EHLSRRL), a subsidiary of EHRL acquired land admeasuring 6 acres to develop Multistoried Building (MSB) at Kovilambakkam, Radial Road, Chennai.

During the year, the Company geographically expanded to Bengaluru via Joint Development Agreement (JDA) for a 6.4 acre land parcel in Kagglipura, Bengaluru.

During the year, EHRL entered into a Joint Venture Agreement with ASK Real Estate Special Opportunities Fund - II (ASK) and invested a sum of ₹ 16.63 Cr and ASK invested their share of ₹ 15.98 Cr.

The Company has completed construction of 1.4 Million Sft till date and the total area under development as on date is 5.5 Million Sft.

Subsidiaries of EHRL

1. Emerald Haven Development Limited (EHDL);
2. Emerald Haven Projects Private Limited (EHPPL);
3. Emerald Haven Life Spaces (Radial Road) Limited (EHLSRRL);
4. Emerald Haven Realty Developers (Paraniputhur) Private Ltd (EHRDPPL);
5. Emerald Haven Property Development Limited (EHPDL);
6. Emerald Haven Town and Country Private Limited (EHTCPL);
7. Happiness Harmony Property Developers Private Limited (HHPDPL); and
8. Emerald Haven Towers Limited (EHTL)

PT.TVS Motor Company Indonesia (PT TVSM)

The Indonesian two-wheeler Industry was stagnant during the year 2019-20 at around 7.2 million units. While Skubek segment grew by 3%, bebek and motorcycle segments suffered negative growth of 15% and 21% respectively.

During the year under review, PT TVS achieved sales of 53,650 nos. of two wheelers as against 40,760 nos. of last year, thereby registering a growth of 31%. In three wheelers, the Company recorded sales of 8,100 units as against 2,700 units of sales during the previous year.

The impressive growth in sales numbers, coupled with margin improvement enabled the company to achieve a positive EBITDA of USD 0.75 million for the full year as against a loss of USD 3.04 million of last year. It is also worthwhile to note that the Company achieved break even by posting operating profit for the second half of the financial year 2019-20. During the year, TVSM (the Company) has invested a sum of USD 5 Mn in the ordinary shares of PT TVSM.

TVS Motor Company (Europe) B.V

TVSM had earlier incorporated TVS Motor Company (Europe) B.V. with a view to serve as special purpose vehicle for making and protecting the investments made in overseas operations of PT TVSM.

TVS Motor (Singapore) Pte. Ltd

TVS Motor (Singapore) Pte Limited, a wholly owned subsidiary is leveraged to operationalize digital technology by delivering high quality solutions that addresses real life business challenges viz., harnessing the power of Analytics, Artificial Intelligence, Augmented Reality, Machine Learning and Internet of Things.

These are focused in areas of automotive and fintech industries that have direct relevance to Company and its subsidiaries. The digital strategy would be delivered through both organic and inorganic means.

As part of this strategy, during the financial year 2019-20, TVS Motor (Singapore) Pte Limited has made investments in US based companies viz., Altizon Inc, Predictronic, Scienaptics and also in Tagbox Pte, Singapore, which are in the fields of IOT, predictive maintenance and credit underwriting, with an aggregate investment of USD 16.57 Mn. During the year, TVSM (the Company) has invested a sum of SGD 26.48 Mn in the ordinary shares of TVS Motor (Singapore) Pte Limited.

Project 303 Bidco Limited, United Kingdom (UK)

TVS Motor (Singapore) Pte Limited has acquired a newly incorporated company viz., Project 303 Bidco Limited, UK (UK Subsidiary) on 2nd April 2020 and consequently, it has become wholly owned subsidiary.

UK Subsidiary has signed an asset purchase agreement with, amongst others, Norton Motorcycles Holdings Limited (in administration) and Norton Motorcycles (UK) Limited (in administration) (together "Norton") to acquire certain assets from Norton, including, the brand "Norton" and other associated brands.

Norton Motorcycles (UK) Limited (in administration) was engaged in the business of manufacturing the iconic "Norton" and allied brand motorcycles. It is an entity based in the United Kingdom of Great Britain and Northern Ireland.

TVS Motor Services Limited (TVS MS)

TVS MS was initially the investment SPV of the Company, for funding TVS Credit Services Limited (TVS CS).

The National Company Law Tribunal, Chennai (NCLT), on 16th April 2019 approved a Scheme of Arrangement (Scheme) between TVS MS, TVS CS and their respective shareholders and became effective from 9th May 2019, being the date of filing of the said approved Scheme with the Ministry of Corporate Affairs.

In terms of the said Scheme, TVS MS redeemed its entire Non-cumulative Redeemable Preference Shares (NCRPS) held by the Company by transferring the investment held

by it in TVS CS equity shares in favour of the Company on 6th June 2019.

Post transfer of equity shares of TVS CS, the Company now holds 83.95% directly in TVS CS, which was earlier held through TVS MS, the wholly owned subsidiary of the Company.

TVS MS continues to be a 100% subsidiary of the Company.

During the year, TVSM (the Company) subscribed to 4,50,00,000 Equity Shares of TVS MS aggregating to ₹ 45 Cr at a price of ₹ 10/- per share.

TVS Credit Services Limited (TVS CS)

TVS CS is the retail finance arm of the Company *inter-alia* for financing of two-wheelers.

During the year 2019-20, TVS CS's overall disbursements registered at ₹ 7,585 Cr as compared to ₹ 7,067 Cr in the previous year. During the year under review, the assets under management stood at ₹ 9,215 Cr as against ₹ 8,335 Cr during the previous year registering a growth of 10%. Total income during the financial year 2019-20 increased to ₹ 2,015 Cr from ₹ 1,635 Cr, during the previous financial year, registering an increase of 23.2% over the previous year.

The profit before tax and exceptional items for the year has also improved and stood at ₹ 219 Cr as against ₹ 216 Cr during the previous year. During the year, TVSM (the Company) has invested a sum of ₹ 45 Cr in the Equity capital of TVS CS.

The following companies are the subsidiaries of TVS CS.

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

All the above subsidiaries are yet to commence their operations.

Sundaram Holding USA Inc. (SHUI) and its subsidiaries

SACL along with the holding company, viz., Sundaram-Clayton Limited have formed Sundaram Holding USA Inc. (SHUI), a company established under the applicable provisions of Laws of The United States of America.

SHUI's wholly owned subsidiaries are:

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

During the year 2019-20, SACL has invested a sum of USD 6 Mn in the ordinary shares of SHUI and holds 75% of the total capital of SHUI as on 31st March 2020.

Ultraviolette Automotive Private Limited (UV)

The Company has invested a sum of ₹ 11 Cr in the shares of UV including a sum of ₹ 5 Cr invested in Preference

Shares in 2019-20 and holds 25.76% of its total capital as on 31st March 2020. UV is a start-up company engaged in developing electric mobility solutions.

8. CONSOLIDATED FINANCIAL STATEMENTS

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

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

The consolidated Profit Before Tax of the Company and its subsidiaries & associates amounted to ₹ 865 Cr (after exceptional item of ₹ 40 Cr) for the financial year 2019-20 as compared to ₹ 1,083 Cr in the previous year.

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Directors appointment / re-appointment

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Act, 2013 two-thirds of the total number of Directors i.e., excluding IDs, are liable to retire by rotation and out of them, one-third is liable to retire by rotation at every annual general meeting. Dr. Lakshmi Venu and Mr H Lakshmanan, Directors are liable to retire by rotation at AGM, and being eligible, offer themselves for re-appointment.

As per the Listing Regulations, the appointment or continuation by a person as a Non-Executive Director who attained the age of 75 years requires a special resolution of the shareholders. Hence, approval of the shareholders for the re-appointment of Mr H Lakshmanan, aged 86 years NE-ID of the Company, who is liable to retire by rotation at this ensuing AGM, is being sought through special resolution.

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

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

Independent Directors (IDs)

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

M/s T Kannan, C R Dua, Prince Asirvatham and Hemant Krishan Singh, IDs were re-appointed by the shareholders through Postal Ballot on 5th March 2019 for the second term of five consecutive years from 14th July 2019 as IDs of the Company in terms of Section 149 of the Act, 2013 on the same terms of appointment and remuneration by way of fees and profit related commission, if any.

During the year, Mr R Ramakrishnan (RK), who served as Director for more than a decade, passed away on 7th July 2019, after a brief illness.

RK's versatile knowledge and business acumen helped the Company over a decade to achieve its current growth. He was instrumental in enhancing the international business of the Company and the fact that the Company has spread globally in more than 60 countries stands testimony to RK's contribution to the Company; his par excellent skill in dealer arrangement and resolving many critical issues between the dealers and the Company from time to time.

At the 27th AGM held on 22nd July 2019, the shareholders approved the appointment of Mrs Lalita D Gupte and Mr R Gopalan as IDs of the Company, effective 23rd October 2018 and 30th April 2019 respectively for the first term of five consecutive years, from the respective dates of their appointment.

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

In accordance with Section 149(7) of the Act, 2013, all IDs have declared that they meet the criteria of independence as provided under Section 149(6) of the Act, 2013 and Regulation 25 of the Listing Regulations and the Board confirms that they are independent of the management.

The detailed terms of appointment of IDs is disclosed on the Company's website in the link as provided in page no. 97 of this Annual Report.

All the IDs have registered with the databank of Independent Directors developed by the Indian Institute of Corporate Affairs in accordance with the provisions of Section 150 of the Act, 2013 and obtained ID registration certificate.

Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 10th March 2020.

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

a) Non-Independent Directors (Non-IDs)

IDs used various criteria prescribed by NRC for evaluation of Non-IDs viz., M/s Venu Srinivasan, Chairman and Managing Director, Sudarshan Venu, Joint Managing Director,

K N Radhakrishnan, Director & CEO, H Lakshmanan, Dr. Lakshmi Venu and Rajesh Narasimhan, Directors and also of Chairman of the Board and the Board as a whole.

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

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

b) Chairman

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

The IDs also placed on record, their appreciation of Chairman's high level of integrity, trust, confidentiality, impartial & judicious approach, transparency and commitment to governance, setting high standards for the Company; Outstanding ability to motivate the board's involvement and stimulate discussions particularly during a year of diverse challenges which included transition to BS-VI and related supply chain and other challenges and tough state of economy and clear initiatives for staying ahead of competition.

Chairman was also nominated for the "Padma Bhushan" award, the third highest civilian award, and was conferred with the prestigious Deming 'Distinguished Service Award for Dissemination and Promotion Overseas', and becomes the First Industrialist from India to be bestowed this prestigious award for his contributions in the field of Total Quality Management (TQM).

The Deming Prize is the highest award for TQM in the world. Deming 'Distinguished Service Award for Dissemination and Promotion Overseas' is given to individuals who have made outstanding contributions in the dissemination and promotion of Total Quality Management (TQM) and is sponsored by Japanese Union of Scientists and Engineers (JUSE). He is also a key member of Prime Minister council on Trade and Industry.

IDs also recorded the growth story of the Company under the stewardship of Chairman and significant increase in turnover & Profit and its effect on increased share price for past five years.

c) Board

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

The evaluation process focused on Board Dynamics. The Company has a Board with wide range of expertise in all aspects of business and outstanding diversity of the Board with the presence of varied personalities from diverse

fields. The Board upon evaluation concluded that it is well balanced in terms of diversity of experience with expert in each domain viz., Automotive, Leadership / Strategy, Finance, Legal & Regulatory, Banking, Information Technology and Governance.

IDs recorded that they were always kept involved through open and free discussions and provided additional inputs in emerging areas being forayed into by the Company and high levels of Corporate Governance in all management discussion and decisions were maintained.

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

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

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

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

The information provided for the meetings were clear, concise and comprehensive to facilitate detailed discussions and periodic external presentations on specific areas well supplemented the management inputs. The emerging e-technology was duly incorporated in the overall review of the board.

Key Managerial Personnel (KMP)

During the year, the board, at its meeting held on 4th February, 2020 re-appointed Mr Venu Srinivasan as Chairman and Managing Director of the Company (CMD), effective 24th April 2020 to hold the office for a further period of five years on such terms and conditions and the same was approved by the shareholders through Postal ballot on 17th March 2020 by way of a special resolution.

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

Nomination and Remuneration Policy

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

Nomination and Remuneration Policy was approved by the Board at its meeting held on 23rd September 2014 and amended from time to time to maintain consistency and statutory amendments to be reflected in the policies to make it upto date and more comprehensive.

The objective of such policy shall be to attract, retain and motivate executive management and devise remuneration structure to link to Company's strategic long term goals, appropriateness, relevance and risk appetite.

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

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

Remuneration payable to Non-executive Independent Directors

The Shareholders at the 25th AGM of the Company held on 11th August 2017, have renewed the payment of remuneration, by way of commission not exceeding 1% of the Net profits, in aggregate, payable to the Non-Executive Independent Directors of the Company (NE-IDs) every year.

The Company derives substantial benefit through their expertise and advice, increased involvement in policy issues and also by devoting considerable time in providing guidance to various issues of the Company from time to time.

Evaluation of the Independent Directors and Committees of Directors

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

Board has carried out the evaluation of all Directors (excluding the Director being evaluated) and its Committees through a set a questionnaires.

Independent Directors

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

The Board noted that all IDs have understood the opportunities and risks to the Company's strategy and are

supportive of the direction articulated by the management team towards consistent improvement.

On the basis of the report of performance evaluation of directors, the Board noted and recorded that all the directors should extend and continue their term of appointment as Directors / Independent Director, as the case may be.

Committees

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

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

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

The Board is satisfied with overall effectiveness and decision making of all Committees. The Board reviewed each Committee's terms of reference to ensure that the Company's existing practices remain appropriate.

Recommendations from each Committee were considered and approved by the Board prior to its implementation. The Board has accepted all the recommendations of the committees which are mandatorily required, in the relevant financial year.

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

Number of Board meetings held:

The number of Board meetings held during the financial year 2019-20 is provided as part of Corporate Governance Report prepared in terms of the Listing Regulations.

10.AUDITORS

Statutory Auditors

The Company at its twenty sixth AGM held on 7th August 2018 re-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 the second term of five consecutive years from the conclusion of 26th AGM till the conclusion of 31st AGM, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be

mutually agreed between the Board of Directors of the Company and the Auditors.

The Statutory Auditors will continue to hold office for the 3rd year in the second term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being the Statutory Auditors of the Company for the year 2020-21.

The Auditors' Report for the financial year 2019-20 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Secretarial Auditors

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

The Secretarial Audit Report for the year 2019-20, given by M/s S Krishnamurthy & Co., Company Secretaries, Chennai is attached to this Report. The Secretarial Audit Report does not contain any qualification, reservation or other remarks.

The Board at its meeting held on 28th May 2020 has re-appointed M/s. S Krishnamurthy & Co., Practising Company Secretaries, Chennai having CP No. 2215 allotted by the Institute of Company Secretaries of India as Secretarial Auditors for the financial year 2020-21.

Cost Auditor

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

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board has re-appointed Mr A N Raman, Cost Accountant holding Certificate of practice No. 5359 allotted by The Institute of Cost Accountants of India, as the Cost Auditor for conducting Cost Audit for the financial year 2020-21.

The Company has also received necessary certificate under Section 141 of the Act, 2013 from him conveying his eligibility to act as a Cost Auditor. A sum of ₹ 6 lakhs has been fixed by the Board as remuneration in addition to reimbursement of applicable taxes, actual travelling and out-of-pocket expenses incurred by him, and is required to be approved and ratified by the Members, at the ensuing AGM as per Section 148(3) of the Act, 2013.

The Company has filed the Cost Audit Report of 2018-19 on 20th August 2019 in XBRL format.

11. CORPORATE GOVERNANCE

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

A separate Section on Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Listing Regulations is given as Annexure VIII to this Report.

The Director & CEO and the Chief Financial Officer (CFO) of the Company have certified to the Board on financial statements and other matters in accordance with Regulation 17 (8) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended 31st March 2020.

12. BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of Listing Regulations, the Business Responsibility Report for the year 2019-20 describing the initiatives taken from an environment, social and governance perspective, in the prescribed format is given as Annexure VII to this Report and is available on the Company's website in the link as provided in page no. 97 of this Annual Report.

13. POLICY ON VIGIL MECHANISM

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

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

The Board at its meeting held on 4th February 2020 made certain amendments to the Whistle Blower Policy for protecting whistle blower who made in good faith and express guidance on procedure to be undertaken by the investigators for carrying out investigation on complaints filed by employees.

The Policy is disclosed on the Company's website in the link as provided in page no. 97 of this Annual Report.

14. PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act, 2013, for the year ended 31st March 2020.

15. STATUTORY STATEMENTS

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

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

Material changes and commitments:

The Manufacturing facilities and all offices of the Company were closed on March 23, 2020 following the nationwide lockdown due to CoVID-19. The Company has since obtained required permissions and restarted its manufacturing facilities and all offices partially. Based on assessment of the impact of CoVID-19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is confident of obtaining regular supply of raw materials and components, resuming supply chain logistics and serving customers.

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

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

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

Annual Return:

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

The same is available on the Company's website in the link as provided in page no. 97 of this Annual Report.

Employee's remuneration:

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

and any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company. Certain incentive / performance related payments for the financial year 2019-20 for KMPs and SMPs have been reduced / deferred on account of CoVID-19.

Comparative analysis of remuneration paid:

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

Details of material related party transactions:

There is no material related party transactions under Section 188 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014. Details of all related party transactions are enclosed as part of the accounts for the year ended 31st March 2020.

Details of loans / guarantees / investments made:

The details of loans and guarantees under Section 186 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2019-20 are given as Annexure VI to this Report. On loans granted to the Employees, the Company has charged interest as per its remuneration policy, in compliance with Section 186 of the Act, 2013.

Please refer note No. 4 to Notes on accounts for the financial year 2019-20, for details of investments made by the Company.

Reporting of fraud

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

Secretarial Standards

The Company has complied with the applicable Secretarial Standards as amended from time to time.

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

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

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

16.ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board of Directors

Chennai
28th May 2020

VENU SRINIVASAN
Chairman

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

A. CONSERVATION OF ENERGY

1. Measures taken in the year 2019-20:

- i. Optimal utilization of plant and equipment.
- ii. Alternate source of power (Solar / Wind).
- iii. Capacity enhancement of roof top solar power from 4.7 MW (2018-19) to 5.9 MW (2019-20).
- iv. Implementation of planned energy efficient projects.

Above measures have resulted in an annual saving of approximately ₹ 10 Cr.

2. Proposed measures during the year 2020-21:

- i. Optimal utilization of plant and equipment.
- ii. Alternate source of power (Solar / Wind).
- iii. Additional installation of roof top solar power plant.
- iv. Implementation of other planned energy efficient projects.

Above measures are expected to yield an annual saving of ₹ 4 Cr.

3. Steps taken for utilizing alternate sources of energy (2019-20):

Overall Company's renewable power share has been increased from 56% (2018-19) to 76% (2019-20).

Towards the Company's continual commitment of utilizing renewable energy, the Company has commissioned 900 KW additional roof top solar plant during 2019-20.

The Company has drawn additional wind power of 80 Lakh units of power through 'Group Captive Mode'.

4. Capital investment in energy conservation equipment:

During 2019-20, the Company had invested ₹ 3 Cr towards optimization of compressor's, fuel conversion from HSD to Propane (canteen and ETP) and in implementation of various energy saving projects for energy efficiency and as well as for reduction of carbon foot print.

The Company is planning to invest around ₹ 3 Cr during 2020-21 to enhance solar, wind power under 'Group Captive Mode' and for implementing other planned energy saving projects.

- ii. Designed, developed and productionised of Electric scooter with cutting-edge technologies, including Smart Connect.
- iii. Designed, developed and productionised of Motorcycle with Ride-by-wire and various ride modes.
- iv. Designed, developed and productionised of Motorcycle with 5 speed gearbox exclusively for African rural road application.
- v. Designed and developed of concept engine for international market.
- vi. Concept designed for high-performance motorcycle.
- vii. Best-in-class Fit and Finish quality achieved in all new products developed.

Future plan of action:

- i. Development of new technologies for reduction of CO₂ and other emissions.
- ii. Development and adoption of new technologies for enhanced safety.
- iii. Development of new technologies, materials and processes for enhanced environmental sustainability.
- iv. Development of new technologies and new features to achieve sustained customer attraction and enhanced satisfaction.
- v. Development of technologies including alternate materials, weight reduction, cost reduction and improvement of fuel economy.
- vi. Development of new technologies in the areas of Electric power trains and connected vehicles.

C. DATA RELATING TO IMPORTED TECHNOLOGY

Technology imported during the last 3 years reckoned from the beginning of the financial year - NIL

Expenditure on Research & Development - ₹ 335.10 Crores.

D. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

1. Export activities:

During the year, export of two-wheeler was 6.79 lakh units and three-wheeler was 1.62 lakh units. The Company continued export of components and sub-assemblies to its subsidiary in Indonesia.

2. Total foreign exchange earned and used:

	(₹ in Cr)
Foreign exchange used	1,723
Foreign exchange earned	4,579

B. TECHNOLOGY ABSORPTION FOR 2019-20

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

- i. Designed, developed and productionised all the 2W and 3W models meeting BS-VI norms.

For and on behalf of the Board of Directors

Chennai
28th May 2020

VENU SRINIVASAN
Chairman

Annexure - II to Directors' Report to the shareholders

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

for the financial year ended 31st March 2020

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	: L35921TN1992PLC022845
ii)	Registration Date	: 10.06.1992
iii)	Name of the Company	: TVS Motor Company Limited
iv)	Category / Sub-Category of the Company	: Public Company limited by shares
v)	Address of the Registered office and contact details	: "Chaitanya", 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006 Tel. : 044 - 2833 2115
vi)	Whether listed company	: Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	: Sundaram-Clayton Limited "Jayalakshmi Estates", 1 st Floor, 29, Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No	Name and Description of main products / services	NIC code of the product / service	% to total turnover of the Company
1	Motorcycles, Scooters, Mopeds	30911	78.20%
2	Three-wheeler	30912	9.33%
3	Parts & Accessories	30913	10.10%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No.	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Sections of the Companies Act, 2013
Holding Company					
1	Sundaram-Clayton Limited	"Chaitanya", 12, Khader Nawaz Khan Road, Nungambakkam, Chennai 600006	L35999TN1962PLC004792	57.40% in the Company	2(46)
Subsidiary Companies					
2	Sundaram Auto Components Limited	"Chaitanya", 12, Khader Nawaz Khan Road, Nungambakkam, Chennai 600006	U29249TN1992PLC051417	100%	2(87)
3	TVS Housing Limited	1 st Floor, Greenways Towers, No. 119, St. Mary's Road, Abhiramapuram, Chennai 600018.	U70101TN2010PLC075027	100%	2(87)
4	TVS Motor Services Limited	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006	U50404TN2009PLC071075	100%	2(87)

TVS MOTOR COMPANY LIMITED

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - (Continued)

S.No.	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Sections of the Companies Act, 2013
Subsidiary Companies - (continued)					
5	TVS Credit Services Limited	"Chaitanya", 12, Khader Nawaz Khan Road, Nungambakkam, Chennai 600006	U65920TN2008PLC069758	83.95% held by the Company, 1.18% held by S. No.1 and 0.59% held by S. No. 4	2(87)
6	TVS Two Wheeler Mall Private Limited	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006	U65923TN2017PTC118211	100% held by S.No.5	2(87)
7	TVS Micro Finance Private Limited		U65929TN2017PTC118238	100% held by S.No.5	2(87)
8	Harita ARC Private Limited		U65999TN2017PTC118296	100% held by S.No.5	2(87)
9	Harita Collection Services Private Limited		U65100TN2017PTC118290	100% held by S.No.5	2(87)
10	TVS Commodity Financial Solutions Private Limited		U65929TN2017PTC118316	100% held by S.No.5	2(87)
11	TVS Housing Finance Private Limited		U65999TN2017PTC118512	100% held by S.No.5	2(87)
12	PT. TVS Motor Company Indonesia	Gedung Wirausaha 3 rd Floor, Jalan, H.R. Rasuna Said, Kav. C5, Jakarta 12920 Indonesia	NA	49.70% by the Company; 17.62% by S.No.13; and 32.68% by S.No.14	(2(87)
13	TVS Motor Company (Europe) B.V.	Hoogoorddreef 15, 1101 BA Amsterdam, Netherlands	NA	100%	2(87)
14	TVS Motor (Singapore) Pte. Limited	17, Phillip Street, # 05-01, Grand Building, Singapore - 048 695	NA	100%	2(87)
15	Sundaram Holding USA Inc.,	2711, Centerville Road, # 400 Wilmington, New Castle - 19808 State of Delaware, USA.	NA	74.58% held by S. No.2 and 25.42% held by S. No. 1	2(87)
16	Green Hills Land Holding LLC	1703, Laurel Street, Columbia, South Carolina - 29201, USA	NA	100% held by S.No.15	2(87)
17	Component Equipment Leasing LLC		NA		
18	Sundaram-Clayton (USA) LLC		NA		
19	Premier Land Holding LLC		120, Casting Way, Ridgeville, South Carolina - 29472, USA		

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - (Continued)

S.No.	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Sections of the Companies Act, 2013
Associate Companies					
20	Emerald Haven Realty Limited	1 st Floor, Greenways Towers, No. 119, St. Mary's Road, Abhiramapuram, Chennai 600 018.	U45200TN2010PLC075953	48.80%	2(6)
21	Ultraviolette Automotive Private Limited	529-530 Amarjyoti Layout Intermediate Ring Road, Domlur, Bengaluru - 560 071	U34102KA2015PTC084804	25.33%	2(6)
22	Tagbox Solutions Private Limited	3504/A, 4 th Floor, 14 th Main Road, HAL 2 nd Stage, Indiranagar, Bengaluru - 560 038	U72900KA2016PTC097344	23.50%	2(6)
23	Tagbox Pte Limited, Singapore	30, Cecil Street, No. 19-08, Prudential Tower, Singapore 049712	NA	24.32% held by S.No.14	2(6)
24	Predictronics Inc, USA	6824, Ashfield Drive, Suite 201, Cincinnati, OH 45242, USA	NA	23.50% held by S.No.14	2(6)

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

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1 st April 2019)				No. of Shares held at the end of the year (as on 31 st March 2020)				Change in % of shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corporate	27,26,82,786	-	27,26,82,786	57.40	27,26,82,786	-	27,26,82,786	57.40	-
Total Shareholding of Promoter (A)	27,26,82,786	-	27,26,82,786	57.40	27,26,82,786	-	27,26,82,786	57.40	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	5,84,22,329	-	5,84,22,329	12.30	7,81,79,683	-	7,81,79,683	16.45	4.15
b) Banks / Financial Institutions	13,41,825	51,000	13,92,825	0.29	8,36,782	51,000	8,87,782	0.19	(0.10)
c) Insurance Companies	1,54,21,219	-	1,54,21,219	3.25	2,16,29,067	-	2,16,29,067	4.55	1.30
d) Foreign Portfolio Investors	7,56,22,772	-	7,56,22,772	15.92	5,40,27,943	-	5,40,27,943	11.37	(4.55)
Sub-total (B)(1)	15,08,08,145	51,000	15,08,59,145	31.76	15,46,73,475	51,000	15,47,24,475	32.56	0.80
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	38,61,906	32,060	38,93,966	0.82	28,84,180	29,060	29,13,240	0.61	(0.21)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	3,35,79,121	34,98,315	3,70,77,436	7.80	3,11,65,930	30,20,754	3,41,86,684	7.20	(0.60)
ii) Individual shareholders holding nominal share capital in excess of Rs. ₹ 1 lakh	40,09,018	-	40,09,018	0.85	24,07,121	-	24,07,121	0.51	(0.34)
c) Directors and their relatives	28,45,966	5,000	28,50,966	0.60	27,24,596	5,000	27,29,596	0.57	(0.03)
d) Others	36,86,787	27,010	37,13,797	0.77	54,37,202	6,010	54,43,212	1.15	0.38
Sub-total (B)(2)	4,79,82,798	35,62,385	5,15,45,183	10.84	4,46,19,029	30,60,824	4,76,79,853	10.04	(0.80)
Total Public Shareholding (B) = (B)(1) + (B)(2)	19,87,90,943	36,13,385	20,24,04,328	42.60	19,92,92,504	31,11,824	20,24,04,328	42.60	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	47,14,73,729	36,13,385	47,50,87,114	100.00	47,19,75,290	31,11,824	47,50,87,114	100.00	-

ii) Shareholding of Promoters and Promoters' group

Name of the Promoter	Opening Balance (01.04.2019) (% of the total share capital)	Date of Dealing	Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Sundaram - Clayton Limited	27,26,82,786 (57.40)	-	-	-	-	-	-	27,26,82,786	57.40

iii) Change in Promoters and Promoters' group Shareholding - No change

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

Opening Balance (01.04.2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company

ICICI PRUDENTIAL MUTUAL FUND

3,11,44,102	01/04/2019	Opening Balance							
6.56	05/04/2019	Transfer / Sale	77,386	0.02	3,10,66,716	6.54			
	05/04/2019	Transfer / Purchase	4,53,926	0.10	3,15,20,642	6.63			
	12/04/2019	Transfer / Sale	1,73,993	0.04	3,13,46,649	6.60			
	12/04/2019	Transfer / Purchase	4,10,156	0.09	3,17,56,805	6.68			
	19/04/2019	Transfer / Sale	176	0.00	3,17,56,629	6.68			
	19/04/2019	Transfer / Purchase	1,28,664	0.03	3,18,85,293	6.71			
	26/04/2019	Transfer / Sale	99,994	0.02	3,17,85,299	6.69			
	26/04/2019	Transfer / Purchase	5,14,618	0.11	3,22,99,917	6.80			
	03/05/2019	Transfer / Sale	65,860	0.01	3,22,34,057	6.78			
	03/05/2019	Transfer / Purchase	2,23,769	0.05	3,24,57,826	6.83			
	10/05/2019	Transfer / Purchase	5,82,157	0.12	3,30,39,983	6.95			
	17/05/2019	Transfer / Purchase	50,556	0.01	3,30,90,539	6.97			
	24/05/2019	Transfer / Sale	176	0.00	3,30,90,363	6.97			
	24/05/2019	Transfer / Purchase	8,015	0.00	3,30,98,378	6.97			
	31/05/2019	Transfer / Purchase	9,43,196	0.20	3,40,41,574	7.17			
	07/06/2019	Transfer / Purchase	4,32,367	0.09	3,44,73,941	7.26			
	14/06/2019	Transfer / Purchase	11,92,407	0.25	3,56,66,348	7.51			
	19/06/2019	Transfer / Purchase	5,60,634	0.12	3,62,26,982	7.63			
	21/06/2019	Transfer / Purchase	45,127	0.01	3,62,72,109	7.63			
	28/06/2019	Transfer / Sale	26,300	0.01	3,62,45,809	7.63			
	28/06/2019	Transfer / Purchase	176	0.00	3,62,45,985	7.63			
	05/07/2019	Transfer / Purchase	1,49,495	0.03	3,63,95,480	7.66			
	12/07/2019	Transfer / Purchase	177	0.00	3,63,95,657	7.66			
	15/07/2019	Transfer / Purchase	177	0.00	3,63,95,834	7.66			
	19/07/2019	Transfer / Purchase	2,00,354	0.04	3,65,96,188	7.70			
	26/07/2019	Transfer / Purchase	8,43,609	0.18	3,74,39,797	7.88			
	02/08/2019	Transfer / Purchase	50,708	0.01	3,74,90,505	7.89			
	16/08/2019	Transfer / Purchase	38,280	0.01	3,75,28,785	7.90			
	23/08/2019	Transfer / Purchase	525	0.00	3,75,29,310	7.90			
	30/08/2019	Transfer / Purchase	1,20,281	0.03	3,76,49,591	7.92			
	06/09/2019	Transfer / Purchase	2,40,200	0.05	3,78,89,791	7.98			
	13/09/2019	Transfer / Purchase	178	0.00	3,78,89,969	7.98			
	20/09/2019	Transfer / Sale	40,849	0.01	3,78,49,120	7.97			
	20/09/2019	Transfer / Purchase	178	0.00	3,78,49,298	7.97			
	27/09/2019	Transfer / Purchase	347	0.00	3,78,49,645	7.97			
	30/09/2019	Transfer / Purchase	101	0.00	3,78,49,746	7.97			

TVS MOTOR COMPANY LIMITED

Opening Balance (01.04.2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	04/10/2019	Transfer / Purchase	971	0.00	3,78,50,717	7.97		
	11/10/2019	Transfer / Sale	14,013	0.00	3,78,36,704	7.96		
	11/10/2019	Transfer / Purchase	275	0.00	3,78,36,979	7.96		
	18/10/2019	Transfer / Sale	2,48,704	0.05	3,75,88,275	7.91		
	18/10/2019	Transfer / Purchase	55	0.00	3,75,88,330	7.91		
	25/10/2019	Transfer / Sale	5,94,166	0.13	3,69,94,164	7.79		
	25/10/2019	Transfer / Purchase	101	0.00	3,69,94,265	7.79		
	01/11/2019	Transfer / Sale	92,074	0.02	3,69,02,191	7.77		
	01/11/2019	Transfer / Purchase	3	0.00	3,69,02,194	7.77		
	08/11/2019	Transfer / Purchase	59,400	0.01	3,69,61,594	7.78		
	15/11/2019	Transfer / Purchase	21	0.00	3,69,61,615	7.78		
	22/11/2019	Transfer / Sale	2,43,749	0.05	3,67,17,866	7.73		
	22/11/2019	Transfer / Purchase	101	0.00	3,67,17,967	7.73		
	29/11/2019	Transfer / Sale	86,267	0.02	3,66,31,700	7.71		
	06/12/2019	Transfer / Sale	1,42,422	0.03	3,64,89,278	7.68		
	13/12/2019	Transfer / Purchase	309	0.00	3,64,89,587	7.68		
	20/12/2019	Transfer / Sale	3,58,492	0.08	3,61,31,095	7.61		
	27/12/2019	Transfer / Sale	4,11,400	0.09	3,57,19,695	7.52		
	27/12/2019	Transfer / Purchase	283	0.00	3,57,19,978	7.52		
	31/12/2019	Transfer / Purchase	1,41,900	0.03	3,58,61,878	7.55		
	03/01/2020	Transfer / Sale	2,82,150	0.06	3,55,79,728	7.49		
	10/01/2020	Transfer / Sale	1,14,207	0.02	3,54,65,521	7.47		
	10/01/2020	Transfer / Purchase	13,627	0.00	3,54,79,148	7.47		
	17/01/2020	Transfer / Sale	2,62,763	0.06	3,52,16,385	7.41		
	24/01/2020	Transfer / Sale	8,30,592	0.17	3,43,85,793	7.24		
	31/01/2020	Transfer / Sale	4,31,342	0.09	3,39,54,451	7.15		
	31/01/2020	Transfer / Purchase	1,36,638	0.03	3,40,91,089	7.18		
	07/02/2020	Transfer / Sale	9,33,122	0.20	3,31,57,967	6.98		
	07/02/2020	Transfer / Purchase	7,22,183	0.15	3,38,80,150	7.13		
	12/02/2020	Transfer / Sale	50	0.00	3,38,80,100	7.13		
	12/02/2020	Transfer / Purchase	51	0.00	3,38,80,151	7.13		
	14/02/2020	Transfer / Sale	1,914	0.00	3,38,78,237	7.13		
	21/02/2020	Transfer / Sale	957	0.00	3,38,77,280	7.13		
	28/02/2020	Transfer / Sale	3,045	0.00	3,38,74,235	7.13		
	28/02/2020	Transfer / Purchase	3,98,117	0.08	3,42,72,352	7.21		
	06/03/2020	Transfer / Purchase	6,99,786	0.15	3,49,72,138	7.36		
	13/03/2020	Transfer / Purchase	14,913	0.00	3,49,87,051	7.36		
	18/03/2020	Transfer / Purchase	3,11,376	0.07	3,52,98,427	7.43		
	20/03/2020	Transfer / Sale	1,45,291	0.03	3,51,53,136	7.40		
	20/03/2020	Transfer / Purchase	1,155	0.00	3,51,54,291	7.40		
	27/03/2020	Transfer / Purchase	3,44,032	0.07	3,54,98,323	7.47		
	31/03/2020	Transfer / Purchase	20,07,079	0.42	3,75,05,402	7.89		
	31/03/2020	Closing Balance					3,75,05,402	7.89

JWALAMUKHI INVESTMENT HOLDINGS

2,34,89,942	01/04/2019	Opening Balance						
4.94	20/12/2019	Transfer / Purchase	33,33,449	0.70	2,68,23,391	5.65		
	13/03/2020	Transfer / Sale	1,33,366	0.03	2,66,90,025	5.62		
	31/03/2020	Closing Balance					2,66,90,025	5.62

TVS MOTOR COMPANY LIMITED

Opening Balance (01.04-2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company

NIPPON INDIA MUTUAL FUND

1,72,47,753	05/04/2019	Opening Balance							
3.63	12/04/2019	Transfer / Purchase	2,01,672	0.04	174,49,425	3.67			
	19/04/2019	Transfer / Purchase	3,672	0.00	1,74,53,097	3.67			
	26/04/2019	Transfer / Purchase	1,428	0.00	1,74,54,525	3.67			
	26/04/2019	Transfer / Sale	20	0.00	1,74,54,505	3.67			
	03/05/2019	Transfer / Purchase	408	0.00	1,74,54,913	3.67			
	03/05/2019	Transfer / Sale	2,00,000	0.04	1,72,54,913	3.63			
	10/05/2019	Transfer / Purchase	369	0.00	1,72,55,282	3.63			
	10/05/2019	Transfer / Sale	1,20,026	0.03	1,71,35,256	3.61			
	17/05/2019	Transfer / Purchase	81,871	0.02	1,72,17,127	3.62			
	24/05/2019	Transfer / Purchase	1,020	0.00	1,72,18,147	3.62			
	24/05/2019	Transfer / Sale	1,02,000	0.02	1,71,16,147	3.60			
	31/05/2019	Transfer / Purchase	90,475	0.02	1,72,06,622	3.62			
	31/05/2019	Transfer / Sale	7,34,000	0.15	1,64,72,622	3.47			
	07/06/2019	Transfer / Purchase	5,661	0.00	1,64,78,283	3.47			
	07/06/2019	Transfer / Sale	12,20,151	0.26	1,52,58,132	3.21			
	14/06/2019	Transfer / Purchase	1,11,224	0.02	1,53,69,356	3.24			
	19/06/2019	Transfer / Sale	2,00,255	0.04	1,51,69,101	3.19			
	19/06/2019	Transfer / Sale	68	0.00	1,51,69,033	3.19			
	21/06/2019	Transfer / Purchase	51	0.00	1,51,69,084	3.19			
	28/06/2019	Transfer / Purchase	510	0.00	1,51,69,594	3.19			
	28/06/2019	Transfer / Sale	10,29,416	0.22	1,41,40,178	2.98			
	05/07/2019	Transfer / Purchase	9,00,077	0.19	1,50,40,255	3.17			
	05/07/2019	Transfer / Sale	2,00,000	0.04	1,48,40,255	3.12			
	12/07/2019	Transfer / Purchase	6,35,530	0.13	1,54,75,785	3.26			
	12/07/2019	Transfer / Sale	3,50,000	0.07	1,51,25,785	3.18			
	15/07/2019	Transfer / Purchase	6,25,663	0.13	1,57,51,448	3.32			
	15/07/2019	Transfer / Sale	50,000	0.01	1,57,01,448	3.30			
	19/07/2019	Transfer / Purchase	50,561	0.01	1,57,52,009	3.32			
	19/07/2019	Transfer / Sale	2,65,000	0.06	1,54,87,009	3.26			
	26/07/2019	Transfer / Purchase	813	0.00	1,54,87,822	3.26			
	26/07/2019	Transfer / Sale	68,200	0.01	1,54,19,622	3.25			
	02/08/2019	Transfer / Purchase	50,679	0.01	1,54,70,301	3.26			
	09/08/2019	Transfer / Purchase	19,00,374	0.40	1,73,70,675	3.66			
	09/08/2019	Transfer / Sale	1,76,336	0.04	1,71,94,339	3.62			
	16/08/2019	Transfer / Purchase	4,48,140	0.09	1,76,42,479	3.71			
	23/08/2019	Transfer / Purchase	50,255	0.01	1,76,92,734	3.72			
	30/08/2019	Transfer / Purchase	50,306	0.01	1,77,43,040	3.73			
	30/08/2019	Transfer / Sale	6,22,600	0.13	1,71,20,440	3.60			
	06/09/2019	Transfer / Purchase	7,06,758	0.15	1,78,27,198	3.75			
	06/09/2019	Transfer / Sale	90,000	0.02	1,77,37,198	3.73			
	13/09/2019	Transfer / Purchase	5,00,453	0.11	1,82,37,651	3.84			
	13/09/2019	Transfer / Sale	21,292	0.00	1,82,16,359	3.83			
	20/09/2019	Transfer / Purchase	19,057	0.00	1,82,35,416	3.84			
	20/09/2019	Transfer / Sale	3,47,660	0.07	1,78,87,756	3.77			
	27/09/2019	Transfer / Purchase	357	0.00	1,78,88,113	3.77			

TVS MOTOR COMPANY LIMITED

Opening Balance (01.04.2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	27/09/2019	Transfer / Sale	8,54,509	0.18	1,70,33,604	3.59		
	04/10/2019	Transfer / Purchase	2,49,616	0.05	1,72,83,220	3.64		
	11/10/2019	Transfer / Purchase	10,56,200	0.22	1,83,39,420	3.86		
	18/10/2019	Transfer / Purchase	7,800	0.00	1,83,47,220	3.86		
	18/10/2019	Transfer / Sale	2,70,000	0.06	1,80,77,220	3.81		
	25/10/2019	Transfer / Purchase	300	0.00	1,80,77,520	3.81		
	01/11/2019	Transfer / Sale	7,60,270	0.16	1,73,17,250	3.65		
	01/11/2019	Transfer / Sale	2,63,733	0.06	1,70,53,517	3.59		
	08/11/2019	Transfer / Purchase	450	0.00	1,70,53,967	3.59		
	08/11/2019	Transfer / Sale	3,59,850	0.08	1,66,94,117	3.51		
	15/11/2019	Transfer / Purchase	2,10,150	0.04	1,69,04,267	3.56		
	15/11/2019	Transfer / Sale	603	0.00	1,69,03,664	3.56		
	22/11/2019	Transfer / Purchase	7,36,533	0.16	1,76,40,197	3.71		
	22/11/2019	Transfer / Sale	5,00,630	0.11	1,71,39,567	3.61		
	29/11/2019	Transfer / Purchase	20	0.00	1,71,39,587	3.61		
	06/12/2019	Transfer / Sale	23,878	0.01	1,71,15,709	3.60		
	13/12/2019	Transfer / Sale	2,446	0.00	1,71,13,263	3.60		
	13/12/2019	Transfer / Sale	2,27,544	0.05	1,68,85,719	3.55		
	20/12/2019	Transfer / Purchase	285	0.00	1,68,86,004	3.55		
	27/12/2019	Transfer / Purchase	32	0.00	1,68,86,036	3.55		
	27/12/2019	Transfer / Sale	3,22,392	0.07	1,65,63,644	3.49		
	31/12/2019	Transfer / Purchase	2,303	0.00	1,65,65,947	3.49		
	31/12/2019	Transfer / Sale	34,849	0.01	1,65,31,098	3.48		
	03/01/2020	Transfer / Purchase	50	0.00	1,65,31,148	3.48		
	10/01/2020	Transfer / Purchase	5,01,500	0.11	1,70,32,648	3.59		
	10/01/2020	Transfer / Sale	1,50,000	0.03	1,68,82,648	3.55		
	17/01/2020	Transfer / Purchase	187	0.00	1,68,82,835	3.55		
	17/01/2020	Transfer / Sale	90,000	0.02	1,67,92,835	3.53		
	24/01/2020	Transfer / Purchase	2,550	0.00	1,67,95,385	3.54		
	24/01/2020	Transfer / Sale	9,19,000	0.19	1,58,76,385	3.34		
	31/01/2020	Transfer / Purchase	6,25,650	0.13	1,65,02,035	3.47		
	31/01/2020	Transfer / Sale	9,25,398	0.19	1,55,76,637	3.28		
	07/02/2020	Transfer / Purchase	1,23,575	0.03	1,57,00,212	3.30		
	07/02/2020	Transfer / Sale	2,00,000	0.04	1,55,00,212	3.26		
	12/02/2020	Transfer / Purchase	1,72,650	0.04	1,56,72,862	3.30		
	12/02/2020	Transfer / Sale	5,66,735	0.12	1,51,06,127	3.18		
	14/02/2020	Transfer / Purchase	2,001	0.00	1,51,08,128	3.18		
	21/02/2020	Transfer / Sale	1,62,302	0.03	1,49,45,826	3.15		
	28/02/2020	Transfer / Sale	6,03,519	0.13	1,43,42,307	3.02		
	28/02/2020	Transfer / Sale	1,70,242	0.04	1,41,72,065	2.98		
	06/03/2020	Transfer / Purchase	3,18,190	0.07	1,44,90,255	3.05		
	06/03/2020	Transfer / Sale	60	0.00	1,44,90,195	3.05		
	13/03/2020	Transfer / Purchase	4,21,500	0.09	1,49,11,695	3.14		
	18/03/2020	Transfer / Purchase	3,88,397	0.08	1,53,00,092	3.22		
	18/03/2020	Transfer / Sale	4,200	0.00	1,52,95,892	3.22		
	20/03/2020	Transfer / Purchase	10,137	0.00	1,53,06,029	3.22		
	20/03/2020	Transfer / Sale	774	0.00	1,53,05,255	3.22		

TVS MOTOR COMPANY LIMITED

Opening Balance (01.04-2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	27/03/2020	Transfer / Purchase	1,80,000	0.04	1,54,85,255	3.26		
	27/03/2020	Transfer / Sale	350	0.00	1,54,84,905	3.26		
	31/03/2020	Transfer / Purchase	8,90,000	0.19	1,63,74,905	3.45		
	31/03/2020	Transfer / Purchase	2,650	0.00	1,63,77,555	3.45		
	31/03/2020	Closing Balance					1,63,77,555	3.45

LIFE INSURANCE CORPORATION OF INDIA

88,90,277 1.87	01/04/2019	Opening Balance						
	13/09/2019	Transfer / Purchase	27,100	0.01	89,17,377	1.88		
	20/09/2019	Transfer / Purchase	2,00,000	0.04	91,17,377	1.92		
	27/09/2019	Transfer / Purchase	74,000	0.02	91,91,377	1.93		
	31/12/2019	Transfer / Purchase	3,81,766	0.08	95,73,143	2.02		
	03/01/2020	Transfer / Purchase	5,24,811	0.11	1,00,97,954	2.13		
	10/01/2020	Transfer / Purchase	12,82,470	0.27	1,13,80,424	2.40		
	17/01/2020	Transfer / Purchase	5,86,291	0.12	1,19,66,715	2.52		
	24/01/2020	Transfer / Purchase	2,32,461	0.05	1,21,99,176	2.57		
	31/01/2020	Transfer / Purchase	2,93,000	0.06	1,24,92,176	2.63		
	07/02/2020	Transfer / Purchase	3,82,417	0.08	1,28,74,593	2.71		
	12/02/2020	Transfer / Purchase	3,22,200	0.07	1,31,96,793	2.78		
	14/02/2020	Transfer / Purchase	2,46,100	0.05	1,34,42,893	2.83		
	21/02/2020	Transfer / Purchase	5,81,636	0.12	1,40,24,529	2.95		
	28/02/2020	Transfer / Purchase	5,35,362	0.11	1,45,59,891	3.06		
	06/03/2020	Transfer / Purchase	81,159	0.02	1,46,41,050	3.08		
	31/03/2020	Closing Balance					1,46,41,050	3.08

MIRAE ASSET MUTUAL FUND

33,21,338 0.70	01/04/2019	Opening Balance						
	05/04/2019	Transfer / Purchase	40,000	0.01	33,61,338	0.71		
	24/05/2019	Transfer / Purchase	30,000	0.01	33,91,338	0.71		
	07/06/2019	Transfer / Purchase	15,000	0.00	34,06,338	0.72		
	14/06/2019	Transfer / Sale	5,75,000	0.12	28,31,338	0.60		
	28/06/2019	Transfer / Sale	4,57,100	0.10	23,74,238	0.50		
	12/07/2019	Transfer / Sale	56,166	0.01	23,18,072	0.49		
	19/07/2019	Transfer / Sale	2,00,000	0.04	21,18,072	0.45		
	26/07/2019	Transfer / Purchase	2,91,166	0.06	24,09,238	0.51		
	02/08/2019	Transfer / Purchase	4,20,000	0.09	28,29,238	0.60		
	16/08/2019	Transfer / Purchase	24,000	0.01	28,53,238	0.60		
	13/09/2019	Transfer / Purchase	40,000	0.01	28,93,238	0.61		
	11/10/2019	Transfer / Purchase	85,000	0.02	29,78,238	0.63		
	18/10/2019	Transfer / Purchase	16,19,117	0.34	45,97,355	0.97		
	25/10/2019	Transfer / Purchase	5,28,486	0.11	51,25,841	1.08		
	01/11/2019	Transfer / Purchase	1,00,000	0.02	52,25,841	1.10		
	08/11/2019	Transfer / Purchase	1,61,000	0.03	53,86,841	1.13		
	15/11/2019	Transfer / Purchase	7,59,331	0.16	61,46,172	1.29		
	22/11/2019	Transfer / Purchase	7,62,217	0.16	69,08,389	1.45		
	29/11/2019	Transfer / Purchase	1,98,986	0.04	71,07,375	1.50		
	06/12/2019	Transfer / Purchase	1,80,435	0.04	72,87,810	1.53		
	13/12/2019	Transfer / Purchase	2,77,715	0.06	75,65,525	1.59		

