

6th July, 2021

BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001.
Scrip code: 532343

National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Bandra-Kurla Complex,
Bandra (E), Mumbai 400 051.
Scrip code: TVSMOTOR

Dear Sirs,

**Reg : Submission of Annual Report for the FY 2020-21 under
Regulation 34 of SEBI (Listing Obligations and Disclosure
Requirements) Regulations, 2015**

Further to our intimation dated 5th July, 2021 please find enclosed the Revised Annual Report of the Company for the FY 2020-21 with the following change:

In page No.150 of the Annual Report under the headings- Details of Loans given, Investments made and guarantees given – S.No (b) – it should be read as Refer Note No.34 (b) (**xiii**) instead of Refer Note No.34 (b) (xii).

Request you to kindly take this on record.

Thanking you,

Yours faithfully
For TVS MOTOR COMPANY LIMITED



K S Srinivasan
Company Secretary

TVS MOTOR COMPANY LIMITED

29th ANNUAL REPORT 2020-21



TVS
iQUBE
ELECTRIC



TVS **NTORQ 125** | **PLAY SMART** | **SUPER SQUAD** EDITION

TVS MOTOR COMPANY LIMITED

Board of Directors	<p>VENU SRINIVASAN <i>Chairman & Managing Director</i></p> <p>PROF. SIR RALF DIETER SPETH <i>(w.e.f. 24th March 2021)</i></p> <p>SUDARSHAN VENU <i>Joint Managing Director</i></p> <p>K.N. RADHAKRISHNAN <i>Director & CEO</i></p> <p>PRINCE ASIRVATHAM</p> <p>C. R. DUA</p> <p>R. GOPALAN</p> <p>LALITA D GUPTÉ</p> <p>T. KANNAN</p> <p>KUOK MENG XIONG <i>(w.e.f. 24th March 2021)</i></p> <p>H. LAKSHMANAN</p> <p>HEMANT KRISHAN SINGH</p> <p>DR. LAKSHMI VENU</p>
Audit Committee	<p>R. GOPALAN, <i>Chairman</i></p> <p>PRINCE ASIRVATHAM</p> <p>C. R. DUA</p> <p>T. KANNAN</p>
Nomination and Remuneration Committee	<p>C.R. DUA, <i>Chairman</i></p> <p>T. KANNAN</p> <p>H. LAKSHMANAN</p>
Risk Management Committee	<p>T. KANNAN, <i>Chairman</i></p> <p>SUDARSHAN VENU</p> <p>K.N. RADHAKRISHNAN</p> <p>LALITA D GUPTÉ</p> <p>HEMANT KRISHAN SINGH</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 GUPTÉ</p>
Corporate Social Responsibility Committee	<p>VENU SRINIVASAN, <i>Chairman</i></p> <p>PRINCE ASIRVATHAM</p> <p>H. LAKSHMANAN</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	<p>S. KRISHNAMURTHY & CO., Company Secretaries, No. 16, Pattammal Street, Mandaveli, Chennai - 600 028. Tel. : 044-42074012 E-mail : skco.cs@gmail.com</p>
Shares listed with	<p>BSE Ltd., Mumbai. National Stock Exchange of India Ltd., Mumbai.</p>

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@tvs motor.com
Website: www.tvs motor.com

Share Transfer Agent

Integrated Registry Management Services Private Limited
2nd Floor, Kences Towers, No. 1, Ramakrishna Street,
North Usman Road, T Nagar, Chennai-600 017
Tel: 044-2814 0801-03; Fax: 044-2814 2479
Email:corpserv@integratedindia.in, srirams@integratedindia.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
Intellicar Telematics Private Limited
TVS Credit Services Limited
TVS Motor (Singapore) Pte. Limited, Singapore
The Norton Motorcycle Co Limited, United Kingdom
TVS Motor Company (Europe) B.V., Amsterdam
PT. TVS Motor Company Indonesia, Jakarta
Sundaram Holding USA Inc., Delaware, USA