TVS MOTOR COMPANY LIMITED

Opening Balance (01.04.2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	20/12/2019	Transfer / Purchase	1,91,301	0.04	77,56,826	1.63		
	03/01/2020	Transfer / Purchase	20,000	0.00	77,76,826	1.64		
	10/01/2020	Transfer / Purchase	1,02,000	0.02	78,78,826	1.66		
	17/01/2020	Transfer / Purchase	1,13,000	0.02	79,91,826	1.68		
	31/01/2020	Transfer / Purchase	1,80,000	0.04	81,71,826	1.72		
	07/02/2020	Transfer / Sale	7,00,000	0.15	74,71,826	1.57		
	07/02/2020	Transfer / Purchase	46,340	0.01	75,18,166	1.58		
	12/02/2020	Transfer / Purchase	81,995	0.02	76,00,161	1.60		
	21/02/2020	Transfer / Purchase	40,000	0.01	76,40,161	1.61		
	28/02/2020	Transfer / Purchase	5,27,338	0.11	81,67,499	1.72		
	31/03/2020	Closing Balance					81,67,499	1.72

FRANKLIN TEMPLETON MUTUAL FUND

24,56,853	01/04/2019	Opening Balance						
0.52	05/04/2019	Transfer / Purchase	2,57,311	0.05	27,14,164	0.57		
	12/04/2019	Transfer / Purchase	60,000	0.01	27,74,164	0.58		
	24/05/2019	Transfer / Purchase	40,000	0.01	28,14,164	0.59		
	19/06/2019	Transfer / Purchase	50,000	0.01	28,64,164	0.60		
	28/06/2019	Transfer / Purchase	2,50,000	0.05	31,14,164	0.66		
	02/08/2019	Transfer / Purchase	2,20,682	0.05	33,34,846	0.70		
	09/08/2019	Transfer / Purchase	95,275	0.02	34,30,121	0.72		
	23/08/2019	Transfer / Purchase	13,66,243	0.29	47,96,364	1.01		
	30/08/2019	Transfer / Purchase	8,47,000	0.18	56,43,364	1.19		
	06/09/2019	Transfer / Purchase	3,70,977	0.08	60,14,341	1.27		
	13/09/2019	Transfer / Purchase	3,89,060	0.08	64,03,401	1.35		
	20/09/2019	Transfer / Purchase	8,00,000	0.17	72,03,401	1.52		
	27/09/2019	Transfer / Purchase	86,253	0.02	72,89,654	1.53		
	30/09/2019	Transfer / Purchase	1,12,919	0.02	74,02,573	1.56		
	04/10/2019	Transfer / Purchase	14,548	0.00	74,17,121	1.56		
	11/10/2019	Transfer / Sale	63,800	0.01	73,53,321	1.55		
	11/10/2019	Transfer / Purchase	50,828	0.01	74,04,149	1.56		
	18/10/2019	Transfer / Sale	4,26,800	0.09	69,77,349	1.47		
	01/11/2019	Transfer / Sale	85,800	0.02	68,91,549	1.45		
	08/11/2019	Transfer / Sale	85,800	0.02	68,05,749	1.43		
	06/12/2019	Transfer / Purchase	10,38,400	0.22	78,44,149	1.65		
	13/12/2019	Transfer / Sale	77,95,267	1.64	48,882	0.01		
	13/12/2019	Transfer / Purchase	77,95,267	1.64	78,44,149	1.65		
	20/12/2019	Transfer / Sale	48,882	0.01	77,95,267	1.64		
	20/12/2019	Transfer / Purchase	48,882	0.01	78,44,149	1.65		
	24/01/2020	Transfer / Sale	1,72,281	0.04	76,71,868	1.61		
	28/02/2020	Transfer / Purchase	72,281	0.02	77,44,149	1.63		
	31/03/2020	Transfer / Purchase	1,00,000	0.02	78,44,149	1.65		
	31/03/2020	Closing Balance					78,44,149	1.65

TVS MOTOR COMPANY LIMITED

Opening Balance (01.04-2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company

TREE LINE ASIA MASTER FUND (SINGAPORE) PTE LTD

66,00,000	01/04/2019	Opening Balance						
1.39	31/03/2020	Closing Balance					66,00,000	1.39

CARTICA CAPITAL LTD

2,22,91,887	01/04/2019	Opening Balance						
4.69	10/05/2019	Transfer / Purchase	7,72,336	0.16	2,30,64,223	4.85		
	17/05/2019	Transfer / Purchase	4,00,137	0.08	2,34,64,360	4.94		
	31/05/2019	Transfer / Sale	72,330	0.02	2,33,92,030	4.92		
	14/06/2019	Transfer / Sale	6,19,524	0.13	2,27,72,506	4.79		
	19/06/2019	Transfer / Sale	90,859	0.02	2,26,81,647	4.77		
	21/06/2019	Transfer / Sale	12,697	0.00	2,26,68,950	4.77		
	19/07/2019	Transfer / Sale	3,964	0.00	2,26,64,986	4.77		
	26/07/2019	Transfer / Sale	36,64,491	0.77	1,90,00,495	4.00		
	09/08/2019	Transfer / Sale	3,00,000	0.06	1,87,00,495	3.94		
	16/08/2019	Transfer / Sale	8,58,000	0.18	1,78,42,495	3.76		
	23/08/2019	Transfer / Sale	11,85,000	0.25	1,66,57,495	3.51		
	13/09/2019	Transfer / Sale	3,95,000	0.08	1,62,62,495	3.42		
	20/09/2019	Transfer / Sale	9,28,824	0.20	1,53,33,671	3.23		
	04/10/2019	Transfer / Purchase	2,93,624	0.06	1,56,27,295	3.29		
	11/10/2019	Transfer / Sale	5,05,746	0.11	1,51,21,549	3.18		
	18/10/2019	Transfer / Sale	14,59,701	0.31	1,36,61,848	2.88		
	25/10/2019	Transfer / Sale	47,805	0.01	1,36,14,043	2.87		
	08/11/2019	Transfer / Sale	3,06,107	0.06	1,33,07,936	2.80		
	15/11/2019	Transfer / Sale	17,58,411	0.37	1,15,49,525	2.43		
	22/11/2019	Transfer / Sale	4,67,512	0.10	1,10,82,013	2.33		
	29/11/2019	Transfer / Sale	6,46,552	0.14	1,04,35,461	2.20		
	06/12/2019	Transfer / Sale	3,00,000	0.06	1,01,35,461	2.13		
	13/12/2019	Transfer / Sale	2,03,384	0.04	99,32,077	2.09		
	20/12/2019	Transfer / Sale	2,31,289	0.05	97,00,788	2.04		
	24/01/2020	Transfer / Sale	1,44,626	0.03	95,56,162	2.01		
	20/03/2020	Transfer / Sale	3,00,000	0.06	92,56,162	1.95		
	27/03/2020	Transfer / Sale	25,00,000	0.53	67,56,162	1.42		
	31/03/2020	Transfer / Sale	4,20,000	0.09	63,36,162	1.33		
	31/03/2020	Closing Balance					63,36,162	1.33

HDFC LIFE INSURANCE COMPANY LIMITED

31,71,939	01/04/2019	Opening Balance						
0.67	05/04/2019	Transfer / Sale	99,945	0.02	30,71,994	0.65		
	12/04/2019	Transfer / Purchase	1,792	0.00	30,73,786	0.65		
	26/04/2019	Transfer / Sale	99,861	0.02	29,73,925	0.63		
	03/05/2019	Transfer / Purchase	1,00,064	0.02	30,73,989	0.65		
	10/05/2019	Transfer / Sale	99,988	0.02	29,74,001	0.63		
	17/05/2019	Transfer / Purchase	50,057	0.01	30,24,058	0.64		
	24/05/2019	Transfer / Purchase	11,768	0.00	30,35,826	0.64		
	07/06/2019	Transfer / Purchase	2,00,000	0.04	32,35,826	0.68		
	14/06/2019	Transfer / Purchase	38,285	0.01	32,74,111	0.69		

TVS MOTOR COMPANY LIMITED

Opening Balance (01.04-2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	19/06/2019	Transfer / Sale	50,000	0.01	32,24,111	0.68		
	21/06/2019	Transfer / Sale	25,000	0.01	31,99,111	0.67		
	28/06/2019	Transfer / Sale	1,03,796	0.02	30,95,315	0.65		
	05/07/2019	Transfer / Purchase	3,297	0.00	30,98,612	0.65		
	19/07/2019	Transfer / Sale	8,501	0.00	30,90,111	0.65		
	26/07/2019	Transfer / Purchase	1,03,445	0.02	31,93,556	0.67		
	02/08/2019	Transfer / Purchase	2,74,963	0.06	34,68,519	0.73		
	09/08/2019	Transfer / Sale	35,328	0.01	34,33,191	0.72		
	16/08/2019	Transfer / Purchase	24,921	0.01	34,58,112	0.73		
	23/08/2019	Transfer / Sale	102	0.00	34,58,010	0.73		
	30/08/2019	Transfer / Purchase	24,970	0.01	34,82,980	0.73		
	06/09/2019	Transfer / Sale	15,130	0.00	34,67,850	0.73		
	20/09/2019	Transfer / Sale	3,984	0.00	34,63,866	0.73		
	27/09/2019	Transfer / Sale	50,018	0.01	34,13,848	0.72		
	30/09/2019	Transfer / Sale	77,000	0.02	33,36,848	0.70		
	04/10/2019	Transfer / Purchase	7,657	0.00	33,44,505	0.70		
	11/10/2019	Transfer / Sale	41,592	0.01	33,02,913	0.70		
	18/10/2019	Transfer / Sale	69,395	0.01	32,33,518	0.68		
	25/10/2019	Transfer / Sale	9,632	0.00	32,23,886	0.68		
	01/11/2019	Transfer / Sale	446	0.00	32,23,440	0.68		
	08/11/2019	Transfer / Purchase	2,50,135	0.05	34,73,575	0.73		
	15/11/2019	Transfer / Sale	55,560	0.01	34,18,015	0.72		
	22/11/2019	Transfer / Sale	215	0.00	34,17,800	0.72		
	29/11/2019	Transfer / Sale	82,346	0.02	33,35,454	0.70		
	06/12/2019	Transfer / Purchase	53,776	0.01	33,89,230	0.71		
	13/12/2019	Transfer / Sale	191	0.00	33,89,039	0.71		
	20/12/2019	Transfer / Sale	5,274	0.00	33,83,765	0.71		
	27/12/2019	Transfer / Sale	50,925	0.01	33,32,840	0.70		
	31/12/2019	Transfer / Sale	1,957	0.00	33,30,883	0.70		
	03/01/2020	Transfer / Purchase	52,667	0.01	33,83,550	0.71		
	10/01/2020	Transfer / Purchase	81	0.00	33,83,631	0.71		
	17/01/2020	Transfer / Sale	1,889	0.00	33,81,742	0.71		
	24/01/2020	Transfer / Sale	1,300	0.00	33,80,442	0.71		
	31/01/2020	Transfer / Purchase	700	0.00	33,81,142	0.71		
	07/02/2020	Transfer / Sale	12,809	0.00	33,68,333	0.71		
	14/02/2020	Transfer / Purchase	150	0.00	33,68,483	0.71		
	21/02/2020	Transfer / Purchase	75	0.00	33,68,558	0.71		
	28/02/2020	Transfer / Sale	19,643	0.00	33,48,915	0.70		
	06/03/2020	Transfer / Purchase	60,752	0.01	34,09,667	0.72		
	18/03/2020	Transfer / Purchase	52,678	0.01	34,62,345	0.73		
	20/03/2020	Transfer / Sale	14,258	0.00	34,48,087	0.73		
	27/03/2020	Transfer / Purchase	75,000	0.02	35,23,087	0.74		
	31/03/2020	Transfer / Purchase	63,290	0.01	35,86,377	0.75		
	31/03/2020	Closing Balance					35,86,377	0.75

TVS MOTOR COMPANY LIMITED

Opening Balance (01.04-2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company

INVESCO MUTUAL FUND

Nil	01/04/2019	Opening Balance						
	05/04/2019	Transfer / Purchase	3,70,739	0.08	3,70,739	0.08		
	26/04/2019	Transfer / Sale	75,000	0.02	2,95,739	0.06		
	10/05/2019	Transfer / Purchase	48,537	0.01	3,44,276	0.07		
	07/06/2019	Transfer / Purchase	85,000	0.02	4,29,276	0.09		
	14/06/2019	Transfer / Purchase	1,68,512	0.04	5,97,788	0.13		
	19/06/2019	Transfer / Purchase	38,461	0.01	6,36,249	0.13		
	21/06/2019	Transfer / Purchase	1,791	0.00	6,38,040	0.13		
	28/06/2019	Transfer / Purchase	42,335	0.01	6,80,375	0.14		
	05/07/2019	Transfer / Purchase	36,004	0.01	7,16,379	0.15		
	12/07/2019	Transfer / Purchase	94,540	0.02	8,10,919	0.17		
	19/07/2019	Transfer / Sale	80,000	0.02	7,30,919	0.15		
	26/07/2019	Transfer / Purchase	1,07,245	0.02	8,38,164	0.18		
	02/08/2019	Transfer / Purchase	82,055	0.02	9,20,219	0.19		
	09/08/2019	Transfer / Sale	2,89,648	0.06	6,30,571	0.13		
	06/09/2019	Transfer / Purchase	55,000	0.01	6,85,571	0.14		
	13/09/2019	Transfer / Sale	55,000	0.01	6,30,571	0.13		
	20/09/2019	Transfer / Purchase	1,61,095	0.03	7,91,666	0.17		
	27/09/2019	Transfer / Purchase	4,29,341	0.09	12,21,007	0.26		
	30/09/2019	Transfer / Sale	68,000	0.01	11,53,007	0.24		
	04/10/2019	Transfer / Purchase	2,57,776	0.05	14,10,783	0.30		
	11/10/2019	Transfer / Sale	86,900	0.02	13,23,883	0.28		
	11/10/2019	Transfer / Purchase	2,79,672	0.06	16,03,555	0.34		
	18/10/2019	Transfer / Sale	94,050	0.02	15,09,505	0.32		
	18/10/2019	Transfer / Purchase	3,20,116	0.07	18,29,621	0.39		
	25/10/2019	Transfer / Sale	3,040	0.00	18,26,581	0.38		
	25/10/2019	Transfer / Purchase	3,13,445	0.07	21,40,026	0.45		
	01/11/2019	Transfer / Sale	62,010	0.01	20,78,016	0.44		
	01/11/2019	Transfer / Purchase	2,98,621	0.06	23,76,637	0.50		
	08/11/2019	Transfer / Sale	9,710	0.00	23,66,927	0.50		
	08/11/2019	Transfer / Purchase	2,24,901	0.05	25,91,828	0.55		
	15/11/2019	Transfer / Sale	1,64,331	0.03	24,27,497	0.51		
	15/11/2019	Transfer / Purchase	32,984	0.01	24,60,481	0.52		
22/11/2019	Transfer / Sale	52,000	0.01	24,08,481	0.51			
29/11/2019	Transfer / Sale	2,241	0.00	24,06,240	0.51			
29/11/2019	Transfer / Purchase	53,071	0.01	24,59,311	0.52			
06/12/2019	Transfer / Purchase	6,24,564	0.13	30,83,875	0.65			
13/12/2019	Transfer / Purchase	77,064	0.02	31,60,939	0.67			
20/12/2019	Transfer / Sale	59,070	0.01	31,01,869	0.65			

TVS MOTOR COMPANY LIMITED

Opening Balance (01.04-2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	20/12/2019	Transfer / Purchase	1,50,745	0.03	32,52,614	0.68		
	27/12/2019	Transfer / Sale	63,467	0.01	31,89,147	0.67		
	31/12/2019	Transfer / Sale	1,25,000	0.03	30,64,147	0.64		
	03/01/2020	Transfer / Sale	98,000	0.02	29,66,147	0.62		
	10/01/2020	Transfer / Sale	3,38,272	0.07	26,27,875	0.55		
	31/01/2020	Transfer / Sale	2,18,092	0.05	24,09,783	0.51		
	31/01/2020	Transfer / Purchase	7,245	0.00	24,17,028	0.51		
	07/02/2020	Transfer / Purchase	7,90,000	0.17	32,07,028	0.68		
	28/02/2020	Transfer / Sale	1,73,786	0.04	30,33,242	0.64		
	28/02/2020	Transfer / Purchase	70,170	0.01	31,03,412	0.65		
	06/03/2020	Transfer / Purchase	1,60,086	0.03	32,63,498	0.69		
	13/03/2020	Transfer / Purchase	1,76,436	0.04	34,39,934	0.72		
	18/03/2020	Transfer / Purchase	7,916	0.00	34,47,850	0.73		
	20/03/2020	Transfer / Purchase	1,974	0.00	34,49,824	0.73		
	27/03/2020	Transfer / Sale	3,16,181	0.07	31,33,643	0.66		
	27/03/2020	Transfer / Purchase	3,932	0.00	31,37,575	0.66		
	31/03/2020	Transfer / Sale	33,089	0.01	31,04,486	0.65		
	31/03/2020	Closing Balance					31,04,486	0.65

v) Shareholding of Directors and Key Managerial Personnel:

Name of the Directors / KMPs (M/s.)	Opening Balance 1 st April 2019 (% of the total share capital)	Date of Dealing	Purchase or Sale	No. of shares	% of total shares of the Company	Cumulative		Closing Balance 31-03-2020	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Venu Srinivasan	25,69,726 (0.54)	-	-	-	-	-	-	25,69,726	0.54
Sudarshan Venu	Nil	-	-	-	-	-	-	Nil	-
Dr. Lakshmi Venu	Nil	-	-	-	-	-	-	Nil	-
H Lakshmanan	55,870 (0.01)	-	-	-	-	-	-	55,870	0.01
T Kannan	5,000	-	-	-	-	-	-	5,000	-
C R Dua	Nil	-	-	-	-	-	-	Nil	-
Prince Asirvatham	1,000 -	-	-	-	-	-	-	1,000	-
R Ramakrishnan (*)	1,08,000 (0.02)	-	-	-	-	-	-	-	-
Hemant Krishan Singh	Nil	-	-	-	-	-	-	Nil	-
Rajesh Narasimhan	Nil	-	-	-	-	-	-	Nil	-
Lalita D Gupte	Nil	-	-	-	-	-	-	Nil	-
R Gopalan	Nil	-	-	-	-	-	-	Nil	-
K N Radhakrishnan	3,000	-	-	-	-	-	-	3,000	-
K Gopala Desikan	220	-	-	-	-	-	-	220	-
K S Srinivasan	Nil	-	-	-	-	-	-	Nil	-

(*) Mr R Ramakrishnan ceased to be a director of the Company effective 7th July 2019.

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	552.33	847.67	1,400.00
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	1.13	1.28	2.41
Total (i + ii + iii)	553.46	848.95	1,402.41
Change in Indebtedness during the financial year			
- Addition	349.88	538.02	887.90
- Reduction	(0.11)	(265.88)	(265.99)
Net Change	349.77	272.14	621.91
Indebtedness at the end of the financial year			
i) Principal Amount	902.10	1,119.81	2,021.91
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	2.69	1.57	4.26
Total (i + ii + iii)	904.79	1,121.38	2,026.17

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD) / Whole-time Director (WTD): (₹ in lakhs)

Sl. No.	Particulars of Remuneration	Mr Venu Srinivasan CMD	Mr Sudarshan Venu JMD	Mr KN Radhakrishnan D & CEO	Total Amount
1.	Gross salary				
	(a) Salary as per provisions contained under Section 17(1) of the Income-Tax Act, 1961	307.90	346.74	425.15	1079.79
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	- as % of profit	1548.00	1133.00	300.00	2981.00
	- others, specify	–	–	–	–
5.	Others - Employer contribution to provident and other funds	8.67	–	13.46	22.13
	Total (A)	1864.57	1479.74	738.61	4082.92
	Ceiling as per the Act, 2013				7,184.75

CMD - Chairman and Managing Director; JMD - Joint Managing Director; D & CEO - Director & Chief Executive Officer.

B. Remuneration to other Directors:

(₹ in lakhs)

Particulars of Remuneration	Name of Directors							Total Amount
	TK	CRD	PA	RK ^(§)	HKS	LDG	RG ^(*)	
Independent Directors								
Directors Fee for attending board / committee meetings	2.40	3.60	2.00	0.80	1.60	1.20	1.60	13.20
Commission	30.00	29.00	27.00	8.07	25.00	25.00	23.01	167.08
Others, please specify	-	-	-	-	-	-	-	-
Total (1)	32.40	32.60	29.00	8.87	26.60	26.20	24.61	180.28
	Name of Directors							
	HL	Dr. LV	RN					
Other Non-Executive Directors								
Fee for attending board / committee meetings	2.60	0.60	0.80					4.00
Commission	-	-	-					-
Others, please specify	-	-	-					-
Total (2)	2.60	0.60	0.80					4.00
Total (B) = (1+2)								184.28
Total Managerial Remuneration (A) + (B)								4267.15
Overall Ceiling as per the Act, 2013								7,903.22

TK - Mr T Kannan; CRD - Mr C R Dua; PA - Mr Prince Asirvatham; RK - Mr R Ramakrishnan; HKS - Mr Hemant Krishan Singh; HL - Mr H Lakshmanan; Dr. LV - Dr. Lakshmi Venu; RN - Mr Rajesh Narasimhan; LDG - Mrs Lalita D Gupte and RG - Mr R Gopalan

* Mr R Gopalan was appointed as an independent Director w.e.f 30th April 2019.

^(§) Mr R Ramakrishnan ceased to be a director effective 7th July 2019.

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr K Gopala Desikan CFO	Mr K S Srinivasan CS	
1.	Gross salary			
	(a) Salary as per provisions contained under Section 17(1) of the Income-Tax Act, 1961	276.94	44.32	321.26
	(b) Value of perquisites under Section 17(2) of the Income-Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others - Employer contribution to provident and other funds	9.21	1.63	10.84
	Total	286.15	45.95	332.10

CFO - Chief Financial Officer ; CS - Company Secretary

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board of Directors

Chennai
28th May 2020

VENU SRINIVASAN
Chairman

Annexure - IV to Directors' Report to the shareholders

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

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

This policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for 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, health care, conservation of environment and the creation, maintenance of infrastructure, art, culture and protection of places of public and historical importance.

3. Web-link to the CSR policy and projects or programmes is provided in page no. 97 of this Annual Report.

4. Composition of the CSR Committee:

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

5. Average net profit of the Company for last three financial years ₹ 792.66 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) ₹ 15.85 Cr

7. Details of CSR spent during the financial year:

(a) Total amount spent for the financial year (including contribution of ₹ 17Cr to PM CARES) ₹ 33.66 Cr

(b) Amount unspent, if any Not Applicable

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

Part - I

1	Name of the Implementing Agency		
	Srinivasan Services Trust Jayalakshmi Estates, 29, Haddows Road, Chennai - 600 006. Tamil Nadu Phone No: 044-2827 2233 E-Mail : swaran@tvssst.org	Sri Sathya Sai Central Trust, Prasanthi Nilayam - 515 134 Anantapur District, Andhra Pradesh India Phone No: 08555-2872390 E-Mail : finance@sssct.org	Ramakrishna Mission - Vivekananda Centre for Human Excellence and Social Sciences P.O. Belur Math, Dist. Howrah West Bengal - 711 202. Telefax : 033-2654 9581 / 9681 E-Mail : mail@belurmath.org
2	CSR Project or activity identified	(i) Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; (ii) Promotion of Education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects; (iii) Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; (iv) ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and (v) rural development projects	Promoting free Medical and other Public Welfare Projects Promoting education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects.

Part - I (continued)

3	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure	Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge, construction of Convention Centre and Maintenance of buildings etc.,	Centre for Human Excellence and Social Sciences for research and educational activities at various levels in Arts, Humanities and Social Sciences with special emphasis on Value Education, man-making and character-building education.
4	Areas in which Projects / Programmes undertaken:			
	Local Area / Others:	<ul style="list-style-type: none"> Hosur, Padavedu, Thirukkurgundi and Navatirupati Mysore and Chamrajnagar Himachal Pradesh 	Sri Sathya Sai Institute of Higher Medical Sciences at Prasanthi Gram, Andhra Pradesh and at Whitefield, Bengaluru, Sri Sathya Sai General Hospital at Prasanthi Nilayam and at Whitefield, Bengaluru and Sri Sathya Sai Mobile Hospital - ₹ 150 Lakhs. (ii) Regular maintenance expenditure - ₹ 150 Lakhs	New Town, Kolkata
	State & district :	<ul style="list-style-type: none"> Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts Karnataka: Mysore and Chamrajnagar districts Himachal Pradesh: Solan district 	<ul style="list-style-type: none"> Andhra Pradesh - Anantapur district. Karnataka - Bengaluru district 	- Kolkata
	Amount outlay (budget) project or program-wise:	₹ 2100 Lakhs	₹ 300 Lakhs	₹ 8694 Lakhs
5	Amount spent on the projects or programmes:	₹ 766 Lakhs	₹ 300 Lakhs	₹ 500 Lakhs
	Sub-heads:			
	Direct expenses On projects / programs:	₹ 2008 Lakhs (including contribution of TVS Motor Company Limited of ₹ 766 Lakhs)	₹ 11,000 Lakhs (including contribution of TVS Motor Company Limited of ₹ 300 Lakhs)	₹ 1,910 Lakhs (including contribution of TVS Motor Company Limited of ₹ 300 Lakhs)
	Overheads	Nil	Nil	Nil
6	Cumulative expenditure upto the reporting period:	₹ 2008 Lakhs (including contribution of TVS Motor Company Limited of ₹ 766 Lakhs)	₹ 11,000 Lakhs (including contribution of TVS Motor Company Limited of ₹ 300 Lakhs)	₹ 5,500 Lakhs (including contribution of TVS Motor Company Limited of ₹ 300 Lakhs)

Part - II

1	Name of the Implementing Agency	Seva Bharati Purbanchal "Madhav Smriti", House No. 9, South Bye Lane- 1, Lachit Nagar, Guwahati- 7, Assam Tel: +91-0361-256160 E-Mail: sevabharatipurbanchal@gmail.com	Sreevalsam Educational Trust Regd Office: Thekkemadom Road, Thrissur - 680 001 Working Office: Sreevalsam Institute of Medical Sciences, Naduvattam, Kololamba P.O., Edappal - 679 576 Tel: 0494 - 266 1005 E-Mail: Gopinathanvp@gmail.com	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES)
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Part - II - (continued)

2	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act, 2013	<ul style="list-style-type: none"> Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; Promotion of Education, including special education and employment, enhancing vocational skills especially among children, women and livelihood enhancement projects; and Rural development projects. 	Promoting free Medical Care is one of the objects of the Trust.	<ul style="list-style-type: none"> Undertaking and supporting relief or assistance of any kind relating to a public health emergency or any other kind of emergency, calamity or distress, either man-made or natural, including the creation or upgradation of healthcare or pharmaceutical facilities, other necessary infrastructure, funding relevant research or any other type of support. Rendering financial assistance, provide grants of payments of money to the affected population..
3	Sector in which the Project is covered	<ol style="list-style-type: none"> Flood Relief & Rehabilitation Health Care Yoga Centre Children Awareness & Protection Program Rural Development/ Gaushala construction 	Economic Development, Education and Health	Citizen Assistance and Relief in Emergency Situations
4	Areas in which Projects / Programmes undertaken:			
	Local Area / Others:		Edappal, Ponnai, Tirur	Being a trust, established by the Central Government, the area of activity is not limited to a particular area and covers the whole of India.
	State & district :	- Assam	- Mallapuram District, Kerala	
	Amount outlay (budget) project or program-wise:	₹ 266 Lakhs	₹ 800 Lakhs	
5	Amount spent on the projects or programmes:	₹ 266 Lakhs	₹ 700 Lakhs	₹ 1,700 Lakhs
6	Sub-heads:			Not applicable
	Direct expenses On projects / programs:	₹ 266 Lakhs (including contribution of TVS Motor Company Limited of Company of ₹ 200 Lakhs)	₹ 500 Lakhs (including contribution of TVS Motor Company Limited of ₹ 100 Lakhs)	
	Overheads:	Nil	Nil	
7	Cumulative expenditure upto the reporting period:	₹ 266 Lakhs (including contribution of TVS Motor Company Limited of ₹ 200 Lakhs)	₹ 1,300 Lakhs (including contribution of TVS Motor Company Limited of ₹ 100 Lakhs)	

- 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
- 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, 2013, members of the CSR Committee visit places where the implementing agencies are doing service.

For and on behalf of the Board of Directors

VENU SRINIVASAN
Chairman and Managing Director and
Chairman of CSR Committee

Annexure - V to Directors' Report to the shareholders

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

Sl. No.	Name of the Director (M/s)	Designation	Ratio to Median in Remuneration	% Increase / (Decrease) Remuneration
1	Venu Srinivasan	CMD	1:233	(22%)
	Sudarshan Venu	JMD	1:185	(15%)
	K N Radhakrishnan	D & CEO	1:92	NA
	H Lakshmanan	NENID	-	NA
	Dr Lakshmi Venu	NENID	-	NA
	Rajesh Narasimhan	NENID	-	NA
	T Kannan	NEID	1:4	20%
	C R Dua	NEID	1:4	16%
	Prince Asirvatham	NEID	1:3	8%
	Hemant Krishan Singh	NEID	1:3	25%
	Lalita D Gupte	NEID	1:3	NA
	R Gopalan*	NEID	1:3	NA
	K Gopala Desikan	CFO	NA	28%
	K S Srinivasan	CS	NA	23%
* appointed on 30 th April 2019 CMD - Chairman and Managing Director JMD - Joint Managing Director D&CEO - Director & Chief Executive Officer CFO - Chief Financial officer; CS - Company Secretary NENID - Non Executive Non Independent Director NEID - Non Executive Independent Director				
2	The percentage increase in the median remuneration of employees in the financial year;		3%	
3	The number of permanent employees on the rolls of Company;		5133	
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2019-20		11%	
	b. Average percentile increase / (decrease) in the managerial remuneration in the financial year 2019-20 There are no exceptional circumstances for increase in the managerial remuneration.		(15%)	
5	Affirmation that the remuneration is as per the remuneration policy of the Company.		Remuneration paid during the year 2019-20 is as per the Remuneration Policy of the Company	

For and on behalf of the Board of Directors

Chennai
28th May 2020

VENU SRINIVASAN
Chairman

Annexure - VI to Directors' Report to the shareholders

**DETAILS OF LOANS AND GUARANTEES UNDER SECTION 186 OF THE ACT 2013
FOR THE FINANCIAL YEAR 2019-20**

S. No.	Name of the body corporate	Nature of relationship	Purpose of loan / acquisition / guarantee / security	Amount of loan / security / guarantee (₹ in Cr)	Purpose for which the loan / guarantee utilised by the recipient
1	PT. TVS Motor Company Indonesia	Wholly owned subsidiary	Guarantee	98.45	Business Purposes
2	TVS Motor (Singapore) Pte Limited	Wholly owned subsidiary	Guarantee	302.66	

For and on behalf of the Board of Directors

Chennai
28th May 2020

VENU SRINIVASAN
Chairman

Annexure - VII to Directors' Report to the shareholders

BUSINESS RESPONSIBILITY REPORT

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

Introduction

The National Guidelines on Responsible Business Conduct (NGRBC) introduced by the Ministry of Corporate Affairs (MCA) in the year 2019 replaced and revised the National Voluntary guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business earlier issued by the MCA in 2011.

This report conforms to the Business Responsibility Reporting (BRR) requirement of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) and the NGRBC.

The NGRBC are designed to be used by all businesses, irrespective of their ownership, size, sector, structure or location. The NGRBC also provide a useful framework for guiding companies in their operations, in addition to aligning with applicable national standards and norms governing responsible business conduct.

ANNEXURE - 1

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Name of the Company	:	TVS Motor Company Limited								
2.	Year of registration	:	1992								
3.	Corporate Identity Number (CIN) of the Company (if applicable)	:	L35921TN1992PLC022845								
4.	Corporate address, telephone, email and website	:	"Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006 Tel: 044-28332115 e-mail: contactus@tvs-motor.com Website: www.tvs-motor.com								
5.	Financial Year Reported	:	2019-20								
6.	Sector(s) that the Company is engaged in (industrial activity code)	:	<table border="1"> <thead> <tr> <th>NIC Code</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>30911</td> <td>Motorcycles, Scooters, Mopeds</td> </tr> <tr> <td>30912</td> <td>Three-wheelers</td> </tr> <tr> <td>30913</td> <td>Parts & Accessories</td> </tr> </tbody> </table>	NIC Code	Description	30911	Motorcycles, Scooters, Mopeds	30912	Three-wheelers	30913	Parts & Accessories
NIC Code	Description										
30911	Motorcycles, Scooters, Mopeds										
30912	Three-wheelers										
30913	Parts & Accessories										

TVS MOTOR COMPANY LIMITED

7.	List of three key products that the Company manufactures	: Manufacture of two-wheelers and three-wheelers 1. Two-Wheelers 2. Three-Wheelers 3. Parts & Accessories (Please refer to Company's website for complete list of its products)
8.	Brands (top five by respective share of market) owned and percentage of revenue contributed:	: All the products of the Company are being sold under TVS brand.
Operations:		
9.	Location of plants (in case of manufacturing businesses)	:
	a. National (Districts and states - top five by employee strength):	i) Number of national Locations: A. The Company has three manufacturing locations as under: 1. Post Box No. 4, Harita, Hosur - 635 109, Tamil Nadu, India. 2. Post Box No. 1, Byathahalli Village, Kadakola Post, Mysuru - 571 311, Karnataka, India. 3. Bhatian Village, Bharatgarh Road, Teh. Nalagarh, Solan District - 174 101, Himachal Pradesh, India. B. The Company has Area Offices across pan India. C. The sales and marketing office of the Company is situated at TVR Pride, No.383, 16 th Main, 3 rd Block, Koramangala, Bengaluru 560 034, Karnataka, India.
	b. International (Country - top three by employee strength):	ii) Number of International Locations: TVS Motor does not have any manufacturing unit outside India. However, its overseas subsidiary viz., PT TVS Motor Company Indonesia has a manufacturing facility in Karawang, Indonesia.
10.	Location of major offices (in case of service businesses)	:
	a. National (Districts and states - top five by employee strength):	Not applicable.
	b. International (Country - top three by employee strength):	
Employees:		
11.	Number of permanent employees	: 5,133
12.	Contractual employees (seasonal, non-seasonal)	: 1,360
13.	Temporary employees	: 6,234
14.	Percentage of women employees	: 6.6%
	a. On the Governance Structure	: -
	b. In top management i.e. business and function heads;	: -
Associate entities:		
15.	Name of subsidiaries / associates	: Subsidiaries 1. Sundaram Auto Components Limited, Chennai 2. TVS Housing Limited, Chennai 3. TVS Motor Services Limited, Chennai

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

Associates

- Emerald Haven Realty Limited, Chennai.
- Ultraviolette Automotive Private Limited, Bengaluru.
- Tagbox Solutions Pvt Ltd, Bengaluru.

Associates of TVS Motor (Singapore) Pte Ltd

- Tagbox Pte Ltd, Singapore
- Predictronics Corp, USA

Subsidiaries of Emerald Haven Realty Limited:

1. Emerald Haven Projects Pvt Ltd, Chennai
2. Emerald Haven Property Development Ltd, Chennai
3. Happiness Harmony Property Developers Private Limited, Chennai
4. Emerald Haven Towers Ltd, Chennai
5. Emerald Haven Development Ltd, Chennai
6. Emerald Haven Life Spaces (Radial Road) Ltd, Chennai
7. Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai
8. Emerald Haven Town & Country Pvt Ltd, Chennai

-
16. Details of Trust/Society/Section 8 company to further its CSR agenda:

- a. Name;
- b. Organization form (Trust, Society, Company) and year of establishment;
- c. Main objects/purpose;

Srinivasan Services Trust

Established in 1996

Main objects:

- i. Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water;
- ii. Promotion of education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects;
- iii. Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups;
- iv. Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water;
- v. Rural development projects

- d. Amounts and sources of funds received in the reporting year : Donations received from various entities.
17. Contact details of Nodal Officer for this report (name, designation, email id, phone number). : Mr K S Srinivasan
Company Secretary & Nodal Officer
kss@scl.co.in
044-28332115

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the Principles and Core Elements.

- P1 Businesses should conduct and govern themselves with integrity, and in a manner ethical, transparent and accountable.
- P2 Businesses should provide goods and services in a manner that is sustainable and safe.
- P3 Businesses should respect and promote the well-being of all employees, including those in their value chains.
- P4 Businesses should respect the interests of, and be responsive to all its stakeholders.
- P5 Businesses should respect and promote human rights.
- P6 Businesses should respect and make efforts to protect and restore the environment.
- P7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
- P8 Businesses should promote inclusive growth and equitable development.
- P9 Businesses should engage with and provide value to their customers in a responsible manner.

S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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Policy and management processes

1.	Names of the policy / policies that covers each Principle	The Company has in place the following policies in line with the NGRBC: 1. Code of Business Conduct and Ethics 2. Whistle Blower 3. Related Party Transaction 4. Corporate Social Responsibility 5. Code of fair disclosure 6. Code of conduct to regulate, monitor and report trading by insiders 7. Quality and environment policies relating to safe and sustainable products 8. Health and safety								
2.	Core Elements related to the Principle that the policy/ policies cover	All the core elements are stated in the policies								
3.	Policy / policies relating to each principle that has been translated into guidelines and procedures	Y	Y	Y	Y	Y	Y	-	Y	Y
4.	Extent to which manpower, planning and financial resources have been allocated for the implementation of the policy / policies relating to each Principle	Y	Y	Y	Y	Y	Y	-	Y	Y
5.	National and International codes and standards adopted mapped to various Principles	Y	Y	Y	Y	Y	Y (ISO 14001: 2015)	-	Y	Y
		All the policies of the Company are in compliance with the national/ international standards wherever applicable								

S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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Governance, leadership and oversight

6.	Names of the above policies that have been approved by the Board/top management	<p>The following policies/ codes have been approved by the board:</p> <ol style="list-style-type: none"> 1. Code of Business Conduct and Ethics 2. Whistle Blower 3. Related Party Transaction 4. Corporate Social Responsibility 5. Code of fair disclosure 6. Code of conduct to regulate, monitor and report trading by insiders <p>Other operational / internal policies are approved by the management.</p>								
7.	Name of the specified committee(s) of the Board/ Director/Officer and processes to oversee the implementation of the policy/ policies	<p>Audit committee and Board oversees the implementation of various policies / Codes as required under the legal framework in force from time to time.</p> <p>CSR committee oversees the implementation of CSR activities by the Company.</p> <p>All the policies and their implementation are being reviewed at regular intervals by the board.</p>								
8.	The process for board/ top management to review performance against the above policies and incorporating inputs	<p>An Independent Consultant has been engaged to ensure compliance of all laws including these polices at periodic intervals in conformity with the best national / international standards and to align with the latest amendments introduced by various regulatory authorities.</p>								
9.	Process for board/ top management to review compliance with statutory requirements of relevance to the Principles and rectify any non-compliances.	<p>The report on Company's conduct of its businesses is presented to the Board for its review and further improvement of its standards.</p>								
10.	Frequency of the reviews of the business's alignment with the Principles and Core Elements conducted by the board/ top management	<p>The board on a continuous basis reviews the businesses alignment with the principles and core elements.</p>								

Stakeholder Engagement

11.	Description of the process to identify your business's key stakeholders	<p>The Company is aware of the fact that not all stakeholders have a direct business engagement with it. However Company has identified eight stakeholder groups:</p> <ol style="list-style-type: none"> 1. Suppliers, Transporters, Service Providers, Industry Bodies 2. Shareholders & Investors 3. Regulatory Bodies 4. Policy Makers 5. Customers 6. Dealers 7. Employees, Trade Union 8. Local Community 								
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S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
12.	Description of the process to engage with your stakeholders on the Principles	The Company continuously expands its proactive engagement with the stakeholder groups. The Company also recognizes that stakeholder engagement is an integral part of partnership building and aims to institutionalize a structured approach through a formal process in the future.								
13.	Description of the processes to identify groups that are vulnerable and marginalized stakeholders.	The Company identifies marginalized and disadvantaged groups through need assessment in all the villages where it works by engaging with the local communities.								
14.	Description of the processes to identify issues related to inclusion and impact of adopting the Principles on vulnerable and marginalized stakeholders.	The Company continuously strives to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from its CSR initiatives which would also be focused around communities that reside in the proximity of the Company's various manufacturing locations in the country.								

Communication

15.	Description of process to communicate to stakeholders, the impact of your policies, procedures, decisions and performance that impact them.	The Company proactively engages with stakeholders formally and informally to: Share information, discuss the Company's sustainability priorities, programs and performance and determine opportunities to collaborate towards common goals.								
16.	Description of how the business communicates the results of stakeholder engagement in the public domain	The Company communicates the performance against the Guidelines to the stakeholder through its website, stakeholder interactions, BRR and Annual Report.								
17.	Description of the process of communicating performance against these Guidelines to relevant stakeholders	The Company believes in listening to the viewpoints of its stakeholders and addressing them on priority. The Company values the inputs received from the engagement process and these engagements help to identify material aspects. The progress on the material aspects are communicated in Annual Report, BRR and on websites at periodic intervals.								
18.	Note on how disclosures and reporting helped in improving business performance / strategy	Such measures help the Company to identify stakeholder expectations and to design its sustainability strategy to balance the different stakeholder needs and expectations.								

If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles	-	-	-	-	-	-	-	-	-
The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
It is planned to be done within next 12 months	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	P7 - the Company through the various industrial forums endeavors to promote growth and technological process, economic reforms, inclusive development policies and sustainable business principles. Therefore there is no need for such policy.								

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER ETHICAL, TRANSPARENT AND ACCOUNTABLE.

Essential Indicators:

- 1. Month /year of last review by Governance Structure / top management of performance of the business across the Principles and Core Elements of the Guidelines:**
January 2018.
Company's current and future organization structure of senior level employees was reviewed by the Nomination and Remuneration Committee for delivery of good quality products.
- 2. Percentage Coverage of leadership team by awareness programmes on the Guidelines:**
 - a. In reporting year :** 100 % of the functional heads are covered by awareness programmes on the Guidelines at all times.
 - b. Total to date :** 100 %
- 3. Percentage of suppliers and distributors (by value), in the year:**
 - a. Covered by awareness programmes for the Guidelines - 100 % of the suppliers
 - b. Had responsible / sustainable business policies in place? - 100 %
- 4. Number of meetings/ dialogues with minority shareholders that were organized in the year:**
Nil
- 5. Number of complaints received on any aspect of the NGRBC in the year from:**
 - a. Shareholders/investors – Nil
 - b. Lenders – Nil
- 6. Number of the above complaints pending resolution at close of year:**
Not Applicable
- 7. Value of non-disputed fines/ penalties imposed on your business by regulatory and judicial institutions in the year?**
Nil
- 8. Number of complaints/ cases of corruption and conflicts of interest that were registered in the year?**
Nil
- 9. Details of unmet obligations (fiscal, social, etc.) arising out of any benefits or concessions provided by the central, state, or local governments:**
Nil

Leadership Indicators:

- 1. Percentage coverage of all employees by awareness programmes for the Guidelines:**
 - a. In reporting year - 100 % of the functional heads
 - b. Total to date - 100%

The reporting under the guidelines are ensured by the functional heads and the awareness programme for the guidelines was conducted to the said functional heads.
- 2. Percentage of suppliers and distributors (by value) covered by social and environmental audits:**
 - a. In reporting year - 10
 - b. Total to date - 29 (last 3 years)
- 3. Was report on responsible business conduct made, in the year:**
 - a. As per mandatory / global reporting frameworks -** The Company follows Global Reporting Standards (GRI).

- b. Available in the public domain** - Internal Report on the said standards is generally prepared for reporting to management. The said report is not available in public domain.
 - c. Assured by a third party** - Internal Report is being prepared and assurance on such report will be obtained thereafter.
- 4. Details of non-disputed fines / penalties imposed on your business by regulatory and judicial institutions in the year available in public domain:**
Nil
- 5. Provide examples (up to three) of corrective action taken on the above fines / penalties imposed.**
Not Applicable.
- 6. Provide examples (up to three) of corrective action taken on the complaints / cases of corruption and conflicts of interest to prevent recurrence.**
Not Applicable

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

Essential Indicators:

- 1. List top three goods / services (revenue in the year) which incorporate environmental and social concerns, risks, and / or opportunities in their design.**

Material Conservation:

The Company has reduced 1.5 kg of steel and 1 kg of aluminium in Jupiter product. This amounts to approx. savings of 855 tonnes of Steel and 570 tonnes of Aluminium and resulted in 6,800 tonnes of CO₂ emission reduction.

Fuel conservation during use phase:

Apache 200 4V E100 is developed in FY2019-20 which can run only on Ethanol fuel. This leads to reduction in consumption of non-renewable fossil fuel. Moreover, the bio-based Ethanol fuel is considered as 'carbon neutral'.

Risks and Opportunities:

The Government is imposing stringent norms on emissions to curb global warming, combat climate change and dependence on imported fossil fuels.

Hence, the Company has reduced emissions like Carbon Monoxide (CO) up to 80% and Hydrocarbons (HC) up to 93% & Oxides of Nitrogen (NOx) up to 94%. Further, iQube, an electric two-wheeler vehicle which has zero tailpipe emissions was launched during 2019-20.

- 2. Details of investments in specific technologies to improve the environmental and social impacts (top three by value):**

- The Company has invested in R&D for production of Electric Vehicles (EV). These EVs have zero tailpipe emissions and hence, CO, HC, NOx and CO₂ are reduced.
- The Company has developed advanced technologies to reduce the tailpipe emissions like CO, HC and NOx from the vehicles. Further, through Electronic Fuel Injection (EFI) system, the Company is able to increase Fuel Economy (FE). This has led to decrease in CO₂ emissions (per km) up to 10% across all products.
- The Company has also developed Apache 4V 200 on E100 fuel, which can run on 100% Ethanol. Bio based Ethanol is considered to be carbon neutral.

- 3. Percentage of input material and services (by value), in the year, sourced from suppliers adhering to internal or external sustainability standards / codes / policies / labels**

100 %

4. Percentage of total raw material consumed in the year (by value) that consisted of material that was recycled or reused) (a.<5% ; b. between 5%& 25%, c. > 25%):

It is <5%.

Recycled PP are used for the non-critical plastic parts and recycled chip board for 3W seat base.

5. Describe the process in place to safely collect, reuse, recycle and dispose of your products at end-of- life:

- The Company's products are beyond 90% reusable, recyclable, recoverable (cumulative).
- Recyclability symbol marking done on the plastic parts (more than 100g component) for easy identification during recycling.
- The Company restricts usage of restricted hazardous chemicals in the components. An internal standard is created considering various national and international laws on hazardous substance. Hence, during recycling, the hazardous substances will not enter into air, water and soil.
- On the battery, recycling symbol is marked. At the end-of-life, these batteries will reach recyclers through our dealers and channel partners.

Leadership Indicators:

1. For goods and services that incorporated environmental and social concerns, give details of:

a. Resource use (energy, water, raw material) per unit produced in the year:

Resource use per unit produced in the year:

- Energy: 0.19 GJ/Vehicle
- Water: 0.20 KL/Vehicle
- Material -
 - Ferrous Metals : 67 kg/Vehicle
 - Non-Ferrous Metals : 21 kg/Vehicle
 - Non-Metals : 17 kg/Vehicle
 - Paint : 1.53 kg/vehicle

b. Reduction in resource use covering sourcing, production and distribution in the year:

Reduction in resource use:

- Sourcing: 3% of reduction through value engineering
- Production:
 - Paint resource saving 945 MT.
 - Introduction of Robot paint application, implementation of hybrid paint, elimination of primer application, optimization of process parameters, operator's skill enhancement through virtual trainings and reduction of rework.
- Distribution:
 - 1) Optimised route for trucks from plants and Authorised Ware Houses to dealers - 4,65,063 litres fuel saved per annum.
 - 2) Increased utilisation of trucks carrying FG vehicles - 31,644 litres fuel saved from December 2019 to March 2020.
 - 3) Value addition and Value Engineering (VAVE) in vehicle packing cover - reduced plastic consumption - 973 tonnes per annum.

c. Sustainability standards/ codes/ labels adhered to:

Following Sustainability Standards / codes / labels adhered:

- 1) Labels related to emission standards
- 2) Recyclability symbol on the Plastic and Rubber parts as per ISO 11469

- 3) Battery disposal instructions
- 4) RoHS compliance on the premium product
- 5) Reusability, Recyclability and Recoverability (RRR) rate values calculation (Average 94%) as per ISO 22628
- 6) International standards for hazardous chemicals restriction (AIS129, Directives 20011/65/EC, EC 1907/2006, 2000/53/EC).
- 7) Compliance to Central Motor Vehicles Rules (1989), Applicable Automotive Industry Standards (AIS), Bureau of Indian Standards (BIS), International standards for raw material.

d. Product life cycle assessment completed

Life Cycle Assessment (LCA) studies were completed considering raw material extraction, manufacturing, assembly, logistics, use phase and final disposal in the following products- RR 310; Apache 200 and Jupiter.