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Financial Highlights

Rupees in crores

Details	Previous GAAP				Ind AS					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Sales & other income ®	7,749	7,875	8,694	10,788	12,195	13,363	15,618	18,217	16,455	16,784
Profit before interest, depreciation, amortisation and tax *	520	461	536	669	914	1,030	1,274	1,441	1,378	1,462
Profit before tax *	316	254	355	456	629	699	879	961	787	826
Exceptional / Extraordinary Items	—	(91)	(3)	—	—	—	—	—	(32)	—
Profit after tax	249	116	262	348	489	558	663	670	592	612
Net fixed assets	1,078	1,048	1,174	1,419	1,751	2,046	2,503	2,837	3,185	3,289
Share capital	48	48	48	48	48	48	48	48	48	48
Reserves and surplus	1,122	1,177	1,368	1,598	1,911	2,361	2,833	3,300	3,571	4,123
Net worth	1,170	1,225	1,416	1,646	1,959	2,409	2,881	3,348	3,619	4,171
Total borrowings	831	634	528	970	924	1,107	1,189	1,400	2,022	1,106
Earnings per share (₹)	5.24	2.44	5.51	7.32	10.30	11.75	13.95	14.11	12.47	12.88
Dividend per share (₹)	1.30	1.20	1.40	1.90	2.50	2.50	3.30	3.50	3.50	3.50
Book value per share (₹)	24.63	25.78	29.81	34.65	41.23	50.71	60.64	70.47	76.18	87.79
Operating EBITDA (%)	6.98	6.09	6.35	6.36	7.29	7.06	7.74	7.87	8.19	8.53
Profit before tax * / turnover (%)	4.10	3.24	4.10	4.24	5.20	5.30	5.66	5.28	4.79	4.93
Return on capital employed (%)	18.96	14.68	18.88	20.27	23.24	21.67	24.61	23.55	16.62	17.15
Return on net worth (%)	22.97	9.69	19.82	22.73	27.15	25.56	25.06	21.52	17.01	15.72

Notes:

® Sales includes Excise duty upto June 2017.

* Figures stated are before exceptional and extraordinary items.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 29th Annual General Meeting of the Company (AGM) will be held on Thursday, the 29th July 2021 at 1.30 P.M. [Indian Standard Time (IST)] through Video Conferencing / Other Audio-Visual Means (VC / OAVM) facility 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 2021, together with the Directors' Report and the Auditors' Report 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 Mr Sudarshan Venu (holding DIN 03601690), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company.

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

RESOLVED THAT Mr K N Radhakrishnan (holding DIN 02599393), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company.

SPECIAL BUSINESS

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

RESOLVED THAT subject to the provisions of Sections 152, 160, 161 and other applicable provisions of the Companies Act, 2013 (the Act, 2013) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and as recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, Prof. Sir Ralf Dieter Speth (holding DIN 03318908) who was appointed as an Additional Director and Non Executive Non Independent Director effective 24th March 2021 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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

RESOLVED THAT pursuant to the provisions of Sections 149 (read with Schedule IV to the Companies Act, 2013), 152, 160, 161 and other applicable provisions, if any, of

the Companies Act, 2013 (the Act, 2013) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr Kuok Meng Xiong (holding DIN 09117910), who was appointed as an Additional Director and Non-Executive Independent Director effective 24th March 2021 and who holds office upto the date of this AGM, and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act, 2013, consent of Members be and is hereby accorded for his appointment as a Non-Executive and Independent Director of the Company, for a term of five consecutive years w.e.f. 24th March 2021 whose office shall not be liable to retire by rotation during the period, and to receive remuneration by way of profit related commission, if any, within the permissible limit in terms of Section 197 of the Act, 2013, as determined by the Board, from time to time including reimbursement of expenses and fees for participation in the meetings of the Board and / or Committees in terms of applicable provisions of the Act, 2013.

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

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

RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) 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 2021-22 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
27th April 2021

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 Annual General Meeting (AGM), as set out in the Notice is annexed hereto.

1. In view of the massive outbreak of CoVID-19 pandemic, social distancing norms to be 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 issued by the Ministry of Corporate Affairs (MCA) followed by Circular No. 20/2020 dated 5th May 2020, and clarification circular No. 02/2021 dated 13th January 2021 and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), physical attendance of the Members is not required at a common venue and AGM can be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in 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 the Members 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 VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting 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 shareholding), 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 and Regulation 44 of the Listing Regulations, and the Circulars issued by the Ministry of Corporate Affairs dated 8th April, 2020,

13th April, 2020, 5th May, 2020 and 13th January 2021, 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 MCA Circular No. 14/2020 dated 8th April, 2020 and MCA Circular No. 17/2020 dated 13th April, 2020 and MCA Circular No. 20/2020 dated 5th May, 2020 and clarification circular No. 02/2021 dated 13th January, 2021.

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. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are requested to submit their PAN to the Depository Participant(s) (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 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 from a place other than the venue of the meeting ('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, ('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 2021 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 2021 at 9:00 A.M. (IST) and ends on 28th July 2021 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. Members who have not cast their vote on any of the resolutions using the remote e-Voting facility can vote on those resolutions during the AGM. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. A new screen will open. You will have to enter your User ID and

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<p>Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp.</p> <p>3. 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. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing users who have opted for Easi / Easiest, they can login through their user ID and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to</p>

Type of shareholders	Login Method
	<p>Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.</p> <p>2. After successful login of Easi/ Easiest, the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration.</p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email ID as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forgot User ID and Forgot Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

Further 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/Members' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices 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***

5. Password details for shareholders other than Individual shareholders 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' is 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.