2. Information on the impacts of your products across the value chain communicated to:

a. To which stakeholder groups?

Customers, Dealers, Suppliers, Internal stakeholders (employees), Local Communities, Recyclers, Certifying agency, Government bodies, Investors and shareholders, Trade Unions.

b. By which channels for each group?

1. Customers -
User manual, service manual, social media, mobile applications, Company website, labels on the product.
2. Dealers -
Information passed through training, Service Manual, Newsletters, General body meeting.
3. Suppliers -
Design documents, Internal Standards, E-business portal, personal interaction, site visit, E-communication.
4. Employees -
Internal Standards, Homologation requirements, training, Employee survey, Company general meetings, Quarterly magazines, Acts / Laws / Rules laid by Government of India
5. Recyclers -
Recycling symbol marked on the parts.
6. Certifying Agencies & Government bodies -
Test reports, Compliance reports.
7. Investors -
Annual Reports, Investor meets, Media releases, Company website
8. Local Communities -
Through CSR activities

c. At what frequency?

Annually, quarterly, monthly and need based.

3. Provide examples (up to three) on how the feedback received from stakeholders is used for improvements:

- The Company has strong team which gathers information through market survey, customer research, etc. It has developed its own methodology for this purpose. The Company incorporates these inputs to design & development of new products and also to upgrade the existing products.
- BS-VI regulations -
The Company has complied with BS-VI regulation ahead of time.

- Fuel Economy -

The Company optimizes various performance parameters to achieve higher fuel economy of the vehicles. This helps in reduction of consumption of gasoline during use phase. With the help of EFI technology, there is an increase in fuel economy up to 10% across products.

PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS.

Essential Indicators:

1. Complaints received on cases arising out of discrimination and Number of complaints received in the year :

The Company follows clear code of conduct and the same is communicated to every employee.

It clearly states that the Company is an equal opportunity employer and prohibit any kind of discrimination/ favouritism on the basis of gender / region / religion / race / caste / colour any abide by laws of the country.

During 2019-20 the Company has not received any complaints relating to discrimination.

2. Number of the above complaints pending resolution at end of the year:

Not applicable since during the year 2019-20, the Company has not received any complaints relating to discrimination.

3. Percentage of permanent employees who are members of the employee association(s) recognized by the management:

100% of permanent employees are members of TVS Motor's Employees Union affiliated to INTUC.

4. Percentage of your establishments / value chain that has been audited in the year for - a. Child labour; b. Forced/ involuntary labour:

As a part of Internal audit, this particular aspect is scheduled and covered during the audit process. Audits are conducted in all locations of the Company.

5. Number of cases of child labour in your establishments / value chains identified to date - a. Resolved; b. Pending resolution:

There are no cases of child labour.

6. Number of cases of forced / involuntary labour identified to date - a. Resolved; b. Pending resolution :

No cases reported.

7. Percentage of your employees that were paid above the legal minimum wage in the last year:

100%. Majority of employees are above the legal minimum wage limit as agreed through long-term wage settlements for our Workforce and market / industry benchmark for Executives and Managers.

Stipends for trainees are fixed above legal minimum wage limit through attracting talent from campus / market.

8. Ratio of the highest salary paid to the lowest salary paid amongst your permanent employees:

Refer Annexure V to the Directors Report for the year 2019-20.

9. Number of cases of delay in payment of wages during the year - a. Resolved; b. Pending resolution:

NIL. Wages for employees are paid on or before last working day of the month. Stipend for trainees is paid on or before 7th day of every month.

Wages for contract workforce is ensured to be paid through Service providers on or before 7th day of every month.

10. Number of complaints related to harassment to date - a. Resolved; b. Pending resolution:

The Internal Committee (IC) meets regularly towards reviewing issues raised and solved on harassment. It also submits its annual report as stipulated by the POSH Rules.

The Company has not received any complaints relating to harassment till date.

11. Percentage of employees (all categories) trained on health and safety issues and measures - a. In the year; b. Total to date:

100% of new recruits in all categories including Workforce, Executives and Managers undergo health and safety orientation before being deployed.

100% of contract workforce is also provided health and safety orientation periodically.

In addition, regular and scheduled role-based, process-based health and safety programmes are conducted for employees.

As a special drive, over 10,000 personnel in the Company's value chain covering Employees, Employee families, Suppliers and Service Providers were trained on road safety awareness.

Towards health and wellness, walker's club was launched with active response from all employees and six events of about 10 kilometers walkathon/ trekking were conducted.

12. Percentage of employees provided training and skill upgradation - a. In the year; b. Total to date:

In-house developed role based online learning management system is available towards identifying training needs for every employee as a part of annual planning process for their current and next role competency requirement.

Training programmes are scheduled and employees are encouraged to upgrade themselves by getting certified through online/classroom training.

TVS Institute for Quality and Leadership, a Globally Certified Corporate University has been established to provide powerful learning solutions and an environment to evolve people, culture, strategy, processes and eco-system towards sustained global leadership of TVSM and group companies.

Leadership Indicators:

1. Categories of employees (list up to three) supported by affirmative action, and has there been any change from the previous year:

Workforce, Executives and Managers are the three categories of employees.

Continuous efforts are made towards affirmative actions as and when opportunities arise for recruitment/ engagement of Workforce, Executive and Managers.

During 2019-20, towards improving gender diversity, a team of women workforce trainees have been engaged on rolls at Nalagarh plant while at other locations, it is about 10%.

2. Percentage of non-permanent employees that are linked to any standing platform/ association:

For 100% of non-permanent employees, the Company has different platforms as mentioned below:

a. Trainees/Temporary workforce-Contact programmes are scheduled and conducted periodically to feel the pulse on Things Going Right (TGR) and take action on Things Going Wrong (TGW).

b. Contract workforce- Apart from periodic connect programme, annual 'Partners in Progress Meet' is leveraged to obtain feedback and take correction and corrective actions.

3. Percentage of children identified as employed in your establishments / value chain that have been remediated - a. In reporting year; b. Total to date :

No cases of child labour.

As a system lock, hiring process allows only adults aged 18 years and above.

As a part of daily management, entry into the premises is restricted only for persons 18 years and above.

With all our Supplier and Service provider, this requirement is one of the clauses in all our Business agreements mentioned and enforced.

4. Percentage of forced/ involuntary labour identified in your establishments / supply remediated - a. In reporting year; b. Total to date:

NIL.

Engagement of Employees, Suppliers and Service Providers is through contract of employment and agreement which contains the clause for separation by giving notice on either side.

5. Examples of steps taken (up to three) to prevent adverse consequences to the complainant in the case of harassment cases:

As mentioned in Code of Conduct, all complaints, enquiries and investigations are treated with confidentiality and the protection to whistle blower is also assured.

Needless to mention, any attempts to intimidate the whistle blower is also treated as violation of Code of Conduct and communicated to all employees.

Information revealed by the committee is strictly on a need to know basis. The process followed is with Principles of Natural Justice, maintaining anonymity of the employee.

6. Percentage of supply chain partners (by value) that were assessed for adherence to health and safety practices:

100% of the suppliers and service providers.

7. Describe the work-life balance issues (up to three) that were brought up by employees:

- a. No access to personal mobile phone for Executives during work-hours unless authorized by the Company.
- b. Difficult to have sustainable work-life balance for Executives and Managers due to alternate Saturday working pattern.
- c. With plant located off-highway, difficulty to reach the nearest public transportation access point.

8. Examples (up to three) of identified work-life balance topics that have been implemented:

- a. Mobile phone policy has been revised to facilitate Executives to bring non-camera mobiles to factories.
- b. Five-day work pattern has been introduced for Executives and Managers towards facilitating sustainable work-life balance and peruse their interests and passion.
- c. Shuttle bus services have been introduced to facilitate transportation to the nearest public transportation access point. This facility is available for all employee including our Suppliers and Service providers.

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

Essential Indicators:

1. List stakeholder groups that have been identified as key to your business:

Customers, Dealers, Employees, Policy Makers, Government, Regulatory bodies, Shareholders, Investors, Suppliers, Trade Union, Media and Local Community.

2. Positions / departments / functions responsible for engagement with each stakeholder category identified above?

- Customers & Dealers: Marketing, Sales & Service
- Community: CSR wing
- Policy Makers, Government, Trade union and Employees: Human Resource Development
- Suppliers: Central Purchase (CP), Central Procurement Group(OPN), Supplier Quality team (QAD)

- Media: Corporate Communication Department
- Investors: Finance and Secretarial Department

3. Number of stakeholder groups that were formally engaged on environment and social issues in the last year:

Four stakeholder groups were formally engaged on environment and social issues.

In addition, 'Sustainability Conference' was launched involving key stakeholders viz., Policy makers, Research organizations, Environmental experts, Suppliers, Dealers, Service providers and Group company representatives.

200 members participated creating awareness and commitment on sustainable development.

4. Percentage of input material and services (by value), in the year, that were procured from local and small vendors / producers:

92% of the input is sourced from local vendors (within India)

8% of the input is sourced from MSME suppliers.

Leadership Indicators:

1. Frequency of engagement with each stakeholder group:

Daily, Weekly, Monthly, Quarterly, Yearly - Based on the needs and Key Performance Indicators (KPI) review schedules.

2. Examples (up to three) of how the business has incorporated inputs from stakeholders:

As explained in Principle No.2, Leadership Indicator, Question No.3.

- The lockdown on account of the CoVID-19 pandemic affected all our channel partners including dealers and put significant pressure on their working capital. Taking a cognizance of their concern, the Company announced a slew of measures to assist such dealers which included waiver of interest on their outstanding amount. This initiative was appreciated by them.
- While the Company requires the suppliers to perform well on the quality, cost and delivery metrics, suppliers had concern about the ways and means of support that would come from the Company in terms of constant communication. Based on the supplier requirements, a web portal called <https://tradewithtv.com> is run by the Company and actively used for sharing Quality & Delivery performance and payment status to supplier. This is a live information sharing portal enabling all stakeholders to have constant communication with suppliers.
- To address the concerns of employees during the CoVID-19 pandemic lockdown period an app was developed by the Company's IT team. Through this app, the employees were given an access to update their emergency requirements (medical attention, cash requirements and certain essential goods) on a daily basis which were handled appropriately by the CoVID committee members.

3. List of the vulnerable and marginalized groups in each stakeholder group :

Community - villagers and economically deprived children and woman.

4. Examples of decisions and actions taken by the business to address the interests of vulnerable / marginalized groups :

- Company has taken initiatives under CSR focusing on key areas of Economic Development, Health, Education, Infrastructure, Environment and Social & Cultural Development.
- The Company distributed 1 million masks during CoVID crisis.
- 6,500 meals packet per day were distributed to poor & needy / BPL / medical staff / Police from day 1 of lockdown.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators:

- 1. Percentage of employees that have been provided training on human rights issues - a. In the year; b. Total to date:**

The Company has put in place a Code of Conduct that covers Human rights issues and is applicable to all employees to adhere and uphold the standards contained therein.

E-module has been developed and deployed.

- 2. Employee categories that are covered by the human rights policies of the business - Permanent/ Contract/ Casual**

All categories of employees viz., Permanent / Contract & Casual are covered by the Human Rights Policies.

- 3. Number of business agreements and contracts with third party partners that were reviewed in the year, to avoid complicity with adverse human rights impact in the previous year:**

100% of business agreements are reviewed so as to ensure protection of Human Rights.

- 4. Stakeholders groups governed by the grievance committee for human rights issues:**

The grievance committee meets periodically to review complaints raised if any through e-mail id provided or otherwise from any of its stakeholder groups viz., employees, visitors, suppliers, service providers etc.

- 5. Number of stakeholders that reported human rights related grievances and/or complaints - a. Received in the year; b. Pending resolution:**

Nil

Leadership Indicators:

- 1. Percentage of contractual employees and value chain partners that have been made aware / provided training on human rights issues - a. In the year; b. Total to date:**

Contract workforce are engaged through professional service providers.

Contract agreements contain compliance to all statutory labour laws including POSH.

Service providers and contract workforce are periodically provided with orientation on human rights aspects.

- 2. External stakeholder groups and representatives that are covered by the human rights policies of the business:**

All contract agreement with stakeholders have clauses pertaining to Industrial & labour laws compliance, which takes care of human rights.

A separate Human Rights Policy is being drafted.

- 3. Stakeholder groups that have been made aware of the grievance mechanisms for human rights issues - a. During the year; b. Total to date:**

100% of stakeholders have been made aware of the grievance mechanism for any issues including human rights with clear redressal process.

ethics@tvsmotor.com is an exclusive email id created for this purpose.

In addition, following programmes enable picking up early warning signals and taking action closer to the source of occurrence.

- Employee Contact Program - Monthly
- Employee Address - Monthly
- Open Door Policy
- Plant Committee Meeting - Monthly
- Workers participation through various committees which meet periodically / monthly
- Need based meetings with Union

4. List (up to three) corrective actions taken to eliminate complicity with adverse human rights impact in the last year.

Nil

5. Provide (up to two) examples of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.

Not Applicable.

6. Provide details of the scope and coverage of any human rights due-diligence conducted during the year.

Nil

PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT.

Essential Indicators:

1. Material risks of potential or actual adverse impact upon the environment and communities by the business:

a. Identified in the year:

The Company has identified hazardous chemicals that pose risk to the environment as well as to the society.

- Restriction of Hazardous Substances (RoHS) Directive - 2011/65/EU - Identified in FY 2018-19
- Persistent Organic Pollutants (POPs) - Identified in the FY 2018-19.

b. Mitigation and adaptation measures put in place for the above environmental risks:

The Company has created internal material standard that lists all the prohibited and declarable substances.

This internal standard is shared with our designers and suppliers, and they are trained. Declaration from the suppliers are received for the same.

Resource conservation:

- With the advanced simulation tools, product designs are optimized and continuously pursued to reduce the weight of the components. As mentioned in the Principle 2, about 2.5 kg is reduced overall per Jupiter vehicle. Similar trends are seen across other products as well.
- The Company optimize various performance parameters to achieve higher fuel economy of the vehicles. This helps in reduction of consumption of gasoline during use phase. With the help of EFI technology, there is an increase in fuel economy up to 10% across products.

2. Good practices (up to three) in reduction, recycling, and reuse initiatives that contributed to lowering the adverse environmental footprint of your business activities:

- Considering life cycle of the vehicle, the highest impact of the vehicle is during its "use phase" and it is ~90% of total emissions. Tailpipe emissions are drastically reduced like CO up to 80%, HC up to 93% and NOx up to 94%.
- Usage of recycled content in the plastics parts (5%, 10%, 15%, 20%) and 100% recycled material.
- In 3-Wheeler manufacturing plant, the Company has installed "used engine oil" recycling unit. In this unit, the engine oil drained prior to dispatch is recycled and reused. The estimated CO₂ emission reduction is about 700 tonnes.
- Painting is eliminated in 8 parts across products resulting in resource conservation and Volatile Organic Compound (VOC) emission reduction.

3. Examples of any collective action by your business with other businesses / NGOs / government agencies / international partners / development institutions undertaken to address any of the environmental risks opportunities identified above:

The Company has been collaborating with various stakeholders and taking collective actions towards addressing environmental risks and opportunities.

For example Campaigns conducted jointly by the Company with neighbouring industries towards creating awareness to neighbouring communities on the risks of using 'one-time use and throwaway plastics'. Subsequently, one-time use plastics clean-up drive was taken-up jointly with them around 10km radius of Hosur plant.

Similarly, collaborated with Tamil Nadu Pollution Control Board and installed a permanent display board at Krishnagiri Toll Plaza for creating awareness on banned single-use plastic items.

The Company has also supported Tamil Nadu Pollution Control Board for one-time clearance of hazardous wastes.

The Company is collaborating with water treatment solution providers to develop recycling schemes for the wastewater generated at the Company's service stations.

The Company hosted a conference on "**Sustainability in Manufacturing Supply Chain 2020**" with the envisionment - Articulating long-term sustainability goals and evolving the strategies by learning & sharing of best practices to realize stakeholder value through optimization of economic, environment and social bottom-line.

Policy makers, research organizations, environmental experts and other corporate experts shared their learnings in the conference. Suppliers, group company representatives and dealers have participated in this conference.

The Company will be coming out with a white paper on this conference with clear long term targets and actions on sustainability.

4. Details of any adverse orders in respect of any show cause / legal notices from CPCB/ NGT/ SPCB received during the year:

Nil

Leadership Indicators:

1. Information on environmental impact assessments undertaken in the year:

- a. Have the results been communicated in the public domain.**
- b. Provide details of any actions taken to mitigate any negative social impacts.**

Necessity for Environment impact assessment did not arise.

2. Risk management strategies and measures for each material environmental risk identified for the business:

a. Details of measures:

Risk Management Strategies:

Hazardous chemical elimination:

- The Company has created standard that contains list of hazardous chemicals. This list is shared internally and to the suppliers for compliance.
- Replacement of hexavalent chromium passivation with trivalent chromium passivation in the products.
- Also, the Company is in the process of finding alternatives to chromium passivation called CNM (Chrome no more) coating for decorative parts.

Reduction of CO₂ emissions:

The Company's policy and actions are principally aimed to reduce CO₂ emission intensity. Following are the major steps:

- Reduced to 38,500 tonnes CO₂ through material weight reduction in FY 2019-20.

- Reduced about 30,000 tonnes CO₂ through fuel economy increase in FY 2019-20.
- CO₂ reduction through alternate fuels- launched Apache 200 4V E100 that runs only on Ethanol.
- CO₂ reduction through electric vehicles which has zero tailpipe emissions, launched in FY2019-20.

b. Targets and achievement values:

S.No	Risk	Target	Achievement
1.	Rapid change towards low emission and alternate fuel vehicles.	On-time implementation of BS-VI	Tailpipe emission which is better than BS VI requirements have been achieved in products. We are also ready with alternate fuel platform including EV and Ethanol.
2.	Climate change risk arising from Green House Gas (GHG) Emissions from product and manufacturing processes.	Target is to achieve 50% energy from renewable sources.	76% renewable energy achieved.
		Improve fuel efficiency and reduce tailpipe emissions.	Tailpipe emissions are drastically reduced.
		Increased utilisation of trucks carrying FG vehicles	31,644 litres fuel saved from December 2019 to March 2020.
3.	Ground water depletion and deteriorated ground water quality.	Adopting advanced treatment process viz., Membrane Bioreactor (MBR) towards achieving the quality suitable for RO recycling.	MBR based treatment process is implemented in Hosur plant. A fully automated Supervisory Control and Data Acquisition (SCADA) controlled treatment scheme is implemented in Mysore plant.
		50% recycling and reuse of process water in Nalagarh plant.	RO recycling plant to recover 50% process waste water is installed in Nalagarh plant.
		Implementation of 500 Kilo Litres per Day MBR based treatment plant for surface water to minimise the use of ground water.	A fully automatic MBR based water treatment plant to treat surface water to meet the requirement of potable water quality is installed.
		100% harvesting of rain water.	All the Company's manufacturing locations have percolation ponds / farm ponds to collect and recharge ground water.

3. Details of your specific contribution to India's Nationally determined Contributions (submitted at UNFCCC COP21 in 2015):

The Company has a policy that addresses combating "Climate Change" by improving energy efficiency and use of renewable energy.

The Company's Energy Management System has already made significant progress towards improving energy efficiency. The Company covers most of its electricity consumption with renewable energies and is 76% during FY 2019-20. The Company has its own plants for the production of electricity from renewable energies. The Company also has an electricity supply contract from renewable energy suppliers.

The Company record the emissions according to GHG Protocol. 68% reduction in GHG Emissions Intensity compared to FY 2011-12.

4. New businesses - products - services created to address the material environmental risks identified:

The Company launched iQube, an electric two-wheeler vehicle which has zero tailpipe emissions during 2019-20.

a. Information on businesses created:

Electric vehicles are introduced in the market during FY2019-20. These have zero tailpipe. Ethanol compatible vehicles are launched to reduce the emissions from the fossil fuel.

b. Percentage of revenue contributed by these:

Revenue yet to be realized.

5. Details of good practices cited in reduction, recycling, and reuse initiatives benchmarked against industry best practice:

- The Company's products are beyond 90% reusable, recyclable, recoverable (cumulative).
- The Company has adopted 4R principle of Refuse, Reduce, Recycle & Reuse towards water conservation initiatives. The Company has also advanced technologies in waste water treatment to facilitate RO recycling. The Company's specific water consumption has reduced by about 20% in last 5 years.
- The Company has implemented Volatile Organic Compound abatement in paint baking oven through Regenerative Thermal Oxidiser (RTO). The waste heat from RTO is recovered and reused.
- The chemical sludge from waste water treatment plant and paint sludge generated from paint application are used for co-processing in cement industry.
- The Company also use solar energy for pre-heating of air used in paint baking oven.
- The Company refine and pressurize biogas generated from used food before it is used in the kitchen.

PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

Essential Indicators:

1. Review public policy advocacy positions by the governance structure for consistency with Principles of these Guidelines a. Frequency; b. Month/ year of last review:

The Company works closely with leading Industry Associations and Chambers of Commerce at International, National, State and Local levels to advocate and pursue various causes that are in the larger interests of industry, economy, society and the public.

From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development, women empowerment.

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

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

2. Names of trade and industry chambers and associations that you are a member/affiliate of:

The Company is member of :

- Confederation of Indian Industry (CII);
- Society of Indian Automobile Manufacturers (SIAM)
- Automotive Research Association of India (ARAI)
- SIAM - HCG (Human Capital Group)

- Bangalore Chamber of Commerce
- Employee Federation of India
- Indo Japanese Chamber of Commerce and Industry
- National Safety Council

3. Details of any adverse orders received from regulatory authorities for anti-competitive conduct by your business:

Nil

4. Monetary contributions (if any) that have been made to political parties:

₹ 6 Crore.

Leadership Indicators:

1. The public policy positions available in the public domain:

Skill Development:

The Company has tied up with 21 Vocational training centres and through a 3 months training course where 332 technicians were trained. Out of 332 technicians, 180 technicians had completed 3 months "On the Job Training" (OJT) at Company's Dealerships. Out of which 104 Technicians were placed in Company's Dealer workshops.

Details of any new tie up is published in local newspapers:

The institutes also distribute fliers and leaflets to nearby areas, cities and towns regarding the admission of batches.

2. Examples (up to three) of any policy changes in the past year as a result of your advocacy efforts:

The Company through SIAM facilitated for release of draft guideline notification for setting up authorization and operation of Authorized Vehicles Scrapping Facility (AVSF) with inputs from Automotive Industry Standard AIS-129 (End life of vehicles).

3. Details of corrective action for anti-competitive conduct, taken by the business based on adverse orders from regulatory authorities:

Not Applicable.

PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators:

1. Social impact assessments of your business operations conducted:

a. Number completed in the year?

The Company carries out its welfare and CSR activities through Srinivasan Services Trust (SST), the CSR arm of the Company and also through other implementing agencies.

SST's intervention under CSR are mainly confined to individual and household level, the measure on the impact are regularly made at village level internally through few indicators such as:

- Increase in community involvement on SST initiatives in villages as equal partner in the process of change.
- Increase in the delivery of existing government schemes and programs in villages which enable a win-win situation for people and government officials.
- Increase in the level of ownership by community towards sustainability of development created in villages through community based organizations.

b. Number conducted by an independent external agency.

No social impact assessment was done by external agencies in this year.

Development of Social impact assessment matrix by an external agency is under progress in SST.

2. Examples of products, technologies, processes or programmes (up to three) that contribute to the benefit of the vulnerable and marginalized sections of society:

- Facilitating formation of Self Help Groups (SHG) among rural women.
- Facilitating SHGs to avail credit facilities from banks
- Enabling farmers to utilize the benefit of Agriculture schemes announced by the Government.
- Undertaking infrastructure repair works for balwadis, school, health centre, water supply and water storage structures.
- Conducting adult literacy programs among village women folk.
- Encouraging farmers to adopt good agricultural practices for increasing yield.

3. With respect to projects during the year for which Re-settlement and Re-habilitation (R&R) is applicable - a. Number of persons that were affected / displaced by these projects ; b Gross amount paid out to project-affected and displaced persons:

Not applicable.

4. Details of investments (top three by value) in regions which are underdeveloped:

To implement the CSR activities the working areas are categorised into clusters based on geographical division. The top three invested clusters during this year includes:

1. Thirukurugudi, Tamil Nadu - ₹ 151.85 lakhs
2. Hosur, Tamil Nadu - ₹ 117.58 lakhs
3. Padavedu, Tamil Nadu - ₹ 94.10 lakhs

5. Examples of goods and services (up to three) that incorporate local traditional knowledge:

The resource and skills available with the Company and employees are transformed to community for making better quality produce such as:

- Systematic way of honey collection without disturbing the bees and honey combs.
- Concerting waste banana bark into value added product.
- Concerting palm leaf into handicraft product.
- Making of eco-friendly bags from jute.

Similarly the products produced by the community on good quality and enhanced quantity are utilized by Company in canteens and by employees.

6. Summary of the key themes covered by CSR initiatives (as per Section 135 of Companies Act, 2013) or linked to the CSR Policy of the business:

- The Company CSR initiatives towards developing a conduit between the government and local communities, enabling people to access various government schemes and benefits.
- The attempt is to make people independent and drivers of change themselves. The idea is to eventually convert individual beneficiaries into community leaders, who in turn motivate and guide others to bring about social and economic transformation of communities.
- Development of rural communities requires a holistic approach where different aspects in an individual's life need to be addressed.
- The economic well-being, education, social empowerment, health of the community and clean environment are all interrelated. Improvement of any one parameter often results in a commensurate improvement in others.

Leadership Indicators:

1. With respect to these social impact assessments

a. Results made available in the public domain:

The results of social impact assessments of SST is made available in its Website: www.tvssst.org.

b. Details of any actions taken to mitigate any negative social impact:

No such negative social impact noticed. SST has in house planning, implementation and monitoring team, which review the project activities in various locations at periodic intervals. The CSR team are flexible to take forward the learning at every stage of the project and do course corrective measures.

2. Numbers benefitting from such beneficial products, technologies or processes:

- 485 women SHG formed with 6950 members.
- ₹ 15.68 Cr received as loan by women SHG members from banks.
- ₹ 25 Cr worth of government schemes availed by farmers in our working villages.
- 204 infrastructure works repaired / improved.
- 526 families got direct benefit through WADI plantation.
- 1580 illiterate women motivated to undergo literacy classes.
- No. of Farmers enabled to undertake soil fertility measures: 2300
- No. of Farmers enabled to undertake soil & water conservation measures: 750
- No. of Farmers enabled to undertake crop protection measures: 900

3. With respect to projects during the year for which R&R is applicable - a. Was the R&R package developed in consultation with project-affected people; b. Information on gross amounts, made available in the public domain:

Not applicable.

4. Channels/ platforms used to communicate Information regarding resolution of grievances / complaints from communities:

CSR team members lives in villages where welfare activities are carried out, in order to understand the needs and receive feedback then and there.

Continuous interaction with community to understand the benefit and utility of various programs implemented through SHG meetings, Gram sabha and meeting with various community based organisations.

Feedback from government officials at local, block and district level on the effectiveness on implementation of the government welfare schemes and programs at grass root level villages.

5. Examples (up to three) of economic and social value addition in these underdeveloped regions:

- Community involvement for inclusive development: Treating the community as equal partners in the process of change. They also play an active role on monitoring and evaluation.
- Facilitate and strengthen delivery of existing Government schemes and programs: enabling a win-win situation for the local Government officials and institutions. Hence check and balance done by government departments.
- Empower CSR task force for achieving sustainable outcomes.

6. Examples where benefits of this local traditional knowledge being used by the business are shared with the community:

The learnings we have within factories which are suitable for village environment will always be utilized in our intervention villages. Few such learning in Company shared with community are:

- The needed resources which including ideas, inspiration and funds may are all be within reach but mobilization of the needed is key.

- Identify the priority needs and focus to ensure the benefits of development reach.
- Effective targeting is key to achieving maximum impact.

From a struggle for access, to a path paved with opportunities:

- Irulambarai, Tamil Nadu - once was a road less village.
- Children couldn't access their school as the small path that cut through fields was unsafe.
- Farmers had to hire people to carry their produce as head loads to neighboring markets. Even a sick person had no choice but to be carried up to this point.
- The 2 kilometer stretch was the main stumbling block in the progress of the people. The villager's efforts to resolve this by approaching various ways had failed.
- The SST met leaders of the community and key beneficiaries. They were briefed and it was decided that instead of searching outside source, villagers themselves would carry out the construction of the road - our first taste of self-reliance.
- Of the total cost of ₹ 2,00,000, a sum of ₹ 30,000 came from key beneficiaries in the village whilst the rest was contributed by SST.
- It took a month to complete the project. Today, the gravel road is more than a lifeline.

Knowledge being used

- A lot of development work in agriculture-based communities is about finding local cost-effective solutions.
- It is important to first offer a holding hand so that people gain confidence to follow.
- People's mindsets are changing and they are taking the initiative for fulfillment of their needs.

7. Number of beneficiaries covered under your CSR projects (as per Section 135 of Companies Act, 2013), disaggregated by the vulnerable and marginalized group categories:

SST CSR initiatives are in 5000 villages enabling people to enhance the socio economic condition.

Out of 24.50 lakhs people, 1.29 lakhs are tribal people.

8. Examples of how the impact of your community initiatives contribute to local and national development indicators:

- So far 63,000 women are enrolled by SST and enabled to do savings.
- So far 1,15,100 farmers sensitized on crop management practices and various schemes cum programs through agriculture department, agriculture institutions.
- So far 1,36,500 livestock owning families made aware on the available veterinary care services, feeding practice along with animal husbandry department and veterinary science universities.
- So far 4,80,600 households sensitized on the need of toilet construction and utilization of government support for constructing.
- So far 4,28,500 households made aware about the need of proper solid waste disposal and educated to support local panchayat for disposal of solid waste.
- Enhance water storage capacity of 272 MI tanks by desilting to a water holding capacity of 1,438 million litres.
- Sequestering and fixing carbon to a tune of 1080 tonnes by supporting for planting 5.44 lakh trees in community & private land in last five years in addition to economic benefits.

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS IN A RESPONSIBLE MANNER

Essential Indicators:

- 1. Examples (up to three) where adverse impacts of goods and services of your business have been raised in public domain:**
 - i) Effect of E10 to E100 fuel on performance and durability of 2 and 3 wheelers.
 - ii) Electric vehicle battery usage and disposal concerns at End of Life.
 - iii) Effect of M15 fuel on performance and durability of 2 and 3 wheelers.
- 2. Percentage by value of goods and services of the business that carry information about:**
 - a. Environmental and social parameters relevant to the product:**
 - User's manual - information on ride ability, usage and service, etc.
 - Identification for BS-VI vehicles
 - Recyclability and safe disposal symbol on batteries
 - Mobile charging
 - b. Safe and responsible usage:**
 - Warning on Mirror
 - Combi-brake / ABS sticker
 - Oil drain interval
 - Safety feature not to start when on Side stand
 - Warning sticker - Not to use oil with the petrol
 - Warning on speedometer
 - Engine RPM (safety)
 - Recommended Tyre pressure
 - Chain free-play status
- 3. Number of consumer complaints in respect of data privacy - a. Received during the year; b. Pending resolution:**

Nil
- 4. Number of consumer complaints in respect of advertising:**
 - a. Received during the year - One
 - b. Pending resolution - One
- 5. Number of consumer complaints in respect of delivery of essential services- a. Received during the year; b. Pending resolution:**

Nil

Leadership Indicators:

- 1. Corrective actions taken on adverse impacts of goods and services of your business - a. Details; b. Communicated in the public domain:**
 - E100 vehicle is custom designed to make it compatible with E100 fuel. The vehicle is separately labelled for customer to identify so that it may not be used for fuels other than E100.
 - The batteries reaching End-of-Life (EoL) have to be carefully disposed. Improper disposal will pose hazard to the environment. Recycling symbol as well as crossed-out wheelie bin symbols are mentioned on the batteries. Technologies are being explored to have higher recycling efficiency.

- It is proposed to use M15 fuel (15% methanol and 85% gasoline). Since, methanol is corrosive and has different characteristics than Ethanol blended fuels, we are in process of finding alternate solutions in materials which are compatible with flexi fuels for prevention of corrosion and make the vehicle M15 compatible.

2. List of national-international product labels / certifications being used by the business:

- Euro 3 to Euro 5
- Bharat Stage VI
- Japanese Industrial Standards
- UJI TIPE - Type approval test, Indonesia
- CCC - China Compulsory Certification, China
- ANLA - Autoridad Nacional de Licencias Ambientales (ANLA), Colombia
- PROMOT 4 - Programa de Controle da Poluição do Ar por Motociclos e Veículos Similares (Air Pollution Control Program for Motorcycles and Similar Vehicles), Brazil
- GSO - Gulf Standard Organization, Gulf Countries
- ADR - Australia Design Rule, Australia

3. Channel platforms where information on goods and services of the business can be accessed:

Official website, user manual, service manual, authorised service centers, social media and labels.

4. Steps taken to inform and educate vulnerable and marginalized consumers about safe and responsible usage of products:

Service station personnel are comprehensively trained to educate vulnerable, marginalized and all types of customers.

5. On complaints received in respect of data privacy and advertising, indicate what corrective actions were taken to ensure that these do not get repeated.

Not Applicable.

6. Processes in place to inform consumers of any risk of disruption/ discontinuation of essential services:

Not Applicable.

For and on behalf of the Board of Directors

Chennai
28th May 2020

VENU SRINIVASAN
Chairman

Annexure - VIII to Directors' Report to the shareholders Report on Corporate Governance

1. Company's philosophy on code of governance

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

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

Good corporate governance, acting in accordance with the principles of responsible management which aimed at increasing enterprise value on a sustainable basis, is an essential requirement for the TVS Group.

The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct and Ethics and Code of Conduct to Regulate, Monitor and Report trading by Insiders for prevention of insider trading by the Directors and Designated Persons and Code of practices for fair disclosure of unpublished price sensitive information and various other policies available on the Company's website www.tvsmotor.com.

2. Board of Directors

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

2.1 Composition and category of Directors:

The Board has sought to balance its composition and tenure, and that of its Committees and to refresh them gradually from time to time so that they can benefit from the experience of longer serving Directors, and the fresh external perspectives and insights from newer appointees.

As on 31st March 2020, the total strength of the board was twelve. As the Company has an Executive Chairman viz., Mr Venu Srinivasan, Chairman and Managing Director, the Board is required in terms of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), to have fifty per cent of its Directors as independent directors and also to have at least one Woman Independent Director.

During the year, Mr R Ramakrishnan, an Independent Director of the Company deceased on 7th July 2019, after a brief illness.

The Board has six Non-Executive Independent Directors (NE-ID) viz., M/s T Kannan, C R Dua,

Prince Asirvatham, Hemant Krishan Singh, Lalita D Gupte and R Gopalan.

The board also has three Non-Executive Non-Independent Directors (NE- NID), viz., M/s H Lakshmanan, Dr. Lakshmi Venu and Rajesh Narasimhan.

Mr Sudarshan Venu, Joint Managing Director and Mr K N Radhakrishnan, Director & CEO are the Executive and Non-Independent Directors. Thus, the composition of the Company's Board is in conformity with the Listing Regulations.

Non-Executive Directors are drawn from a wide range of industries and background including financial services, and have a wealth of experience of complex organisations. Many of the Company's Board members have experience of long-cycle industries, which is of great assistance in understanding the industry in which the Company operate. The Company is committed to the diversity of its Boardroom.

M/s T Kannan, C R Dua, Prince Asirvatham and Hemant Krishan Singh were re-appointed by the shareholders through Postal Ballot on 5th March 2019 for the second term of five consecutive years from 14th July 2019 as NE-ID of the Company in terms of Section 149 of the Companies Act, 2013 (the Act 2013) on the same terms of appointment and remuneration by way of fees and profit related commission, if any.

As required under Regulation 16 of the Listing Regulations, it is also ensured that Independent Directors of the Company do not hold non-independent directorship position in another company, where any non-independent director of the Company is an independent director.

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

Accordingly, the Board recommended the re-appointment of Mr H Lakshmanan, aged 86 years, at the ensuing AGM by way of a special resolution based on the performance evaluation by the Nomination and Remuneration Committee (NRC) considering his over six decades of experience in the group.

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

2.2 Board meetings:

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

Board and Committee meetings through video conferencing or other audio visual means were made available to the Directors. For restricted items of businesses, Directors participation through VC are permitted in the discussions wherever necessary quorum of Directors was physically present at the meeting.

The Company, regularly places before the Board for its review, all the information as required under Part A of Schedule II to Listing Regulations, such as annual operating plans, CAPEX budget and its quarterly updates, quarterly financial results, minutes of meetings of Committees of the Board and subsidiaries, information on recruitment and remuneration of senior officers one level below the Board, any significant development in Human Resources / Industrial Relations, show-cause, demand and prosecution notices and penalty notices which are materially important, quarterly details of foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws applicable

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

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

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

The meetings are convened through i-Pads as an eco-friendly measure. All agenda papers for convening meetings of the Board / Committees are being uploaded in digital mode well in advance.

During the year 2019-20, the Board met five times viz., 30th April 2019, 22nd July 2019, 17th October 2019, 4th February 2020 and 10th March 2020, and the gap between two meetings did not exceed one hundred and twenty days. Besides, the NE-IDs held a separate meeting on 10th March 2020, in compliance with the provisions of the Act, 2013 and Regulation 25(3) of Listing Regulations. All the NE-IDs were present at the meeting.

2.3 Attendance and other directorships:

The details of attendance of the directors at the board meetings during the year and at the last AGM held on 22nd July 2019 and other directorships and committee memberships / chairmanships as on 31st March 2020 are as follows:

Name of the Director (M/s)	Category	Attendance particulars		Number of other directorships, committee memberships / chairmanships		
		Board Meetings	Last Annual General Meeting	Other directorships*	Committee memberships**	Committee chairmanships
Venu Srinivasan (DIN 00051523)	CMD	5	Yes	17	3	-
Sudarshan Venu (DIN 03601690)	JMD	5	Yes	4	1	-
H Lakshmanan (DIN 00057973)	NE-NID	5	Yes	18	4	3
Dr. Lakshmi Venu (DIN 02702020)	NE-NID	3	No	8	3	-
T Kannan (DIN 00040674)	NE-ID	3	Yes	7	3	1
C R Dua (DIN 00036080)	NE-ID	5	No	14	4	1
Prince Asirvatham (DIN 00193260)	NE-ID	4	Yes	-	1	-
Hemant Krishan Singh (DIN 06467315)	NE-ID	4	Yes	-	1	1
Rajesh Narasimhan (DIN 07824276)	NE-NID	4	Yes	5	-	-
K N Radhakrishnan (DIN 02599393)	D&CEO	5	Yes	4	1	-
Lalita D Gupte (DIN 00043559)	NE-ID	4	Yes	5	7	2
R Gopalan (DIN 01624555)	NE-ID	4	Yes	7	3	2

CMD : Chairman and Managing Director
 JMD : Joint Managing Director
 D&CEO : Director & Chief Executive Officer

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

* includes private companies and companies incorporated outside India.

** includes committees where the director holds the position of Chairman.

- For the membership and chairpersonship in Committees, Audit Committee and Stakeholders' Relationship Committee have only been considered as per Regulation 26 of the Listing Regulations. Also, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 have been excluded.

None of the Directors on the Board is a member of more than ten committees or Chairman of more than five committees across all the companies in which they are directors. Chairmanships / Memberships of Committees include only Audit and Stakeholders' Relationship Committee as covered under Regulation 26 of the Listing Regulations, as per the disclosures made by the Directors. CMD, JMD and Dr. Lakshmi Venu are related to each other. None of the other Directors is related to any other Director on the Board.

2.4 Listed entities in which the directors hold position as director other than TVS Motor Company Limited and category of Directorship:

Name of the Director (M/s.)	Name of the company	Category of directorship
Venu Srinivasan	Sundaram-Clayton Limited	Chairman and Managing Director
	Cummins India Limited	Non-Executive - Independent Director
	The Indian Hotels Company Limited	Non-Executive Non Independent Director
Sudarshan Venu	Sundaram-Clayton Limited	Non-Executive Non-Independent Director
H Lakshmanan	Harita Seating Systems Limited	Non-Executive - Independent Director
Dr. Lakshmi Venu	Sundaram-Clayton Limited	Joint Managing Director
	Wabco India Limited	Non-Executive - Independent Director
T Kannan	VTM Limited	Chairman and Managing Director
	Sundaram Brake Linings Limited	Non-Executive - Independent Director
C R Dua	Gillette India Limited	Non-Executive - Independent Director
	Pearl Global Industries Limited	
Prince Asirvatham	–	–
Hemant Krishan Singh	–	–
Rajesh Narasimhan	–	–
K N Radhakrishnan	–	–
Lalita D Gupte	Vedanta Limited	Non-Executive - Independent Director
	Bharat Forge Ltd	
	Kirloskar Brothers Limited	
	Godrej Properties Limited	
	ICICI Lombard General Insurance Company Limited	Chairperson, Non-Executive - Independent Director
R Gopalan	Sundaram-Clayton Limited	Non-Executive - Independent Director
	Zee Entertainment Enterprises Ltd.	

None of the NEDs holds directorships in more than eight listed entities and serves as an Independent director in more than seven listed entities. As far as, managing director / whole time director in the Company are concerned, they do not serve as an independent director in more than three listed entities.

2.5 Access to information and updation to Directors:

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

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

2.6 Familiarization program

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

The program also includes briefings on the culture, values and business model of the Company, the roles and responsibilities of senior executives and the Company's financial, strategic, operational and risk management position. The induction process for NE-IDs includes plant visit for detailed understanding of manufacturing process / activities

of the Company. The details of familiarization program are available on the Company's website in the link as provided in page no. 97 of this Annual Report.

2.7 Principal / core skills / expertise / competence of the Board of Directors:

While evaluating the Board as a whole, it was ensured that the existing Board members have relevant core skills/expertise/competencies as required in the context of its business (es) and sector(s) to function effectively.

Skill	Description
Leadership/ Strategy	Experience of playing leadership roles in large businesses, with competencies around strategy development & implementation, sales & marketing, business administration/operations and Organisations and people management.
Automotive Experience	Strong knowledge and experience in automotive industry and in managing business operations of a sizeable organization in the business of manufacture and sale of automobiles.
Financial	Practical knowledge and experience in Corporate Finance, accounting and reporting and internal financial controls, including strong ability to assess financial impact of decision making and ensure profitable and sustainable growth.
Governance	Board level experience in reputed organisations, with strong understanding and experience in directing the management in the best interests of the Company and its stakeholders and in upholding high standards of governance.
Regulatory	Strong expertise and experience in corporate law and regulatory compliance in India and overseas (including industry specific laws).

The Board is well structured to ensure a high degree of diversity by age, gender, educational qualification, professional background, present activity, sector expertise and special skills (classification).

Board comprises range and balance of skills, experience, knowledge, gender, social-economic backgrounds and independence. This needs to be backed by a diversity of personal attributes, including sound judgement, honesty and courage.

Professional Background & Skills / expertise / competency of Directors:

Name of the Directors	Brief description about the Directors
Mr Venu Srinivasan Chairman and Managing Director	<ul style="list-style-type: none"> • He is also the Chairman and Managing Director of Sundaram-Clayton Limited, the holding company. He also serves on the board of T V Sundram Iyengar & Sons Private Limited, Tata Sons Private Ltd., (Tata Sons) the holding company of the conglomerate the Tata Group, Cummins India Limited and The India Hotels Company Limited; • He is also the vice chairman of various Tata Trusts; • He also oversees Srinivasan Services Trust (SST), which works in 5000 villages in India towards self-development for village communities covering education, healthcare, infrastructure, economic development, environment and community development; • Implemented Total Quality Management (TQM), a Japanese method of process-driven manufacturing in Indian manufacturing operations; • Strengthened the TQM processes within the Company which facilitated making bikes for BMW Motorrad through a strategic partnership; • He is the recipient of Deming Distinguished Service Award, granted to individuals who have made outstanding contributions in the dissemination and promotion of Total Quality Management; • He was conferred with "Goodwill Envoy for Public Diplomacy" and distinguished civilian honour "Order of Diplomatic Service Merit" (Heung-In Medal) by the Republic of Korea; • He was conferred the Padma Bhushan Award, the third Highest civilian award in India, in January 2020; • He has extensive experience in Automotive Sector over a period of four decades and has established a robust Governance Model under his leadership and management.

Name of the directors	Brief description about the Directors
Mr Sudarshan Venu, Joint Managing Director	<ul style="list-style-type: none"> • He is also a non-executive director in Sundaram-Clayton Limited, the holding company and in TVS Credit Services Limited, the subsidiary company engaged in NBFC activities. Very resourceful in his approach and implementation of strategies and turnaround of exports in a positive manner; • Made efforts on multiple fronts to make the Company's products as a whole, more aspirational; • Plays a key role in profitable exports expansion, in the e-utility and Artificial Intelligence foray by the Company; • Always strives for excellence in both quality and cost along with customer satisfaction and take advantage of emerging opportunities and catch new waves of wealth creation; • He involves himself in all spheres of management and his expertise in strategic planning, business administration and digital platform have developed the Company in its growth at a faster rate.
Dr. Lakshmi Venu, Director	<ul style="list-style-type: none"> • Involved in all spheres of management of Sundaram-Clayton Limited, the holding company as its Joint Managing Director and handles wider responsibilities for exploring new business opportunities; • She is also the Deputy Managing Director of TAFE Motors and Tractors Limited; • Played a key role in establishment of overseas manufacturing facility for Sundaram Holding USA Inc, the subsidiary company in the United States of America; • She was recognised as "Corporate India's fastest rising women leader" by Economic Times in 2017; • She has a rich experience in business strategy, product design and in-depth knowledge of automotive business.
Mr H Lakshmanan, Director	<ul style="list-style-type: none"> • Rich and long experience in all segments of the business, and helps in smooth running of management; • Pioneer in establishing the basic priorities, ethical values, policies, attitudes and culture for the Company; • Plays a key role as the most trusted mentor of the Board; • With over six decades of experience mostly devoted to human resource development, he plays an important role in inter personnel relationship with workers' union, employees representatives and has the unique distinction of performing exemplary work on industrial relations of companies; • He is committed to fulfill Director's obligations and fiduciary responsibilities; these include participation in Board and committee meetings and providing moral oversight and people management.
Mr K N Radhakrishnan, Director & CEO	<ul style="list-style-type: none"> • Has wide exposure about the industry and in-depth involvement with excellent attitude towards teamwork; • The preparedness and ability to deliver diverse targets on time during transition from BS-IV to BS-VI, helped the Indonesian subsidiary of the Company in achieving break even during the current year; • Solution orientation in audit findings and its implementations is one of his key qualities; • Significantly contributes to good governance and performance of the Company; • He has a vast experience in automotive industry and having successfully handled all activities of the Company including sales & marketing, business administration/ operations.

Name of the directors	Brief description about the Directors
Mr T Kannan, Independent Director	<ul style="list-style-type: none"> • He has a wide range of experience in textile industry and is presently Chairman and Managing Director of VTM Limited; • He has held the positions as Chairman of CII, Southern Region and of Textiles Committee, Mumbai, The Cotton Textile Export Promotion Council, Mumbai and The South India Mills' Association; • He is also a leading Educationalist, presently serving as the President of Thiagarajar College, Madurai and Chairman & Correspondent of Thiagarajar College of Engineering, Madurai; • He is a member of Syndicate Anna University, Chennai, Board of Governors of IIM, Indore and Board of Governors of National Institute of Technology, Trichy; • He is the Thakkar of Arulmigu Meenakshi Sundareswarar Thirukoil, Madurai; • He is the recipient of Perunthalaivar Kamarajar Award conferred by the Government of Tamil Nadu for promotion of Education and Social Service; • He has vast experience in financial management, Corporate Finance, business administration, regulatory and governance matters.
Mr C R Dua, Independent Director	<ul style="list-style-type: none"> • He is the Chairman of Dua Associates, a law firm engaged in providing strategic advice and direction towards growth and development of various corporates; • His experience covers a broad range of areas relating to Corporate, Finance, Securities, Infrastructure and aspects of Public Policy and Administration, Governance and Ethics; • He has a broad range of legal and regulatory experience to monitor corporate governance practices both in India and abroad.
Mr Prince Asirvatham, Independent Director	<ul style="list-style-type: none"> • Mr Prince had played a key role in design and implementation of Unilever group's global risk assurance process, in restructuring treasury operations in India and in leading the merger of the largest F&B operation in India; • He founded his current practice "Checks and Balances" in India in 2003 to promote good governance through mentoring independent directors and aspiring senior corporate managers; • He has in-depth experience in financial matters, mergers and acquisitions.
Mr Rajesh Narasimhan, Director	<ul style="list-style-type: none"> • Mr Narasimhan is an Innovative and highly adaptable leader with over three decades of experience in both start-ups and mature organizations across multiple industries including Information Technology, Consumer Durables & Consumer Electronics. He has held several senior management and executive positions at Hewlett Packard, CSC / Covansys and the TVS group and brings extensive global experience in General Management, Technology and Executive Leadership, Digital & Business transformation and Talent & leadership development; • While heading several multi - billion \$ businesses at Hewlett Packard, Mr Narasimhan successfully led critical business transformations for them both globally and in the Asia Pacific & Japan region and also advised several Fortune 500 clients in the Automotive, Consumer Goods, Financial Services, Manufacturing and Telecom industries around their business transformation through digital and technology innovation leveraging Automation, Cloud, Cyber-security, Data Analytics and Management, Mobility & Social; • He has vast experience in Digital & Business transformation in the areas of automotive and fintech industries that have direct relevance to Company.

Name of the directors	Brief description about the Directors
<p>Mr Hemant Krishan Singh, Independent Director</p>	<ul style="list-style-type: none"> • Mr Singh is a distinguished former career diplomat with extensive experience in geo-strategic and geo-economic issues as well as multilateral institutions which underpin international law and commerce; • He has been India's longest serving Ambassador to Japan (2006- 2010), Ambassador to Indonesia and Timor Leste (2003- 2006), Ambassador to Colombia, Ecuador and Costa Rica (1999-2002), and India's Deputy Permanent Representative to the UN in Geneva (1995- 1999). He has held several significant assignments during his career, dealing with the United States, West Europe and the European Union and India's immediate neighbours. • Ambassador Singh has contributed to the forging of the India-Japan strategic and global partnership, the intensification of India's relations with Indonesia and ASEAN, the evolution of India's revitalised Look East Policy and the shaping of India's policy towards key neighbours and strategic partners; • Since 2016, Mr Singh is the Director General of the Delhi Policy Group, a leading independent and non-partisan think tank; • He has the wide exposure in global economy and best practices to address the challenges and risks in international business.
<p>Mrs Lalita D Gupte, Independent Director</p>	<ul style="list-style-type: none"> • Mrs. Gupte was the Chairperson of ICICI Lombard General Insurance Company Limited. She was responsible for setting up the International business of ICICI Bank since 2001; • She has held various leadership positions in areas of Corporate and Retail Banking, Strategy, Resources, and International Banking and other areas in ICICI Bank Limited; • She has vast experience in banking and financial services having held key positions over several decades.
<p>Mr R Gopalan, Independent Director</p>	<ul style="list-style-type: none"> • He has served as a Member, Public Enterprises Selection Board (PESB) under the control of the Prime Minister of India. This body selects CMDs, MDs and Directors of Central Public Sector Enterprises; • Was handling matters relating to Capital Markets, Infrastructure Finance, G-20, World Bank (WB), International Monetary Fund (IMF), Asian Development Bank (ADB), Budget preparation, Public Private Partnership (PPP), Directorate of Currency and other related matters pertaining to the economy; • Brought about a number of changes in the functioning of the Capital Markets and initiated new policy measures in infrastructure development; • He has vast experience in Corporate Laws, Business Administration, Corporate Finance and Regulatory matters.

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

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

The Company's Code of Conduct embodies its values and expectations to which its corporate standards and employee policies are aligned.

The Code has been communicated to Directors and the Senior Management Personnel. An updated version of Code of Conduct, which is available on Company's website, is always under review and amended by the Board from time to time.

The Code has also been displayed on the Company's website in the link as provided in page no. 97 of this Annual Report.

All the Members of the Board and Senior Management Personnel have confirmed compliance with the Code for the year ended 31st March 2020. The Annual Report contains a declaration to this effect signed by the Director & CEO.

2.9 Appointment / Re-appointment of Directors:

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

2.10 Committees of the Board:

The Board has, in order to make a focused attention on business and for better governance and accountability, constituted the following mandatory committees viz., Audit Committee, Risk Management Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and non-mandatory Committee, viz., Administrative Committee.

The terms of reference of these Committees are determined by the Board and their performance are being reviewed. Meetings of each of these Committees are convened by the respective Chairman of the Committee, informs the Board about the summary of discussions held in the Committee Meetings. The minutes of the Committee Meetings are placed before the subsequent Board meetings.

3. Audit Committee

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

3.1 Brief description of terms of reference:

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

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

- i. Evaluating internal financial controls and risk management systems;
- j. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- k. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- l. Discussing with internal auditors of any significant findings and follow up thereon;
- m. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or any failure of internal control systems of a material nature and reporting the matter to the Board;
- n. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- o. Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- p. Reviewing the functioning of the Whistle Blower Mechanism;
- q. Approving the appointment of CFO after assessing the qualifications, experience and background of the candidate; and
- r. reviewing the utilisation of loans and / or advances from / investments / by the holding company in the subsidiary exceeding ₹ 100 Cr or 10% of the asset size of the subsidiary, whichever is lower.

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

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

3.2 Composition, name of the Chairman and Members:

Board at its meeting held on 22nd July 2019 appointed Mr R Gopalan, one of the NE-ID of the

Company as a member of the Committee consequent to demise of Mr R Ramakrishnan, NE-ID of the Company. The composition of the Committee is in accordance with the requirements of the Regulation 18 of the Listing Regulations read with Section 177 of the Act, 2013.

Mr T Kannan, the then Chairman of the Committee was present at the last AGM held on 22nd July 2019 to answer the Shareholders' queries.

The Board at its meeting held on 4th February 2020 appointed Mr R Gopalan, as Chairman of the Committee in the place of Mr T Kannan, who continues to be a member of the Committee.

Mr K S Srinivasan, Company Secretary acts as Secretary of the Committee.

As at 31st March 2020, the Committee consists of the following NE-IDs viz., M/s R Gopalan, T Kannan, C R Dua, and Prince Asirvatham.

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

Date of the Meetings	Members present (M/s)			
	TK	CRD	PA	RG
30.04.2019	✓	✓	✓	NA
22.07.2019	✓	✓	✓	NA
17.10.2019	✓	✓	LOA	✓
04.02.2020	LOA	✓	✓	✓
10.03.2020	LOA	✓	✓	✓

✓ - Attended the meeting LOA - Leave of absence
NA- Not applicable

Mr R Ramakrishnan, ID attended one meeting held on 30th April 2019.

[TK - Mr T Kannan, CRD - Mr C R Dua, PA - Mr Prince Asirvatham, RG - Mr R Gopalan]

4. **Subsidiary companies**

The Company has three wholly owned subsidiaries viz., Sundaram Auto Components Limited, TVS Housing Limited and TVS Motor Services Limited. It also has other subsidiaries viz., TVS Credit Services Limited and its six subsidiaries viz., Harita Collection Services Pvt Ltd, Harita ARC Pvt. Ltd, TVS Micro Finance Pvt. Ltd, TVS Commodity Solutions Pvt. Ltd, TVS Two-wheeler Mall Pvt. Ltd and TVS Housing Finance Pvt. Ltd.

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

The Audit Committee reviews the financial statements and in particular the investments made by the said unlisted subsidiaries. The minutes of the board meetings of the said unlisted subsidiaries are periodically placed before the Board, wherever applicable.

The Committee is periodically informed about all significant transactions and arrangements entered into by all these unlisted subsidiaries.

Material Subsidiaries Policy

The Board has duly formulated a policy for determining 'material subsidiaries'. As per the amended Listing Regulations, material subsidiary means a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

For the year 2020-21, the Company's Indian subsidiaries viz., Sundaram Auto Components Limited and TVS Credit Services Limited and Foreign subsidiaries viz., TVS Motor (Singapore) Pte Limited and Sundaram Holding USA Inc., are covered within the revised definition of "unlisted material subsidiary" in terms of the Regulation 16(1)(c) of the Listing Regulations.

For the purpose of complying with the requirement of Regulation 24 of the Listing Regulations, the Company has nominated one of the NE-ID of the Company on the Board of TVS Credit Services Limited, whose income / net worth exceeds 20% of the consolidated income or net worth.

The Company has ensured that all the material subsidiaries incorporated in India have obtained secretarial audit report from a Company Secretary in Practice and annexed with its annual report.

The Board at its meeting held on 4th February 2020, amended the Material Subsidiary Policy to incorporate certain clauses so as to maintain consistency and incorporate statutory amendments from time to time to be reflected in the policy to make it upto date and more comprehensive.

Copy of the said policy is available on the Company's website in the link as provided in page no. 97 of this Annual Report.

5. Disclosures

5.1 Materially significant related party transactions:

All transactions entered into with related parties (RPTs), as defined under the Act, 2013 and the Listing Regulations during the financial year 2019-20 were in the ordinary course of business and at arm's length and do not attract the provisions of Section 188 of the Act, 2013 and the rules made thereunder.

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

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

Details of material related party transactions are enclosed as part of accounts for the year ended 31st March 2020.

Related Party Transaction Policy

The Board has formulated a policy on related party transactions. The Audit Committee reviews and approves transactions between the Company and related parties, as defined under the Listing Regulations, to ensure that the terms of such RPTs would reasonably be expected of transactions negotiated or at arm's length and in the ordinary course of business. The Audit Committee meets prior to each scheduled Board meeting to review all RPTs of the Company on a quarterly basis.

In terms of Regulation 23 of the Listing Regulations, all RPTs for the succeeding financial year, with clear threshold limit, are regularly placed before the Audit Committee meeting convened during last quarter of the financial year for its approval and recommendation to the Board for its approval, wherever required. RPTs entered during the financial year are reviewed at the same meeting for any upward revision in the threshold limit.

It was also ensured that none of RPTs involving payments with respect to brand usage or royalty during the financial year, exceeded five percent of the annual consolidated turnover of the Company as per the previous audited financial statements of the Company.

As per the Act, 2013, any unforeseen RPT involving amount not exceeding ₹ 1 Cr per transaction entered into by a director or officer of the Company without obtaining prior approval of the Audit Committee and such transaction being RPTs can be ratified by the Audit Committee within three months from the date of such transaction.

In terms of Regulation 23 of the Listing Regulations, the Board at its meeting held on 4th February 2020 had also reviewed the policy and amended the RPT Policy to maintain consistency and statutory amendments to be reflected in the policies and to make it upto date and more comprehensive.

Copy of the said Policy is available on the Company's website in the link as provided in page no. 97 of this Annual Report.

5.2 Disclosure of accounting treatment:

Pursuant to the notification, issued by the Ministry of Corporate Affairs dated February 16, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015, the Company has adopted "IND AS" with effect from 1st April 2016. Accordingly, the financial statements for the year 2019-20 have been prepared in compliance with the said Rules.

5.3 Risk Management:

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

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

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

Risk Management Committee:

As at 31st March 2020, the Committee consists of the following directors / officials viz., M/s T Kannan, Hemant Krishan Singh and Lalita D Gupte, NE-IDs and M/s Sudarshan Venu, JMD, K N Radhakrishnan, Director & CEO and K Gopala Desikan, Chief Financial Officer.

The composition of the Committee is in accordance with the requirements of Regulation 21 of the Listing Regulations. Mr T Kannan, is the Chairman and Mr K S Srinivasan, Company Secretary acts as the Secretary of the Committee.

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

Date of the Meetings	Members present (M/s)					
	TK	SV	KNR	HKS	LDG	KGD
30.04.2019	✓	LOA	✓	NA	NA	NA
17.10.2019	✓	LOA	✓	✓	LOA	✓

✓ - Attended the meeting LOA - Leave of absence
NA- Not applicable

Mr R Ramakrishnan, ID attended one meeting held on 30th April 2019.

[TK - Mr T Kannan, SV - Mr Sudarshan Venu, KNR - Mr K N Radhakrishnan, HKS - Mr Hemant Krishan Singh, LDG - Mrs Lalita D Gupte, KGD - Mr K Gopala Desikan]

Scope:

- (a) Overseeing and approving the Company's enterprise wide risk management framework;
- (b) Overseeing / identifying / assessing of all risks that the Organization faces such as strategic, financial, credit, marketing, liquidity, security, property, IT, legal, regulatory, reputational; and
- (c) Evaluating that adequate risk management infrastructure is in place and capable of addressing those risks.

Role:

- (a) To identify, evaluate and mitigate the existing as well as potential risks to the Company and to recommend the strategies to the Board to overcome them;
- (b) To develop and implement action plans to mitigate the risks;
- (c) To oversee at such intervals as may be necessary, the adequacy of Company's resources, to perform its risk management responsibilities and achieve its objectives;
- (d) To review the risk management framework for the operations of the Company that are deemed necessary and Company's performance against the identified risks of the Company;
- (e) To formulate the strategies towards identifying any areas that may materially affect the Company's overall risk exposure and to review the risk management plan;
- (f) To adequately transmit necessary information with respect to material risks to Senior Executives / Board / relevant Committees;

- (g) To check if Cyber security cover has been adopted by Information systems department; and
- (h) Such other items as may be prescribed by regulatory or by the Board, from time to time.

5.4 Instances of non-compliances, if any:

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

5.5 Disclosure by Senior Management Personnel:

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

5.6 CEO and CFO Certification:

The Director and CEO and Chief Financial Officer of the Company have certified to the Board on financial and other matters in accordance with Regulation 33 of the Listing Regulations for the financial year ended 31st March 2020.

5.7 Compliance with mandatory / non-mandatory requirements:

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

5.8 Code of Conduct for Prevention of Insider Trading:

In compliance with SEBI (Prohibition of Insider Trading) Regulations 2015, as amended, the Company has a comprehensive Code of Conduct for Prevention of Insider Trading and the same is being strictly adhered to by the Designated persons as defined under this Code.

The Board at its meeting held on 4th February 2020, amended both the Code of Practices and Procedures for fair disclosure of "Unpublished Price Sensitive Information" (UPS) and the Code of Conduct to regulate, monitor and report trading by insiders to maintain consistency and statutory amendments to be reflected in the policies and to make it upto date and more comprehensive.

The Code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with the shares of the Company.

The Company follows closure of trading window from the end of every quarter till 48 hours after the

declaration of financial results. The Company has been advising the Designated Persons covered by the Code not to trade in Company's securities during the closure of trading window period.

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

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

5.10 Amendment to Whistle Blower Policy:

The Board at its meeting held on 4th February 2020 made certain amendments to the Whistle Blower Policy for protecting whistle blower who made in good faith and express guidance on procedure to be undertaken by the investigators for carrying out investigation on complaints.

Copy of the said Policy is available on the Company's website in the link as provided in page no. 97 of this Annual Report.

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

The Board at its meeting held on 4th February 2020 appointed Mr C R Dua, as Chairman of the committee in the place of Mr T Kannan, who continues to be a member of the Committee, considering the diverse functions of the Committee. Mr K S Srinivasan, Company Secretary acts as the Secretary of the Committee.

Mr T Kannan, the then Chairman of the Committee was present at the last AGM held on 22nd July 2019 to answer the shareholders queries.

As at 31st March 2020, NRC consists of M/s C R Dua and T Kannan, NE-IDs and H Lakshmanan, NE-ID.

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

Date of the Meetings	Members present (M/s)		
	CRD	TK	HL
30.04.2019	✓	✓	✓
22.07.2019	✓	✓	✓
17.10.2019	✓	✓	✓
04.02.2020	✓	LOA	✓

✓ - Attended the meeting LOA - Leave of absence

[CRD - Mr C R Dua, TK - Mr T Kannan, HL - Mr H Lakshmanan]

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

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

6.4 The role / scope of NRC is as follows:

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

6.5 Evaluation Criteria:

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

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

NRC prescribed a peer evaluation methodology by way of set of questionnaire to evaluate the performance of individual Directors, Committee(s) of the Board, Chairman and the Board as a whole, and the Board carried out the performance evaluation as per the methodology.

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

The performance of SMP was measured against their achievement of the business plans approved by the Board during and at the completion of the financial year and their annual 'at-risk' remuneration which reflects their business plan achievements.

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

6.6 Remuneration Policy:

The Nomination and Remuneration Policy has been placed on the website of the Company in the link as provided in page no. 97 of this Annual Report. The salient features of the policy are as follows:

NRC formulates policy to ensure that -

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

6.7 Remuneration to Directors:

Executive Directors:

The remuneration payable to CMD, JMD and the Director & CEO is fixed by the Board and are within the limits approved by the shareholders in terms of the relevant provisions of the Act, 2013.

Particulars of remuneration paid/payable to Executive Directors for the financial year 2019-20:

(₹ In Cr)

Name of the Directors	Salary & Perquisites	Commission	Total
CMD	3.17	15.48	18.65
JMD	3.47	11.33	14.80
Director & CEO	4.39	3.00	7.39

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

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

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

The board also ensured that the aggregate annual remuneration to both CMD and JMD, directors being related to Promoters did not exceed 5 per cent of the net profits of the Company in compliance with Regulation 17 of the Listing Regulations.

Non-Executive Directors:

Sitting fees

₹ 20,000/- each is paid to the NE-NIDs & NE-IDs for every meeting of the Board and / or Committee thereof attended by them, which is within the limits, prescribed under the Act, 2013.

Commission

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

The Committee, at its meeting held on 17th October 2019, recommended the payment of commission to NE-IDs within the permissible limit, in terms of the provisions of Sections 197 / 198 read with the

Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 of the Act, 2013 and as approved by the shareholders at the general meeting held on 11th August 2017.

For the year 2019-20, a commission of ₹ 20 lakhs to all NE-IDs; additionally, ₹ 5 lakhs to those NE-IDs serving as a Member of the Audit Committee and ₹ 3 lakhs and ₹ 2 lakhs each to those NE-IDs serving as a Member of the Risk Management Committee and other Committees respectively was paid. The amount of commission for every financial year will be decided by the Board, based on the performance of the Company, subject to the limit of 1% of net profits of the Company, in aggregate, as calculated pursuant to Section 198 of the Act, 2013. The above compensation structure is commensurate with the best practices in terms of remunerating NE-IDs and adequately compensates for the time and contribution made by NE-IDs.

In terms of the amended Listing Regulations, it has also been ensured that the remuneration payable to one NE-ID does not exceed 50% of the total annual remuneration payable to all NE-IDs of the Company. Mr Rajesh Narasimhan, the NE-NID of the Company holds the position as Chief Executive Officer of TVS Motor (Singapore) Pte Limited, the subsidiary company effective 1st January 2018. During the year 2019-20, he was paid a remuneration of SGD 1,028,587.

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

6.8 Particulars of sitting fees / commission paid to the NE-IDs / NE-NIDs during the financial year 2019-20 are as follows:

(₹ in lakhs)

Name of the Directors (M/s)	Sitting Fees	Commission	Total
H Lakshmanan	2.60	-	2.60
Dr. Lakshmi Venu	0.60	-	0.60
T Kannan	2.40	30.00	32.40
C R Dua	3.60	29.00	32.60
R Ramakrishnan ^{\$}	0.80	8.07	8.87
Prince Asirvatham	2.00	27.00	29.00
H K Singh	1.60	25.00	26.60
Rajesh Narasimhan	0.80	-	0.80
Lalita D Gupte	1.20	25.00	26.20
R Gopalan*	1.60	23.01	24.61

^{\$} paid for the period from 1st April 2019 to 7th July 2019.

* part of the period from 30th April 2019 to 31st March 2020.

6.9 Details of shareholdings of NEDs in the Company as on 31st March 2020:

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

7. Stakeholders' Relationship Committee (SRC):

7.1 Board at its meeting held on 22nd July 2019 appointed Mr C R Dua, NE-ID as a member of the Committee consequent to demise of Mr R Ramakrishnan, ID of the Company.

Mr Venu Srinivasan, member of the Committee representing the Chairman of the Committee was present at the last AGM held on 22nd July 2019 to answer shareholders queries.

The Board at its meeting held on 17th October 2019 appointed M/s H K Singh and Lalita D Gupte as members of the Committee.

The Board at its meeting held on 4th February 2020 appointed Mr H K Singh, as Chairman of the committee in the place of Mr C R Dua, who continues to be a member of the Committee. Mr K S Srinivasan, Company Secretary acts as the Secretary of the Committee.

As at 31st March 2020, the Committee consists of the following Executive Directors viz., M/s Venu Srinivasan, CMD, Sudarshan Venu, JMD and other NE-IDs viz., M/s H K Singh, C R Dua and Lalita D Gupte.

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

Date of the Meetings	Members present (M/s)				
	VS	SV	HKS	CRD	LDG
30.04.2019	✓	✓	NA	NA	NA
22.07.2019	✓	✓	NA	✓	NA
17.10.2019	✓	✓	✓	✓	LOA
04.02.2020	✓	✓	✓	✓	✓

✓ - Attended the meeting LOA - Leave of absence
NA- Not applicable

Mr R Ramakrishnan, NE-ID attended one meeting held on 30th April 2019.

[VS - Mr Venu Srinivasan, SV - Mr Sudarshan Venu, HKS - Mr H K Singh, CRD - Mr C R Dua, LDG - Mrs Lalita D Gupte]

7.3 As required by the Listing Regulations, Mr K S Srinivasan, Company Secretary is the Compliance Officer of the Company, who oversees the redressal of investor grievances.

For any clarification / complaint, the shareholders may contact the Company Secretary.

7.4 SRC oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. SRC also looks into various aspects of interests:

- The transfer / transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new / duplicate certificates and related activities.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

The Company, in order to expedite the process of share transfers delegated the power of share transfers to an officer of the Share Transfer Agent (STA). The Company, as a matter of policy, disposes of investors' complaints within a span of seven days.

7.5 Complaints received and redressed during the year 2019-20:

Nature of complaints	No. of complaints received and redressed
Non-receipt of share certificates	2
Non-receipt of bonus / duplicate share certificates	7
Non receipt of demand draft <i>in lieu</i> of unclaimed dividend warrant	3
Others	2
Total	14

7.6 All the queries and complaints received during the financial year ended 31st March 2020, were duly redressed and no queries pending at the year end.

All requests for dematerialization of shares were carried out within the stipulated time period and no request for dematerializing the share certificates was pending as on 31st March, 2020.

7.7 Reconciliation of Share Capital Audit:

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

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

8. Corporate Social Responsibility Committee:

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

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

During the year, the Committee met on 30th April 2019 and all the members were present at the meeting.

9. Administrative Committee:

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

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

Date of the Meetings	Members present (M/s)		
	VS	TK	HL
30.04.2019	✓	✓	✓
14.08.2019	✓	LOA	✓
10.03.2020	✓	LOA	✓

✓ - Attended the meeting LOA - Leave of absence

[VS - Mr Venu Srinivasan, TK- Mr T Kannan, HL - Mr H Lakshmanan]

10. General body meeting:

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

Year	Venue of the meeting	Date	Time
2016-17	The Music Academy, New No.168, (Old No.306)	11-08-2017	10.00 AM
2017-18	T.T.K. Road, Royapettah,	07-08-2018	10.35 AM
2018-19	Chennai 600 014	22-07-2019	10.00 AM

10.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2016-17 to 2018-19 approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of special resolution	Date of AGM
2016-17	(i) Renewing the approval for payment of commission to Non-executive Independent directors, from 1 st April 2018. (ii) Appointment of Mr Rajesh Narasimhan, as an Independent Director.	11.08.2017
2017-18	Re-appointment of Mr H Lakshmanan as director being above 75 years of age who retires by rotation.	07.08.2018
2018-19	NIL	22.07.2019

10.3 Postal Ballot:

The Board sought the consent of shareholders of the Company by way of special resolution through Postal Ballot as per the notice issued to the shareholders on 4th February 2020 for:

- Re-appointment of Mr Venu Srinivasan, CMD for a further period of 5 years effective 24th April 2020

The special resolution was passed by the shareholders of the Company with requisite majority.

The result of the Postal Ballot is given below.

No. /% of votes cast in favour		No. / % of votes cast against	
40,75,09,861	98.38%	67,20,895	1.62%

10.4 Person who conducted the Postal Ballot exercise:

Mr K Sriram, Practising Company Secretary, Chennai was appointed to act as the scrutinizer for conducting the Postal Ballot and e-Voting.

10.5 Procedure for Postal Ballot:

1. The Board of Directors, vide resolution dated 4th February 2020, had appointed Mr K Sriram, (CP 2215) Practising Company Secretary as the scrutinizer.
2. The despatch of the Postal Ballot Notice dated 4th February 2020 together with Explanatory Statement was completed on 13th February 2020 along with forms and postage prepaid business envelopes to all the shareholders whose name(s) appeared on the Registers of Members/list of beneficiaries as on 7th February 2020.

3. The said notice of Postal Ballot was sent on 13th February 2020 in electronic mode to the Members, whose e-mail IDs were registered with the Company or the Depository Participants.
4. The voting under the Postal Ballot was kept open from Monday, 17th February, 2020 at 9.00 A.M. (IST) to Tuesday, 17th March 2020, at 5.00 P.M. (IST). (either physically or electronically).
5. The Postal Ballot forms were kept under the safe custody of the Scrutinizer.
6. All Postal Ballot forms received by the scrutinizer up to 5.00 p.m. on 17th March 2020 have been considered for scrutiny.

10.6 None of the subjects placed before the shareholders in the last / ensuing AGM required/ requires approval by Postal Ballot. However, in terms of the Regulation 44 of the Listing Regulations and Section 108 of the Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company facilitated its members to exercise their right to vote through Remote e-Voting and through Ballot Paper at the meeting for all the items at the AGM held on 22nd July 2019.

11. Means of communication to shareholders

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

During the quarterly results, Director & CEO and CFO, make presentations to institutional investors, analysts and other investors. The presentations are made available on the Company's website.

11.1 Quarterly results:

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

11.2 Newspapers wherein results are normally published:

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

11.3 Website:

The Company has in place a website www.tvsmotor.com. This website contains the

basic information about the Company, viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under Regulation 46 of the Listing Regulations. The Company ensures that the contents of this website are periodically updated.

11.4 Press Release & Investor/ Analysts meet:

In addition, the Company makes use of this website for publishing official news release and presentations, if any, made to institutional investors / analysts.

12. General shareholder information

12.1 Annual General Meeting:

Day, Date and time : Wednesday,
29th July 2020, 10.00 A.M.
through Video Conferencing
/ Other Audio Visual Means

12.2 Financial year : 1st April to 31st March

Financial calendar : 2020-21

Financial reporting : Financial calendar
for the quarter ending

30th June 2020 : Before 14th August 2020

30th September 2020 : Before 14th November 2020

31st December 2020 : Before 14th February 2021

31st March 2021 : Before 30th May 2021

12.3 Particulars of dividend payment:

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

Dividend distribution policy

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

The Dividend Distribution Policy is available on the company's website in the link as provided in page no. 97 of this Annual Report.

12.4 Listing on Stock Exchanges:

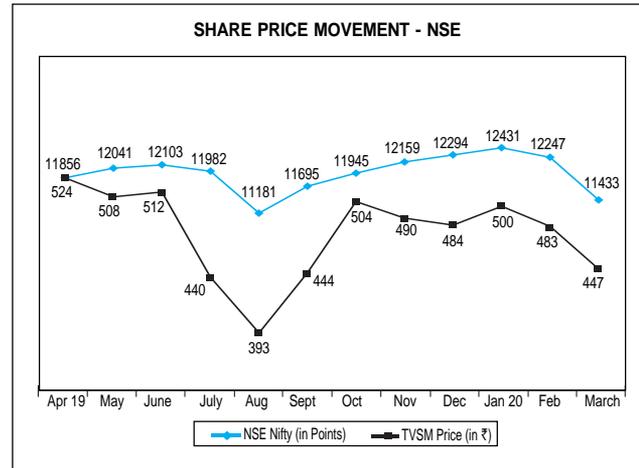
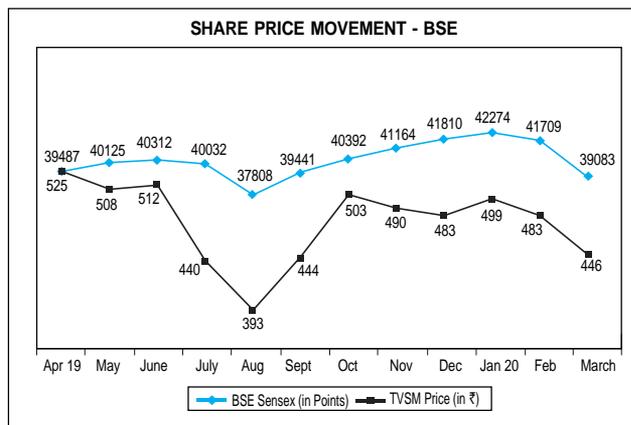
Name & Address of the Stock Exchanges	Stock Code / Symbol
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001. India Tel.: 91 22 2272 1233 Fax : 91 22 2272 1919	532343
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra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

(Note: Annual listing fees and custodial charges for the year 2019-20 were duly paid to the above Stock Exchanges and Depositories)

12.5 Market Price Data: (in ₹)

Month	NSE		BSE	
	High price	Low price	High price	Low price
April 2019	523.85	471.00	524.80	471.30
May 2019	507.50	452.00	507.75	452.15
June 2019	511.75	426.05	511.70	426.05
July 2019	440.00	338.25	439.90	340.30
August 2019	393.05	344.10	393.05	344.15
September 2019	444.00	345.05	443.50	346.40
October 2019	504.00	380.70	503.00	380.60
November 2019	490.00	438.70	489.80	439.25
December 2019	483.50	430.50	483.05	430.20
January 2020	499.50	438.50	499.45	438.80
February 2020	483.00	409.45	482.95	409.75
March 2020	446.70	287.00	446.25	287.35

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



12.7 Share Transfer Agents and Share Transfer System:

- SCL, the holding company, which has been registered with SEBI as Share Transfer Agents in Category II, has been appointed as the STA with a view to rendering prompt and efficient service to the investors and in compliance with Regulation 7 of the Listing Regulations. The shareholders have also been advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company effective 1st October 2004.
- All matters connected with the share transfer, dividends and other matters are being handled by STA located at the address mentioned in this report.
- Shares lodged for transfers are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects.
- All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors are processed by STA within 7 days. Other miscellaneous correspondence relating to change of addresses, mandates etc., is processed by STA within 15 days.
- Certificates are being obtained and submitted to the Stock Exchanges, on half-yearly basis, from a company secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Regulation 40(9) of the Listing Regulations.
- Certificates have also been received from a company secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share

capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.

- g. The Company, as required under Regulation 6(2)(d) of the Listing Regulations, has designated the following e-mail IDs, namely icsta@scl.co.in/contactus@tvsmotor.com in for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- h. A certificate signed by the Compliance Officer of STA and the Company Secretary towards maintenance of share transfer facility by STA in compliance with Regulation 7(3) of the Listing Regulations have been obtained and the same have been submitted to the Stock Exchanges.
- i. Shareholders are, therefore, requested to correspond with STA for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend, etc., at their address given in this Report.

12.8 Shareholding pattern of the Company as on 31st March 2020

Category of Shareholder	No. of shares held	%
Promoter and Promoter Group		
Bodies Corporate	27,26,82,786	57.40
Total (A)	27,26,82,786	57.40
Public Shareholding		
Mutual Funds	7,81,79,683	16.45
Banks / Financial Institutions	8,87,782	0.19
Insurance Companies	2,16,29,067	4.55
Foreign Institutional Investors	5,40,27,943	11.37
Total Institutions (B)	15,47,24,475	32.56
Bodies Corporate	29,13,240	0.61
Individuals holding nominal capital in excess of ₹ 2 lakhs	24,15,751	0.51
Individuals holding nominal capital upto ₹ 2 lakhs	3,41,78,054	7.20
NRI Repatriable	7,57,081	0.16
NRI Non- Repatriable	6,19,970	0.13
Foreign National (IND)	1,400	-
Directors & their relatives	27,29,596	0.57
Clearing members	20,66,449	0.44
IEPF	13,00,280	0.27
LLP	53,133	0.01
Trusts	6,44,899	0.14
Total Non-Institutions (C)	4,76,79,853	10.04
Total Public Shareholding D = (B+C)	20,24,04,328	42.60
Grand Total (A+D)	47,50,87,114	100.00

12.9 Distribution of Shareholding as on 31st March 2020:

Shareholding (Range)	No. of members	%	No. of shares	%
Upto 5000	1,34,737	99.30	2,82,31,421	5.94
5001-10000	556	0.41	40,51,328	0.85
10001-20000	178	0.13	25,96,362	0.54
20001-50000	77	0.06	24,49,970	0.52
50001-100000	35	0.03	26,39,464	0.56
100001 & above	94	0.07	43,51,18,569	91.59
Total	1,35,677	100.00	47,50,87,114	100.00

12.10 Dematerialization of shares and liquidity:

The promoter holding consisting of 27,26,82,786 Equity Shares of ₹ 1/- each is in dematerialized form. Out of 20,24,04,328 Equity Shares of ₹ 1/- each held by persons other than promoters 19,92,92,504 Equity Shares have been dematerialized as on 31st March 2020 accounting for 98.46%.

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

12.12 Other Disclosures

- Pecuniary relationships or transactions with NE-IDs vis-a-vis the Company during the year under review, do not exceed the threshold limit as laid down under the Listing Regulations and the same have been reported in the notes to the accounts.
- During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large.
- Company is a net exporter. Company has a forex hedging policy and covers are appropriately taken to cover the currency risk. The exposure and cover taken are reviewed by the Audit Committee on regular basis.
- Company is not a dealer in Commodities. Prices payable to vendors for raw materials and components are negotiated based on internationally available data. Cost of manufacture of all products are reviewed at regular intervals and wherever required suitable price changes in two-wheeler and three-wheeler are done based on market conditions.

The Company has not entered into any commodity derivatives with any of the bankers and hence the disclosure of exposure in commodity risks faced by the Company is not

required, as directed in the SEBI Circular dated 15th November 2018.

12.13 Plant Locations:

- Hosur : Post Box No. 4, Harita
Hosur - 635 109, Tamilnadu
Tel. : 04344-276780
Fax : 04344-277423
Email: knr@tvs motor.com
- Mysuru : Post Box No.1
Byathahalli Village, Kadakola Post,
Mysore - 571 311, Karnataka.
Tel. : 0821 - 2596561
Fax : 0821 - 2596550 / 2596551
Email: knr@tvs motor.com
- Himachal Pradesh : Village & Post Office Bhatian,
Bharatgarh Road, Tehsil Naglarh,
District Solan,
Himachal Pradesh - 174 101
Tel. : 01795 - 220493
Fax : 01795 - 220496
Email: knr@tvs motor.com

12.14 Address for investor correspondence:

- (i) For transfer / dematerialization of shares, payment of dividend on shares and any other query relating to the shares of the Company : Sundaram-Clayton Limited
Share Transfer Agent (STA)
Unit: TVS Motor Company Limited
"Jayalakshmi Estates", I Floor,
29, Haddows Road,
Chennai - 600 006.
- (ii) For non-receipt of annual report : Email: sclshares@gmail.com /
arockiaraj@scl.co.in
- (iii) For investors' grievance & general correspondence : Email: kss@scl.co.in
icsta@scl.co.in

12.15 List of Credit Ratings:

The Company is maintaining the existing credit rating viz., CARE AA+ for long term borrowings and CARE A1+ for short term borrowings.

12.16 Certificate from Practicing Company Secretary:

The Company has received a certificate from the Secretarial Auditor of the Company stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

12.17 Fees paid to Statutory Auditor on a consolidated basis:

During the year, the Company has paid ₹ 180 lakhs to the Statutory Auditors for all services received by the listed entity and its subsidiaries, on a consolidated basis.

12.18 Sexual Harassment at workplace:

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

12.19 Disclosure on compliance with the issue of Debt securities for incremental borrowings by Large Corporates:

As on 31st March 2019, Company has been considered as a "Large Corporate" (LC) and is required to raise not less than 25% of its incremental borrowings, during the financial year, by way of issuance of debt securities. This was made mandatory effective FY 2022 and till such period the Company is required to explain the reasons for not complying with.

During the year, the Company has availed long term credit facilities only at the fag end of the financial year to meet its strategic investment requirement. Hence, the Company has not opted to meet the borrowings through issue of debt securities.

13. Non-mandatory disclosures

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

13.1 The Board:

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

13.2 Shareholder rights:

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

13.3 Audit qualifications:

The financial statements of the Company are unmodified.

13.4 Reporting of internal auditor:

The internal auditor is regularly reporting his observations directly to the audit committee.

14. Request to shareholders

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

14.1 Demat of Shares:

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

14.2 Registration of Electronic Clearing Service (ECS) mandate:

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

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

14.3 Transfer of shares in physical mode:

SEBI has amended relevant provisions of the Listing Regulations to disallow listed companies from accepting request for transfer of securities which are held in physical form with effect from April 1, 2019.

The shareholders, who continue to hold shares in physical form even after this date, will not be able to lodge the shares with the Company for further transfer. Therefore, such shareholders will need to convert them to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form will be accepted by the Company.

14.4 Consolidation of multiple folios:

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

14.5 Registration of nominations:

Nomination in respect of shares, as per Section 72 of the Act, 2013 provides facility for making

nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the Will, etc.

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

14.6 Updation of address:

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

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

14.7 SMS Alerts:

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

14.8 Timely encashment of dividends:

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

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

avoid wrong credits being obtained by unauthorized persons.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 124(6) of the Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority Accordingly a sum of ₹ 57.53 lakhs, being unclaimed dividend, was transferred to IEPF during the year 2019-20.

Shareholders, who have not encashed their dividend warrants, in respect of 1st Interim dividend declared for the year ended 31st March, 2014 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

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

Particulars of unclaimed dividend of the Company

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to IEPF
2012- 2013 2 nd Interim	30.04.2013	30.05.2013	30.05.2020
2013-2014 1 st Interim	25.10.2013	24.11.2013	24.11.2020
2013-2014 2 nd Interim	29.04.2014	29.05.2014	29.05.2021
2014-2015 1 st Interim	03.02.2015	05.03.2015	05.03.2022
2014-2015 2 nd Interim	29.04.2015	29.05.2015	29.05.2022
2015-2016 1 st Interim	29.01.2016	28.02.2016	28.02.2023
2015-2016 2 nd Interim	12.03.2016	11.04.2016	11.04.2023
2016-2017 1 st Interim	27.10.2016	26.11.2016	26.11.2023
2016-2017 2 nd Interim	06.03.2017	05.04.2017	05.04.2024
2017-2018 1 st Interim	01.11.2017	01.12.2017	01.12.2024
2017-2018 2 nd Interim	26.02.2018	28.03.2018	28.03.2025
2018-2019 1 st Interim	23.10.2018	23.11.2018	23.11.2025
2018-2019 2 nd Interim	11.03.2019	10.04.2019	10.04.2026
2019-2020 1 st Interim	04.02.2020	05.03.2020	05.03.2027
2019-2020 2 nd Interim	10.03.2020	09.04.2020	09.04.2027

15. TRANSFER OF SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF) AUTHORITY

As per Section 124(6) of the Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") as amended from time to time, all the shares in respect of which dividend has remained unpaid/ unclaimed for seven consecutive years or more are required to be transferred to a Demat Account opened in the name of IEPF Authority with Punjab National Bank by the Ministry of Corporate Affairs.

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

In compliance with the aforesaid provisions, the Company has transferred 73,888 shares on 10th May 2019, 26,534 shares on 18th July 2019 and 67,274 shares on 8th May 2020 to IEPF account bearing Demat account no 10656671 and DPID IN300708 which is opened with Punjab National Bank.

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

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

1. Download the Form IEPF - 5 from the website of IEPF (<http://www.iepf.gov.in>) for filling the claim for refund of shares and dividends.
2. Read the instructions provided on the website / instructions kit along with the e-form carefully before filling the form.
3. After filling/completing the form save it on your computer and submit the duly completed form by

following the instructions given in the upload link on the website.

4. On successful uploading, the acknowledgment will be generated indicating the SRN. This SRN is to be used for future tracking of the form.
5. Printout of the duly completed IEPF - 5 and the acknowledgment issued after uploading the form will have to be submitted together with an Indemnity Bond in original along with the other documents as mentioned in the Form IEPF-5 to the Nodal Officer of the Company in an envelope marked "Claim for refund from IEPF Authority".

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

- (a) Corporate Identification Number (CIN) of Company:- L35921TN1992PLC022845
- (b) Name of the company:-TVS Motor Company Limited
- (c) Address of registered office of the Company: "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006, Tamil Nadu, India.
- (d) email ID of the company:- contactus@tvsmotor.com

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

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

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

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

Details	No. of shareholders	No. of shares
Shares in the Unclaimed suspense account as on 1 st April 2019.	206	1,57,425
Less: No. of shares Transferred to the Shareholders on request during the year	8	3,724
Less: No. of Shares transferred to IEPF A/c during the year	24	22,603
No. of shares in the Unclaimed suspense account as on 31 st March 2020	174	1,31,098

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

To,
The shareholders of TVS Motor Company Limited,
Chennai

On the basis of the written declarations received from members of the Board and Senior Management Personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, it is hereby

certified that both the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the Board for the year ended 31st March 2020.

Chennai
28th May 2020

K N RADHAKRISHNAN
Director & CEO

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

To,

The shareholders of TVS Motor Company Limited,
Chennai

We have examined the compliance of conditions of Corporate Governance by TVS Motor Company Limited, Chennai - 600 006 ('the Company') for the year ended 31st March 2020 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Listing Regulations].

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

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

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

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

S. VENKATARAMAN
Partner

Chennai
28th May 2020

Membership Number: 023116
UDIN: 20023116AAAAHR6642

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

To,

The Board of Directors
TVS Motor Company Limited
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006, Tamil Nadu, India.

We certify that we have reviewed the financial statements prepared based on the Indian Accounting Standards for the year ended 31st March 2020 and to the best of our knowledge and belief:

- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (2) these statements together present a true and fair view of the Company's affairs and are in compliance with applicable Indian Accounting Standards, Laws and Regulations.
- (3) no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
- (4) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have

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

- (5) We have indicated to the Auditors and the Audit Committee:

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

K N Radhakrishnan
Director & CEO

K Gopala Desikan
Chief Financial Officer

Chennai
28th May 2020

LINKS TO COMPANY'S POLICIES

1. **TERMS OF APPOINTMENT OF IDS**
<https://www.tvsmotor.com/-/media/Feature/Investors/Communication/Files/Terms-of-Appointment-of-IDs-Apr2020.pdf>
2. **BUSINESS RESPONSIBILITY REPORT**
<https://www.tvsmotor.com/-/media/Feature/Investors/Financial%20Reports/Files/TVSM-Business-Responsibility-Report-2019-20.pdf>
3. **POLICY ON VIGIL MECHANISM / WHISTLE BLOWER POLICY**
<https://www.tvsmotor.com/-/media/Feature/Investors/Communication/Files/Whistle-Blower-Policy-Apr2020.pdf>
4. **ANNUAL RETURN**
<https://www.tvsmotor.com/-/media/Feature/Investors/Financial%20Reports/Files/TVSM-Annual-Return-2019-20.pdf>
5. **CSR POLICY**
<https://www.tvsmotor.com/-/media/Feature/Investors/Communication/Files/Corporate-Social-Responsibility-Policy-Apr2020.pdf>
6. **DIRECTORS FAMILIARIZATION PROGRAM**
<http://tvsmotor.com/-/media/Feature/Investors/Communication/Files/TVSMFamiliarisationProgrampdf.pdf>
7. **CODE OF BUSINESS CONDUCT AND ETHICS**
<http://tvsmotor.com/-/media/Feature/Investors/Communication/Files/CodeofBusinessConductandEthicspdf.pdf>
8. **MATERIAL SUBSIDIARIES POLICY**
<http://tvsmotor.com/-/media/Feature/Investors/Communication/Files/Material-Subsidiary-Policy-Apr2020.pdf>
9. **RELATED PARTY TRANSACTION POLICY**
<http://tvsmotor.com/-/media/Feature/Investors/Communication/Files/Related-Party-Transactions-Policy-Apr2020.pdf>
10. **NOMINATION AND REMUNERATION POLICY**
<http://tvsmotor.com/-/media/Feature/Investors/Communication/Files/Nomination-and-Remuneration-Policy-Apr2020.pdf>
11. **DIVIDEND DISTRIBUTION POLICY**
<https://www.tvsmotor.com/-/media/Feature/Investors/Communication/Files/Dividend-Policy-Apr2020.pdf>

CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

(In terms of Regulation 34(3) read with Schedule V Para C(10)(i) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,

The Members
TVS Motor Company Limited,
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006, Tamil Nadu, India.

We hereby certify that, in our opinion, none of the Directors on the Board of TVS MOTOR COMPANY LIMITED ('the Company') as on 31st March 2020, as listed below, have been debarred or disqualified from being appointed or continuing as directors of companies, by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs, Government of India (MCA):

Sl. No.	Name of the Directors (M/s.)	Nature of Directorship	Director Identification Number (DIN)
1.	Venu Srinivasan	Chairman and Managing Director	00051523
2.	Sudarshan Venu	Joint Managing Director	03601690
3.	H Lakshmanan	Non-Executive, Non-Independent Director	00057973
4.	Dr. Lakshmi Venu		02702020
5.	T Kannan	Non-Executive, Independent Director	00040674
6.	C R Dua		00036080
7.	Prince Asirvatham		00193260
8.	Hemant Krishan Singh		06467315
9.	Rajesh Narasimhan	Non-Executive, Non-Independent Director	07824276
10.	K N Radhakrishnan	Director and Chief Executive Officer	02599393
11.	Lalita D Gupte	Non-Executive, Independent Director	00043559
12.	R Gopalan		01624555

We are issuing this certificate based on the following, which to the best of our knowledge and belief were considered necessary in this regard:

1. Our verification of the information relating to the directors available in the official website of the Ministry of Corporate Affairs; and
2. Our verification of the disclosures / declarations / confirmations provided by the said directors to the Company and other relevant information, explanation and representations provided by the Company, its officers and agents.

We wish to state that the management of the Company is responsible to ensure the eligibility of a person for appointment / continuation as a Director on the Board of the Company. Our responsibility is to express an opinion on this, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness of the Corporate Governance processes followed by the management of the Company.

For S Krishnamurthy & Co.,
Company Secretaries,

K Sriram,
Partner
Membership No. F 6312
Certificate of Practice No. 2215
UDIN: F006312B000290783

Chennai
28th May 2020

Form No. MR-3
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of
the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members of
TVS Motor Company Limited,
[CIN: L35921TN1992PLC022845]
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai – 600 006.

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by TVS MOTOR COMPANY LIMITED ('the Company') during the financial year from 1st April 2019 to 31st March 2020 ('the year' / 'audit period' / 'period under review').

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

We are issuing this report based on:

- (i) Our verification of the books, papers, minute books, registers and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the year as well as after 31st March 2020 but before the issue of this audit report;
- (ii) Compliance certificates confirming compliance with all laws applicable to the Company, given by the key managerial personnel of the Company and taken on record by the Board of Directors; and
- (iii) Representations made, documents shown and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2020, the Company:

- (i) has complied with the statutory provisions listed hereunder; and
- (ii) 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.

1. Compliance with specific statutory provisions

We further report that:

1.1. We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions/ clauses of:

- (i) The Companies Act, 2013, and the rules made thereunder ('the Companies Act').
- (ii) The Securities Contracts (Regulation) Act, 1956, and the rules made thereunder.
- (iii) The Depositories Act, 1996, and the regulations and bye-laws framed thereunder.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder, to the extent of Overseas Direct Investment and External Commercial Borrowings ('FEMA').
- (v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR').
- (vi) The listing agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) ('Agreements').
- (vii) Secretarial Standards issued by The Institute of Company Secretaries of India ('Secretarial Standards').

1.2. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2020, but before the issue of this report, we hereby report that, to the best of our

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

- (a) The Company has complied with the applicable provisions / clauses of the Acts and Rules, mentioned in paragraph 1.1 (i), (ii) and (iii) above.
- (b) The Company has generally complied with the applicable provisions of FEMA, SEBI Regulations and Agreements mentioned in paragraph 1.1 (v) and (vi) above.
- (c) The Company has generally complied with the applicable provisions of Secretarial Standards on Meetings of the Board of Directors (SS-1) (to the extent applicable to Board meetings) and Secretarial Standards on General Meetings (SS-2) (to the extent applicable to General meetings and Postal ballot) mentioned under paragraph 1.1 (vii) above. The Secretarial Standards on Dividend (SS-3) and Report of the Board of directors (SS-4), being non-mandatory have not been adopted by the Company.
- (d) The Company has complied with the applicable provisions of FEMA mentioned under paragraph 1.1 (iv) above.

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

The Company was not required to comply with the following laws/ rules/ regulations and consequently was not required to maintain any books, papers, Minute books or other records or file any forms/ returns under:

- (i) Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder, to the extent of Foreign Direct Investment;
- (ii) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act, 2013, and dealing with clients;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(v) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(vi) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; and

(vii) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.

There was no other law that was specifically applicable to the Company, considering the nature of its business. Hence, the requirement to report on compliance with specific laws under paragraph 1.2 did not arise.

2. Board processes:

We further report that:

2.1 The constitution of the Board of Directors of the Company during the year was in compliance with the applicable provisions of the Companies Act, 2013, and SEBI LODR.

2.2 As on 31st March 2020, the Board has:

- (i) 3 (three) Executive Directors;
- (ii) 3 (three) Non-Executive Non-Independent Directors (including 1 (one) Non-Independent Woman Director); and
- (iii) 6 (six) Independent Directors (including 1 (one) Independent Woman Director).