Further details on Step 2 is mentioned below:

How to cast your vote electronically and join General Meeting on NSDL e-Voting system.

1. After successful login as provided in Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
2. Select "EVEN" of TVS Motor Company Limited for which you wish to cast your vote during the remote e-Voting period and casting your vote during the AGM. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. 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.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those shareholders whose email 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(i) 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 corpserv@integratedindia.in.

(ii) 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 corpserv@integratedindia.in.

If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained under Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

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.
3. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are

allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

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 / or otherwise not barred from doing so, shall be eligible to vote through e-Voting system in 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 FOR 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 by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, Members can see link of "VC/OAVM link" placed under "Join General meeting" menu against the Company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC / OAVM will be available in shareholder / members login where the EVEN of 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.
- 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 connected from Mobile Devices or Tablets or through Laptop 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.

Shareholders 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@tvsmotor.com from **23rd July 2021 (9.00 A.M. (IST)) to 26th July 2021 (5.00 P.M. (IST))**

- v. Shareholders 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 to the email ID at kss@tvsmotor.com. The same will be replied by the Company suitably.
- vi. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- vii. Members can submit questions 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 kss@tvsmotor.com atleast 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.

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 through the e-Voting system during the meeting in a fair and transparent manner.
- 5. In case of any queries, Members may refer 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 1020 990 and 1800 2244 30 and send a request to NSDL official, Ms. Pallavi Mhatre Manager at evoting@nsdl.co.in.
- 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 2020-21, the said documents are being sent only by email to the Members.

Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the AGM and the Annual Report for the year 2020-21 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:
 - 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 corpserv@integratedindia.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 corpserv@integratedindia.in.
- 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 by email to reach the company's email ID or the email ID of STA.

- 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 Sudarshan Venu and Mr K N Radhakrishnan 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/ 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 Mr Sudarshan Venu

Mr Sudarshan Venu aged 32 years, (DIN 03601690), holds a Graduate Degree with Honors in the Jerome Fisher Program in Management and Technology from the University of Pennsylvania, USA. He holds B.S. in Mechanical Engineering from the School of Engineering and Applied Sciences and B.S. in Economics from the Wharton School. He has also completed M.Sc. in International Technology Management from the Warwick Manufacturing Group attached to University of Warwick in U.K.

With his active intervention, Company has already seen a turnaround in its market share and has been the most awarded Two - Wheeler Company. It is a testimony to Sudarshan's focus, that the Company has been voted No. 1 in Customer Satisfaction for four years in a row by the prestigious J.D. Power Awards.

Since 2013, Sudarshan has played a pivotal role in Company's growth through expansion to new geographies in Africa, ASEAN, Latin America, in launching of its first EV scooter in January 2020 and in acquiring the iconic British brand Norton in April 2020 with the vision of regaining Norton brand its full glory in the international motorcycle landscape.

He also has been instrumental in setting up and in the success of Emerald Haven Realty Ltd, TVS Credit Services Limited - a non-deposit Non-Banking Finance Company. He is also a non executive director in Sundaram-Clayton Limited, the holding company.

He has been a director of the Company since 1st February 2013. He is a member of Stakeholders' Relationship Committee and Risk Management Committee of the Company.

He is the son of Mr Venu Srinivasan, Chairman and Managing Director and brother of Dr Lakshmi Venu, Director of the Company.

He does not hold any share in the Company.

He has attended all the six Board Meetings held during the year 2020-21.

Details of his other Directorships / Memberships of Committees are given below:

S. No.	Name of the Company	Position held	Committee membership
1.	Sundaram - Clayton Limited	Director	–
2.	TVS Credit Services Limited	Director	Asset Liability Management Committee; IT Strategy Committee; and Credit Sanction Committee
3.	TVS Housing Finance Private Limited	Director	–
4.	S. Venu Trustee Private Limited	Director	–

Profile of Mr K N Radhakrishnan

Mr K N Radhakrishnan, aged 58 years, (DIN 02599393), began his career as Graduate Trainee in Sundaram-Clayton Limited (SCL) (the Holding Company) in 1986 and has held various positions in the Company from 1986 to 2000.

During his tenure, he implemented various initiatives in manufacturing, product layout and cellular manufacturing systems. He was the head of Business Planning of SCL and also for other component divisions. During his tenure, he was instrumental in developing best practices in TQM and TPM which enabled SCL to bag the prestigious Deming award and Japan Quality medal.

During 2000, he was transferred to the Company and he implemented the same TQM and TPM practices in the Company which helped the Company to become world's first two wheeler company to win world's most prestigious recognition in Total Quality Management- the Deming Award 2002.

Mr Radhakrishnan was promoted as Executive Vice President in 2004 and was made responsible for sales and marketing, materials along-with business planning and was elevated as President and CEO in 2008. He has been the Director of the Company since 23rd October 2018.