2.3 The processes relating to the following changes in the composition of the Board of Directors during the year were carried out in compliance with the applicable provisions of the Companies Act, 2013, and SEBI LODR:

- (i) Appointment of Mr. R Gopalan (DIN: 01624555), as a Non-Executive Independent Director not liable to retire by rotation, for a term of 5 (five) consecutive years with effect from 30th April 2019, which was approved by the members at the 27th Annual General Meeting (AGM) held on 22nd July 2019.
- (ii) Cessation of Mr. R Ramakrishnan (DIN: 00809342) as a Director, on 7th July 2019.
- (iii) Re-appointment of Mr. T Kannan (DIN: 00040674), Mr. C R Dua (DIN: 00036080), Mr. Prince Asirvatham (DIN: 00193260), and Mr. Hemant Krishan Singh (DIN: 06467315),

as Independent directors not liable to retire by rotation, for a second term of 5 (five) consecutive years, with effect from 14th July 2019.

(iv) Re-appointment of Mr. Sudarshan Venu (DIN: 03601690), and Mr. Rajesh Narasimhan (DIN: 07824276), as Directors, upon retirement by rotation, at the 27th AGM held on 22nd July 2019.

(v) Appointment of Mrs. Lalita Dileep Gupte (DIN: 00043559), who was appointed as an Additional Director (Non-Executive, Independent), as a Non-Executive Independent Director not liable to retire by rotation, for a term of 5 (five) consecutive years, with effect from 23rd October 2018, at the 27th AGM held on 22nd July 2019.

(vi) Appointment of Mr. K N Radhakrishnan (DIN: 02599393), (who was appointed as an Additional Director in the rank of Whole-time Director, for a period of 5 (five) years, with effect from 23rd October 2018, which was approved by the shareholders through postal ballot process on 5th March 2019), as a Director liable to retire by rotation, to hold office as Director and Chief Executive Officer in the rank of Wholetime Director, at the 27th AGM held on 22nd July 2019.

2.4 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings, other than 1 (one) meeting which was called at a shorter notice.

2.5 Notice of Board meetings were sent atleast 7 (seven) days in advance, except in respect of 1 (one) meeting, at which meeting atleast 1 (one) Independent Director was present.

2.6 Agenda and detailed notes on agenda were sent to the directors atleast 7 (seven) days before the Board meetings (except in respect of the meeting held at a shorter notice) with the exception of the following items, which were either circulated separately or at the Board meetings and consent of the Board for so circulating them was duly obtained as required

under SS-1:

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

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

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

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

3. Compliance mechanism

We further report that:

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

4. Specific events / actions

We further report that:

The specific events and actions during the year, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations and standards were: Further investments in subsidiaries (Indian / Foreign), as disclosed in the audited financial statement for the financial year ended 31st March 2020.

For S Krishnamurthy & Co
Company Secretaries
K. SRIRAM

Partner

Membership No: F6312
Certificate of Practice No: 2215
UDIN: F006312B000290761

Chennai
28th May 2020

Annexure – A to Secretarial Audit Report of even date

To,

The Members of
TVS Motor Company Limited,
[CIN: L35921TN1992PLC022845]
“Chaitanya”, No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai – 600 006.

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2020 is to be read along with this letter.

1. The Company’s management is responsible for maintenance of secretarial records and compliance with the relevant provisions of corporate and other applicable laws, rules, regulations, guidelines and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
4. While forming an opinion on compliance and issuing this report, we have:
 - (a) considered compliance related action taken by the Company after 31st March 2020, but before the issue of this report.

- (b) considered compliance related actions taken by the Company based on independent legal / professional opinion / certification obtained as being in compliance with law.
- (c) taken an overall view, based on the compliance procedures and practices followed by the Company.
- (d) considered the Notifications / Circulars / Guidelines issued by the Ministry of Corporate Affairs/ SEBI / Depositories / Stock Exchanges, in respect of relaxation of various compliance time-lines in respect of the compliance events stated therein.

5. We have not verified the correctness and appropriateness of the financial statements (including attachments and annexures thereto), financial records and books of accounts of the Company.
6. We have obtained and relied on the Management’s representation about compliance of laws, rules and regulations and happening of events, wherever required, and where the relevant documents were not available for verification.
7. 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

UDIN: F006312B000290761

Chennai
28th May 2020

TVS 



TVS

iQUBE
ELECTRIC

CHARGE.LIFE

TVS 



**Scotty's
pep**

zest 110

Jupiter

NTORQ 125

**Apache
RR** 150

Kadeon

Apache
SERIES RTR

Victor

steer 110

TVS Sport

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

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2020

To the members of TVS Motor Company Limited

Report on the Audit of the Standalone financial statements

Opinion

We have audited the standalone financial statements of TVS Motor Company Limited ("the Company"), which comprise the standalone balance sheet as at 31st March 2020, the Statement of Profit and Loss(including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the stand-alone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, Other total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Key Audit Matter	Principal Audit Procedures
<p>1. Overseas Equity Investments -</p> <p>Equity Investments in overseas subsidiaries account for a significant percentage of the Company's total equity investments. To assess annually whether there are indications of impairment requires significant management judgment in determining the recoverable amount of these equity investments.</p>	<p>Management has obtained a valuation of the equity investment in the overseas subsidiary from a valuer, that is based on projected annual cash flows of the overseas subsidiary. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied (WACC) in arriving at the fair value. We consider that the management conclusions concerning the absence of impairment in the equity investment are adequately supported and consistent with the information currently available.</p> <p>WACC - Weighted Average Cost of Capital</p>
<p>2. Evaluation of Uncertain Tax positions</p> <p>The Company has material uncertain tax positions, including matters under dispute, which involves significant judgment to determine the possible outcome of these disputes.</p>	<p>We obtained details of demands relating to direct tax and indirect tax, for the year ended 31st March 2020. We considered legal precedence and other rulings as well as obtained external opinions in evaluating management's position on these uncertain tax positions.</p>

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing

so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the standalone financial statements.

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

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

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

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

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

of users taken on the basis of these standalone financial statements.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may

reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit of the branches have been received from the branches not visited by us;
 - (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of accounts.
 - (d) In our opinion, the aforesaid stand-alone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors

is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note No. 41(a) to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses- Refer Note No. 31(D);
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act;

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

S. VENKATARAMAN
Partner

Place: Chennai
Date : 28th May 2020

Membership No.: 023116
UDIN: 20023116AAAAHR6642

**Annexure A to Independent Auditors' Report - 31st March 2020
(Referred to in our report of even date)**

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The company has a regular program of physically verifying all the fixed assets at its plants/ offices in a phased manner over a period of 2 years, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies as compared to book records were noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the Company
- (ii) The inventories have been physically verified by the management during the year. In our opinion the frequency of the physical verification is reasonable, the discrepancies noticed on verification between the physical stocks and the book stocks were not material and have been properly dealt with in the books of accounts.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms, Limited Liability Partnerships or Other parties covered in the register maintained under Section 189 of the Companies Act 2013. Accordingly, the provisions of clauses (iii) (a),(b) &(c) of Para 3 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.
- (vi) The Central Government has prescribed the maintenance of cost records under Section 148(1) of the Act in respect of certain products manufactured by the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- (vii) a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs duty and Cess and other material statutory dues as applicable to the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance Income Tax, Goods and Service Tax, Customs duty and Cess were in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us and the records of the Company, the dues of Income-Tax, Customs Duty, Wealth Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Excise Duty and Cess which have not been deposited on account of any dispute are as follows:

Name of the Statute / (Nature of dues)	Period of dues	Rs. in Crores	Forum where dispute is pending
Central Excise Act, 1944 (Cenvat/Excise Duty)	1998-2017	24.44	Central Excise and Service Tax Appellate Tribunal, Chennai
	2011-2016	7.55	Assistant / Deputy / Commissioner of Central Excise, Hosur and Mysore
Finance Act, 1994 (Service Tax)	2002-2016	1.49	Central Excise and Service Tax Appellate Tribunal. Chennai / Bangalore
Customs Act, 1962 (Customs Duty)	1999-2001	1.36	Hon'ble High Court of Judicature, Chennai
Sales Tax / VAT Laws (Sales Tax)	1998-2016	1.03	Assessing officer
	2004-2005	0.04	Joint Commissioner (Appeals)
	1998-2010	0.33	Tribunals
Wealth Tax Act, 1957	2007-2009	0.98	ITAT, Chennai

- (viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Banks/Financial Institutions/ Government. The company has not raised any monies against issue of debentures.

- (ix) In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been applied for the purpose for which they were obtained. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements, to the best of our knowledge and belief and as per the information and explanations given to us by the Management, and the representations obtained from the management, no material fraud by the Company and no fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable
- (xiii) In our opinion and according to the information and explanations given to us, based on verification of the records and approvals of the Audit Committee, the Company is in compliance with Section 177 and Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the 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 para 3 of clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

S. VENKATARAMAN
Partner

Place: Chennai
Date : 28th May 2020
Membership No.: 023116
UDIN: 20023116AAAAHR6642

Annexure - B to the Independent Auditors' Report - 31st March 2020 (Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of TVS Motor Company Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of

Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting

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

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

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that

transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

S. VENKATARAMAN
Partner

Place: Chennai
Date : 28th May 2020

Membership No.: 023116
UDIN: 20023116AAAAHR6642

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Balance Sheet as at 31st March 2020

Rupees in crores

	Notes	As at 31-03-2020	As at 31-03-2019
ASSETS			
Non-current assets			
Property, plant and equipment	2	2,619.73	2,526.29
Capital work-in-progress	2	126.56	109.14
Other intangible assets	2	176.73	53.02
Intangible assets under development		158.87	148.09
Right-of-use asset	3	103.48	–
Financial assets			
i. Investments	4	2,605.88	2,300.67
ii. Other financial assets	5	249.66	0.14
Non-Current tax assets (Net)		10.71	16.78
Other non-current assets	6	80.11	60.32
		<u>6,131.73</u>	<u>5,214.45</u>
Current assets			
Inventories	7	1,038.93	1,175.94
Financial assets			
i. Trade receivables	8	1,281.36	1,414.14
ii. Cash and cash equivalents	9	414.30	39.13
iii. Bank balances other than (ii) above	10	4.87	4.74
iv. Other financial assets	11	18.00	14.47
Current tax assets (Net)		0.62	22.94
Other current assets	12	471.35	483.55
		<u>3,229.43</u>	<u>3,154.91</u>
Total assets		<u>9,361.16</u>	<u>8,369.36</u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	47.51	47.51
Other equity	14	3,570.58	3,299.81
		<u>3,618.09</u>	<u>3,347.32</u>
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	15	904.63	709.12
ii. Lease liabilities		85.79	–
Provisions	16	83.40	58.61
Deferred tax liabilities (Net)	17	158.05	212.63
		<u>1,231.87</u>	<u>980.36</u>
Current liabilities			
Financial liabilities			
i. Borrowings	18	1,070.00	668.82
ii. Lease liabilities		23.89	–
iii. Trade payables	19		
a. Total outstanding dues of micro and small enterprises		116.60	74.57
b. Total outstanding dues of other than (iii) (a) above		2,769.79	2,849.33
iv. Other financial liabilities	20	149.85	94.37
Provisions	16	92.85	59.65
Other current liabilities	21	288.22	294.94
		<u>4,511.20</u>	<u>4,041.68</u>
Total liabilities		<u>5,743.07</u>	<u>5,022.04</u>
Total equity and liabilities		<u>9,361.16</u>	<u>8,369.36</u>
Significant accounting policies	1		
See accompanying notes to the financial statements			

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

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

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner

Place : Chennai
Date : 28th May 2020

Membership No.: 023116

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Statement of Profit and Loss for the year ended 31st March 2020

Rupees in crores

	Notes	Year ended 31-03-2020	Year ended 31-03-2019
I Revenue from operations	22	16,423.34	18,209.92
II Other income	23	32.10	7.54
III Total income (I + II)		<u>16,455.44</u>	<u>18,217.46</u>
IV Expenses:			
Cost of material consumed	24	11,854.80	13,672.80
Purchase of stock-in-trade	24	259.20	244.84
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	21.93	(75.37)
Employee benefits expense	25	938.41	922.63
Finance costs	26	102.19	80.56
Depreciation and amortisation expense	27	489.03	399.27
Other expenses	28	<u>2,003.14</u>	<u>2,011.77</u>
Total expenses		<u>15,668.70</u>	<u>17,256.50</u>
V Profit before exceptional items and tax (III - IV)		786.74	960.96
VI Exceptional items		<u>(32.33)</u>	—
VII Profit before tax (V + VI)		754.41	960.96
VIII Tax expense	29		
i. Current tax		233.90	276.76
ii. Deferred tax		<u>(71.74)</u>	<u>14.06</u>
IX Profit for the year (VII - VIII)		<u>592.25</u>	<u>670.14</u>
X Other comprehensive income			
A. Items that will not be reclassified to profit or loss:			
Remeasurements of post employment benefit obligations		(45.30)	8.73
Change in fair value of equity instruments		(38.42)	(10.12)
Income tax relating to these items		15.27	(2.18)
B. Items that will be reclassified to profit or loss:			
Fair value changes on cash flow hedges		(66.53)	0.48
Income tax relating to these items		16.75	(0.17)
Other comprehensive income for the year, net of tax (X)		<u>(118.23)</u>	<u>(3.26)</u>
XI Total comprehensive income for the year - (IX + X)		<u>474.02</u>	<u>666.88</u>
XII Earnings per equity share (Face value of Re.1/- each)			
Basic & Diluted earnings per share (in rupees)	37	12.47	14.11
See accompanying notes to the financial statements			

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
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Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

Place : Chennai
Date : 28th May 2020

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Statement of changes in Equity

a Equity Share Capital

Rupees in crores

As at 01-04-2018	47.51
Changes in equity share capital	—
As at 31-03-2019	47.51
Changes in equity share capital	—
As at 31-03-2020	47.51

b Other Equity

Particulars	Reserves & Surplus			Other Reserves		Total
	General reserve	Capital reserve	Retained earnings	Equity Instruments Fair Valued through Other Comprehensive Income	Hedging reserve	
Balance as at 01-04-2018	865.64	6.43	1,874.74	88.04	(1.94)	2,832.91
Add : Profit for the year 2018-19			670.14			670.14
Other comprehensive income for the year 2018-19			5.55	(9.12)		(3.57)
Less : Reclassification to profit or loss, net of tax					(1.94)	(1.94)
Less : Change in fair value of hedging instruments, net of tax					1.63	1.63
Less : Distribution to shareholders :						
2018-19 First Interim dividend paid			99.77			99.77
2018-19 Second Interim dividend paid			66.51			66.51
Less : Dividend Tax			33.70			33.70
Balance as at 31-03-2019	865.64	6.43	2,350.45	78.92	(1.63)	3,299.81
Add : Profit for the year 2019-20			592.25			592.25
Other comprehensive income for the year 2019-20			(33.91)	(34.54)		(68.45)
Less : Reclassification to profit or loss, net of tax					(1.63)	(1.63)
Add : Adjustment as per Ind AS 116, net of tax (Retrospective application with cumulative effect)			(3.22)			(3.22)
Less : Change in fair value of hedging instruments, net of tax					51.41	51.41
Less : Distribution to shareholders :						
2019-20 First Interim dividend paid			99.77			99.77
2019-20 Second Interim dividend paid			66.51			66.51
Less : Dividend Tax			33.75			33.75
Balance as at 31-03-2020	865.64	6.43	2,705.54	44.38	(51.41)	3,570.58

Nature and purpose of Other Reserves

1. General reserve is available for distribution to share holders.

2. Capital reserve

i. On shares forfeited (₹ 55,200)

ii. On surplus arising out of amalgamation

—
6.43
6.43

3. Hedge Reserve - Refer Note No. 31(D)

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
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K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner

Place : Chennai
Date : 28th May 2020

Membership No.: 023116

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Cash Flow Statement

		Rupees in crores	
		Year ended 31-03-2020	Year ended 31-03-2019
A. Cash flow from operating activities			
Net profit before tax		754.41	960.96
Add: Depreciation and amortisation for the year	489.03		399.27
(Profit) / Loss on sale of fixed assets	(2.27)		1.91
Net (profit)/loss on sale of investments	(0.03)		–
Unrealised exchange (gain) / loss	(33.95)		7.30
(Gain) on lease preclosure	(0.31)		–
Dividend income	(3.37)		(3.28)
Interest income	(25.58)		(3.29)
Finance cost	102.19		80.56
Provisions	5.94		10.07
		<u>531.65</u>	<u>492.54</u>
Operating profit before working capital changes		1,286.06	1,453.50
Adjustments for:			
Trade receivables	171.44		(453.12)
Inventories	137.01		(211.55)
Other current assets	11.05		29.24
Other financial assets	(3.53)		(0.23)
Trade payables	(42.22)		437.99
Other financial liabilities (excluding current maturity of non-current borrowings)	0.94		1.54
Other current liabilities	(6.72)		16.40
Other non - current assets	24.59		54.02
		<u>292.56</u>	<u>(125.71)</u>
Cash generated from operations		1,578.62	1,327.79
Direct taxes paid		(185.00)	(230.00)
Net cash from operating activities	(A)	<u>1,393.62</u>	<u>1,097.79</u>
B. Cash flow from investing activities			
Purchase of property, plant and equipment	(526.25)		(593.90)
Purchase of intangible assets	(178.44)		(24.43)
Sale of fixed assets	22.76		9.71
Payments for capital work-in-progress	(17.42)		(24.90)
Payments for intangibles under development	(10.78)		(95.34)
Adjustment for capital advances	(16.56)		(4.58)
Share application money paid	(249.53)		–
Investments in subsidiaries and associates	(340.90)		(246.21)
Purchase of investments	(6.46)		(29.69)
Sale / disposal of investments	5.78		0.49
Interest received	25.58		3.29
Dividends received	3.37		3.28
		<u>(1,288.85)</u>	<u>(1,002.28)</u>
Net cash from / (used in) investing activities	(B)	<u>(1,288.85)</u>	<u>(1,002.28)</u>

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Cash Flow Statement – (continued)

Rupees in crores

Year ended 31-03-2020 Year ended 31-03-2019

C. Cash flow from financing activities

Borrowings:

Non-current borrowings availed / (repaid)	187.54	273.31
Current borrowings availed / (repaid)	401.29	93.85
Other bank balances	(0.12)	(0.35)
Finance cost paid	(100.34)	(85.70)
Repayment of lease liabilities	(17.83)	–
Dividend and dividend tax paid	(200.03)	(199.98)

270.51 81.13

Net cash from / (used in) financing activities (C) 270.51 81.13

Total (A)+(B)+(C) 375.28 176.64

Cash and cash equivalents at the beginning of the year 39.02 (137.62)

Cash and cash equivalents at the end of the year 414.30 39.02

D. Net increase / (decrease) in cash and cash equivalents

375.28 176.64

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

Change in liability arising from financing activities:

Particulars	As at 01-04-2019	Cash flow	Foreign exchange movement	Amortisation	As at 31-03-2020
Non-current borrowings (Including current maturities)	731.18	187.54	39.06	(5.87)	951.91
Current borrowings	668.71	401.29	–	–	1,070.00

Non-cash financing & investing activities:

	2019-20	2018-19
Acquisition of right of use asset	68.00	–

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

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

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner

Place : Chennai
Date : 28th May 2020

Membership No.: 023116

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the standalone financial statements of the Company.

a) Brief description of the Company

TVS Motor Company Limited ('the Company') is a public limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at "Chaitanya", No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006, Tamil Nadu, India.

The Company manufactures two wheelers, three wheelers, parts and accessories thereof. The Company has manufacturing plants located at Hosur in Tamil Nadu, Mysore in Karnataka and Nalagarh in Himachal Pradesh.

b) Basis of preparation

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

The financial statements have been prepared on the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

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

d) Significant Estimates and judgements

The areas involving critical estimates or judgements are:

- i) Estimation of fair value of unlisted securities - (Refer Note 30)
- ii) Defined benefit obligation - (Refer Note 33)
- iii) Estimation of useful life of Property, Plant and Equipment - (Refer Note 1(f) and 1(g))
- iv) Estimation and evaluation of provisions and contingencies relating to tax litigations - (Refer Note 41(a)).

e) Revenue recognition

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

Performance obligation:

The revenue is recognized on fulfilment of performance obligation.

Sale of products:

The Company earns revenue primarily from sale of automotive vehicles, parts and accessories.

Payment for the sale is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

The Company's contracts with customers do not provide for any right to returns, refunds or similar obligations. The Company's obligation to repair or replace faulty products under standard warranty terms is recognised as a provision. (Refer Note 38).

Revenue is recognised when the performance obligations are satisfied and the control of the product is transferred, being when the goods are delivered as per the relevant terms of the contract at which point in time the Company has a right to payment for the asset, customer has possession and legal title to the asset, customer bears significant risk and rewards of ownership and the customer has accepted the asset or the Company has objective evidence that all criteria for acceptance have been satisfied.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

Sale of services:

The Company also earns revenue from providing IT services and Royalty on usage of Company's technical knowhow.

In respect of IT service, the revenue is recognised on a time proportion basis as the customer simultaneously receives and consumes the benefits as the obligations are performed. Payment for the services provided are received as per the credit terms agreed with the customers. The credit period is generally short term, and thus there is no significant financing component.

In respect of Royalty, the performance obligation is, to provide the right-to-use the Company's technical knowhow by the customers, for which usage-based royalty is charged. Payment for the services provided is received as per the credit terms as agreed with the customers. The credit period is generally short term, and thus there is no significant financing component.

Significant judgements:

There are no significant judgements made by the Company in determining the timing of satisfaction of performance obligation. It is determined as per the terms of the contract.

f) Property, Plant and Equipment

Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date the asset is ready for its intended use. However, cost excludes Goods and Services Tax to the extent credit of the tax is availed of.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

g) Depreciation and amortization

i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shift) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

ii) Keeping in mind the rigorous and periodic maintenance programme followed by the Company, the estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company is given below:

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

iii) Tools and dies used for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for low volume models are depreciated at 11.31 per cent.

iv) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

v) On tangible fixed assets added / disposed of during the year, depreciation is charged on pro-rata basis from the date of addition / till the date of disposal.

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

h) Intangible assets

Expenses incurred during research phase are expensed in the year in which they are incurred. Expenses incurred during development phase are recognized as intangible assets under development and capitalized as intangible assets on completion of the development phase and are amortised on straight line basis over its useful life, viz., 2 years in the case of software and 6 to 10 years in the case of Design, Development and Technical knowhow.

i) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for, the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

j) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e., in Indian rupee (INR) and all values are rounded off to nearest crores except otherwise indicated.

(ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

i) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.

ii) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.

iii) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

k) Hedge accounting

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 30. Movements in the hedging reserve in shareholders' equity are shown in Note 31. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

When forward contracts are used to hedge forecast transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

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

l) Inventories

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

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

m) Employee benefits

- i) Short term obligations:

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

- ii) Other long term employee benefit:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, measured at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

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

- iii) Post-employment obligation:

The Company operates the following post-employment schemes:

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

Pension and gratuity obligation:

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net-off deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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

Provident fund:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) Bonus plans:

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

n) Taxes on income

Tax expense comprises of current and deferred taxes.

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

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

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

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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

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

o) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in current / non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in statement of profit and loss on completion of export obligation as approved by the Regulatory Authorities.

p) Provisions and contingent liabilities

i) Provision:

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

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

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liabilities. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

q) Segment reporting

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

r) Leases

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

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

To determine the incremental borrowing rate, the Company:

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

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

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

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

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

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

s) Cash and Cash equivalents

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

t) Trade receivables

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

u) Investments and Other financial assets

i) Classification

The Company classifies its financial assets in the following categories:

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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

ii) Measurement

At Initial recognition, the Company measures a financial asset at its fair value plus transaction cost (in the case of a financial asset not a fair value through profit or loss) that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

- Amortised Cost:

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

- Fair Value through profit or loss:

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

Equity instruments:

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

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

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

Investment in subsidiaries / associates:

Investment in subsidiaries / associates are measured at cost less provision for impairment.

iii) Impairment of financial assets

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

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

iv) Derecognition of financial assets

A financial asset is derecognised only when:

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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

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

v) Income recognition

Interest Income:

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends:

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

v) Borrowings

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

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

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

w) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

x) Current and Non-current classification

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

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

In respect of other assets, it is treated as current when it is:

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

All other assets are classified as non-current.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

A liability is treated as current when:

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

All other liabilities are classified as non-current.

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

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

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Development	Total
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2019	166.06	758.69	3,706.70	76.77	27.61	133.48	4,869.31	86.61	97.71	184.32
Additions	7.54	59.13	415.41	6.25	9.25	28.67	526.25	9.92	168.52	178.44
Sub-total	173.60	817.82	4,122.11	83.02	36.86	162.15	5,395.56	96.53	266.23	362.76
Sales / deletion	0.07	0.14	65.43	0.99	1.43	8.20	76.26	0.46	-	0.46
Total	173.53	817.68	4,056.68	82.03	35.43	153.95	5,319.30	96.07	266.23	362.30
Depreciation / Amortisation										
Upto 31-03-2019	-	180.73	2,030.03	35.59	14.17	82.50	2,343.02	71.33	59.97	131.30
For the year	-	31.62	339.30	12.01	4.38	25.01	412.32	13.54	41.19	54.73
Sub-total	-	212.35	2,369.33	47.60	18.55	107.51	2,755.34	84.87	101.16	186.03
Withdrawn on assets sold / deleted	-	0.14	45.43	0.74	1.42	8.04	55.77	0.46	-	0.46
Total	-	212.21	2,323.90	46.86	17.13	99.47	2,699.57	84.41	101.16	185.57
Carrying value										
As at 31-03-2020	173.53	605.47	1,732.78	35.17	18.30	54.48	2,619.73	11.66	165.07	176.73

Capital work-in-progress (at cost) as at 31-03-2020

(a) Building	28.79
(b) Plant & equipment	97.77
Total	<u>126.56</u>

- Cost of buildings includes ₹ 24.85 crores pertaining to buildings constructed on leasehold lands.
- Land includes lease hold land of ₹ 0.51 crores, whose ownership is transferrable at the end of the lease term.
- Borrowing cost capitalised during the year ₹ 12.38 crores.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS - (continued)

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Development	Total
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2018	162.17	656.63	3,381.76	58.12	20.30	105.62	4,384.60	71.55	89.28	160.83
Additions	3.89	109.65	418.96	19.48	8.67	33.25	593.90	16.00	8.43	24.43
Sub-total	166.06	766.28	3,800.72	77.60	28.97	138.87	4,978.50	87.55	97.71	185.26
Sales / deletion	-	7.59	94.02	0.83	1.36	5.39	109.19	0.94	-	0.94
Total	166.06	758.69	3,706.70	76.77	27.61	133.48	4,869.31	86.61	97.71	184.32
Depreciation / Amortisation										
Upto 31-03-2018	-	161.32	1,800.89	25.85	12.54	68.54	2,069.14	60.73	43.69	104.42
For the year	-	26.95	312.42	9.88	2.99	19.21	371.45	11.54	16.28	27.82
Sub-total	-	188.27	2,113.31	35.73	15.53	87.75	2,440.59	72.27	59.97	132.24
Withdrawn on assets sold / deleted	-	7.54	83.28	0.14	1.36	5.25	97.57	0.94	-	0.94
Total	-	180.73	2,030.03	35.59	14.17	82.50	2,343.02	71.33	59.97	131.30
Carrying value										
As at 31-03-2019	166.06	577.96	1,676.67	41.18	13.44	50.98	2,526.29	15.28	37.74	53.02

Capital work-in-progress (at cost) as at 31-03-2019

(a) Building	20.71
(b) Plant & equipment	88.43
Total	<u>109.14</u>

a) Cost of buildings includes ₹ 6.71 crores pertaining to buildings constructed on leasehold lands.

b) Land includes lease hold land of ₹ 0.51 crores, whose ownership is transferrable at the end of the lease term.

c) Borrowing cost capitalised during the year ₹ 5.86 crores.

3 RIGHT OF USE ASSET

Rupees in crores

S.No.	Particulars	Land	Building	Other assets	Total
1	Opening on transition to Ind AS 116 - Leases as on 01-04-2019	2.60	41.19	14.29	58.08
2	Additions during the year	-	66.73	1.27	68.00
3	Amortisation for the year	(0.09)	(13.89)	(8.00)	(21.98)
4	Deletions (Preclosures)	-	(0.62)	-	(0.62)
5	Closing net balance as on 31.03.2020	2.51	93.41	7.56	103.48

The Company has taken land, warehouses and sales offices across the country on leases for lease period ranging from 6-99 years. Company also has other assets on leases, the lease term here ranges for about 5 years.

Wherever the lease includes extension option and it is certain, the same is considered for computing the lease term. In rest of the cases, the term is limited to initial lease period. Lease term includes non-cancellable period and expected lease period. Payment made towards short term leases during the year was ₹ 36.78 Cr.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

4 NON CURRENT INVESTMENTS

Sl No.	Particulars	Subsidiary/ associate	No. of shares / units		Face Value	Currency	Rupees in crores	
			As at 31-03-2020	As at 31-03-2019			As at 31-03-2020	As at 31-03-2019
1	2	3	4	5	6	7	8	9
(a)	Investment in Equity Instruments Fair valued through OCI:							
	Quoted :							
(i)	Suprajit Engineering Limited, Bengaluru		28,92,000	28,92,000	1.00	INR	32.56	70.80
(ii)	Ucal Fuel Systems Limited, Chennai		91,760	91,760	10.00	INR	0.67	1.47
	Unquoted :							
(iii)	Green Infra BTV Limited, New Delhi		32,50,000	32,50,000	10.00	INR	1.39	1.29
(iv)	TVS Lanka (Private) Limited, Colombo		50,00,000	50,00,000	10.00	LKR	9.62	10.52
(v)	Green Infra Wind Power Projects Limited, New Delhi		1,11,600	1,11,600	10.00	INR	0.06	0.06
(vi)	Green Infra Wind Power Generation Limited, New Delhi		2,16,000	2,16,000	10.00	INR	0.13	0.13
(vii)	Condivision Solutions Pvt. Limited, Bengaluru		6,760	6,760	10.00	INR	-	2.00
(viii)	Mulanur Renewable Energy Pvt. Limited, Chennai		15,000	15,000	10.00	INR	0.02	0.02
(ix)	Atria Wind Power Bijapur 1 Limited, Bengaluru		90,610	1,01,217	10.00	INR	1.72	1.93
(x)	Altizon Systems Private Limited, Pune		10	-	10.00	INR	0.01	-
(b)	Investment in Equity Instruments valued at Cost (Unquoted):							
(i)	Sundaram Auto Components Limited, Chennai ¹	Subsidiary	4,21,74,000	3,59,25,000	10.00	INR	313.21	253.22
(ii)	TVS Motor Company (Europe) B.V., Amsterdam	Subsidiary	2,25,301	2,25,301	100.00	EUR	1.80	1.80
(iii)	TVS Motor (Singapore) Pte. Limited, Singapore	Subsidiary	11,85,28,579	9,14,80,287	1.00	SGD	364.80	225.86
(iv)	PT.TVS Motor Company Indonesia, Jakarta	Subsidiary	80,97,000	75,97,000	97,400.00	IDR	352.54	316.75
(v)	TVS Housing Limited, Chennai	Subsidiary	50,000	50,000	10.00	INR	0.05	0.05
(vi)	TVS Motor Services Limited, Chennai ¹	Subsidiary	5,36,33,814	86,33,814	10.00	INR	52.68	7.68
(vii)	TVS Credit Services Limited, Chennai ²	Subsidiary	15,54,69,528	1,83,29,753	10.00	INR	1,261.01	173.53
(viii)	Emerald Haven Realty Limited, Chennai	Associate	11,12,19,512	11,12,19,512	10.00	INR	111.22	111.22
(ix)	Ultraviolette Automotive Private Limited, Bengaluru	Associate	14,850	14,850	10.00	INR	11.00	11.00
(x)	Tagbox Solutions Private Limited, Bengaluru	Associate	45,710	-	1.00	INR	1.19	-
	Total value of Equity Instruments (a) + (b)						2,515.68	1,189.33
(c)	Investments in Preference Shares (Unquoted):							
	(Valued at Amortised Cost)							
(i)	TVS Motor Services Limited, Chennai ²	Subsidiary	-	61,30,10,000	10.00	INR	-	1,042.48
(ii)	Pinnacle Engines Inc., USA (face value 0.01 cent)		24,09,638	24,09,638	0.0001	USD	11.70	11.70
(iii)	Axiom Research Labs Private Limited, Delhi		82	82	10.00	INR	1.00	1.00
(iv)	TVS Lanka (Private) Limited, Colombo		37,00,00,000	37,00,00,000	1.00	LKR	15.92	14.75
(v)	Ultraviolette Automotive Private Limited, Bengaluru	Associate	990	-	50,545.00	INR	5.00	-
(vi)	Tagbox Solutions Private Limited, Bengaluru	Associate	3,83,983	-	16.00	INR	9.99	-
	Total value of Preference shares (c)						43.61	1,069.93
(d)	Other non-current Investments (Unquoted):							
	Investments fair valued through OCI:							
(i)	Autotech Fund I, L.P. USA Pension Funds / Government Securities (Valued at Amortised Cost):					USD	21.01	17.85
(ii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR	6.25	5.92
(iii)	Life Insurance Corporation Pension Policy, Mumbai					INR	19.33	17.64
	Total value of other non-current investments (d)						46.59	41.41
	Total (a) + (b) + (c) + (d)						2,605.88	2,300.67
	Aggregate amount of quoted investments and market value thereof						33.23	72.27
	Aggregate amount of unquoted investments						2,572.65	2,228.40
	Total						2,605.88	2,300.67

¹ Pursuant to the order of the National Company Law Tribunal, Chennai (NCLT, Chennai), the automobile trading division of Sundaram Auto Components (SACL), a wholly owned subsidiary, was demerged and merged with TVS Motor Services Ltd (TVS MS), a wholly owned subsidiary of the company with effect from 1st April 2018. As per the Scheme of Arrangement approved by the NCLT, Chennai, TVS MS allotted 36,33,814 equity shares of Rs.10 each to the Company as consideration for the transfer of the automobile trading division of SACL on 27th February 2019. Accordingly, the carrying cost of the existing 3,59,25,000 equity shares held by the Company in SACL has been allocated as the cost of the 36,33,814 equity shares allotted by TVS MS, in the same proportion as the net book value of the assets transferred by SACL to TVS MS bears to the net worth of SACL immediately before the demerger.

² Pursuant to Order of the NCLT, Chennai dated 16.4.2019, TVS Motor Services Limited, a wholly owned subsidiary of the Company has transferred its holding of 13,36,51,475 equity shares of Rs. 10/- each in its subsidiary, viz., TVS Credit Services Limited (TVS CS), to the Company in lieu of redemption of 61,30,10,000 Non-Cumulative Redeemable Preference Shares of Rs. 10/- each and thereby TVS CS became a direct subsidiary to the Company effective 6th June 2019.

All Investments are fully paid up.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

	Rupees in crores	
	As at 31-03-2020	As at 31-03-2019
5 FINANCIAL ASSETS - OTHERS (NON CURRENT)		
Other bank balances (bank deposit)	0.13	0.14
Share application money paid (pending allotment)	249.53	–
	<u>249.66</u>	<u>0.14</u>
6 OTHER NON-CURRENT ASSETS		
Capital advances	58.46	41.90
Advances other than capital advances:		
Prepaid lease rent	–	2.60
Deposits made	21.65	15.82
	<u>80.11</u>	<u>60.32</u>
7 INVENTORIES		
Raw materials and components	531.14	623.61
Goods-in-transit - Raw materials and components	77.30	99.23
Work-in-progress	43.76	92.51
Finished goods	271.38	244.96
Stock-in-trade	73.45	73.05
Stores and spares	41.90	42.58
	<u>1,038.93</u>	<u>1,175.94</u>
8 TRADE RECEIVABLES		
Secured, considered good	18.29	18.90
Unsecured, considered good *	1,280.50	1,406.87
	1,298.79	1,425.77
Less: Loss allowance	17.43	11.63
	<u>1,281.36</u>	<u>1,414.14</u>
* Balances include balance with related parties [Refer Note 34(c)(i)]		
9 CASH AND CASH EQUIVALENTS		
Balances with banks	163.75	38.76
Cash on hand	0.27	0.37
Cash equivalents:		
Deposits with maturity of less than three month from the date of deposit.	250.28	–
	<u>414.30</u>	<u>39.13</u>
Cash and cash equivalents for the purpose of cash flow statement		
Cash and cash equivalents as shown above	414.30	39.13
Less : Over drafts utilised	–	(0.11)
[Grouped under financial liabilities - borrowings (Refer Note 18)]		
	<u>414.30</u>	<u>39.02</u>
10 OTHER BANK BALANCES		
Earmarked balances with banks (for unpaid dividend)	4.87	4.74
	<u>4.87</u>	<u>4.74</u>
11 FINANCIAL ASSETS - OTHERS (CURRENT)		
Unsecured, considered good :		
Employee advances	12.04	8.12
Security deposits	5.56	4.65
Claims receivable	0.40	1.70
	<u>18.00</u>	<u>14.47</u>

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

As at 31-03-2020 As at 31-03-2019

12 OTHER CURRENT ASSETS

GST/VAT/IT/Excise receivable	304.22	386.57
Prepaid expense	25.32	22.35
Vendor advance*	76.71	19.51
Trade deposits	0.61	0.95
Export incentive receivable	64.49	53.03
Employee benefit assets (Refer Note 33)	–	1.14
	<u>471.35</u>	<u>483.55</u>

* Balances include balance with related parties [Refer Note 34(c)(i)].

13 EQUITY SHARE CAPITAL

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	Number	Rupees in crores	Number	Rupees in crores
Authorised: Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully paid up: Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51
	47,50,87,114	47.51	47,50,87,114	47.51

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	47,50,87,114	47.51	47,50,87,114	47.51
Shares issued during the year	–	–	–	–
Shares outstanding at the end of the year	47,50,87,114	47.51	47,50,87,114	47.51

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

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

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

(d) Shares held by holding company at the end of the year

Name of shareholder	Class of share	As at 31-03-2020		As at 31-03-2019	
		Number of shares held	% of holding	Number of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40

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

Name of shareholder	Class of share	As at 31-03-2020		As at 31-03-2019	
		Number of shares held	% of holding	Number of shares held	% of holding
ICICI Prudential Mutual Fund	Equity	3,75,05,402	7.89	3,11,44,102	6.56
Jwalamukhi Investment Holdings	Equity	2,66,90,025	5.62	2,34,89,942	4.94

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

14 OTHER EQUITY

Rupees in crores

Particulars	As at 31-03-2020	As at 31-03-2019
General reserve	865.64	865.64
Capital reserve	6.43	6.43
Retained earnings	2,705.54	2,350.45
Other Reserves	(7.03)	77.29
	3,570.58	3,299.81

15 NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Description	Frequency	No. of instalments due	Maturity	As at 31-03-2020	As at 31-03-2019
Secured:					
ECB Loan from Bank I	Quarterly	4	Feb 2023	225.98	206.09
Term loan from Bank	Quarterly	9	Jun 2024	199.56	-
FCNRB Loan from Bank	End of Tenure	1	Jul 2021	75.67	69.16
State owned corporation	Yearly	5	2022-31	160.89	157.08
Unsecured:					
ECB Loan from Bank - II	Half Yearly	6	Sep 2023	151.33	138.31
Sales Tax Deferral					
Phase-1	Yearly	2	2021-22	12.66	18.99
Phase-2	Yearly	8	2027-28	125.82	141.55
Total Borrowings				951.91	731.18
Less : Current maturities of long-term borrowings				47.28	22.06
Total Long-term Borrowings				904.63	709.12

Details of securities created:

- (i) ECB loan from Bank I - Exclusive charge over assets procured out of proceeds of the loan.
- (ii) Term Loan from Bank - Exclusive charge on specific plant and equipment.
- (iii) FCNRB Loan from Bank - Exclusive charge over assets procured out of proceeds of the loan.
- (iv) Soft loan - State owned corporation viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.

Amount payable in each instalments:

Description	Currency	Amount*	Rate of Interest
ECB Loan from Bank - I	USD	4 Quarterly instalments of 7.5 mn between May 2022 and February 2023	3 Month USD LIBOR plus Margin
Term Loan from Bank	INR	9 quarterly unequated instalments beginning from 30 th June 2022	1 Year MCLR plus Margin
FCNRB Loan from Bank	USD	10 Mn at the end of term	3 Month USD LIBOR plus Margin
ECB Loan from Bank - II	USD	6 Half yearly instalments of 3.33 mn between March 2021 and September 2023	3 Month USD LIBOR plus Margin
Sales tax deferral Phase-1	INR	6.33 crores per annum	Nil
Sales tax deferral Phase-2	INR	15.73 crores per annum	Nil
State owned corporation	INR	10.00, 67.23, 75.40, 4.45 and 9.24 crores (five instalments between 2022 and 2031)	0.10%

* undiscounted cash outflows

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

16 PROVISIONS

Particulars	As at 31-03-2020		As at 31-03-2019	
	Current	Non-current	Current	Non-current
Provision for employee benefits				
(a) Pension	45.19	50.64	27.45	39.09
(b) Leave salary	4.26	32.76	3.05	19.52
(c) Gratuity	5.36	–	–	–
Others:				
(a) Warranty	38.04	–	29.15	–
	92.85	83.40	59.65	58.61

17 DEFERRED TAX LIABILITIES (NET)

Particulars		As at 31-03-2020	As at 31-03-2019
The balance comprises temporary differences attributable to:			
Depreciation		238.14	318.23
Total deferred tax liability	(A)	238.14	318.23
Deferred tax asset consists of:			
- tax on employee benefit expenses		29.13	36.78
- tax on warranty provision		11.29	12.64
- tax on others		39.67	5.27
- unused tax credits (MAT credit entitlement)		–	50.91
Total deferred tax assets	(B)	80.09	105.60
Net deferred tax liability	(A)-(B)	158.05	212.63

Movement in deferred tax:

Particulars	Depreciation	Others	Total
As at 01-04-2018			148.17
Charged / (credited):			
- to profit or loss	18.56	(4.50)	14.06
- to other comprehensive income	–	2.35	2.35
- to utilisation of tax credits (MAT credit entitlement)	–	48.05	48.05
As at 31-03-2019			212.63
Charged / (credited):			
- to profit or loss	(80.09)	8.35	(71.74)
- to other comprehensive income	–	(32.02)	(32.02)
- towards IND AS116 initial adoption	–	(1.73)	(1.73)
- to utilisation of tax credits (MAT credit entitlement)	–	50.91	50.91
As at 31-03-2020			158.05

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

18 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

	As at 31-03-2020	As at 31-03-2019
Borrowings repayable on demand from banks		
Secured	240.00	120.00
Unsecured [#]	600.00	250.11
Short term loans from banks (Unsecured)	230.00	298.71
	<u>1,070.00</u>	<u>668.82</u>
[#] Includes overdraft utilisation	–	0.11
Total overdraft utilisation	<u>–</u>	<u>0.11</u>

Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.

19 TRADE PAYABLES

Dues to Micro and Small Enterprises **	116.60	74.57
Dues to enterprises other than Micro and Small Enterprises [#]	2,769.79	2,849.33
	<u>2,886.39</u>	<u>2,923.90</u>

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

[#] Balances include balances due to related parties [Refer Note 34(c)(ii)].

20 OTHER FINANCIAL LIABILITIES

Current Maturities of long term borrowings	47.28	22.06
Interest accrued but not due on loans	4.26	2.41
Trade deposits received	27.91	27.44
Unclaimed dividends (Not due for transfer to Investor Education and Protection Fund)	4.87	4.74
Payables against capital goods	23.59	23.25
Hedge liability (Net)	41.94	14.47
	<u>149.85</u>	<u>94.37</u>

21 OTHER CURRENT LIABILITIES

Statutory dues	107.28	142.83
Employee related	75.44	89.83
Advance received from customers	99.03	57.83
Money held under trust	6.47	4.45
	<u>288.22</u>	<u>294.94</u>

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

	Rupees in crores	
	Year ended 31-03-2020	Year ended 31-03-2019
22 REVENUE FROM OPERATIONS		
Sale of products	16,034.48	17,879.12
Sale of services	39.15	33.39
Other operating revenue [#]	349.71	297.41
	<u>16,423.34</u>	<u>18,209.92</u>
[#] Includes Government Grants of ₹ 186.57 crores (Last year ₹ 176.60 crores)		
23 OTHER INCOME		
Dividend income		
(i) From subsidiaries	2.11	2.34
(ii) From other investments designated as Fair Value through OCI	1.26	0.94
Interest income	25.58	3.29
Profit on sale of investments (Net)	0.03	–
Profit on sale of fixed assets (Net)	2.27	–
Other non-operating income	0.85	0.97
	<u>32.10</u>	<u>7.54</u>
24 MATERIAL COST		
Cost of Material consumed:		
Opening stock of raw materials and components	623.61	470.19
Add: Purchases	<u>11,762.33</u>	<u>13,826.22</u>
	12,385.94	14,296.41
Less: Closing stock of raw materials and components	531.14	623.61
	<u>11,854.80</u>	<u>13,672.80</u>
Purchases of stock-in-trade:		
Spare parts	136.53	152.75
Engine oil	122.67	92.09
	<u>259.20</u>	<u>244.84</u>
Changes in inventories of finished goods, work-in-progress and stock-in-trade:		
Opening stock:		
Work-in-progress	92.51	68.00
Stock-in-trade	73.05	57.40
Finished goods	244.96	209.75
	<u>(A) 410.52</u>	<u>335.15</u>
Closing stock:		
Work-in-progress	43.76	92.51
Stock-in-trade	73.45	73.05
Finished goods	271.38	244.96
	<u>(B) 388.59</u>	<u>410.52</u>
	<u>(A) - (B) 21.93</u>	<u>(75.37)</u>
25 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	814.91	798.56
Contribution to provident and other funds	51.77	49.57
Staff welfare expenses	71.73	74.50
	<u>938.41</u>	<u>922.63</u>

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

	Rupees in crores	
	Year ended 31-03-2020	Year ended 31-03-2019
26 FINANCE COSTS		
Interest	92.82	80.87
Interest on lease liabilities	9.27	–
Exchange differences	0.10	(0.31)
	<u>102.19</u>	<u>80.56</u>
27 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on property plant and equipment	412.32	371.45
Depreciation on right of use asset	21.98	–
Amortisation on intangible assets	54.73	27.82
	<u>489.03</u>	<u>399.27</u>
28 OTHER EXPENSES		
(a) Consumption of stores, spares and tools	51.50	71.03
(b) Power and fuel	90.30	110.08
(c) Repairs - buildings	10.94	11.21
(d) Repairs - plant and equipment	58.41	54.64
(e) Insurance	15.67	15.16
(f) Rates and taxes (excluding taxes on income)	3.57	6.03
(g) Audit fees [#]	1.54	0.90
(h) Cost audit fees	0.06	0.05
(i) Packing and freight charges	379.54	391.60
(j) Advertisement and publicity	420.54	391.84
(k) Other marketing expenses	356.98	359.56
(l) Loss on sale of fixed assets (Net)	–	1.91
(m) Foreign exchange loss (Net)	–	21.75
(n) Corporate Social Responsibility expenditure*	16.66	13.25
(o) Contributions to electoral trust / bond	6.00	9.00
(p) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹ 10 lakh, whichever is higher)	591.43	553.76
	<u>2,003.14</u>	<u>2,011.77</u>
[#] Refer Note No. 40 for details on audit fees.		
[*] Refer Note No. 45 for details on Corporate Social Responsibility expenditure.		
29 TAX EXPENSE AND RECONCILIATION		
(a) Tax expense		
Current tax:		
Current tax on profits for the year	225.23	276.46
Adjustments for current tax of prior periods	8.67	0.30
	<u>233.90</u>	<u>276.76</u>
	(A)	
Deferred tax:		
Decrease / (increase) in deferred tax assets	6.62	(4.50)
(Decrease) / increase in deferred tax liabilities	(78.36)	18.56
	<u>(71.74)</u>	<u>14.06</u>
	(B)	
	<u>162.16</u>	<u>290.82</u>
	(A + B)	

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

Year ended
31-03-2020

Year ended
31-03-2019

29 TAX EXPENSE AND RECONCILIATION - (continued)

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Profit before income tax expense	754.41	960.96
Tax at the Indian tax rate of 34.944%	263.62	335.80
Additional deduction towards Research & Development expenses	(48.97)	(40.39)
Capital receipts	(1.97)	(8.30)
Exempted income	(0.84)	(1.00)
Partially allowed deductions	15.65	4.99
Restatement of Deferred Tax Liability	(74.00)	–
Others	–	(0.58)
Tax relating to earlier years	8.67	0.30
Income tax expense	162.16	290.82

30 FAIR VALUE MEASUREMENTS

Particulars	As at 31-03-2020			As at 31-03-2019		
	FVTPL*	FVOCI*	Amortised cost	FVTPL*	FVOCI*	Amortised cost
Financial assets						
Investments						
- Equity instruments	–	46.18	–	–	88.22	–
- Preference shares	–	–	43.61	1,042.48	–	27.45
- Other non-current investments	–	21.01	–	–	17.85	–
- Debt Instruments	–	–	25.58	–	–	23.56
Trade receivables	–	–	1,281.36	–	–	1,414.14
Cash and cash equivalents	–	–	414.30	–	–	39.13
Other bank balances (bank deposit)	–	–	0.13	–	–	0.14
Earmarked balances with bank	–	–	4.87	–	–	4.74
Other financial assets	–	–	18.00	–	–	14.47
	–	67.19	1,787.85	1,042.48	106.07	1,523.63
Financial liabilities						
Borrowings	–	–	2,021.91	–	–	1,400.00
Trade payables	–	–	2,886.39	–	–	2,923.90
Lease liability	–	–	109.68	–	–	–
Derivative financial liability	–	41.94	–	–	14.47	–
Other financial liability	–	–	60.63	–	–	57.84
	–	41.94	5,078.61	–	14.47	4,381.74

* FVTPL - Fair Valued Through Profit and Loss FVOCI - Fair Valued Through Other Comprehensive Income

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

30 FAIR VALUE MEASUREMENTS - (continued)

(i) Fair value hierarchy

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

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

As at 31-03-2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVOCI	4	33.23	21.01	12.95	67.19
		33.23	21.01	12.95	67.19
Financial liabilities					
Derivatives	20	–	41.94	–	41.94
		–	41.94	–	41.94

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

As at 31-03-2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	4	–	–	43.61	43.61
Debt instruments	4	–	–	25.58	25.58
		–	–	69.19	69.19
Financial liabilities					
Borrowings	15, 18, 20	–	–	2,021.91	2,021.91
				2,021.91	2,021.91

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

As at 31-03-2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	4	–	–	1,042.48	1,042.48
Financial Investments at FVOCI	4	72.27	17.85	15.95	106.07
		72.27	17.85	1,058.43	1,148.55
Financial liabilities					
Derivatives	20	–	14.47	–	14.47
		–	14.47	–	14.47

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

As at 31-03-2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	4	–	–	27.45	27.45
Debt instruments	4	–	–	23.56	23.56
		–	–	51.01	51.01
Financial liabilities					
Borrowings	15, 18, 20	–	–	1,400.00	1,400.00
		–	–	1,400.00	1,400.00

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

30 FAIR VALUE MEASUREMENTS – (continued)

Rupees in crores

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers among the three levels.

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

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principal only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value measurements using significant unobservable inputs (level 3)

Particulars	Unlisted Preference Shares	Unlisted Equity Shares	Total
As at 01-04-2018	1,042.48	18.94	1,061.42
Additions / (Deletions)		(3.10)	(3.10)
Gains/(losses) recognised in profit or loss			–
Gains/(losses) recognised in other comprehensive income	–	0.11	0.11
As at 31-03-2019	1,042.48	15.95	1,058.43
Additions / (Deletions)	(1,042.48)	(0.23)	(1,042.71)
Gains/(losses) recognised in profit or loss	–	0.03	0.03
Gains/(losses) recognised in other comprehensive income	–	(2.80)	(2.80)
As at 31-03-2020	–	12.95	12.95

(iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended		Sensitivity
	31-03-2020	31-03-2019		31-03-2020	31-03-2019	
Preference shares	–	1,042.48	a) Earnings growth rate	–	20-30%	If the growth rate increases by 5% and the reduction in discount rate by 50 bps, the value of preference shares will increase by 2% and vice versa.
			b) Risk adjusted discount rate	–	20.10%	
Unquoted Equity shares	12.95	15.95	a) Earnings growth rate	1-3%	1-3%	Not significant
			b) Risk adjusted discount rate	8%	8%	

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

30 FAIR VALUE MEASUREMENTS – (continued)

Rupees in crores

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies. Risk adjustments have been derived based on the market risk premium adjusted for companies leveraged financial data.

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Preference shares	43.61	43.61	27.45	27.45
Debt instruments	25.58	25.58	23.56	23.56
	69.19	69.19	51.01	51.01
Financial liabilities				
Borrowings	2,021.91	2,021.91	1,400.00	1,400.00
	2,021.91	2,021.91	1,400.00	1,400.00

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

The fair values for preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

31 FINANCE RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit Risk	Cash, Cash equivalents and Trade receivables	Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forwarding-looking information (more specifically described below) . In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days, when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

31 FINANCE RISK MANAGEMENT - (continued)

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit Risk (continued)	a. Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
	b. Domestic Trade Receivables	Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. The Company extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. The Company has extensive reporting and review system to constantly monitor the outstandings.
	c. Export Trade Receivables	The Company's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with ECGC Limited.
Liquidity Risk	INR denominated borrowings [other than soft loans given by Govt. Authorities]	The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company works out a detailed annual operating plans to assess the fund requirements - both short term and long term. Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
Market Risk	(i) Foreign exchange	The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
	a. Export trade receivables and Import payables	The Company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
	b. Foreign currency denominated borrowings	The Company has hedged its borrowings by covering the principal repayments.
	(ii) Interest rate - Foreign currency denominated borrowings	The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

31 FINANCE RISK MANAGEMENT - (continued)

(A) Credit risk

Basis of recognition of expected credit loss provision

Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.			
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.	12 month expected credit losses	12 month expected credit losses	Life time expected credit losses (simplified approach)
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.			
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.	Life time expected credit losses		
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.		Asset is written off	

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

31 FINANCE RISK MANAGEMENT - (continued)

As at 31-03-2020

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	69.19	0%	–	69.19
	1	Other financial assets	18.00	0%	–	18.00

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,242.97	55.82	1,298.79
Expected loss rate	–	31%	–
Expected credit losses	–	17.43	17.43
Carrying amount of trade receivables	1,242.97	38.39	1,281.36

As at 31-03-2019

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	51.01	0%	–	51.01
	1	Other financial assets	14.47	0%	–	14.47

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,398.58	27.19	1,425.77
Expected loss rate	–	43%	–
Expected credit losses	–	11.63	11.63
Carrying amount of trade receivables	1,398.58	15.56	1,414.14

Reconciliation of loss allowance provision - Trade receivables

Loss allowance on 01-04-2018	9.58
Changes in loss allowance	2.05
Loss allowance on 31-03-2019	11.63
Changes in loss allowance	5.80
Loss allowance on 31-03-2020	17.43

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

31 FINANCE RISK MANAGEMENT - (continued)

(B) Liquidity risk

(i) Financing arrangements

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

Particulars	As at 31-03-2020	As at 31-03-2019
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	651.00	875.01
- Expiring beyond one year (bank loans)	–	–

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging 30 to 180 days.

(ii) Maturities of financial liabilities

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

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

As at 31-03-2020

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	1,070.00	22.06	25.22	890.23	19.84	2,027.35
Lease liabilities	7.30	6.84	9.75	89.28	33.19	146.36
Trade payables	2,886.39					2,886.39
Other financial liabilities	60.63					60.63
Derivatives	41.94					41.94

As at 31-03-2019

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	513.55	177.34	–	633.62	75.49	1,400.00
Trade payables	2,923.90					2,923.90
Other financial liabilities	57.84					57.84
Derivatives	14.47					14.47

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

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

31 FINANCE RISK MANAGEMENT - (continued)

(C) Market risk

(i) Foreign exchange risk

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	USD	EUR	USD	EUR
Exposure in foreign currency				
Financial assets:				
Trade receivables	570.30	26.25	419.95	23.47
Derivative assets:				
Foreign exchange forward contracts				
Sell foreign currency	(1,195.95)	(56.57)	(442.15)	(97.64)
Financial liabilities:				
Foreign currency loan	452.98		413.56	
Trade payables	108.02	0.03	194.96	6.69
Derivative liabilities:				
Foreign exchange forward contracts				
Buy foreign currency	–	–	–	–
Principal swap				
Buy foreign currency	(452.98)		(413.56)	

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
USD sensitivity				
INR / USD increases by 10%	36.29	15.53	(93.89)	(1.97)
INR / USD decreases by 10%	(36.29)	(15.53)	93.89	1.97
EURO sensitivity				
INR / EURO increases by 10%	2.06	1.16	(4.44)	(6.73)
INR / EURO decreases by 10%	(2.06)	(1.16)	4.44	6.73

* Holding all other variables constant

(ii) Interest rate risk

Domestic INR borrowings are based on fixed rate of interest. Normally, for short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, Company resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

Particulars	As at 31-03-2020	As at 31-03-2019
Variable rate borrowings	452.98	413.67
Fixed rate borrowings	1,574.37	986.33

The amounts disclosed in the table are the contractual undiscounted cash flows.

Sensitivity	Impact on profit after tax	
	As at 31-03-2020	As at 31-03-2019
Increase in interest rates by 100 bps	(3.56)	(2.85)
Decrease in interest rates by 100 bps	3.56	2.85

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

31 FINANCE RISK MANAGEMENT - (continued)

(iii) Price Risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

(i) Disclosure of effects of hedge accounting on financial position

(a) Disclosure of effects of hedge accounting on financial position as at 31-03-2020

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument since inception of hedge	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
Foreign exchange forward contracts, PCFC	1,273.77	–	1,226.82	–	Apr-20 to Mar-21	46.95	(46.95)
Foreign currency loan					Jul-21 to Sep-23		
• Principal swap	–	426.90	–	452.98	–	26.09	(26.09)
• Interest rate swap	–	426.90	–	24.21	–	24.21	(24.21)

(b) Disclosure of effects of hedge accounting on financial position as at 31-03-2019

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument since inception of hedge	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
Foreign exchange forward contracts, PCFC	564.82	–	577.32	–	Apr-19 to Jun-19	(12.50)	12.50
Foreign currency loan					Jul-21 to Sep-23		
• Principal swap	–	403.56	–	413.56	–	10.00	(10.00)
• Interest rate swap	–	403.56	–	7.79	–	7.79	(7.79)

(ii) Disclosure of effects of hedge accounting on financial performance: for the year ended 31-03-2020:

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge: Foreign exchange risk	(51.41)	–	(1.63)	Revenue

for the year ended 31-03-2019:

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge: Foreign exchange risk	(1.63)	–	(1.94)	Revenue

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

32 CAPITAL MANAGEMENT

(a) Risk management

The Company's objectives when managing capital are to

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

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

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet). The company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	As at 31-03-2020	As at 31-03-2019
Net debt	1,607.61	1,360.87
Total equity	3,618.09	3,347.32
Net debt to equity ratio	44.43%	40.66%

The Company also monitors Interest coverage ratio :

Company's earnings before interest and taxes (EBIT) divided by interest

The Company's strategy is to maintain an optimum interest coverage ratio. The Interest coverage ratio were as follows:

Particulars	Year ended 31-03-2020	Year ended 31-03-2019
EBIT	856.60	1,041.52
Interest	102.19	80.56
Interest coverage ratio (Times)	8.38	12.93

(b) Dividends

Particulars	Year ended 31-03-2020	Year ended 31-03-2019
(i) Equity shares Interim dividends for the year ended 31-03-2020 of Rs. 3.50 (31-03-2019 of Rs. 3.50) per fully paid share	200.03	199.98
(ii) Dividends not recognised at the end of the reporting period	–	–

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

33 EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plans as per actuarial valuation

Particulars	Funded plan			Unfunded plans	
	Gratuity			Pension	Leave salary
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Present value of obligation
As at 01-04-2018	94.69	(92.13)	2.56	65.59	23.23
Current service cost	16.20	–	16.20	0.90	–
Interest expense / (income)	7.40	(7.27)	0.13	4.90	1.70
Total amount recognised in profit or loss	23.60	(7.27)	16.33	5.80	1.70
Remeasurements					
Return on plan assets, excluding amounts included in interest expense / (income)	–	2.40	2.40	–	–
(Gain) / loss from change in financial assumptions	(3.94)	–	(3.94)	(0.94)	(0.89)
Experience (gains) / losses	(8.07)	–	(8.07)	0.52	2.19
Total amount recognised in other comprehensive income	(12.01)	2.40	(9.61)	(0.42)	1.30
Employer contributions	–	(10.42)	(10.42)	–	–
Benefit payments	(9.49)	9.49	–	(4.43)	(3.66)
As at 31-03-2019	96.79	(97.93)	(1.14)	66.54	22.57
Current service cost	17.42	–	17.42	–	–
Interest expense/(income)	7.55	(7.03)	0.52	5.10	1.89
Total amount recognised in profit or loss	24.97	(7.03)	17.94	5.10	1.89
Remeasurements					
Return on plan assets, excluding amounts included in interest expense / (income)	–	(1.33)	(1.33)	–	–
(Gain)/loss from change in financial assumptions	10.00	–	10.00	14.65	2.19
Experience (gains) / losses	(5.73)	–	(5.73)	10.00	15.52
Total amount recognised in other comprehensive income	4.27	(1.33)	2.94	24.65	17.71
Employer contributions	–	(14.38)	(14.38)	–	–
Benefit payments	(7.59)	7.59	–	(0.46)	(5.15)
As at 31–03–2020	118.44	(113.08)	5.36	95.83	37.02

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Statement of Profit and Loss .

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

33 EMPLOYEE BENEFIT OBLIGATIONS - (continued)

Rupees in crores

The significant actuarial assumptions were as follows:

Particulars	As at 31-03-2020	As at 31-03-2019
Discount rate (Gratuity)	6.6%	7.7%
Discount rate (Leave salary)	6.6%	7.6%
Discount rate (Pension)	5.6%	7.0%
Salary growth rate	5.5%	5.5%
Pre-retirement mortality rate	IALM (2006-08) Ultimate	
Post retirement mortality rate	LIC Ann (1996-98)	
Attrition rate (For Leave salary & Gratuity)	3.0%	3.0%
Attrition rate (For Pension)	0.0%	0.0%

Assumptions regarding future mortality for pension are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 58.

(i) Sensitivity analysis

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

Particulars	Impact on defined benefit obligation - Gratuity					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019
Discount rate	0.50%	0.50%	113.18	92.74	124.11	101.16
Salary growth rate	0.50%	0.50%	124.15	101.23	113.10	92.64
Mortality	5.00%	5.00%	118.45	96.81	118.41	96.76

Particulars	Impact on defined benefit obligation - Pension					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019
Discount rate	1.00%	1.00%	85.05	59.19	108.88	75.38
Salary growth rate	1.00%	1.00%	109.38	75.81	84.52	58.76
Mortality	5.00%	5.00%	95.00	66.03	96.68	67.08

Particulars	Impact on defined benefit obligation - Leave salary					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019
Discount rate	0.50%	0.50%	35.56	21.78	38.58	23.43
Salary growth rate	0.50%	0.50%	38.59	23.45	35.54	21.76
Mortality	5.00%	5.00%	37.02	22.58	37.01	22.57

Notes to the Financial Statements – (continued)

33 EMPLOYEE BENEFIT OBLIGATIONS - (continued)

Rupees in crores

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

(ii) Risk exposure

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

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

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

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

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

(iii) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of ₹ 16.83 crores (previous year ₹ 15.06 crores) has been recognised in the Statement of Profit and Loss.

On 28th February 2019 Supreme Court (SC) gave a judgement on components/allowances paid to employees that need to be taken into account while computing an employer's contribution of provident fund under the EPF Act. There are numerous interpretative issues relating to the components needs to be considered for the above calculation. The company is in the process of evaluating the method of computation of its PF contribution and would record any further effect in its financial statements, on receiving further clarification on the subject.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

34 RELATED PARTY DISCLOSURE

- (a) (i) Related parties and their relationship where control exists

Holding company:

Sundaram-Clayton Limited, Chennai

Ultimate holding company:

T V Sundram Iyengar & Sons Private Limited, Madurai

Subsidiaries:

Sundaram Auto Components Limited, Chennai

TVS Housing Limited, Chennai

TVS Motor Services Limited, Chennai

TVS Credit Services Limited, Chennai

Harita Collection Services Private Limited, Chennai

Harita ARC Services Private Limited, Chennai

TVS Micro Finance Private Limited, Chennai

TVS Commodity Financial Solutions Private Limited, Chennai

TVS Two Wheeler Mall Private Limited, Chennai

TVS Housing Finance Private Limited, Chennai

TVS Motor (Singapore) Pte. Limited, Singapore

TVS Motor Company (Europe) B.V, Amsterdam

PT. TVS Motor Company Indonesia, Jakarta

Sundaram Holding USA Inc, USA

Green Hills Land Holding LLC, USA

Component Equipment Leasing LLC, USA

Sundaram-Clayton USA LLC, USA (Formerly known as Workspace Project LLC)

Premier Land Holding LLC, USA

Associate companies:

Emerald Haven Realty Limited, Chennai

Ultraviolette Automotive Private Limited, Bengaluru

Tagbox Solutions Private Limited, Bengaluru

- (ii) Other related parties and their relationship where transaction exists:

Fellow subsidiaries:

TVS Electronics Limited, Chennai

Southern Roadways Private Limited, Madurai

Sundaram Industries Private Limited, Madurai

Lucas-TVS Limited, Chennai

Lucas Indian Service Limited, Chennai

TVS Auto Assist (India) Limited, Chennai

TVS Lanka Private Limited, Colombo

Autosense Private Limited, Chennai

Associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:

Brakes India Private Limited, Chennai

TVS Srichakra Limited, Madurai

Wheels India Limited, Chennai

Sundram Fasteners Limited, Chennai

India Nippon Electricals Limited, Chennai

Sundaram Brake Linings Limited, Chennai

TVS Auto Bangladesh Limited, Dhaka

TVS Supply Chain Solutions Limited (Formerly known as TVS Logistics Services Limited), Chennai

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

34 RELATED PARTY DISCLOSURE - (continued)

Rupees in crores

Associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company: - (continued)

Harita Techserv Private Limited, Chennai
 Predictronics Corporation, USA
 Tagbox PTE Ltd, Singapore

Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:

TVS Upasana Limited, Chennai
 TVS Dynamic Global Freight Services Limited, Chennai

Enterprises in which directors are interested:

TVS Organics Private Limited, Chennai
 Designo Lifestyle Solutions Private Limited, Bengaluru
 Dua Associates, Delhi
 Dua Consulting Private Limited, Delhi
 McCann-Erickson (India) Private Limited, Delhi
 Lakshmi Energy and Environment Design Private Limited, Coimbatore

Key Management personnel:

Executive Directors:

Mr. Venu Srinivasan, Chairman & Managing Director
 Mr. Sudarshan Venu, Joint Managing Director
 Mr. K.N.Radhakrishnan, Director and CEO

Non-executive Directors:

Independent Directors:

Mr. T. Kannan
 Mr. C.R. Dua
 Mr. Prince Asirvatham
 Mr. R Gopalan
 Mr. Hemant Krishan Singh
 Ms. Lalita D. Gupte

Non-Independent Directors:

Mr. H.Lakshmanan
 Dr. Lakshmi Venu
 Mr. Rajesh Narasimhan

Enterprise in which key management personnel and their relative have significant influence:

Harita-NTI Limited, Chennai

	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
(b) Transactions with related parties:		
(i) Purchase of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.38	0.42
- holding company (Sundaram-Clayton Limited, Chennai)	361.19	515.91
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	345.55	462.83
PT.TVS Motor Company Indonesia, Jakarta	0.08	0.35

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
34 RELATED PARTY DISCLOSURE - (continued)			
-	fellow subsidiaries		
	TVS Electronics Limited, Chennai	0.26	0.30
	Sundaram Industries Private Limited, Madurai	0.03	0.05
	Lucas-TVS Limited, Chennai	174.15	169.69
	Lucas Indian Service Limited, Chennai	7.54	7.16
-	associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	Brakes India Private Limited, Chennai	32.04	27.40
	TVS Srichakra Limited, Madurai	473.35	527.76
	Wheels India Limited, Chennai	14.77	14.89
	Sundram Fasteners Limited, Chennai	59.28	65.40
	India Nippon Electricals Limited, Chennai	296.15	332.74
	Sundaram Brake Linings Limited, Chennai	10.78	13.90
-	subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	TVS Upasana Limited, Chennai	16.41	22.42
-	enterprises in which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)	1.17	1.44
-	enterprises in which directors are interested		
	TVS Organics Private Limited, Chennai	0.87	1.25
(ii)	Sale of goods		
-	ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	367.49	67.31
-	subsidiary companies		
	Sundaram Auto Components Limited, Chennai	–	0.28
	PT. TVS Motor Company Indonesia, Jakarta	176.76	110.15
-	fellow subsidiary company (TVS Lanka Private Limited, Colombo)	213.54	234.63
-	associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	TVS Auto Bangladesh Limited, Dhaka	588.29	686.67
(iii)	Purchase of assets		
-	ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	1.53	–
-	associate of ultimate holding company (TVS Supply Chain Solutions Limited, Chennai (Formerly known as TVS Logistics Services Limited))	–	3.94
-	associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	India Nippon Electricals Limited, Chennai	0.44	–
-	enterprises in which directors are interested		
	Designo Lifestyle Solutions Private Limited, Bengaluru	0.03	–
	Lakshmi Energy and Environment Design Private Limited, Coimbatore	0.07	–
(iv)	Sale of assets		
-	subsidiary company (TVS Credit Services Limited, Chennai)	–	0.06

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
34	RELATED PARTY DISCLOSURE - (continued)		
(v)	Rendering of services (including interest and reimbursements received)		
-	holding company (Sundaram-Clayton Limited, Chennai)	2.21	2.16
-	subsidiary companies		
	Sundaram Auto Components Limited, Chennai	1.16	1.00
	PT. TVS Motor Company Indonesia, Jakarta	0.55	0.55
	TVS Credit Services Limited, Chennai	6.85	8.25
-	fellow subsidiaries		
	Southern Roadways Private Limited, Madurai	0.01	0.01
	Lucas-TVS Limited, Chennai	0.01	–
	Lucas Indian Service Limited, Chennai	0.01	–
-	associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	Brakes India Private Limited, Chennai	0.01	–
	TVS Supply Chain Solutions Limited, Chennai (Formerly known as TVS Logistics Services Limited)	0.89	0.63
	Wheels India Limited, Chennai	0.01	0.01
	India Nippon Electricals Limited, Chennai	0.14	–
	TVS Srichakra Limited, Madurai	0.01	–
	Sundram Fasteners Limited, Chennai	0.10	0.05
	Sundaram Brake Linings Limited, Chennai	0.01	–
-	Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:		
	TVS Upasana Limited, Chennai	0.14	–
(vi)	Availing of services (includes sub-contract charges paid)		
-	ultimate holding company		
	(TV Sundram Iyengar & Sons Private Limited, Madurai)	0.13	–
-	holding company (Sundaram-Clayton Limited, Chennai)	48.82	42.12
-	subsidiary company		
	TVS Credit Services Limited, Chennai	44.33	11.78
-	fellow subsidiaries:		
	TVS Electronics Limited, Chennai	1.44	1.47
	Southern Roadways Private Limited, Madurai	2.29	2.72
	TVS Auto Assist (India) Limited, Chennai	2.71	4.99
	Autosense Private Limited, Chennai	–	3.05
-	associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	TVS Supply Chain Solutions Limited, Chennai (Formerly known as TVS Logistics Services Limited)	82.69	110.08
	Wheels India Limited, Chennai	0.01	–
	Harita Techserv Private Limited, Chennai	2.63	2.84
-	subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	TVS Dynamic Global Freight Services Limited, Chennai	119.28	77.81
-	enterprises in which directors are interested		
	Dua Associates, Delhi	0.06	0.96
	Dua Consulting Private Limited, Delhi	4.79	4.97
	McCann-Erickson (India) Private Limited, Delhi	4.10	5.43

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
34 RELATED PARTY DISCLOSURE - (continued)		
(vii) Investments made during the year		
- subsidiary companies		
TVS Motor (Singapore) Pte. Limited, Singapore	138.94	72.37
PT. TVS Motor Company Indonesia, Jakarta	35.79	47.85
Sundaram Auto Components Limited, Chennai	59.99	–
TVS Motor Services Limited, Chennai	45.00	–
TVS Credit Services Limited, Chennai*	1,087.48	120.00
- fellow subsidiary company (TVS Lanka Private Limited)	–	14.75
- associate / joint venture		
Ultraviolette Automotive Private Limited, Bengaluru	5.00	6.00
Tagbox Solutions Private Limited	11.18	–
* Includes transfer of shares of Rs. 1042.48 Cr from TVS MS pursuant to NCLT's order. (Refer Note No.4(2)).		
(viii) Share application money pending allotment		
- subsidiary company		
TVS Motor (Singapore) Pte Limited, Singapore	249.53	–
(ix) Trade advance given		
- subsidiary company (TVS Motor (Singapore) Pte Limited, Singapore)	–	2.26
- associate company (Ultraviolette Automotive Private Limited, Bengaluru)	2.00	–
(x) Remuneration to key management personnel:		
Short-term employee benefits	40.61	47.28
Post-employment benefits	0.22	0.13
(xi) Dividend received from:		
- subsidiary company (Sundaram Auto Components Limited, Chennai)	2.11	2.34
- fellow subsidiary company (TVS Lanka Private Limited, Colombo)	–	0.42
(xii) Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	95.44	95.44
(xiii) Obligation arising out of agreements facilitating credit / payment to service provider		
- subsidiary companies		
PT. TVS Motor Company Indonesia, Jakarta	98.45	110.72
TVS Motor (Singapore) Pte. Limited, Singapore	302.66	–
TVS Credit Services Limited, Chennai	–	12.50
(c) Balances with related parties:		
(i) Trade receivables / Other current assets		
- ultimate holding company		
(T V Sundram Iyengar & Sons Private Limited, Madurai)	79.50	37.28
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	3.29	–
TVS Motor (Singapore) Pte Limited, Singapore	–	2.26
PT. TVS Motor Company Indonesia, Jakarta	141.10	84.74
TVS Credit Services Limited, Chennai	5.89	7.05
- fellow subsidiary company (TVS Lanka Private Limited, Colombo)	11.29	25.62
- associate company		
Ultraviolette Automotive Private Limited, Bengaluru	2.00	–
Emerald Haven Realty Limited, Chennai	2.65	1.44

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
34	RELATED PARTY DISCLOSURE - (continued)		
	- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	TVS Auto Bangladesh Limited, Dhaka	92.33	66.45
(ii)	Trade payables		
	- holding company (Sundaram-Clayton Limited, Chennai)	20.95	20.20
	- subsidiary companies		
	Sundaram Auto Components Limited, Chennai	–	11.74
	TVS Motor (Singapore) Pte Limited, Singapore	2.75	–
	- fellow subsidiaries		
	Lucas-TVS Limited, Chennai	24.81	28.57
	Lucas Indian Service Limited, Chennai	1.34	1.11
	Southern Roadways Private Limited, Madurai	0.16	0.16
	Sundaram Industries Private Limited, Madurai	0.01	0.01
	TVS Auto Assist (India) Limited, Chennai	–	0.58
	TVS Electronics Limited, Chennai	0.05	0.04
	- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	Brakes India Private Limited, Chennai	6.63	6.45
	TVS Srichakra Limited, Madurai	55.97	71.55
	Wheels India Limited, Chennai	1.53	2.78
	Harita Techserv Private Limited, Chennai	0.37	0.52
	India Nippon Electricals Limited, Chennai	54.56	51.65
	Sundaram Brake Linings Limited, Chennai	1.29	2.61
	Sundram Fasteners Limited, Chennai	8.20	11.21
	TVS Supply Chain Solutions Limited, Chennai (Formerly known as TVS Logistics Services Limited)	5.11	10.15
	- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	TVS Dynamic Global Freight Services Limited, Chennai	8.65	9.20
	TVS Upasana Limited, Chennai	2.05	3.23
	- enterprises in which directors are interested		
	Dua Consulting Private Limited, Delhi	–	0.14
	TVS Organics Private Limited, Chennai	0.01	0.03
	Lakshmi Energy and Environment Design Private Limited, Coimbatore	0.21	0.22
	- enterprise in which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)	0.21	0.13
(iii)	Guarantees issued	401.11	123.22

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

35 REVENUE FROM CONTRACTS WITH CUSTOMERS

A Disaggregated revenue:

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

Sl. No.	Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
(a)	Type of goods or service		
(i)	Two wheelers	12,843.05	14,763.31
(ii)	Three wheelers	1,532.21	1,394.84
(iii)	Parts and accessories	1,659.22	1,720.97
(iv)	IT Services	22.38	16.72
(v)	Royalty	16.77	16.67
		16,073.63	17,912.51
(b)	Geographical markets		
(i)	Domestic	11,521.17	13,592.95
(ii)	Exports	4,552.46	4,319.56
		16,073.63	17,912.51

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

C Reconciliation of contracts with customers:

Movement of contract liabilities for the reporting period given below:

Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
Contract Liabilities at the beginning of the period 01-04-2019	57.83	53.14
Add / (Less):		
Consideration received during the year as advance	99.03	57.83
Revenue recognized from contract liability	(57.83)	(53.14)
Contract Liabilities at the end of the period 31-03-2020	99.03	57.83

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

D Transaction price allocated to the remaining performance obligations:

The Company's contracts with customers are short term (i.e., the performance obligations are expected to be met within one year or less). Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed.

E Reconciliation of revenue with contract price:

Sl. No.	Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
(i)	Contract price	16,773.14	18,585.82
(ii)	Adjustments :		
	Incentive schemes	369.89	262.95
	Transport cost	329.62	410.36
(iii)	Revenue from operations as per Statement of Profit and Loss	16,073.63	17,912.51

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

36 LEASES - TRANSITION RELATED

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

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

The Company has not reassessed whether a contract is, or contains, a lease as per the definitions of Ind AS 116 at the date of initial application.

The Company applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 Impairment of assets.

The Company has treated the leases with remaining lease term of less than 12 months as 'short term leases'.

The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition.

The Company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Effective 1st April 2019, the company has adopted Ind AS 116 'Leases' and applied the Standard to its leases retrospectively and has recognised the effect of the cumulative adjustment (net of taxes) of ₹ 3.22 Crores in the opening balance of retained earnings, on the date of initial application (1st April 2019). Accordingly, comparatives for the period prior has not been restated.

The adoption of the Standard has resulted in recognising 'Right-of-Use Asset' of ₹ 55.48 Crores and a corresponding 'Lease Liability' of ₹ 60.43 Crores as at the date of initial application.

37 EARNINGS PER SHARE

	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
Profit after tax	592.25	670.14
Number of equity shares	47,50,87,114	47,50,87,114
Face value of the share (in rupees)	1.00	1.00
Weighted average number of equity shares	47,50,87,114	47,50,87,114
Basic and diluted earnings per share for continued operations (in rupees)	12.47	14.11
Basic and diluted earnings per share for discontinued operations (in rupees)	–	–
Basic and diluted earnings per share for continued and discontinued operations (in rupees)	12.47	14.11

38 WARRANTY PROVISION (CURRENT)

Opening balance	29.15	24.40
Add: Provision for the year (net)	38.04	29.15
	<u>67.19</u>	<u>53.55</u>
Less: Payments / debits (net)	29.15	24.40
Closing balance	<u>38.04</u>	<u>29.15</u>

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
39 DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006.		
Trade payable pertaining to dues to Micro and Small enterprises (all are within agreed credit period and not due for payment) (Refer Note No. 19)	116.60	74.57
(i) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
40 PAYMENT TO AUDITORS COMPRISES		
As statutory auditors	0.85	0.72
Taxation matters	0.20	0.15
Certification matters	0.10	0.03
Other Services	0.39	–
	<u>1.54</u>	<u>0.90</u>
Miscellaneous expenses include travel and stay expenses of auditors	0.10	0.13
	<u>1.64</u>	<u>1.03</u>
41 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR		
(a) Claims against the company not acknowledged as debts:		
(i) Excise	52.99	57.57
(ii) Service tax	1.96	1.96
(iii) Customs	1.36	1.36
(iv) Sales tax	2.00	2.38
(v) Income tax	42.60	40.53
(vi) Others	–	2.62
The future cash flows on the above items are determinable only on receipt of the decisions / judgments that are pending at various forums / authorities. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
(b) Other money for which the company is contingently liable:		
(i) On bills discounted with banks	52.65	181.89
(ii) On factoring arrangements	2.09	0.98

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
41 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR – (continued)			
(c) Commitments:			
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for	209.83	222.33
(ii)	On Investments	9.79	–
(d) Other commitments:			
	On import of capital goods under Export Promotion Capital Goods Scheme	–	14.92
42 EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT (claimed under Income Tax Act, 1961)			
R&D Expenditure eligible for weighted deduction - claimed U/s.35 (2AB)			
(a)	Revenue Expenditure	210.90	178.78
(b)	Capital Expenditure	88.33	48.58
R&D Expenditure not eligible for weighted deduction - claimed U/s.35			
(a)	Revenue Expenditure	27.35	32.12
(b)	Capital Expenditure		
(i)	Land and Building	8.52	1.24
(ii)	Others	–	46.76
		<u>335.10</u>	<u>307.48</u>

43 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS

Sl. No.	Particulars	Name of the company	Amount outstanding as at 31-03-2020	Amount outstanding as at 31-03-2019
(a)	Investments by the Company			
(i)	In subsidiary companies	Sundaram Auto Components Limited, Chennai [4,21,74,000 (last year-3,59,25,000) Equity shares of ₹10/- each fully paid up] Maximum amount held at any time	313.21	253.22
		During the year	313.21	
		During the previous year	255.90	
		TVS Housing Limited, Chennai [50,000 (last year - 50,000) Equity shares of ₹10/- each fully paid up] Maximum amount held at any time	0.05	0.05
		During the year	0.05	
		During the previous year	0.05	
		TVS Motor Services Limited, Chennai [5,36,33,814 (last year -86,33,814) Equity shares of ₹ 10/- each fully paid up] Maximum amount held at any time	52.68	7.68
		During the year	52.68	
		During the previous year	7.68	

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

43 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS - (continued)

Rupees in crores

Sl. No.	Particulars	Name of the company	Amount outstanding as at 31-03-2020	Amount outstanding as at 31-03-2019
(a) (i)	Investments by the company In subsidiary companies	<p>TVS Motor Services Limited, Chennai [Nil (last year - 61,30,10,000) Preference shares of ₹ 10/- each fully paid up] Maximum amount held at any time During the year 1,042.48 During the previous year 1,042.48</p> <p>TVS Credit Services Limited, Chennai [15,54,69,528 (last year - 1,83,29,753) Equity shares of ₹ 10/- each fully paid up] Maximum amount held at any time During the year 1,261.01 During the previous year 173.53</p> <p>TVS Motor Company (Europe) B.V., Amsterdam [2,25,301 (last year- 2,25,301) Ordinary shares of Euro 100/- each fully paid up] Maximum amount held at any time During the year 1.80 During the previous year 1.80</p> <p>TVS Motor (Singapore) Pte. Limited, Singapore [11,85,28,579 (last year 9,14,80,287) Ordinary shares of Singapore \$ 1/- each fully paid up] Maximum amount held at any time During the year 614.33* During the previous year 225.86 * (Includes share application money pending allotment)</p> <p>PT. TVS Motor Company Indonesia, Jakarta [80,97,000 Equity shares (last year - 75,97,000) of Indonesian Rp.97,400/- each fully paid up] Maximum amount held at any time During the year 352.54 During the previous year 316.75</p>	<p>–</p> <p>1,261.01</p> <p>1.80</p> <p>614.33*</p> <p>352.54</p>	<p>1,042.48</p> <p>173.53</p> <p>1.80</p> <p>225.86</p> <p>316.75</p>

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

43 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS - (continued)

Rupees in crores

Sl. No.	Particulars	Name of the company	Amount outstanding as at 31-03-2020	Amount outstanding as at 31-03-2019
(ii)	In associate companies	Emerald Haven Realty Limited, Chennai, [11,12,19,512 (last year - 11,12,19,512) Equity shares of ₹ 10/- each fully paid up] Maximum amount held at any time During the year 111.22 During the previous year 111.22	111.22	111.22
		Ultraviolette Automotive Private Limited, Bengaluru [14,850 (last year 14,850) Equity shares of ₹ 10/- each fully paid up] Maximum amount held at any time During the year 11.00 During the previous year 11.00	11.00	11.00
		Ultraviolette Automotive Private Limited, Bengaluru [990 (last year Nil) Preference shares of ₹ 50,545/- each fully paid up] Maximum amount held at any time During the year 5.00 During the previous year –	5.00	–
		Tagbox Solutions Private Limited, Bengaluru [45,710 (last year Nil) Equity shares of ₹ 1/- each fully paid] Maximum amount held at any time During the year 1.19 During the previous year –	1.19	–
		Tagbox Solutions Private Limited, Bengaluru [3,83,983 (last year Nil) Preference shares of ₹ 16/- each fully paid] Maximum amount held at any time During the year 9.99 During the previous year –	9.99	–
(b)	Investments by the holding company	Sundaram-Clayton Limited, Chennai holds 27,26,82,786 (last year 27,26,82,786) Equity shares of ₹ 1/- each fully paid up Maximum amount held at any time During the year 13.63 During the previous year 13.63	13.63	13.63

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

43 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS - (continued)

Rupees in crores

Sl. No.	Particulars	Name of the company	Amount outstanding as at 31-03-2020	Amount outstanding as at 31-03-2019
(c)	Loans and advances to associate companies	Ultraviolette Automotive Private Limited, Bengaluru	2.00	–
		Maximum amount held at any time		
		During the year	2.00	
		During the previous year	–	

	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
44 DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEES GIVEN (Disclosure as per Section 186 of the Companies Act, 2013)		
(a) Investments made - Refer Note No.4		
(b) Guarantee issued towards credit facility / business purpose on behalf of :		
(i) Domestic subsidiary	–	12.50
(ii) Overseas subsidiaries	401.11	110.72

45 CORPORATE SOCIAL RESPONSIBILITY

Expenditure incurred on Corporate Social Responsibility (CSR) activities:

- (a) Gross amount required to be spent during the year is Rs. 15.85 crores (last year Rs. 13.09 crores)
 (b) Amount spent during the year:

Sl. No.	Particulars	In cash	Yet to be paid in cash	Year ended 31-03-2020	Year ended 31-03-2019
1	Construction / acquisition of any asset	–	–	–	–
2	Other than the above	23.66	10.00	33.66*	13.25

* included in other expenses Rs. 16.66 crores & exceptional item Rs.17.00 crores

46 BORROWING COST CAPITALISED

Borrowing cost capitalised during the year Rs.12.38 crores (last year - Rs.5.86 crores)

47 MATERIAL CHANGES AND COMMITMENTS

The Manufacturing facilities and all offices of the Company were closed on March 23, 2020 following the nationwide lockdown due to CoVID-19. The Company has since obtained required permissions and restarted its manufacturing facilities and all offices partially. Based on assessment of the impact of CoVID-19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is confident of obtaining regular supply of raw materials and components, resuming supply chain logistics and serving customers.

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

48 PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED WHEREVER NECESSARY TO CONFORM TO THE CURRENT YEAR'S CLASSIFICATION.

venu srinivasan <i>Chairman & Managing Director</i>	SUDARSHAN VENU <i>Joint Managing Director</i>	H. LAKSHMANAN <i>Director</i>	As per our report annexed For V. Sankar Aiyar & Co. <i>Chartered Accountants</i> Firm Regn. No.: 109208W
K.N.RADHAKRISHNAN <i>Director & Chief Executive Officer</i>	K. GOPALA DESIKAN <i>Chief Financial Officer</i>	K.S. SRINIVASAN <i>Company Secretary</i>	S. VENKATARAMAN <i>Partner</i> Membership No.: 023116

Place : Chennai
 Date : 28th May 2020

TVS 



TVS

Supifer



TVS

Supifer Classic

TVS 



starz city 



TVS Radeon



TVS Sport

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

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2020

To the members of TVS Motor Company Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of TVS Motor Company Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its associates, which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated statement of Profit and Loss, (including Other Comprehensive Income) and the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates as at March 31, 2020, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Principal Audit Procedures
<p>Carrying Value of Goodwill</p> <p>The group has recognised a goodwill on consolidation of Rs.186.11 crores in its Consolidated Financial Statements in the year ended 31st March 2018, pursuant to a business combination in the said accounting year. The goodwill has to be tested for impairment annually, which requires significant judgment on the part of the management in identifying and valuing the relevant Cash Generating Unit that contains goodwill.</p>	<p>Management has obtained a valuation of the Cash Generating Unit wherein valuers have arrived at a fair value, based on weighted average of the Discounted Cash Flow Method and Comparable Companies" Multiples Method. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied (WACC) as well as the Comparable Companies considered in arriving at the fair value. We consider that the management conclusions concerning the absence of impairment in the goodwill are adequately supported and consistent with the information currently available.</p>

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the shareholders but does not include the consolidated financial statements and our auditor's report thereon. The Directors' Report to the shareholders is expected to be made available to us after the date of this Auditor's Report.

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

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

When we read the Directors' Report to the shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act, that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of the Group and of its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risk of material misstatement of consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusions, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charges with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current periods and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements / Consolidated financial statements of nine subsidiaries, whose financial statements reflect total assets of Rs.2338.45 crores as at 31st March 2020, total revenues of Rs.2415.29 crores and net cash flows amounting to Rs.604.42 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 0.67 crores for the year ended 31st March 2020, as considered in the consolidated financial statements, in respect of one associate. These financial statements/consolidated financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and Associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

The subsidiaries located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries. The Parent's Management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to Ind AS. We have audited those conversion adjustments made by the parent's Management. Our opinion insofar as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of

other auditors and the conversion adjustments prepared by the management of the Parent and audited by us.

We did not audit the financial statement / financial information of one subsidiary included in the consolidated financial statement, whose financial statement / financial information reflect total assets of Rs. 1.32 crores as at 31st March 2020, total revenues of Rs. 1.27 crores and net cash flows of Rs. (0.56) crores for the year ended on that date, as considered in the consolidated financial statement. The consolidated financial statements also include the Group's share of net loss of Rs. 1.50 crores for the year ended 31st March 2020, as considered in the consolidated financial statements, in respect of Three associates, whose financial statements / financial information have not been audited by us. This financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion, on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to this associates, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. (The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

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 of the Holding Company as on 31st March, 2020, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and its associate companies, incorporated in India, none of the directors of the Group companies, its associate companies incorporated in India is disqualified as on 31st March, 2020, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates - Refer Note 45(a) to the consolidated financial statements.
 - ii. The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and associate companies incorporated in India.

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

S. VENKATARAMAN
Partner

Place: Chennai
Date : 28th May 2020

Membership No.: 023116
UDIN: 20023116AAAAHR6642

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Balance Sheet as at 31st March 2020

Rupees in crores

	Notes	As at 31-03-2020	As at 31-03-2019
ASSETS			
Non-current assets			
Property, plant and equipment	2	3,066.54	2,978.81
Capital work-in-progress	2	847.14	603.92
Investment properties	3	137.70	137.70
Goodwill		2.20	2.20
Goodwill on consolidation		186.11	186.11
Other intangible assets	2	183.00	61.98
Intangible assets under development		158.87	140.59
Right of use asset	4	235.14	–
Financial assets			
i. Investments	5	210.70	309.80
ii. Loans (receivable from financing activity)	6	4,148.49	3,624.80
iii. Other Financial Assets	7	36.64	16.52
Investments accounted using equity method	8	160.21	129.93
Non-current tax assets (Net)		28.34	28.06
Other non-current assets	9	132.09	144.40
		<u>9,533.17</u>	<u>8,364.82</u>
Current assets			
Inventories	10	1,188.47	1,291.57
Financial assets			
i. Trade receivables	11	1,454.36	1,546.07
ii. Loans (receivable from financing activity)	6	5,306.84	4,599.83
iii. Cash and cash equivalents	12	1,079.69	163.04
iv. Bank balances other than (iii) above	13	27.88	43.27
v. Other financial assets	14	93.19	101.50
Current tax assets (Net)		2.43	21.53
Other current assets	15	593.98	564.86
		<u>9,746.84</u>	<u>8,331.67</u>
Total assets		<u>19,280.01</u>	<u>16,696.49</u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	47.51	47.51
Other equity	17	3,234.59	3,122.66
Equity attributable to owners		3,282.10	3,170.17
Non-controlling interest		320.94	245.77
		<u>3,603.04</u>	<u>3,415.94</u>
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	18	5,221.23	4,909.16
ii. Lease Liabilities		194.28	–
iii. Others		9.84	–
Provisions	19	122.22	89.64
Deferred tax liabilities (Net)	20	87.12	96.96
		<u>5,634.69</u>	<u>5,095.76</u>
Current liabilities			
Financial liabilities			
i. Borrowings	21	3,780.70	3,253.81
ii. Lease Liabilities		47.62	–
iii. Trade payables	22		
a. Total outstanding dues of micro and small enterprises		121.49	79.24
b. Total outstanding dues of other than (iii) (a) above		3,065.35	3,080.44
iv. Other financial liabilities	23	2,538.37	1,316.32
Provisions	19	99.77	65.06
Other current liabilities	24	388.98	389.92
		<u>10,042.28</u>	<u>8,184.79</u>
Total liabilities		<u>15,676.97</u>	<u>13,280.55</u>
Total equity and liabilities		<u>19,280.01</u>	<u>16,696.49</u>
Significant accounting policies	1		
See accompanying notes to the financial statements			

VENU SRINIVASAN <i>Chairman & Managing Director</i>	SUDARSHAN VENU <i>Joint Managing Director</i>	H. LAKSHMANAN <i>Director</i>	As per our report annexed For V. Sankar Aiyar & Co. <i>Chartered Accountants</i> Firm Regn. No.: 109208W
K.N.RADHAKRISHNAN <i>Director & Chief Executive Officer</i>	K. GOPALA DESIKAN <i>Chief Financial Officer</i>	K.S. SRINIVASAN <i>Company Secretary</i>	S. VENKATARAMAN <i>Partner</i> Membership No.: 023116

Place : Chennai
Date : 28th May 2020

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Statement of Profit and Loss for the year ended 31st March 2020

		Notes	Year ended 31-03-2020	Rupees in crores Year ended 31-03-2019
I	Revenue from operations	25	18,849.31	20,159.99
II	Other income	26	51.83	25.44
III	Total Income (I +II)		<u>18,901.14</u>	<u>20,185.43</u>
IV	Expenses:			
	Cost of material consumed	27	12,050.84	13,788.43
	Purchase of stock in trade	27	259.20	244.84
	Changes in inventories of finished goods, Stock-in -trade and work-in-progress	27	6.73	(78.95)
	Employee benefits expense	28	1,539.35	1,432.15
	Finance costs	29	854.54	663.40
	Depreciation and amortisation expense	30	556.00	441.71
	Other expenses	31	2,720.14	2,612.70
	Total expenses		<u>17,986.80</u>	<u>19,104.28</u>
V	Profit before exceptional items, share of net profit of investment and tax (III - IV)		914.34	1,081.15
VI	Share of net profit / (loss) from associates using equity method		(8.59)	1.70
VII	Profit before exceptional items and tax (V + VI)		<u>905.75</u>	<u>1,082.85</u>
VIII	Exceptional items		(40.33)	-
IX	Profit before tax (VII + VIII)		<u>865.42</u>	<u>1,082.85</u>
X	Tax expense	32		
	i) Current tax		294.65	363.18
	ii) Deferred tax		(76.03)	(5.73)
XI	Profit for the year (IX - X)		<u>646.80</u>	<u>725.40</u>
XII	(Profit) / Loss attributable to non-controlling Interest		(22.18)	(20.73)
XIII	Profit for the year attributable to owners (XI + XII)		<u>624.62</u>	<u>704.67</u>
XIV	Other comprehensive income			
	A. <i>Items that will not be reclassified to profit or loss:</i>			
	Remeasurements of post employment benefit obligations		(50.30)	8.31
	Change in fair value of equity instruments		(38.75)	(10.04)
	Share of other comprehensive income of an associate		(0.10)	(0.13)
	Income tax relating to these items		15.49	(1.65)
	B. <i>Items that will be reclassified to profit or loss:</i>			
	Fair value changes on cash flow hedges		(90.69)	(2.11)
	Foreign currency translation adjustments		31.27	11.14
	Income tax relating to these items		22.99	0.74
	Other comprehensive income for the year, net of tax (XIV)		<u>(110.09)</u>	<u>6.26</u>
XV	Other comprehensive income attributable to non-controlling interest		(2.73)	(0.15)
XVI	Other comprehensive income attributable to owners (XIV - XV)		<u>(107.36)</u>	<u>6.41</u>
XVII	Total comprehensive income attributable to owners (XIII +XVI)		<u>517.26</u>	<u>711.08</u>
XVIII	Earnings per equity share (Face value of Re.1/- each)			
	Basic & Diluted earnings per share (in rupees)	42	13.15	14.83
	See accompanying notes to the financial statements			

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Company Secretary

S. VENKATARAMAN
Partner

Place : Chennai
Date : 28th May 2020

Membership No.: 023116

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Statement of Changes in Equity

a Equity Share Capital

Rupees in crores

As at 01-04-2018	47.51
Changes in equity share capital	—
As at 31-03-2019	47.51
Changes in equity share capital	—
As at 31-03-2020	47.51

b Other Equity

Particulars	Reserves & Surplus				Other Reserves			Non Controlling interest	Total
	General reserve	Capital reserve	Statutory reserve	Retained earnings	Equity Instruments Fair Valued through Other Comprehensive Income	Foreign currency translation reserve	Hedging reserve		
Balance as at 01-04-2018	876.24	6.51	17.81	1,674.61	85.08	(28.06)	(2.50)	181.08	2,810.77
Add : Profit for the year 2018-19				704.67				20.73	725.40
Other comprehensive income for the year 2018-19				5.29	(8.53)	11.14		(0.15)	7.75
Share of OCI of an associate, net of tax				(0.12)					(0.12)
Share of associate adjustment as per Ind AS 115 , net of tax (Retrospective application with cumulative effect)				(8.66)					(8.66)
Less: Reclassification to profit or loss, net of tax							(2.50)		(2.50)
Less: Change in fair value of hedging instruments, net of tax							3.87		3.87
Transfer from Retained earnings to Statutory reserve			22.42	(22.42)					—
Transaction in capacity as owners:									
Transactions with non-controlling interest			5.74	(14.73)				44.11	35.12
Less : Distribution to shareholders :									
2018-19 First Interim dividend paid				99.77					99.77
2018-19 Second Interim dividend paid				66.51					66.51
Less : Dividend Tax				34.18					34.18
Balance as at 31-03-2019	876.24	6.51	45.97	2,138.18	76.55	(16.92)	(3.87)	245.77	3,368.43
Add : Profit for the year 2019-20				624.62				22.18	646.80
Other comprehensive income for the year 2019-20				(35.96)	(34.86)	31.27		(2.73)	(42.28)
Share of OCI of an associate, net of tax				(0.10)					(0.10)
Add: Adjustment as per Ind AS 116, net of tax (Retrospective application with cumulative effect)				(5.45)					(5.45)
Less: Fair valuation loss / (gain) of Non Cumulative Redeemable Preference shares and deferred taxes				203.09					203.09
Add : Fair value gain on pension asset				0.04					0.04
Less: Reclassification to profit or loss, net of tax							(3.87)		(3.87)
Less: Change in fair value of hedging instruments, net of tax							71.58		71.58
Transfer from Retained earnings to Statutory reserve			30.10	(30.10)					—
Transaction in capacity as owners:									
Transactions with non-controlling interest			(5.42)	9.05				55.72	59.35
Less : Distribution to shareholders :									
2019-20 First Interim dividend paid				99.77					99.77
2019-20 Second Interim dividend paid				66.51					66.51
Less : Dividend Tax				34.18					34.18
Balance as at 31-03-2020	876.24	6.51	70.65	2,296.73	41.69	14.35	(71.58)	320.94	3,555.53

Nature and purpose of Other Reserves

- General reserve is available for distribution to shareholders.
- Capital reserve:
 - On shares forfeited (₹ 55,200) —
 - On surplus arising out of amalgamation 6.51
- Statutory Reserve has been created pursuant to Section 45 - IC of the RBI Act, 1934. Owners portion of Statutory Reserve created in subsidiary shown above after becoming subsidiary.
- Hedging Reserve - Refer Note No. 34(D)

venu srinivasan
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Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner

Place : Chennai
Date : 28th May 2020

Membership No.: 023116

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Cash Flow Statement

Rupees in crores

	Year ended 31-03-2020	Year ended 31-03-2019
A. Cash flow from operating activities		
Net profit before tax	865.42	1,082.85
Add: Depreciation and amortisation for the year	556.00	441.71
(Gain) on lease preclosure	(0.31)	–
(Profit) / Loss on sale of fixed assets	(2.28)	2.22
Net (profit)/loss on sale of investments	(0.03)	(1.01)
Unrealised exchange (gain) / loss	(29.41)	(4.08)
Net (profit)/ loss from Associate using equity method	8.59	(1.70)
Dividend income	(1.26)	(0.94)
Interest income	(26.64)	(4.36)
Finance cost (excluding relatable to financial enterprise)	154.74	105.58
Provisions	<u>(28.21)</u>	<u>45.53</u>
	<u>631.19</u>	<u>582.95</u>
Operating profit before working capital changes	1,496.61	1,665.80
Adjustments for:		
Loans given by a financial enterprise (Net)	(1,177.62)	(2,127.18)
Trade receivables	130.37	(482.54)
Inventories	103.10	(235.42)
Other current assets	(29.12)	49.31
Other financial assets	(11.81)	(17.31)
Trade payables	22.46	508.89
Other financial liabilities (excluding current maturity of non-current borrowings)	(42.00)	18.69
Other current liabilities	(0.94)	(4.20)
Other non - current assets	<u>124.20</u>	<u>22.74</u>
	<u>(881.36)</u>	<u>(2,267.02)</u>
Cash generated from operations	615.25	(601.22)
Direct taxes paid	<u>(241.82)</u>	<u>(316.72)</u>
Net cash from operating activities (A)	<u>373.43</u>	<u>(917.94)</u>
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(572.55)	(685.92)
Purchase of intangible assets	(179.93)	(34.72)
Sale of fixed assets	30.21	9.76
Payments for capital work-in-progress	(243.22)	(323.53)
Payments for intangible assets under development	(18.28)	(95.34)
Payments for capital Advances	(7.11)	20.79
Purchase of investments	(94.01)	(31.77)
Purchase of Investments in associate	(38.97)	(6.00)
Sale of Investments	5.81	1.98
Contribution from non-controlling Interest	–	35.12
Interest received	26.64	4.36
(Purchase) / Sale of investment property	–	0.70
Dividends received	<u>1.26</u>	<u>0.94</u>
	<u>(1,090.15)</u>	<u>(1,103.63)</u>
Net cash from / (used in) investing activities (B)	<u>(1,090.15)</u>	<u>(1,103.63)</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Cash Flow Statement – (continued)

		Rupees in crores	
		Year ended 31-03-2020	Year ended 31-03-2019
C. Cash flow from financing activities			
Borrowings:			
Non-current borrowings availed / (repaid)		1,458.99	2,318.34
Current borrowings availed / (repaid)		512.69	188.98
Other bank balances		15.39	27.56
Finance cost paid		(124.33)	(124.65)
Lease liabilities paid		(43.11)	–
Dividend and dividend tax paid		(200.46)	(200.46)
		<u>1,619.17</u>	<u>2,209.77</u>
Net cash from / (used in) financing activities	(C)	<u>1,619.17</u>	<u>2,209.77</u>
Total	(A)+(B)+(C)	902.45	188.20
Cash and cash equivalents at the beginning of the year		138.89	(49.31)
Cash and cash equivalents at the end of the year		<u>1,041.34</u>	<u>138.89</u>
D. Net increase / (decrease) in cash and cash equivalents		<u><u>902.45</u></u>	<u><u>188.20</u></u>

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

Change in liability arising from financing activities:

Particulars	As at 01-04-2019	Cash flow	Foreign exchange movement	Amortisation	As at 31-03-2020
Non-current borrowings (Including current maturities)	6,044.24	1,458.99	71.49	(5.87)	7,568.85
Current borrowings	3,229.66	512.69	–	–	3,742.35

Non-cash financing and investing activities:

	2019-20	2018-19
Acquisition of right-to-use-assets	180.23	–

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SUDARSHAN VENU
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K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

Place : Chennai
Date : 28th May 2020

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the consolidated financial statements of TVS Motor Company Limited and its subsidiaries and associates.

a) Brief description of the Group

TVS Motor Company Limited (the Company) is a public limited company, incorporated and domiciled in India whose shares are publicly traded. The registered office is located at "Chaitanya", No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600006, Tamil Nadu, India. The Company together with its subsidiaries and associates (collectively referred to as the "Group") operate in a wide range of activities such as manufacturing of automotive vehicles, automotive components, spare parts & accessories thereof, housing development and financial services.

b) Basis of preparation

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

The financial statement has been prepared on the historical cost convention under accrual basis of accounting except for certain assets and liabilities (as per the accounting policy below), which have been measured at fair value.

Principles of Consolidation

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

Associates

Associates are all entities over which the group has significant influence but not control or joint control. (This is generally the case where the group holds between 20% and 50% of the voting rights). Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 1(k) below.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

The subsidiary companies and associates considered in consolidated financial statements are:

Sl. No	Name of the Company	Country of incorporation	Proportion of ownership (interest / voting power -%)		Reporting date
			2019-20	2018-19	
1	Subsidiary Companies:				
a.	Sundaram Auto Components Limited, Chennai	India	100	100	31-03-2020
b.	TVS Housing Limited, Chennai	India	100	100	31-03-2020
c.	TVS Motor Services Limited, Chennai	India	100	100	31-03-2020
d.	TVS Credit Services Limited, Chennai	India	83.95% direct holding and 0.59% by (c)	10.3% direct holding and 75.6% by (c)	31-03-2020
e.	Harita Collection Services Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2020
f.	Harita ARC Services Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2020
g.	TVS Micro Finance Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2020
h.	TVS Commodity Financial Solutions Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2020
i.	TVS Two Wheeler Mall Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2020
j.	TVS Housing Finance Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2020
k.	TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	100	100	31-03-2020
l.	TVS Motor Company (Europe) B.V. Amsterdam	Netherlands	100	100	31-03-2020
m.	PT. TVS Motor Company Indonesia, Jakarta	Indonesia	49% direct holding, 33% by (k) and 18% by (l)	49% direct holding, 33% by (k) and 18% by (l)	31-03-2020
n.	Sundaram Holding USA Inc., Delaware, USA	USA	74.58% by (a)	74.51% by (a)	31-03-2020
o.	Green Hills Land holding LLC, South Carolina, USA	USA	100% by (n)	100% by (n)	31-03-2020
p.	Component Equipment Leasing LLC, South Carolina, USA	USA	100% by (n)	100% by (n)	31-03-2020
q.	Sundaram-Clayton USA LLC, South Carolina, USA (Formerly known as Workspace Project LLC)	USA	100% by (n)	100% by (n)	31-03-2020
r.	Premier Land Holding LLC, South Carolina, USA	USA	100% by (n)	100% by (n)	31-03-2020
2	Associate Companies:				
a.	Emerald Haven Realty Limited, Chennai	India	48.80	48.80	31-03-2020
b.	Ultraviolette Automotive Private Limited, Bengaluru	India	25.37	25.33	31-03-2020
c.	Tagbox Solutions Private Limited, Bengaluru	India	23.50	–	31-03-2020
d.	Tagbox Pte Ltd, Singapore	Singapore	24.32	–	31-03-2020
e.	Predictronics Corporation, USA	USA	23.49	–	31-12-2019

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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

d) Significant Estimates and judgments

The areas involving critical estimates or judgments are:

- i) Estimation of fair value of unlisted securities- (Refer Note 33)
- ii) Defined benefit obligation - (Refer Note 38)
- iii) Estimation of useful life of Property, Plant and Equipment - (Refer Note 1(f) and 1(g))
- iv) Estimation and evaluation of provisions and contingencies relating to tax - (Refer Note 45 (a))
- v) Estimation of impairment of goodwill - (Refer Note 37)

e) Revenue recognition

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

Sale of automotive vehicles, parts and automotive components

Revenue is recognised when the performance obligations are satisfied and the control of the product is transferred, being when the goods are delivered as per the relevant terms of the contract at which point in time, the Group has a right to payment for the asset, customer has possession and legal title to the asset, customer bears significant risk and rewards of ownership and the customer has accepted the asset or the Group has objective evidence that all criteria for acceptance have been satisfied.

Payment for the sale is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

The Group's contracts with customers does not provide for any right to returns, refunds or similar obligations. The Group's obligation to repair or replace faulty products under standard warranty terms is recognised as a provision (Refer Note 43).

Sale of services

The Group also earns revenue from providing IT services and Royalty on usage of Group's technical knowhow.

In respect of IT service, the revenue is recognised on a time proportion basis as the customer simultaneously receives and consumes the benefits as the obligations are performed. Payment for the services provided are received as per the credit terms agreed with the customers. The credit period is generally short term, and thus there is no significant financing component.

In respect of Royalty, the performance obligation is, to provide the right-to-use the Group's technical knowhow by the customers, for which usage-based royalty is charged. Payment for the services provided is received as per the credit terms as agreed with the customers. The credit period is generally short term, and thus there is no significant financing component.

Revenue from financing

Interest income for loans [other than Purchase of Originally Credit Impaired (POCI)] is recognised using the Effective Interest Rate (EIR) method.

For financial assets that are not "POCI" but have subsequently become credit-impaired (or 'stage-3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

Income in the nature of overdue interest, and bounce charges are recognized on realization, due to uncertainty of collection.

Significant judgements

There are no significant judgements made by the Group in determining the timing of satisfaction of performance obligation. It is determined as per the terms of the contract. In case of multiple performance obligations, the Group uses the adjusted market assessment approach to allocate the transaction price between multiple performance obligations. If a discount is granted, the same is adjusted against the transaction price of the contract.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

f) Property, Plant and Equipment

Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date the asset is ready for its intended use. However, cost excludes Goods and Services Tax to the extent credit of the duty or tax is availed of.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

g) Depreciation and amortization

i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shift) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

ii) Keeping in mind the rigorous and periodic maintenance programme followed by the Group, the estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Group is given below:

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

iii) Tools and dies used for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for low volume model operations are depreciated at 11.31 per cent.

iv) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

v) On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis from the date of addition / till the date of disposal.

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

h) Investment properties

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the group is classified as investment property. Investment Property is measured initially at its cost and including related transaction cost where applicable, borrowing cost. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item is measured reliably.

i) Intangible assets

Goodwill

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

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or group of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the cash generating units.

Other intangible assets

Expenses incurred during research phase are expensed in the year in which they are incurred. Expenses incurred during development phase are recognized as intangible assets under development and capitalized as intangible assets on completion of the development phase and are amortised on straight line basis over its useful life, viz., 2 years in the case of software and 6 to 10 years in the case of Design, Development and Technical knowhow.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

j) Loans (receivable from financing activity)

The loans to borrowers are stated at the contract value after netting off un-matured interest income, un-matured upfront income and advance EMIs and adding unamortized portion of upfront expenses wherever applicable, installments appropriated upto the year end and amount written off.

k) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

l) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are prepared in INR and all values are rounded off to nearest crore.

(ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

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

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities are translated at the closing rate at the date of that balance sheet
- b) income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- c) all resulting exchange differences are recognised in other comprehensive income.

m) Hedge accounting

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 33. Movements in the hedging reserve in shareholders' equity are shown in Note 34. The full fair value of a hedging derivative is classified

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

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

n) Inventories

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

- i) Cost of raw materials, components, stores and spares are ascertained on a moving average basis.
- ii) Cost of finished goods and work-in-progress comprise of direct materials, direct labour and an appropriate proportion of variable and fixed overhead, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.
- iii) Land held for development/sale by the real estate subsidiary is valued at the lower of cost and net realisable value. Cost includes cost of acquisition and all related costs.

o) Employee benefits

- i) Short term obligations:

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

- ii) Other long term employee benefit:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, measured at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

iii) Post-employment obligation:

The Group operates the following post-employment schemes:

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

Pension and gratuity obligation:

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

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net-off deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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

Provident fund:

The eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Company or to the Regional Provident Fund Commissioner. The Group is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) Bonus plans:

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

p) Taxes on income

Tax expense comprises of current and deferred taxes.

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

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

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

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

Deferred Tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

q) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in statement of profit and loss on completion of export obligation as approved by Regulatory Authorities.

r) Provisions and contingent liabilities

i) Provision:

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

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

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liabilities. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

s) Segment reporting

The Group has identified the operating segments on the basis of individual companies operations as reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Group has identified the following business segments as reportable segments, (on the basis of products and production process) viz., (1) Automotive vehicles and parts, (2) Automotive components, (3) Financial services and (4) Others.

t) Leases

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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

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

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

To determine the incremental borrowing rate, the Company:

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

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

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

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

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

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

u) Cash and Cash equivalents

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

v) Trade receivables

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

w) Investments and Other financial assets

i) Classification

The Group classifies its financial assets in the following categories:

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

- Those measured at amortized cost.

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

ii) Measurement

At Initial recognition, the Group measures a financial asset at its fair value plus transaction cost (in the case of a financial asset not a fair value through profit or loss) that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments.

Amortised Cost:

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

Fair Value through profit or loss:

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

Equity instruments:

The Group subsequently measures all investments in equity (except of the subsidiaries/associate) at fair value.

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

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

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

iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 34 and Note 35 details how the Group determines whether there has been a significant increase in credit risk.

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

For loans given by financial enterprise the impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Group determines whether there has been a significant increase in credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

iv) Derecognition of financial assets

A financial asset is derecognised only when:

- a) the Group has transferred the rights to receive cash flows from the financial asset or

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

- b) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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

- v) Income recognition

Interest Income:

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends:

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

- x) Borrowings

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

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

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

- y) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

- z) Current and Non-current classification

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

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

In respect of other assets, it is treated as current when it is:

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

All other assets are classified as non-current.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

A liability is treated as current when:

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

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle for all entities within the group other than real estate.

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

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Development	Total intangible assets
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2019	293.55	886.35	4,126.16	104.93	30.77	190.76	5,632.52	107.50	97.71	205.21
Additions	7.54	61.97	429.04	10.96	15.65	47.39	572.55	11.41	168.52	179.93
Foreign exchange translation reserve adjustments	(2.55)	(1.74)	(4.19)	0.18	0.12	(0.15)	(8.33)	-	-	-
Sub-total	298.54	946.58	4,551.01	116.07	46.54	238.00	6,196.74	118.91	266.23	385.14
Sales / deletion	0.07	0.14	65.85	1.15	1.83	8.33	77.37	0.46	-	0.46
Ind AS 116 transition	6.90	-	-	-	-	-	6.90	-	-	-
Total	291.57	946.44	4,485.16	114.92	44.71	229.67	6,112.47	118.45	266.23	384.68
Depreciation / Amortisation										
Upto 31-03-2019	-	219.85	2,246.24	50.22	15.54	121.86	2,653.71	83.26	59.97	143.23
For the year	-	36.83	359.97	14.92	5.14	35.51	452.37	17.72	41.19	58.91
Foreign exchange translation reserve adjustments	-	(1.11)	(2.74)	0.04	0.04	(0.03)	(3.80)	-	-	-
Sub-total	-	255.57	2,603.47	65.18	20.72	157.34	3,102.28	100.98	101.16	202.14
Withdrawn on assets sold / deleted	-	0.14	45.80	0.80	1.46	8.15	56.35	0.46	-	0.46
Total	-	255.43	2,557.67	64.38	19.26	149.19	3,045.93	100.52	101.16	201.68
Carrying value										
As at 31-03-2020	291.57	691.01	1,927.49	50.54	25.45	80.48	3,066.54	17.93	165.07	183.00

Capital work-in-progress (at cost) as at 31-03-2020

(a) Building	33.98
(b) Plant & equipment	201.52
(c) Pre-operative expenses	611.64
Total	<u>847.14</u>

- a) Cost of buildings includes ₹ 24.85 crores pertaining to buildings constructed on leasehold lands.
 b) Land includes lease hold land of ₹ 0.51 crores, whose ownership is transferrable at the end of the lease term.
 c) Borrowing cost capitalised during the year - ₹ 23.68 crores.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS - (continued)

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Development	Total intangible assets
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2018	285.70	763.30	3,743.15	80.80	22.88	150.72	5,046.55	82.15	89.28	171.43
Additions	3.89	129.56	474.77	25.32	9.17	48.08	690.79	26.29	8.43	34.72
Foreign exchange translation reserve adjustments	3.96	1.08	2.56	0.01	0.08	0.24	7.93	-	-	-
Sub-total	293.55	893.94	4,220.48	106.13	32.13	199.04	5,745.27	108.44	97.71	206.15
Sales / deletion	-	7.59	94.32	1.20	1.36	8.28	112.75	0.94	-	0.94
Total	293.55	886.35	4,126.16	104.93	30.77	190.76	5,632.52	107.50	97.71	205.21
Depreciation / Amortisation										
Upto 31-03-2018	-	195.32	1,991.60	37.81	13.48	99.75	2,337.96	69.19	43.69	112.88
For the year	-	31.53	332.60	12.84	3.39	30.06	410.42	15.01	16.28	31.29
Foreign exchange translation reserve adjustments	-	0.54	5.42	-	0.03	0.11	6.10	-	-	-
Sub-total	-	227.39	2,329.62	50.65	16.90	129.92	2,754.48	84.20	59.97	144.17
Withdrawn on assets sold / deleted	-	7.54	83.38	0.43	1.36	8.06	100.77	0.94	-	0.94
Total	-	219.85	2,246.24	50.22	15.54	121.86	2,653.71	83.26	59.97	143.23
Carrying value										
As at 31-03-2019	293.55	666.50	1,879.92	54.71	15.23	68.90	2,978.81	24.24	37.74	61.98

Capital work-in-progress (at cost) as at 31-03-2019

(a) Building	22.38
(b) Plant & equipment	232.69
(c) Pre-operative expenses	348.85
Total	<u>603.92</u>

- a) Cost of buildings includes Rs.6.71 crores pertaining to buildings constructed on leasehold lands.
b) Land includes lease hold land of Rs.0.51 crores, whose ownership is transferrable at the end of the lease term.
c) Borrowing cost capitalised during the year - Rs.17.25 crores.

3 INVESTMENT PROPERTIES

	As at 31-03-2020	As at 31-03-2019
Gross carrying amount	137.70	138.45
Deletions	-	(0.75)
Closing gross carrying amount	(A) <u>137.70</u>	<u>137.70</u>
Opening accumulated depreciation	-	0.05
Deletions	-	(0.05)
Closing accumulated depreciation	(B) <u>-</u>	<u>-</u>
Total investment properties	(A) - (B) <u>137.70</u>	<u>137.70</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

4 RIGHT OF USE ASSET

Rupees in crores

S.No.	Particulars	Land	Building	Others	Total
(a)	Opening on transition to Ind AS 116- Leases as on 01-04-2019	18.95	63.38	18.37	100.70
(b)	Additions during the year	–	77.69	102.54	180.23
(c)	Amortisation for the year	(0.33)	(21.08)	(23.31)	(44.72)
(d)	Foreign exchange translation reserve adjustments	–	–	(0.45)	(0.45)
(e)	Deletions (Preclosures)	–	(0.62)	–	(0.62)
(f)	Closing net balance as on 31-03-2020	18.62	119.37	97.15	235.14

The Company has taken land, warehouses and sales offices across the country on lease for lease period ranging from 6-99 years. Company also has other assets on leases, the lease term ranges for about 5 years.

Wherever the lease includes extension option and it is certain, the same is considered for computing the lease term. In rest of the cases, the term is limited to initial lease period. Lease term includes non-cancellable period and expected lease period. Payment towards short term leases made during the year was Rs. 51.01 Cr.

5 NON CURRENT INVESTMENTS

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31-03-2020	As at 31-03-2019			As at 31-03-2020	As at 31-03-2019
1	2	3	4	5	6	7	8
(a)	Investment in Equity Instruments Fair valued through OCI:						
	Quoted :						
(i)	Suprajit Engineering Limited, Bengaluru	28,92,000	28,92,000	1.00	INR	32.56	70.80
(ii)	Ucal Fuel Systems Limited, Chennai	91,760	91,760	10.00	INR	0.67	1.47
	Unquoted :						
(iii)	Green Infra BTV Limited, New Delhi	32,50,000	32,50,000	10.00	INR	1.39	1.29
(iv)	TVS Lanka (Private) Limited, Colombo	50,00,000	50,00,000	10.00	LKR	9.62	10.52
(v)	Green Infra Wind Power Projects Limited, New Delhi	1,11,600	1,11,600	10.00	INR	0.06	0.06
(vi)	Green Infra Wind Energy Theni Limited, New Delhi	34,34,477	34,34,477	10.00	INR	1.47	1.37
(vii)	Green Infra Wind Power Generation Limited, New Delhi	2,16,000	2,16,000	10.00	INR	0.13	0.13
(viii)	Condivision Solutions Pvt. Limited, Bengaluru	6,760	6,760	10.00	INR	–	2.00
(ix)	Mulanur Renewable Energy Pvt. Limited, Chennai	15,000	15,000	10.00	INR	0.02	0.02
(x)	PHI Research Pvt. Limited, Chennai	3,50,000	3,50,000	10.00	INR	3.01	3.00
(xi)	Atria Wind Power Bijapur 1 Limited, Bengaluru	90,610	1,01,217	10.00	INR	1.72	1.93
(xii)	Atria Wind Power (Chitradurga) P Limited, Bengaluru	80,948	–	100.00	INR	0.38	–
(xiii)	Altizon Systems Private Limited, Pune	10	–	10.00	INR	0.01	–
(xiv)	Altizon Inc, USA	5,30,543	–	0.00001	USD	17.76	–
(xv)	Scienaptic System Inc, USA	21,95,999	–	0.001	USD	49.83	–
	Total value of Equity Instruments (a)					118.63	92.59

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

5 NON CURRENT INVESTMENTS - (continued)

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31-03-2020	As at 31-03-2019			As at 31-03-2020	As at 31-03-2019
1	2	3	4	5	6	7	8
(b)	Investments in Preference Shares: (Unquoted) (Valued at Amortised Cost)						
	(i) Pinnacle Engines Inc., USA (face value 0.01 cent)	24,09,638	24,09,638	0.0001	USD	11.70	11.70
	(ii) Axiom Research Labs Private Limited, Delhi	82	82	10.00	INR	1.00	1.00
	(iii) TVS Lanka (Private) Limited, Colombo	37,00,00,000	37,00,00,000	1.00	LKR	15.92	14.75
	(iv) Ultraviolette Automotive Private Limited, Bengaluru	990	–	50,545.00	INR	5.00	–
	(v) Tagbox Solutions Private Limited, Bengaluru	3,83,983	–	16.00	INR	9.99	–
	Total value of Preference shares (b)					43.61	27.45
(c)	Other non-current Investments (Unquoted):						
	Investments fair valued through OCI:						
	(i) Autotech Fund I L.P., USA				USD	21.01	17.85
	(ii) Harita Accessories LLP, Chennai				INR	1.07	0.96
	Pension Funds / Government Securities (Valued at Amortised Cost):						
	(iii) ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	6.25	5.92
	(iv) Life Insurance Corporation Pension Policy, Mumbai				INR	19.72	18.00
	(v) Investment in Mutual Funds				INR	0.41	0.46
	Debt Instruments:						
	(vi) Investment in 6% Non Cumulative Redeemable Preference shares				INR	–	146.57
	Total value of other non-current investments (c)					48.46	189.76
	Total (a) + (b) + (c)					210.70	309.80
	Aggregate amount of quoted investments and market value thereof					33.23	72.27
	Aggregate amount of unquoted investments					177.47	237.53
	Total					210.70	309.80

All Investments are fully paid up.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

6 LOANS (RECEIVABLE FROM FINANCING ACTIVITY)

Particulars	As at 31-03-2020		As at 31-03-2019	
	Current	Non-current	Current	Non-current
Secured:				
Automobile financing				
Considered good	4,210.51	3,739.86	3,896.36	3,041.01
Considered doubtful	224.20	78.68	118.30	101.94
Less: Loss allowance				
Provision for expected credit loss (Refer Note 35)	(46.86)	(88.89)	(82.86)	(16.75)
Unsecured:				
Financing (Others)				
Considered good	800.92	427.02	552.18	481.34
Considered doubtful	32.25	29.63	25.75	22.69
Less: Loss allowance				
Provision for expected credit loss (Refer Note 35)	(14.78)	(37.81)	(31.46)	(5.43)
Unsecured and considered good:				
Trade advance and term loan	104.36	–	124.09	–
Provision for expected credit loss (Refer Note 35)	(3.76)	–	(2.53)	–
	5,306.84	4,148.49	4,599.83	3,624.80

As at
31-03-2020 As at
31-03-2019

7 NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

Deposits	11.06	9.73
Loans given to employees	1.82	0.76
Other bank balances (Bank deposits)	0.13	0.15
Derivative financial instruments - receivable	23.63	–
Other financial assets#	–	5.88
	36.64	16.52

Receivable towards recoverable expenses.

8 INVESTMENTS ACCOUNTED USING EQUITY METHOD

11,12,19,512 Equity shares of Emerald Haven Realty Limited, Chennai	112.81	119.33
14,850 Equity shares of Ultraviolette Automotive Private Limited, Bengaluru	9.93	10.60
24,827 Equity Shares (previous year - Nil) of Predictronics Corporation, USA	21.66	–
45,710 Equity Shares (previous year - Nil) of Tagbox Solutions Private Limited, Bengaluru	1.38	–
243,243 Equity Shares (previous year - Nil) of Tagbox Pte Limited, Singapore	14.43	–
	160.21	129.93

9 OTHER NON-CURRENT ASSETS

Capital advances	90.30	83.19
Advances other than capital advances:		
Prepaid expenses	3.27	22.14
Deposits made	37.70	18.97
Others	0.82	20.10
	132.09	144.40

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

	As at 31-03-2020	As at 31-03-2019
10 INVENTORIES		
Raw materials and components	640.65	712.96
Goods-in-transit - Raw materials and components	77.97	101.33
Work-in-progress	52.71	99.05
Finished goods	298.66	258.88
Stock-in-trade	75.31	75.48
Stores and spares	43.17	43.87
	<u>1,188.47</u>	<u>1,291.57</u>
11 TRADE RECEIVABLES		
Secured, considered good	18.29	18.90
Unsecured, considered good*	1,457.76	1,544.45
	<u>1,476.05</u>	<u>1,563.35</u>
Less: Loss allowance	21.69	17.28
	<u>1,454.36</u>	<u>1,546.07</u>
* Balances include balance with related parties [Refer Note 39(c)(i)].		
12 CASH AND CASH EQUIVALENTS		
Balances with banks	827.78	130.28
Cash on hand	1.63	32.76
Cash equivalents		
Deposits with maturity of less than three month from the date of deposit.	250.28	-
	<u>1,079.69</u>	<u>163.04</u>
Cash and cash equivalents for the purpose of cash flow statement		
Cash and cash equivalents as shown above	1,079.69	163.04
Less : Over drafts utilised	(38.35)	(24.15)
[Grouped under financial liabilities - Borrowings (Refer Note 21)]		
	<u>1,041.34</u>	<u>138.89</u>
13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Fixed deposits (maturing between 3 to 12 months)	-	38.53
Earmarked balances with banks (for unpaid dividend)	27.88	4.74
	<u>27.88</u>	<u>43.27</u>
14 FINANCIAL ASSETS - OTHERS (CURRENT)		
Unsecured, considered good :		
Employee advances	19.22	14.74
Security deposits	7.32	4.92
Claims receivable	2.18	3.83
Receivable towards sale of fixed assets	62.98	62.98
Derivative financial instruments - receivable	1.49	15.03
	<u>93.19</u>	<u>101.50</u>
15 OTHER CURRENT ASSETS		
IT/GST/VAT/Excise receivable	359.76	414.28
Prepaid expense	36.02	30.00
Vendor advance*	124.89	33.06
Trade deposits	2.66	28.75
Export incentive receivable	64.49	53.03
Others	6.16	4.56
Employee benefit assets (Refer Note 38)	-	1.18
	<u>593.98</u>	<u>564.86</u>

* Balances include balance with related parties [Refer Note 39(c)(i)].

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

16 EQUITY SHARE CAPITAL

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	Number	Rupees in crores	Number	Rupees in crores
Authorised: Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully paid up: Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51
	47,50,87,114	47.51	47,50,87,114	47.51

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	47,50,87,114	47.51	47,50,87,114	47.51
Shares issued during the year	–	–	–	–
Shares outstanding at the end of the year	47,50,87,114	47.51	47,50,87,114	47.51

(c) Rights and preferences attached to equity share:

- (i) Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.
- (ii) There are no restrictions attached to equity shares.

(d) Shares held by holding company at the end of the year

Name of shareholder	Class of share	As at 31-03-2020		As at 31-03-2019	
		Number of shares held	% of holding	Number of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40

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

Name of shareholder	Class of share	As at 31-03-2020		As at 31-03-2019	
		Number of shares held	% of holding	Number of shares held	% of holding
ICICI Prudential Mutual Fund	Equity	3,75,05,402	7.89	3,11,44,102	6.56
Jwalamukhi Investment Holdings	Equity	2,66,90,025	5.62	2,34,89,942	4.94

17 OTHER EQUITY

Rupees in crores

Particulars	As at 31-03-2020	As at 31-03-2019
General reserve	876.24	876.24
Capital reserve	6.51	6.51
Statutory reserve	70.65	45.97
Retained earnings	2,296.73	2,138.18
Other Reserves	(15.54)	55.76
	3,234.59	3,122.66

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

18 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Nature	Lenders	As at 31-03-2020	As at 31-03-2019	Status as at 31-03-2020			
				Interest rate	Frequency	No. of instal- ments due	Maturity
Secured Borrowings:							
ECB Loan 1	Bank	63.94	68.76	3 Month USD LIBOR plus Margin	Half Yearly	7	Mar-2023
ECB Loan 2	Bank	225.98	206.09	3 Month USD LIBOR plus Margin	Quarterly	4	Feb-2023
ECB Loan 3	Bank	150.78	–	8.3%	Bullet	1	Aug-2022
ECB Loan 4	Bank	150.78	–	8.3%	Bullet	1	Sep-2022
ECB Loan 5	Bank	188.48	–	8.6%	Bullet	1	May-2022
ECB Loan 6	Bank	188.48	–	8.6%	Bullet	1	Jun-2022
FCNRB Loan	Bank	75.67	69.16	3 Month USD LIBOR plus Margin	End of Tenure	1	Jul-2021
Term Loan	Bank	75.00	100.00	1 Year MCLR plus Margin	Quarterly	12	Jun-2023
Term Loan	Bank	199.56	–	1 Year MCLR plus Margin	Quarterly	9	June 2024
Term Loan	Bank	–	80.60	3 Month USD LIBOR plus Margin	Half Yearly	1	Jul-2019
Term Loan	Bank	99.98	–	8.1%	Quarterly	10	Mar-2023
Term Loan	Bank	75.00	–	8.2%	Quarterly	10	Oct-2022
Term Loan	Bank	199.95	–	8.1%	Quarterly	10	Feb-2023
Term Loan	Bank	33.34	–	8.4%	Half Yearly	4	Jan-2022
Term Loan	Bank	241.62	–	7.3%	Monthly	29	Aug-2022
Term Loan	Bank	166.67	–	7.5%	Monthly	30	Sep-2022
Term Loan	Bank	500.00	–	7.0%	Monthly	36	Mar-2023
Term Loan	Bank	249.95	–	8.4%	Quarterly	12	Feb-2023
Term Loan	Bank	100.00	–	8.3%	Half Yearly	4	Dec-2022
Term Loan	Bank	200.00	–	8.3%	Bullet	1	Oct-2020
Term Loan	Bank	199.93	–	8.4%	Bullet	2	Nov-2022
Term Loan	Bank	299.95	–	8.4%	Quarterly	10	Aug-2022
Term Loan	Bank	44.27	–	6.4%	Quarterly	9	Jun-2022
Term Loan	Bank	249.78	–	8.2%	Quarterly	10	Mar-2023
Term Loan	Bank	–	199.97	8.3%	Bullet	1	Oct-2019
Term Loan	Bank	–	39.67	8.2%	Quarterly	3	Dec-2019
Term Loan	Bank	–	10.08	8.8%	Quarterly	4	Mar-2020
Term Loan	Bank	–	30.31	8.4%	Quarterly	2	Sep-2019
Term Loan	Bank	–	8.38	8.4%	Quarterly	1	Jun-2019
Term Loan	Bank	–	10.00	8.5%	Quarterly	2	Jul-2019
Term Loan	Bank	–	12.50	8.9%	Half Yearly	1	Aug-2019
Term Loan	Bank	–	8.33	8.5%	Quarterly	2	Sep-2019
Term Loan	Bank	–	28.66	8.5%	Monthly	9	Jan-2020
Term Loan	Bank	–	24.99	8.4%	Quarterly	3	Dec-2019
Term Loan	Bank	–	75.58	8.4%	Quarterly	3	Dec-2019
Term Loan	Bank	–	39.99	8.5%	Quarterly	4	Mar-2020
Term Loan	Bank	–	16.67	8.4%	Quarterly	4	Mar-2020

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

18 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

Nature	Lenders	As at 31-03-2020	As at 31-03-2019	Status as at 31-03-2020			
				Interest rate rate	Frequency	No. of instal- ments due	Maturity
Term Loan	Bank	–	12.50	8.3%	Quarterly	1	Jun-2019
Term Loan	Bank	–	37.50	8.4%	Quarterly	3	Dec-2019
Term Loan	Bank	20.00	60.00	8.4%	Quarterly	6	Aug-2020
Term Loan	Bank	59.96	140.94	8.2%	Quarterly	7	Nov-2020
Term Loan	Bank	49.99	99.98	8.3%	Annual	2	Sep-2020
Term Loan	Bank	63.33	126.67	8.4%	Quarterly	8	Mar-2021
Term Loan	Bank	–	214.43	8.0%	Bullet	1	Nov-2019
Term Loan	Bank	24.99	58.32	8.1%	Quarterly	7	Nov-2020
Term Loan	Bank	112.50	150.00	8.4%	Half Yearly	4	Sep-2021
Term Loan	Bank	125.00	208.32	8.8%	Monthly	30	Sep-2021
Term Loan	Bank	50.00	83.33	8.4%	Quarterly	10	Jun-2021
Term Loan	Bank	100.00	100.00	9.1%	Quarterly	1	May-2021
Term Loan	Bank	74.99	136.00	8.8%	Quarterly	9	Mar-2021
Term Loan	Bank	–	209.69	9.5%	Quarterly	8	Apr-2021
Term Loan	Bank	–	140.00	9.8%	Quarterly	8	May-2021
Term Loan	Bank	139.78	201.34	9.8%	Quarterly	10	Dec-2021
Term Loan	Bank	66.66	150.00	9.4%	Half Yearly	6	Dec-2021
Term Loan	Bank	290.05	456.09	9.5%	Quarterly	11	Dec-2021
Term Loan	Bank	79.93	99.89	9.1%	Quarterly	10	Feb-2022
Term Loan	Bank	477.59	601.06	9.4%	Quarterly	10	Feb-2022
Term Loan	Bank	399.93	499.89	8.8%	Quarterly	10	Feb-2022
Term Loan	Bank	30.00	70.00	8.1%	Quarterly	7	Dec-2020
Term Loan	Others	12.57	62.85				
Term Loan	Bank	301.45	–	3.5%	Half Yearly	9	Dec-2024
Term Loan	State owned corporation-I	2.43	–	0.1%	Yearly	1	Apr-2029
Term Loan (5 tranches)	State owned corporation -II	160.89	157.08	0.1%	Yearly	5	2021-31
Debentures	8% Secured Non Convertible Debenture	45.12	–	8.0%	Bullet	1	Sep-2021
Unsecured Borrowings:		–					
ECB Loan	Bank	151.33	138.31	3 Month USD LIBOR plus Margin	Half Yearly	6	Sep-2023
Sub Debt	Bank	–	12.50	10.1%	Annual	2	Jun-2020
Sub Debt	Bank	24.94	24.92	9.7%	Bullet	1	Sep-2022
Sub Debt	Bank	49.97	50.39	9.5%	Bullet	1	May-2023
Sub Debt	Bank	50.00	50.00	9.3%	Bullet	1	Jul-2023
Sub Debt	Bank	25.00	25.00	9.7%	Bullet	1	Sep-2022
Sub Debt	Bank	49.96	49.94	10.0%	Bullet	1	Apr-2022
Sub Debt	Others	14.50	29.00	8.0%	Annual	2	Jan-2020
Sub Debt	Others	49.96	49.94	11.5%	Bullet	1	Sep-2020
Sub Debt	Others	50.00	50.00	11.0%	Bullet	1	Jul-2021
Sub Debt	Others	49.92	49.88	10.8%	Bullet	1	Sep-2021

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

18 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

Nature	Lenders	As at 31-03-2020	As at 31-03-2019	Status as at 31-03-2020			
				Interest rate rate	Frequency	No. of instal- ments due	Maturity
Sub Debt	Others	50.00	50.00	10.5%	Bullet	1	May-2022
Sub Debt	Others	98.71	98.41	10.9%	Bullet	1	Aug-2024
Perpetual Debt	Others	99.81	99.79	11.5%	Bullet	1	Nov-2027
Sales Tax Deferral Phase I	Others	12.66	18.99	0.0%	Annual	2	2020-21
Sales Tax Deferral Phase II	Others	125.82	141.55	0.0%	Annual	8	2027-28
		7,568.85	6,044.24				
Less: Current Maturities of long term borrowings		2,347.62	1,135.08				
Total non current financial liabilities (borrowings)		5,221.23	4,909.16				

Details of securities created:

- ECB Loan 1 - Hypothecation of movable fixed assets.
- ECB Loan 2 - Exclusive charge over assets procured out of proceeds of the loan.
- ECB Loan 3-6 availed by a subsidiary is secured against hypothecation of receivables under the financing activity of the Company.
- FCNRB Loan - Exclusive charge over assets procured out of proceeds of the loan.
- Term Loan of ₹ 199.56 Cr from Bank - Exclusive charge on specific plant and equipment.
- Term Loan of ₹ 301.41 Cr in USD from bank obtained by a subsidiary - secured by land and building.
- Term loan received from bank of ₹ 75 crores - charge created on land and building and paripasu charge on plant and machinery.
- Term Loan received from Banks and Other Parties of ₹ 5578.66 crores inclusive of Current and Non Current Dues by a subsidiary (Previous Year: 4436.11 Crores as on 31st March, 2019) is secured against hypothecation of receivables under the financing activity of the Company.
- Loan from State owned corporation - I viz., SIPCOT - First charge on the specific plant and equipment.
- Loan from State owned corporation - II viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.
- Debentures issued by the subsidiary are secured against the immovable property

19 PROVISIONS

Particulars	As at 31-03-2020		As at 31-03-2019	
	Current	Non-current	Current	Non-current
Provision for employee benefits:				
(a) Pension	46.28	75.82	28.54	61.88
(b) Leave salary	10.10	44.30	7.37	27.76
(c) Gratuity	5.36	2.10	-	-
Others:				
(a) Warranty	38.04	-	29.15	-
	99.77	122.22	65.06	89.64

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

20 DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31-03-2020	As at 31-03-2019
The balance comprises temporary differences attributable to:		
- Depreciation	256.55	333.21
- others	3.89	-
Total deferred tax liability (A)	260.44	333.21
Deferred tax asset consists of:		
- tax on employee benefit expenses	36.89	44.80
- tax on warranty provision	11.29	12.64
- tax on expected credit losses provision	34.76	35.47
- tax on investment property	14.72	18.24
- tax on finance cost provision	14.47	50.02
- tax on investments	-	5.35
- tax on others	57.66	15.75
- unused tax credits (MAT credit entitlement)	3.52	53.98
Total deferred tax assets (B)	173.32	236.25
Net deferred tax liability (A)-(B)	87.12	96.96

Movement in deferred tax :

Particulars	Depreciation	Others	Total
As at 01-04-2018			54.71
Charged / (credited):			
- to profit or loss	20.76	(26.47)	(5.71)
- to other comprehensive income	-	0.91	0.91
- to share of associate adjustment as per Ind AS 115 (Tax on retrospective application with cumulative effect)	-	(0.96)	(0.96)
- utilization of tax credits (MAT credit utilization)	-	48.03	48.03
- unused tax credits (MAT credit entitlement)	-	(0.02)	(0.02)
As at 31-03-2019	-	-	96.96
Charged / (credited):			
- to profit or loss	(76.66)	1.07	(75.59)
- to other comprehensive income	-	(38.48)	(38.48)
- to retained earnings	-	53.76	53.76
- utilization of tax credits (MAT credit utilization)	-	50.91	50.91
- unused tax credits (MAT credit entitlement)	-	(0.44)	(0.44)
As at 31-03-2020			87.12

As at
31-03-2020

As at
31-03-2019

21 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

Borrowings repayable on demand from banks		
Secured*	2,444.50	2,192.55
Unsecured#	610.00	270.11
Short term loans:		
From banks :		
Secured	-	-
Unsecured	230.00	791.15
From others (Unsecured)	496.20	-
	<u>3,780.70</u>	<u>3,253.81</u>
* Includes overdraft utilisation	38.35	24.04
# Includes overdraft utilisation	-	0.11
	<u>38.35</u>	<u>24.15</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores
As at As at
31-03-2020 31-03-2019

21 FINANCIAL LIABILITIES - BORROWINGS (CURRENT) - (continued)

Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.

Short term borrowings from banks of a subsidiary include :

- a) A loan of ₹ 92.79 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India.
- b) A loan of ₹ 7.36 crores in IDR and ₹ 131.64 crores in USD obtained from another bank secured by subsidiary inventories and trade account receivable.
- c) Working capital loan and cash credit of ₹ 1,934.36 crores obtained by a subsidiary company are secured by hypothecation of receivables under the financing activity of the Company.
- d) Cash credit of ₹ 38.35 crores obtained by a subsidiary company are secured by hypothecation of receivables and inventories of the Company, both present and future

22 TRADE PAYABLES

Dues to Micro and Small Enterprises **	121.49	79.24
Dues to enterprises other than Micro and Small Enterprises#	3,065.35	3,080.44
	3,186.84	3,159.68

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

Balances include balances due to related parties [Refer Note 39(c)(ii)].

23 OTHER FINANCIAL LIABILITIES

Current Maturities of long term borrowings	2,347.62	1,135.08
Interest accrued but not due on loans	47.22	16.72
Interest accrued and due on loans#	0.72	0.81
Trade deposits received	67.34	75.27
Unclaimed dividends (Not due for transfer to Investor Education and Protection Fund)	4.87	4.74
Payables against capital goods	23.59	56.33
Hedge liability	41.94	13.89
Collections in respect of de-recognised assets	-	3.56
Others	5.07	9.92
	2,538.37	1,316.32

Subsidiary has made funds available with the bank which has been appropriated subsequently.

24 OTHER CURRENT LIABILITIES

Statutory dues	143.26	181.27
Employee related	102.58	132.10
Advance received from customers	136.67	64.49
Deferred income	-	7.61
Money held under trust	6.47	4.45
	388.98	389.92

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

	Rupees in crores	
	Year ended 31-03-2020	Year ended 31-03-2019
25 REVENUE FROM OPERATIONS		
Sale of products	16,467.69	18,230.59
Sale of services	31.82	28.02
Interest income of financial enterprise	1,821.51	1,457.46
Other operating revenue [#]	528.29	443.92
	<u>18,849.31</u>	<u>20,159.99</u>
# Includes Government Grants of ₹ 189.94 crores (Last year ₹ 176.60 crores)		
26 OTHER INCOME		
Dividend income - from investments designated as Fair Valued through OCI	1.26	0.94
Interest income	26.64	4.36
Profit on sale of investments (Net)	0.03	1.01
Profit on sale of fixed assets (Net)	2.28	-
Bad debts recovered	11.57	9.16
Other non-operating income	10.05	9.97
	<u>51.83</u>	<u>25.44</u>
27 MATERIAL COST		
Cost of materials consumed		
Opening stock of raw materials and components	712.96	541.05
Add: Purchases	11,978.53	13,960.34
	<u>12,691.49</u>	<u>14,501.39</u>
Less: Closing stock of raw materials and components	640.65	712.96
	<u>12,050.84</u>	<u>13,788.43</u>
Purchases of stock-in-trade	<u>259.20</u>	<u>244.84</u>
Changes in inventories of finished goods, work-in-progress and stock-in-trade:		
Opening stock:		
Work-in-progress	99.05	74.05
Stock-in-trade	75.48	59.83
Finished goods	258.88	220.58
	(A) <u>433.41</u>	<u>354.46</u>
Closing stock:		
Work-in-progress	52.71	99.05
Stock-in-trade	75.31	75.48
Finished goods	298.66	258.88
	(B) <u>426.68</u>	<u>433.41</u>
	(A)-(B) <u>6.73</u>	<u>(78.95)</u>
28 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	1,349.41	1,253.42
Contribution to provident and other funds	84.09	70.98
Staff welfare expenses	105.85	107.75
	<u>1,539.35</u>	<u>1,432.15</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

	Rupees in crores	
	Year ended 31-03-2020	Year ended 31-03-2019
29 FINANCE COSTS		
Interest	650.91	636.18
Other borrowing cost	165.13	20.96
Interest on lease liabilities	14.67	–
Exchange differences	23.83	6.26
	<u>854.54</u>	<u>663.40</u>
30 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on property plant and equipment	452.37	410.42
Depreciation on right of use asset	44.72	–
Amortisation on intangible assets	58.91	31.29
	<u>556.00</u>	<u>441.71</u>
31 OTHER EXPENSES		
(a) Consumption of stores, spares and tools	55.69	75.51
(b) Power and fuel	112.75	136.59
(c) Repairs - buildings	13.57	13.75
(d) Repairs - plant and equipment	84.80	65.77
(e) Insurance	19.63	18.14
(f) Rates and taxes (excluding taxes on income)	8.96	9.06
(g) Audit fees #	2.80	2.02
(h) Cost audit fees	0.06	0.05
(i) Packing and freight charges	410.42	419.91
(j) Advertisement and publicity	424.31	399.06
(k) Other marketing expenses	357.69	359.94
(l) Loss on sale of fixed assets (Net)	–	2.22
(m) Foreign exchange loss (Net)	8.24	22.90
(n) Loss allowance for expected credit losses relating to loans	273.73	183.71
(o) Corporate social responsibility expenditure*	20.96	16.47
(p) Contributions to electoral trust / bonds	6.00	9.00
(q) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹ 10 lakh, whichever is higher)	920.53	878.60
	<u>2,720.14</u>	<u>2,612.70</u>
# Refer Note 44 for details on audit fees.		
* Refer Note 46 for details on Corporate Social Responsibility expenditure.		
32 TAX EXPENSE AND RECONCILIATION		
(a) Tax expense		
Current tax:		
Current tax on profits for the year	285.75	362.93
Adjustments for current tax of prior periods	8.90	0.25
	<u>(A) 294.65</u>	<u>363.18</u>
Deferred tax:		
Decrease / (increase) in deferred tax assets	(2.82)	(26.47)
(Decrease) / increase in deferred tax liabilities	(72.77)	20.76
Unused tax (credit) [MAT credit entitlement]	(0.40)	–
Unused MAT (credit) of prior period	(0.04)	(0.02)
	<u>(B) (76.03)</u>	<u>(5.73)</u>
	<u>(A) + (B) 218.62</u>	<u>357.45</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

Year ended
31-03-2020

Year ended
31-03-2019

32 TAX EXPENSE AND RECONCILIATION - (continued)

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Profit before income tax expense	865.42	1,082.85
Tax at the Indian tax rate of 34.944%	302.41	378.39
Additional deduction towards Research & Development expenses	(48.97)	(40.39)
Capital receipts	(1.97)	(8.30)
Exempted income	(0.84)	(1.00)
Partially allowed deductions	15.65	4.99
Restatement of Deferred Tax Liability	(74.00)	–
Others	–	(0.58)
Tax differences due to subsidiary adjustments	17.44	24.09
Tax relating to earlier years	8.90	0.25
	<u>218.62</u>	<u>357.45</u>

33 FAIR VALUE MEASUREMENTS

Particulars	As at 31-03-2020			As at 31-03-2019		
	FVTPL*	FVOCI*	Amortised cost	FVTPL*	FVOCI*	Amortised cost
Financial assets						
Investments						
- Equity instruments	–	118.63	–	–	92.59	–
- Preference shares	–	–	43.61	–	–	27.45
- Other non current investments	0.41	22.08	–	0.46	18.81	–
- Debt Instruments	–	–	25.97	–	–	170.49
Trade receivables	–	–	1,454.36	–	–	1,546.07
Fixed deposit with banks	–	–	0.13	–	–	38.68
Cash and cash equivalents	–	–	1,079.69	–	–	163.04
Earmarked balances with bank	–	–	27.88	–	–	4.74
Derivative financial asset	25.12	–	–	15.03	–	–
Other financial assets	–	–	104.58	–	–	102.84
Total financial assets	25.53	140.71	2,736.22	15.49	111.40	2,053.31
Financial liabilities						
Borrowings	–	–	11,349.55	–	–	9,298.05
Trade payables	–	–	3,186.84	–	–	3,159.68
Derivative financial liability	–	41.94	–	–	13.89	–
Lease liability	–	–	241.90	–	–	–
Other financial liability	–	–	158.65	–	–	167.35
Total financial liabilities	–	41.94	14,936.94	–	13.89	12,625.08

* FVTPL - Fair Valued Through Profit and Loss FVOCI - Fair Valued Through Other Comprehensive Income

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

33 FAIR VALUE MEASUREMENTS - (continued)

(i) Fair value hierarchy

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

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

As at 31-03-2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	5	0.41	–	–	0.41
Financial Investments at FVOCI	5	33.23	22.08	85.40	140.71
Derivatives	7,14	–	25.12	–	25.12
		33.64	47.20	85.40	166.24
Financial liabilities					
Derivatives	23	–	41.94	–	41.94
		–	41.94	–	41.94

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

As at 31-03-2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
<u>Investments</u>					
Preference shares	5			43.61	43.61
Debt instruments	5			25.97	25.97
		–	–	69.58	69.58
Financial liabilities					
Borrowings	18, 21, 23			11,349.55	11,349.55
		–	–	11,349.55	11,349.55

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

33 FAIR VALUE MEASUREMENTS – (continued)

Rupees in crores

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

As at 31-03-2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	5	0.46	–	–	0.46
Financial Investments at FVOCI	5	72.27	18.81	20.32	111.40
Derivatives	14	–	15.03	–	15.03
		72.73	33.84	20.32	126.89
Financial liabilities					
Derivatives	23	–	13.89	–	13.89
		–	13.89	–	13.89

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

As at 31-03-2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	5	–	–	27.45	27.45
Debt instruments	5	–	–	170.49	170.49
		–	–	197.94	197.94
Financial liabilities					
Borrowings	18, 21, 23	–	–	9,298.05	9,298.05
		–	–	9,298.05	9,298.05

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers among three levels.

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

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

33 FAIR VALUE MEASUREMENTS - (continued)

Rupees in crores

(iii) Fair value measurements using significant unobservable inputs (level 3)

Particulars	Unlisted Equity Shares
As at 01-04-2018	23.20
Additions / (deletions)	(3.07)
Gains / (losses) recognised in profit or loss	–
Gains / (losses) recognised in other comprehensive income	0.19
As at 31-03-2019	20.32
Additions / (deletions)	67.74
Gains / (losses) recognised in profit or loss	0.03
Gains / (losses) recognised in other comprehensive income	(2.69)
As at 31-03-2020	85.40

(iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended	
	31-03-2020	31-03-2019		31-03-2020	31-03-2019
Unquoted Equity shares*	85.40	20.32	a) Earnings growth rate	1-3%	1-3%
			b) Risk adjusted discount rate	8%	8%

* Sensitivity is not significant.

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies. Risk adjustments have been derived based on the market risk premium adjusted for companies leveraged financial data.

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Preference shares	43.61	43.61	27.45	27.45
Debt instruments	25.97	25.97	170.49	170.49
	69.58	69.58	197.94	197.94
Financial liabilities				
Borrowings	11,349.55	11,349.55	9,298.05	9,298.05
	11,349.55	11,349.55	9,298.05	9,298.05

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

The fair values for preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

34 FINANCE RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit Risk	Cash, Cash equivalents and Trade receivables	Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forward-looking information (more specifically described below). In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days, when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.
	a. Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
	b. Domestic Trade Receivables	Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. The Company extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. The Company has extensive reporting and review system to constantly monitor the outstandings.
	c. Export Trade Receivables	The Company's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with ECGC Limited.
Liquidity Risk	INR denominated borrowings [other than soft loans given by Govt. Authorities]	The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company works out a detailed annual operating plans to assess the fund requirements - both short term and long term. Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
Market Risk	(i) Foreign exchange	The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

34 FINANCE RISK MANAGEMENT - (continued)

Risk	Exposure arising from	Risk Parameters and Mitigation
Market Risk (continued)	a. Export trade receivables and Import payables	The company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
	b. Foreign currency denominated borrowings	The Company has hedged its borrowings by covering the principal repayments.
	(ii) Interest rate - Foreign currency denominated borrowings	The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(A) Credit risk

Basis of recognition of expected credit loss provision

Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	12 month expected credit losses	12 month expected credit losses	Life time expected credit losses (simplified approach)
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and there has been low frequency of defaults in the past.			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is written off		

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

34 FINANCE RISK MANAGEMENT - (continued)

As at 31-03-2020

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	69.58	0%	–	69.58
	1	Other financial assets	91.70	0%	–	91.70

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,420.00	56.05	1,476.05
Expected loss rate	–	39%	–
Expected credit losses	–	21.69	21.69
Carrying amount of trade receivables	1,420.00	34.36	1,454.36

As at 31-03-2019

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	197.94	0%	–	197.94
	1	Other financial assets	86.47	0%	–	86.47

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,536.08	27.27	1,563.35
Expected loss rate	–	63%	–
Expected credit losses	–	17.28	17.28
Carrying amount of trade receivables	1,536.08	9.99	1,546.07

Reconciliation of loss allowance provision - Trade receivables

Loss allowance 01-04-2018	9.67
Changes in loss allowance	7.61
Loss allowance 31-03-2019	17.28
Changes in loss allowance	4.41
Loss allowance 31-03-2020	21.69

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

34 FINANCE RISK MANAGEMENT - (continued)

Rupees in crores

(B) Liquidity risk

(i) Financing arrangements

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

Particulars	As at 31-03-2020	As at 31-03-2019
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	1,043.12	1,539.06
- Expiring beyond one year (bank loans)	–	–

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR except for one subsidiary in USD and have an average maturity ranging from 30 to 180 days.

(ii) Maturities of financial liabilities

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

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

As at 31-03-2020

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	2,137.39	696.25	3,338.39	5,060.89	125.44	11,358.36
Lease Liabilities	13.33	12.87	21.58	188.51	58.17	294.46
Trade payables	2,989.22	140.94	56.68	–	–	3,186.84
Other financial liabilities	109.14	17.78	21.89	9.84	–	158.65
Derivatives	41.94	–	–	–	–	41.94

As at 31-03-2019

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	1,636.02	561.76	2,765.44	3,361.16	973.67	9,298.05
Trade payables	3,159.68	–	–	–	–	3,159.68
Other financial liabilities	167.35	–	–	–	–	167.35
Derivatives	13.89	–	–	–	–	13.89

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

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

34 FINANCE RISK MANAGEMENT - (continued)

Rupees in crores

(C) Market risk

(i) Foreign exchange risk

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	USD	EUR	USD	EUR
Exposure in foreign currency				
Financial assets:				
Trade receivables	570.30	26.25	419.95	23.47
Derivative assets:				
Foreign exchange forward contracts				
Sell foreign currency	(1,195.95)	(56.57)	(442.15)	(97.64)
Financial liabilities:				
Foreign currency loan	1,195.44	–	482.32	–
Trade payables	108.33	0.07	201.00	6.76
Derivative liabilities:				
Foreign exchange forward contracts				
Buy foreign currency	(0.31)	(0.04)	–	–
Principal swap				
Buy foreign currency	(1,195.44)	–	(482.32)	–

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
USD sensitivity				
INR / USD increases by 10%	34.65	14.89	(89.67)	30.07
INR / USD decreases by 10%	(34.65)	(14.89)	89.67	(30.07)
EURO sensitivity				
INR / EURO increases by 10%	1.96	1.14	(4.24)	6.64
INR / EURO decreases by 10%	(1.96)	(1.14)	4.24	(6.64)

* Holding all other variables constant

(ii) Interest rate risk

Domestic INR borrowings are based on fixed rate of interest. Normally, for short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, Company resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

Particulars	As at 31-03-2020	As at 31-03-2019
Variable rate borrowings	7,809.83	6,791.61
Fixed rate borrowings	3,548.53	2,506.44

The amounts disclosed in the table are the contractual undiscounted cash flows.

Sensitivity	Impact on profit after tax	
	As at 31-03-2020	As at 31-03-2019
Increase in interest rates by 100 bps	(58.57)	(46.18)
Decrease in interest rates by 100 bps	58.57	46.18

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

34 FINANCE RISK MANAGEMENT - (continued)

(iii) Price Risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

(i) Disclosure of effects of hedge accounting on financial position

(a) Disclosure of effects of hedge accounting on financial position as at 31-03-2020

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
Foreign exchange forward contracts, PCFC	1,273.77	1.46	1,226.82	1.45	Apr'20 to Mar'21	46.94	(46.94)
Foreign currency loan					Jul'21 to Sep'23		
• Principal swap	-	1,126.39	-	1,195.44		69.06	(69.06)
• Interest rate swap	-	491.55	-	21.35		21.35	(21.35)

(b) Disclosure of effects of hedge accounting on financial position as at 31-03-2019

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
Foreign exchange forward contracts, PCFC	564.82	-	577.32	-	Apr'19 to Jun'19	(12.50)	12.50
Foreign currency loan					Jul'21 to Sep'23		
• Principal swap	-	403.56	-	413.56		10.00	(10.00)
• Interest rate swap	-	403.56	-	7.79		7.79	(7.79)

(ii) Disclosure of effects of hedge accounting on financial performance:

a. for the year ended 31-03-2020:

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge: Foreign exchange risk	(71.58)	-	(3.87)	Revenue

b. for the year ended 31-03-2019:

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge: Foreign exchange risk	(3.87)	-	(2.50)	Revenue

Notes to the Financial Statements - (continued)

Rupees in crores

35 FINANCIAL RISK MANAGEMENT RELATING TO LOAN RECEIVABLE FROM FINANCING ACTIVITY

Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored to determine significant increase in credit risk. The Company monitors the credit assessment on a portfolio basis, assesses all credit exposures in excess of designated limits. The Company does a risk grading based upon the credit worthiness of the borrowers. All these factors are taken into consideration for computation of ECL.

Other financial assets

Credit risk with respect to other financial assets are extremely low. Based on the credit assessment the historical trend of low default is expected to continue. No provision for Expected Credit Loss (ECL) has been created for Other financial Assets.

Loans

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on Number of Days past due information. The amount represents gross carrying amount.

Particulars	As at 31-03-2020	As at 31-03-2019
Gross Carrying value of Loans		
Stage-1 (Less than 30 Days)	8,406.93	7,773.50
Stage-2 (30-90 Days)	869.84	321.98
Stage-3 (More than 90 Days)	370.66	268.17
Total gross carrying value on reporting date	9,647.43	8,363.65

Credit Quality

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow ups and legal recourse.

Inputs considered in the ECL model

In assessing the impairment of loans assets under ECL model, the loan assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The Company categorises loan assets into stages based on the Days Past Due status:

- Stage 1: 30 days past due
- Stage 2: 31-90 days past due
- Stage 3: more than 90 days past due

Assumptions considered in the ECL model

The financial services business has made the following assumptions in the ECL Model:

- "Loss given default" (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. EIR has been taken as discount rate for all loans.

Estimation Technique

The financial services business has applied the following estimation technique in its ECL model :

- "Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.
- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining tenor.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals.

There is no change in estimation techniques or significant assumptions during the reporting period.

Notes to the Financial Statements - (continued)

Rupees in crores

35 FINANCIAL RISK MANAGEMENT RELATING TO LOAN RECEIVABLE FROM FINANCING ACTIVITY - (continued)

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analysis based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'CoVID-19 – Regulatory Package', the Company has offered moratorium upto three months on the payment of instalments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. In respect of accounts overdue but standard under Stage 2 classification at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 3 classification criteria.

The impact of CoVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to CoVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. While the methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied while preparing the financial results for the period ended December 2019, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the CoVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

Definition of default

The definition of default used for internal credit risk management purposes is based on RBI Guidelines. Under Ind AS, Loans to be in default when it is more than 90 days past due. The financial services business considers Loans under default as 'credit impaired'.

Impairment loss

The expected credit loss allowance provision is determined as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross Balance as at 31 st March 2020	8,406.93	869.84	370.66	9,647.43
Expected Credit Loss	39.22	9.50	143.38	192.10
Expected Credit Loss Rate	0.47%	1.09%	38.68%	1.99%
Net of Impairment Provision	8,367.71	860.34	227.28	9,455.33
Particulars	Stage 1	Stage 2	Stage 3	Total
Gross Balance as at 31 st March 2019	7,773.51	321.98	268.17	8,363.66
Expected Credit Loss	31.00	3.42	104.61	139.03
Expected Credit Loss Rate	0.40%	1.06%	39.01%	1.66%
Net of Impairment Provision	7,742.51	318.56	163.56	8,224.63

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

35 FINANCIAL RISK MANAGEMENT RELATING TO LOAN RECEIVABLE FROM FINANCING ACTIVITY - (continued)

Reconciliation of Expected Credit Loss

Particulars	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 st April 2018	19.75	2.08	82.94	104.77
Transfer to Stage 1	(2.14)	1.06	1.08	–
Transfer to Stage 2	0.21	(1.18)	0.98	–
Transfer to Stage 3	1.34	0.63	(1.97)	–
Loans that have derecognised during the period	(4.32)	(0.60)	(25.43)	(30.36)
New Loans originated during the year	22.44	1.47	13.25	37.16
Net Remeasurement of Loss Allowance	(6.28)	(0.02)	33.75	27.45
Balance as at 31 st March 2019	30.99	3.42	104.61	139.02
Transfer to Stage 1	(4.92)	3.27	1.66	–
Transfer to Stage 2	0.28	(1.90)	1.61	–
Transfer to Stage 3	0.71	1.33	(2.04)	–
Loan that have derecognised during the period	(6.59)	(0.72)	(25.18)	(32.50)
New Loans originated during the year	25.12	3.91	12.97	42.01
Net Remeasurement of Loss Allowance	(6.37)	0.19	49.75	43.57
Balance as at 31 st March 2020	39.22	9.50	143.38	192.10

Concentration of Credit Risk

The business manages concentration of risk primarily by geographical region. The following details show the geographical concentrations of the loans at the year end:

	31 st March 2020	31 st March 2019
Carrying value		
Concentration by geographical region in India		
South	3,822.70	3,356.79
West	2,091.72	1,999.24
East	1,602.03	1,227.55
North	2130.99	1,780.36
Total Loans as at reporting period	9,647.44	8,363.94

36 CAPITAL MANAGEMENT

(a) Risk management

The Company's objectives when managing capital are to

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

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

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

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

Particulars	As at 31-03-2020	As at 31-03-2019
Net debt	10,269.86	9,135.01
Total equity	3,603.04	3,415.94
Net debt to equity ratio	285.03%	267.42%

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

36 CAPITAL MANAGEMENT - (continued)

The Company also monitors Interest coverage ratio :

Company's earnings before interest and taxes (EBIT) divided by interest

The Company's strategy is to maintain an optimum interest coverage ratio The Interest coverage ratio were as follows:

Particulars	Year ended 31-03-2020	Year ended 31-03-2019
EBIT	1,719.96	1,746.25
Interest	854.54	663.40
Interest coverage ratio (times)	2.01	2.63

(b) Dividends

Particulars	Year ended 31-03-2020	Year ended 31-03-2019
(i) Equity shares Interim dividends for the year ended 31-03-2020 of ₹ 3.50 (31-03-2019 of ₹ 3.50) per fully paid share	200.46	200.46
(ii) Dividends not recognised at the end of the reporting period	—	—

37 BUSINESS COMBINATION

On 7th September 2017, the Company acquired 16,20,000 (81%) equity shares of M/s. TVS Motor Services Limited, Chennai. This would further strengthen the retail financing for the customers of the Company through its subsidiaries.

Details of the purchase consideration and goodwill are follows:

The purchase consideration of ₹ 1.62 Crores for this business combination is paid by cash.

Calculation of goodwill

Particulars	Rupees in crores
Consideration transferred	1.62
Non-controlling interest in the acquired entity	136.05
Acquisition date fair value of previously held equity interest	0.38
Less : Net identifiable assets acquired	(48.06)
Goodwill on consolidation	186.11

The goodwill is attributable to the expected synergies on acquisition of the financial services business.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business is allocated to the Group's cash generating units (CGU) or groups of CGUs expected to benefit from the synergies arising from the business combination.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rate on the basis of carrying amount of each asset in CGU. An impairment loss on goodwill is recognized in net profit in the Consolidated Statement of Profit and Loss and is not reversed in the subsequent period.

Company assessed impairment of goodwill based on the expected earnings growth of the acquired business.

Revenue and profit contribution

The acquired business contributed revenues of Rs.770.13 crores and profit before tax of ₹ 85.15 crores for the period between 7th September 2017 and 31st March 2018.

If the acquisition had occurred on 1st April 2017, consolidated pro-forma revenue and profit before tax for the year ended 31st March 2018 would have been ₹ 17,340.83 crores and ₹ 937.57 crores, respectively.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

38 EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plans as per actuarial valuation

Particulars	Funded plan			Unfunded plans	
	Gratuity			Pension	Leave salary
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Present value of obligation
As at 01-04-2018	108.90	(102.45)	6.45	77.13	32.96
Current service cost	18.27	–	18.27	1.10	–
Interest expense / (income)	8.40	(8.21)	0.19	5.06	2.32
Total amount recognised in profit or loss	26.67	(8.21)	18.46	6.16	2.32
Remeasurements					
Return on plan assets, excluding amounts included in interest expense / (income)	–	2.80	2.80	–	–
(Gain) / loss from change in financial assumptions	(4.35)	–	(4.35)	(0.95)	(0.90)
Experience (gains)/losses	(7.48)	–	(7.48)	0.07	6.27
Total amount recognised in other comprehensive income	(11.83)	2.80	(9.03)	(0.88)	5.37
Employer contributions	–	(17.06)	(17.06)	–	–
Benefit payments	(10.45)	10.45	–	(4.43)	(5.53)
As at 31-03-2019	113.29	(114.47)	(1.18)	77.98	35.13
Current service cost	20.01	–	20.01	–	–
Interest expense / (income)	8.83	(8.24)	0.59	5.94	2.77
Total amount recognised in profit or loss	28.85	(8.24)	20.61	5.94	2.77
Remeasurements					
Return on plan assets, excluding amounts included in interest expense/(income)	–	(1.17)	(1.17)	–	–
(Gain) / loss from change in financial assumptions	11.01	–	11.01	16.80	2.74
Experience (gains) / losses	(3.13)	–	(3.13)	9.08	21.54
Total amount recognised in other comprehensive income	7.88	(1.17)	6.71	25.88	24.28
Employer contributions	–	(18.68)	(18.68)	–	–
Benefit payments	(9.87)	9.87	–	(0.46)	(7.80)
As at 31-03-2020	140.15	(132.69)	7.46	109.34	54.38

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Statement of Profit and Loss.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

38 EMPLOYEE BENEFIT OBLIGATIONS - (continued)

Rupees in crores

The significant actuarial assumptions were as follows:

Particulars	As at 31-03-2020	As at 31-03-2019
Discount rate (Gratuity)	6.2%	7.7%
Discount rate (Leave salary)	6.2%	7.6%
Discount rate (Pension)	6.5%	7.0%
Salary growth rate	5.7%	5.5%
Pre-retirement mortality rate	IALM (2006-08) Ultimate	
Post retirement mortality rate	LIC Ann (1996-98)	
Attrition rate (For Leave salary & Gratuity)	14.0%	3.0%
Attrition rate (For Pension)	0.0%	0.0%

Assumptions regarding future mortality for pension are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 58.

(i) Sensitivity analysis

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

Particulars	Impact on defined benefit obligation - Gratuity					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019
Discount rate	0.50%	0.50%	134.40	108.90	146.32	118.03
Salary growth rate	0.50%	0.50%	146.36	118.10	134.32	108.80
Mortality	5.00%	5.00%	140.14	113.31	140.28	113.26

Particulars	Impact on defined benefit obligation - Pension					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019
Discount rate	1.00%	1.00%	96.60	68.62	124.78	88.67
Salary growth rate	1.00%	1.00%	125.37	89.19	95.97	68.31
Mortality	5.00%	5.00%	108.39	77.23	110.19	78.41

Particulars	Impact on defined benefit obligation - Leave salary					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019
Discount rate	0.50%	0.50%	52.70	33.19	56.20	35.08
Salary growth rate	0.50%	0.50%	56.21	35.10	52.68	33.17
Mortality	5.00%	5.00%	54.39	34.11	54.39	34.10

Notes to the Financial Statements - (continued)

38 EMPLOYEE BENEFIT OBLIGATIONS - (continued)

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

(ii) Risk exposure

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

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

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

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

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

(iii) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of Rs. 36.49 crores (previous year Rs.27.14 crores) has been recognised in the Statement of Profit and Loss.

On 28th February 2019 Supreme Court (SC) gave a judgement on components/allowances paid to employees that need to be taken into account while computing an employer's contribution of provident fund under the EPF Act. There are numerous interpretative issues relating to the components needs to be considered for the above calculation. The company is in the process of evaluating the method of computation of its PF contribution and would record any further effect in its financial statements, on receiving further clarification on the subject.

Notes to the Financial Statements - (continued)

39 RELATED PARTY DISCLOSURE

- (a) (i) Related parties and their relationship where control exists

Holding company:

Sundaram-Clayton Limited, Chennai

Ultimate holding company:

T V Sundram Iyengar & Sons Private Limited, Madurai

Subsidiaries:

Sundaram Auto Components Limited, Chennai

TVS Housing Limited, Chennai

TVS Motor Services Limited, Chennai

TVS Credit Services Limited, Chennai

Harita Collection Services Private Limited, Chennai

Harita ARC Services Private Limited, Chennai

TVS Micro Finance Private Limited, Chennai

TVS Commodity Financial Solutions Private Limited, Chennai

TVS Two Wheeler Mall Private Limited, Chennai

TVS Housing Finance Private Limited, Chennai

TVS Motor (Singapore) Pte. Limited, Singapore

TVS Motor Company (Europe) B.V, Amsterdam

PT. TVS Motor Company Indonesia, Jakarta

Sundaram Holding USA Inc, USA

Green Hills Land Holding LLC, USA

Component Equipment Leasing LLC, USA

Sundaram-Clayton USA LLC, USA (Formerly known as Workspace Project LLC)

Premier Land Holding LLC, USA

Associate companies:

Emerald Haven Realty Limited, Chennai

Ultraviolette Automotive Private Limited, Bengaluru

Tagbox Solutions Private Limited, Bengaluru

Predictronics Corporation, USA

Tagbox PTE Ltd, Singapore

- (ii) Other related parties and their relationship where transaction exists:

Fellow subsidiaries:

TVS Electronics Limited, Chennai

Southern Roadways Private Limited, Madurai

Sundaram Industries Private Limited, Madurai

Lucas-TVS Limited, Chennai

Lucas Indian Service Limited, Chennai

TVS Auto Assist (India) Limited, Chennai

TVS Lanka Private Limited, Colombo

Autosense Private Limited, Chennai

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

39 RELATED PARTY DISCLOSURE - (continued)

Associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:

Brakes India Private Limited, Chennai
TVS Srichakra Limited, Madurai
Wheels India Limited, Chennai
Sundram Fasteners Limited, Chennai
India Nippon Electricals Limited, Chennai
Sundaram Brake Linings Limited, Chennai
TVS Auto Bangladesh Limited, Dhaka
TVS Supply Chain Solutions Limited (Formerly known as TVS Logistics Services Limited), Chennai
Harita Techserv Private Limited, Chennai

Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:

TVS Upasana Limited, Chennai
TVS Dynamic Global Freight Services Limited, Chennai

Enterprises in which directors are interested:

TVS Organics Private Limited, Chennai
Designo Lifestyle Solutions Private Limited, Bengaluru
Dua Associates, Delhi
Dua Consulting Private Limited, Delhi
McCann-Erickson (India) Private Limited, Delhi
Lakshmi Energy and Environment Design Private Limited, Coimbatore

Key Management Personnel:

Executive Directors:

Mr. Venu Srinivasan, Chairman & Managing Director
Mr. Sudarshan Venu, Joint Managing Director
Mr. K.N.Radhakrishnan, Director and CEO

Non-executive Directors:

Independent Directors:

Mr. T.Kannan
Mr. C.R.Dua
Mr. Prince Asirvatham
Mr. R.Gopalan
Mr. Hemant Krishan Singh
Ms. Lalita D. Gupte

Non-Independent Directors:

Mr. H.Lakshmanan
Dr. Lakshmi Venu
Mr. Rajesh Narasimhan

Enterprise in which key management personnel and their relative have significant influence:

Harita-NTI Limited, Chennai

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
39 RELATED PARTY DISCLOSURE – (continued)		
(b) Transactions with related parties:		
(i) Purchase of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.63	0.48
- holding company (Sundaram-Clayton Limited, Chennai)	361.19	515.91
- fellow subsidiaries		
TVS Electronics Limited, Chennai	0.26	0.30
Sundaram Industries Private Limited, Madurai	0.03	0.05
Lucas-TVS Limited, Chennai	174.20	169.69
Lucas Indian Service Limited, Chennai	7.54	7.16
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	32.47	27.96
TVS Srichakra Limited, Madurai	473.35	527.76
Wheels India Limited, Chennai	14.77	14.89
Sundram Fasteners Limited, Chennai	59.28	65.40
India Nippon Electricals Limited, Chennai	296.15	332.74
Sundaram Brake Linings Limited, Chennai	10.78	13.90
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Upasana Limited, Chennai	16.41	22.42
- enterprises over which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)	1.17	1.44
- enterprises in which directors are interested		
TVS Organics Private Limited, Chennai	0.87	1.25
(ii) Sale of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	367.49	67.31
- fellow subsidiary company		
Lucas-TVS Limited, Chennai	1.16	0.16
TVS Lanka Private Limited, Colombo	213.54	234.63
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Auto Bangladesh Limited, Dhaka	588.29	686.67
(iii) Purchase of assets		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	1.53	–
- associate of ultimate holding company (Formerly known as TVS Logistics Services Limited)	–	3.94
- associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
India Nippon Electricals Limited, Chennai	0.44	–
- enterprises in which directors are interested		
Designo Lifestyle Solutions Private Limited, Bengaluru	0.03	–
Lakshmi Energy and Environment Design Private Limited, Coimbatore	0.07	–

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
39 RELATED PARTY DISCLOSURE – (continued)		
(iv) Sale of Land		
- associate company (Emerald Haven Realty Limited, Chennai)	0.56	–
(v) Rendering of services (including interest and reimbursements received)		
- holding company (Sundaram-Clayton Limited, Chennai)	6.36	7.17
- fellow subsidiaries		
Southern Roadways Private Limited, Madurai	0.01	0.01
Lucas-TVS Limited, Chennai	0.01	–
Lucas Indian Service Limited, Chennai	0.01	–
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	0.01	–
TVS Supply Chain Solutions Limited, Chennai (Formerly known as TVS Logistics Services Limited)	0.89	0.63
Wheels India Limited, Chennai	0.01	0.01
India Nippon Electricals Limited, Chennai	0.14	–
TVS Srichakra Limited, Madurai	0.01	–
Sundram Fasteners Limited, Chennai	0.10	0.05
Sundaram Brake Linings Limited, Chennai	0.01	–
- Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:		
TVS Upasana Limited, Chennai	0.14	–
- associate company (Emerald Haven Realty Limited, Chennai)	0.13	0.23
(vi) Availing of services (includes sub-contract charges paid)		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.20	–
- holding company (Sundaram-Clayton Limited, Chennai)	52.24	49.68
- fellow subsidiaries:		
TVS Electronics Limited, Chennai	1.52	1.54
Southern Roadways Private Limited, Madurai	2.29	2.72
TVS Auto Assist (India) Limited, Chennai	2.71	4.99
Lucas-TVS Limited, Chennai	0.14	0.22
Autosense Private Limited, Chennai	–	3.05
- associate company (Emerald Haven Realty Limited, Chennai)	0.01	0.01
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Supply Chain Solutions Limited, Chennai (Formerly known as TVS Logistics Services Limited)	82.69	110.10
Wheels India Limited, Chennai	0.01	–
Harita Techserv Private Limited, Chennai	2.63	2.84
Delphi-TVS Diesel System Limited, Chennai	–	0.13
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Dynamic Global Freight Services Limited, Chennai	119.28	77.81

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
39 RELATED PARTY DISCLOSURE – (continued)		
- enterprises in which directors are interested		
Dua Associates, Delhi	0.06	0.96
Dua Consulting Private Limited, Delhi	4.79	4.97
McCann-Erickson (India) Private Limited, Delhi	4.10	5.43
(vii) Investments made during the year		
- fellow subsidiary company (TVS Lanka Private Limited, Colombo)	–	14.75
- associate / joint venture		
Ultraviolette Automotive Private Limited, Bengaluru	5.00	6.00
Tagbox Solutions Private Limited, Bengaluru	26.60	–
Predictronics Corporation, USA	22.36	–
(viii) Trade advance given		
- associate company (Ultraviolette Automotive Private Limited, Bengaluru)	2.00	–
(ix) Remuneration to key management personnel:		
Short-term employee benefits	45.95	55.64
Post-employment benefits	0.22	0.22
Remuneration to Relative to key management personnel (Short-term employee benefits)	–	0.38
(x) Dividend received from:		
- fellow subsidiary company (TVS Lanka Private Limited, Colombo)	–	0.42
(xi) Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	95.44	95.44
(c) Balances with related parties:		
(i) Trade receivables / Other current assets		
- ultimate holding company		
(T V Sundram Iyengar & Sons Private Limited, Madurai)	79.50	37.28
- fellow subsidiary company		
TVS Lanka Private Limited, Colombo	11.29	25.62
- associate company		
Emerald Haven Realty Limited, Chennai	–	1.47
Ultraviolette Automotive Private Limited, Bengaluru	2.00	–
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Auto Bangladesh Limited, Dhaka	95.65	66.45
(ii) Trade payables		
- holding company (Sundaram-Clayton Limited, Chennai)	20.70	20.30
- fellow subsidiaries		
Lucas-TVS Limited, Chennai	24.81	28.49
Lucas Indian Service Limited, Chennai	1.34	1.11
Southern Roadways Private Limited, Madurai	0.16	0.16
Sundaram Industries Private Limited, Madurai	0.01	0.01
TVS Auto Assist (India) Limited, Chennai	–	0.58
TVS Electronics Limited, Chennai	0.05	0.04

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
39 RELATED PARTY DISCLOSURE – (continued)		
- associate company (Emerald Haven Realty Limited, Chennai)	0.23	3.49
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	6.66	6.53
TVS Srichakra Limited, Madurai	55.97	71.55
Wheels India Limited, Chennai	1.53	2.78
Harita Techserv Private Limited, Chennai	0.37	0.52
India Nippon Electricals Limited, Chennai	54.56	51.65
Sundaram Brake Linings Limited, Chennai	1.29	2.61
Sundram Fasteners Limited, Chennai	8.20	11.21
TVS Supply Chain Solutions Limited, Chennai (Formerly known as TVS Logistics Services Limited)	5.11	10.15
Delphi-TVS Diesel System Limited, Chennai	–	0.05
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Dynamic Global Freight Services Limited, Chennai	8.65	9.20
TVS Upasana Limited, Chennai	2.05	3.23
- enterprises in which directors are interested		
Dua Consulting Private Limited, Delhi	–	0.14
TVS Organics Private Limited, Chennai	0.01	0.03
Lakshmi Energy and Environment Design Private Limited, Coimbatore	0.21	0.22
- enterprise over which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)	0.21	0.13

40 REVENUE FROM CONTRACTS WITH CUSTOMERS

A Disaggregated revenue:

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

Sl. No.	Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
(a)	Type of goods or service		
i)	Automobiles	14,554.54	16,285.67
ii)	Parts and accessories	1,659.22	1,720.97
iii)	Automotive components	253.37	223.95
iv)	Services - IT Services	14.98	10.92
v)	Services - Royalty	16.77	16.67
vi)	Others	1,822.14	1,457.89
		18,321.02	19,716.07
(b)	Geographical markets		
(i)	Domestic	13,945.87	15,507.21
(ii)	Exports	4,375.15	4,208.86
		18,321.02	19,716.07

B The Group operates in the segments of automotive vehicle and its parts, Automotive components and financial services. The information provided above is in line with the segmental information provided under Ind AS 108 in Note. 47

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

40 REVENUE FROM CONTRACTS WITH CUSTOMERS – (continued)

C Reconciliation of contracts with customers:

Movement of contract liabilities for the reporting period given below:

Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
Contract Liabilities at the beginning of the period	64.49	90.93
Add / (Less) :		
Consideration received during the year as advance	136.67	64.49
Revenue recognized from contract liability	(64.49)	(90.93)
Contract Liabilities at the end of the period	136.67	64.49

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

D Transaction price allocated to the remaining performance obligations:

The Group's contracts with customers are short term (i.e., the performance obligations are expected to be met within one year or less). Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed.

E Reconciliation of revenue with contract price:

Sl. No.	Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
(i)	Contract price	19,020.53	20,389.38
(ii)	Adjustments:		
	Incentive schemes	369.89	262.95
	Transport cost	329.62	410.36
(iii)	Revenue from sale of products and services	18,321.02	19,716.07

41 LEASES - TRANSITION RELATED

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

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

The Company has not reassessed whether a contract is, or contains, a lease as per the definitions of Ind AS 116 at the date of initial application.

The Company applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 Impairment of assets.

The Company has treated the leases with remaining lease term of less than 12 months as "short term leases".

The Company has excluded the initial direct costs from measurement of the right-of-use "asset at the date of transition"

The Company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Effective 1st April 2019, the Company has adopted Ind AS 116 "Leases" and applied the Standard to its leases retrospectively and has recognised the effect of the cumulative adjustment (net of taxes) of ₹ 5.45 Crores in the opening balance of retained earnings, on the date of initial application (1st April 2019). Accordingly, comparatives for the period prior has not been restated.

The adoption of the Standard has resulted in recognising "Right-of-Use Asset" of ₹ 81.75 Crores and a corresponding "Lease Liability" of ₹ 89.96 Crores as at the date of initial application.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
42 EARNINGS PER SHARE		
Profit after tax	624.62	704.67
Number of equity shares	47,50,87,114	47,50,87,114
Face value of the share (in rupees)	1.00	1.00
Weighted average number of equity shares	47,50,87,114	47,50,87,114
Basic and diluted earnings per share for continued operations (in rupees)	13.15	14.83
Basic and diluted earnings per share for discontinued operations (in rupees)	–	–
Basic and diluted earnings per share for continued and discontinued operations (in rupees)	13.15	14.83
43 WARRANTY PROVISION (CURRENT)		
Opening balance	29.15	24.40
Add: Provision for the year (Net)	38.04	29.15
	<u>67.19</u>	<u>53.55</u>
Less: Payments / debits (Net)	29.15	24.40
Closing balance	<u>38.04</u>	<u>29.15</u>
44 PAYMENT TO AUDITORS COMPRISES		
As statutory auditors	1.76	1.69
Taxation matters	0.32	0.19
Certification matters	0.27	0.14
Other matters	0.39	–
	<u>2.74</u>	<u>2.02</u>
Miscellaneous expenses include travel and stay expenses of auditors	0.20	0.19
	<u>2.94</u>	<u>2.21</u>
45 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR		
(a) Claims against the company not acknowledged as debts:		
(i) Excise	52.99	57.57
(ii) Service tax	1.96	2.13
(iii) Customs	1.36	1.61
(iv) Sales tax	2.00	3.07
(v) Income tax	42.65	41.33
(vi) GST	2.82	–
(vii) Others	–	2.62
The future cash flows on the above items are determinable only on receipt of the decisions / judgments that are pending at various forums / authorities. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
(b) Other money for which the Company is contingently liable:		
(i) On bills discounted with banks	70.61	212.03
(ii) On factoring arrangements	2.09	0.98

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

As at/
Year ended
31-03-2020

As at/
Year ended
31-03-2019

45 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR: – (continued)

(c) Commitments:		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	237.47	243.27
(ii) On investments	9.79	–
(d) Other commitments:		
On import of capital goods under Export Promotion Capital Goods Scheme	–	14.92

46 CORPORATE SOCIAL RESPONSIBILITY

- (a) Gross amount required to be spent during the year is Rs. 20.15 crores (last year Rs. 16.27 crores)
- (b) Amount spent during the year:

Sl.No.	Particulars	in cash	Yet to be paid in cash	31-03-2020	31-03-2019
1	Construction / acquisition of any asset	–	–	–	–
2	Other than the above	35.96	10.00	45.96*	16.47

* included in other expenses - Rs. 20.96 crores and in exceptional items - Rs. 25.00 crore

47 SEGMENT INFORMATION

For the year ended 31-03-2020

Particulars	Business Segment				
	Automotive vehicles & parts	Automotive components	Financial services	Others	Total
Revenue					
External sales- domestic	12,226.70	257.97	1,989.64	0.63	14,474.94
- exports	4,374.37	–	–	–	4,374.37
Inter segment sales	–	270.63	–	–	270.63
Total sales	16,601.07	528.60	1,989.64	0.63	19,119.94
Less: Inter segment sales	–	270.63	–	–	270.63
Net revenue	16,601.07	257.97	1,989.64	0.63	18,849.31
Segment-wise results before interest and tax	810.60	17.06	900.87	0.02	1,728.55
Less: interest	145.40	7.81	701.33	–	854.54
Profit before tax	665.20	9.25	199.54	0.02	874.01
Less: Tax expenses	161.42	1.54	55.65	0.01	218.62
Profit after tax	503.78	7.71	143.89	0.01	655.39
Share of profit of Associates	–	–	–	(8.59)	(8.59)
Profit / Loss for the period	503.78	7.71	143.89	(8.58)	646.80
Segment assets	7,619.35	1,196.94	10,459.97	3.75	19,280.01
Segment liabilities	6,149.38	645.28	8,879.41	2.90	15,676.97
Segment depreciation / amortisation	511.14	24.76	20.10	–	556.00

Notes: The Company and its Indian subsidiaries cater mainly to the needs of the domestic market.

There are no reportable geographical segments.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

48 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31-03-2020

Name of the entity	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount Rs. in crores	As % of consolidated profit or loss	Amount Rs. in crores	As % of consolidated other comp- rehensive income	Amount Rs. in crores	As % of consolidated total comp- rehensive income	Amount Rs. in crores
1	2	3	4	5	6	7	8	9
Parent								
TVS Motor Company Limited	20.67%	744.65	94.59%	590.85	110.12%	(118.23)	91.37%	472.62
Subsidiaries - Indian								
Sundaram Auto Components Limited	3.07%	110.62	1.97%	12.31	5.01%	(5.38)	1.34%	6.93
TVS Motor Services Limited	34.96%	1,259.61	23.04%	143.89	16.44%	(17.65)	24.41%	126.24
TVS Housing Limited	0.02%	0.85	0.00%	0.01	0.00%	-	0.00%	0.01
Subsidiaries - Foreign								
TVS Motor (Singapore) Pte Limited	9.97%	359.12	-7.20%	(45.00)	-1.28%	1.37	-8.43%	(43.63)
TVS Motor Company Europe B.V.	0.04%	1.32	0.11%	0.68	1.07%	(1.15)	-0.09%	(0.47)
PT. TVS Motor Company Indonesia	6.76%	243.64	-6.84%	(42.75)	3.67%	(3.94)	-9.03%	(46.69)
Sundaram Holdings USA Inc.	12.24%	441.04	-0.74%	(4.60)	-32.59%	34.99	5.88%	30.39
Non-controlling Interest in all subsidiaries	8.91%	320.94	-3.55%	(22.18)	-2.54%	2.73	-3.76%	(19.45)
Associates - Indian (Investment as per the equity method)								
Emerald Haven Realty Limited	3.13%	112.81	-1.03%	(6.42)	0.09%	(0.10)	-1.26%	(6.52)
Ultraviolette Automotive Private Limited	0.28%	9.93	-0.11%	(0.67)	0.00%	-	-0.13%	(0.67)
Tagbox Solutions Private Limited	0.01%	0.19	0.03%	0.19	0.00%	-	0.04%	0.19
Associates - Foreign								
Predictronics Corp	-0.03%	(0.99)	-0.11%	(0.70)	0.00%	-	-0.14%	(0.70)
Tagbox Pte Ltd	-0.02%	(0.70)	-0.16%	(0.99)	0.00%	-	-0.19%	(0.99)
Total	100.00%	3,603.04	100.00%	624.62	100.00%	(107.36)	100.00%	517.26

49 BORROWING COST CAPITALISED

Borrowing cost capitalised during the year Rs.23.68 crores (last year - Rs.17.25 crores).

50 PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED WHEREVER NECESSARY TO CONFORM TO THE CURRENT YEAR'S CLASSIFICATION.

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

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

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

Place : Chennai
Date : 28th May 2020

Annexure
Form AOC - I

Statement containing salient features of the financial statement of subsidiaries / associate companies
(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Sl.No.	Particulars	Information in respect of each subsidiary										Rupees in crores
		Indian Subsidiaries										
		Sundaram Auto Components Limited	TVS Housing Limited	TVS Motor Services Limited	TVS Credit Services Limited	TVS Two-Wheeler Mall Private Limited	TVS Micro Finance Private Limited	Harita ARC Private Limited	Harita Collection Services Private Limited	TVS Commodity Financial Solutions Private Limited	TVS Housing Finance Private Limited	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1.	Date on which subsidiary was acquired	01-04-2003	21-06-2010	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	08-09-2017	
2.	Reporting period	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	
3.	Reporting currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	
	Closing Exchange rate	-	-	-	-	-	-	-	-	-	-	
4.	Share capital	42.17	0.05	8.63	185.18	0.0025	0.0025	0.0025	0.0025	0.0025	12.00	
5.	Reserves & Surplus	362.90	0.80	13.83	1,186.85	(0.0064)	(0.0064)	(0.0065)	(0.0065)	(0.0065)	1.13	
6.	Total assets	719.02	3.75	208.58	10,283.73	0.0024	0.0024	0.0024	0.0025	0.0024	13.13	
7.	Total Liabilities	719.02	3.75	208.58	10,283.73	0.0024	0.0024	0.0024	0.0025	0.0024	13.13	
8.	Investments	297.42	-	17.47	12.01	-	-	-	-	-	-	
9.	Turnover	529.50	0.63	-	2014.68	-	-	-	-	-	-	
10.	Profit before taxation	6.44	0.02	(11.47)	210.31	(0.0018)	(0.0018)	(0.0018)	(0.0018)	(0.0018)	0.71	
11.	Provision for taxation	1.54	0.01	4.33	59.80	-	-	-	-	-	0.18	
12.	Profit after taxation	4.90	0.01	(7.14)	150.51	(0.0018)	(0.0018)	(0.0018)	(0.0018)	(0.0018)	0.53	
13.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	
14.	% of shareholding	100	100	100	84.54	84.54	84.54	84.54	84.54	84.54	84.54	

Annexure
Form AOC - I - (continued)

Statement containing salient features of the financial statement of subsidiaries / associate companies
(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Sl.No.	Particulars	Information in respect of each subsidiary				Rupees in crores
		Foreign Subsidiaries				
		PT TVS Motor Company Indonesia (11)	TVS Motor Company (Europe) B.V. (12)	TVS Motor (Singapore) Pte. Ltd (13)	Sundaram Holding USA Inc# (14)	
1.	Date on which subsidiary was acquired	05-09-2005	21-07-2005	21-10-2005	09-09-2015	
2.	Reporting period	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	
3.	Reporting currency	IDR	USD	SGD	USD	
	Closing Exchange rate	INR 0.465 / IDR 100	INR 75.67/USD	INR 53.03/SGD	INR 75.67/USD	
4.	Share capital	869.56	126.52	477.79	394.45	
5.	Reserves & Surplus	(764.32)	(125.20)	(112.27)	32.66	
6.	Total assets	539.45	1.47	716.22	758.65	
7.	Total Liabilities	539.45	1.47	716.22	758.65	
8.	Investments	-	-	320.77	-	
9.	Turnover	362.14	1.27	34.91	2.85	
10.	Profit before taxation	(42.53)	0.68	(45.00)	(4.60)	
11.	Provision for taxation	0.23	-	-	-	
12.	Profit after taxation	(42.76)	0.68	(45.00)	(4.60)	
13.	Proposed Dividend	-	-	-	-	
14.	% of shareholding	100	100	100	100	74.60

The figures include the consolidation of its subsidiaries viz, Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram-Clayton USA LLC (Formerly known as Workspace Project LLC) and Premier Land Holding LLC, all located at South Carolina, USA.

Notes:

- Subsidiaries which are yet to commence operations:(1) TVS Two Wheeler Mall Private Ltd, (2) TVS Micro Finance Private Ltd, (3) Harita ARC Private Ltd, (4) Harita Collection Services Private Ltd, (5) TVS Commodity Financial Solutions Private Ltd, (6) TVS Housing Finance Private Ltd and (7) Sundaram Holding USA Inc.
- Subsidiaries which have been liquidated or sold during the year - Nil.

Annexure
Form AOC - I - (continued)

Statement containing salient features of the financial statement of subsidiaries / associate companies
(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "B": Associates

Sl.No.	Particulars	Emerald Haven Realty Limited	Ultraviolette Automotive Private Limited	Tagbox Solutions Private Limited *	Predictronics Corp *	Tagbox Pte Limited *
1.	Latest audited Balance Sheet Date	31-03-2019	31-03-2019	31-03-2020	31-12-2020	31-03-2020
2.	Date on which the Associate was acquired	26-03-2012	09-08-2018	08-05-2019	17-08-2019	08-05-2019
3.	Shares of Associate held by the company on the year end					
(i)	No. of shares	11,12,19,512	14,850	45,710	24,827	2,43,243
(ii)	Amount of investment in Associates/Joint Venture	111.22	11.00	1.19	22.36	15.42
(iii)	Extent of holding %	48.80	25.76	23.5	23.5	24.30
4.	Description of how there is significant influence	Holding more than 20% of share capital	Holding more than 20% of share capital	Holding more than 20% of share capital	Subsidiary holding more than 20% of share capital	Subsidiary holding more than 20% of share capital
5.	Reason why the associate/joint venture is not consolidated	-	-	-	-	-
6.	Net worth attributable to Shareholding as per latest audited Balance Sheet	112.81	9.93	1.38	21.66	14.43
7.	Profit / Loss for the year:					
(i)	Considered in consolidation	(6.42)	(0.67)	0.19	(0.70)	(0.99)
(ii)	Not considered in consolidation	(6.73)	(1.97)	0.62	(2.28)	(3.07)

* Unaudited financial statement

Note :

1. Associates which are yet to commence operations - Ultraviolette Automotive Private Limited, Bengaluru.
2. Associates which have been liquidated or sold during the year - Nil.

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

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

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

Place : Chennai
Date : 28th May 2020



**AWARDED NO.1
IN CUSTOMER SATISFACTION
BY J.D.Power**

**4 TIMES
IN A ROW**





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