He is an M.Tech graduate from the Indian Institute of Technology, Chennai and has also undergone a Management Education program at Indian Institute of Management, Ahmedabad in the year 1989.

He is also the Executive Committee member of Society of Indian Automobile Manufacturers (SIAM). He is not related to any Director or Key Managerial Personnel of the Company.

He holds 3000 Equity Shares of Re.1/- each of the Company.

He has attended all the six Board Meetings held during the year 2020-21.

He is a member of the Risk Management Committee of the Company.

Details of his other Directorships / Memberships / Chairmanships of Committees are given below:

S. No.	Name of the Company / Body Corporate	Position held	Committee Membership / Chairmanship
1.	TVS Credit Services Limited	Director	Nomination and Remuneration Committee* Audit Committee Corporate Social Responsibility Committee Risk Management Committee IT Strategy Committee
2.	TVS Motor Services Limited	Director	–
3.	TVS Lanka Private Limited, Sri Lanka	Director	–
4.	PT TVS Motor Company Indonesia	Director	–

(*) Indicates Committee in which he holds the position as Chairperson.

Profile of Prof. Sir Ralf Dieter Speth

Prof. Sir Ralf Dieter Speth, aged 65 years, (DIN: 03318908) holds a Doctorate of Engineering and is a Professor of the University of Warwick. In early 2010, Prof. Sir Ralf D Speth became Chief Executive Officer of Jaguar Land Rover and a member of the Tata Motors board later that year. In 2016 he was appointed to the Supervisory Board of Tata Sons Ltd. Sir Ralf started his professional career at BMW, where he stayed for 20 years before joining Ford Motor Company's Premier Automotive Group (PAG) and later Linde Group,

the international gases, materials handling and engineering company.

Sir Ralf was nominated as a Non-Executive Director and Vice Chairman of the JLR Board following his retirement in September 2020. The Royal Academy of Engineering invited Sir Speth in 2014 to join its Fellowship. In 2018, Sir Ralf was awarded a Knight of the British Empire.

He does not hold any share in the Company and is not related to any Director or Key Managerial Personnel of the Company. He has attended one Board Meeting on 24th March, 2021 held during the year 2020-21, in which he was appointed as a Director of the Company.

He does not hold committee membership / chairmanship in any company.

Details of his other Directorships are given below:

S.No.	Name of the Company / Body Corporate	Position held
1.	Tata Sons Private Limited	Director
2.	Jaguar Land Rover Automotive plc., UK	Director
3.	Five AI, UK	Director
4.	Continuum, Cancer Research, UK	Director
5.	FEV Group GmbH, Aachen	Director
6.	Hamberger Industriewerke GmbH, Rosenheim	Director

Profile of Mr Kuok Meng Xiong

Mr Kuok Meng Xiong, aged 40 years, (DIN 09117910), is the Founder & Managing Partner of K3 Ventures, a Singapore-based venture capital investment firm. He started his career at group's Shangri La hotels, expanding it to Europe, West Asia and Sri Lanka. In the last 8 years, he has invested in and partnered with visionary founders of category-leading companies that drive innovation in today's world.

The K3 Ventures portfolio comprises 70 companies including ByteDance, Grab, Palantir, Planet, Perfect Day, Aspiration, Genki Forest, SpaceX, Airbnb and Next Gen Foods. MX serves as a Director on the boards of ByteDance (Singapore), Next Gen Foods, SoCash, Logivan, and the Anglo-Chinese Schools Foundation. He is also a Senior Advisor to TPG Capital.

He does not hold any share in the Company and is not related to any Director or Key Managerial Personnel of the Company. He has attended one Board Meeting on 24th March, 2021 held during the year 2020-21, in which he was appointed as a Director of the Company.

He does not hold committee membership / chairmanship in any company.

Details of his other Directorships are given below:

S.No.	Name of the Body Corporate	Position held
1.	Anglo-Chinese Schools Foundation, Singapore	Director
2.	ByteDance Pte Ltd, Singapore	Director
3.	Choong Lye Hock Pte Ltd, Singapore	Director
4.	Jacsui Sdn Bhd, Malaysia	Director
5.	K3 Venture Partners Pte Ltd, Singapore	Director
6.	K3 Ventures Pte Ltd, Singapore	Director
7.	KG Services Ltd, Singapore	Director
8.	Prime City Holdings Ltd, Hong Kong	Director
9.	PT Gunung Madu Plantations, Indonesia	Director
10.	Rosy Rainbow Investments Ltd, British Virgin Islands	Director
11.	Socash Pte Ltd, Singapore	Director
12.	Sunny View Property Pty Limited, Australia	Director
13.	Winsome Investments Pte Ltd, Fiji	Director

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 27th April 2021 and shall be taken as forming part of the Notice.

Item No.4

Prof. Sir Ralf Dieter Speth, Director (DIN: 03318908) was appointed as an Additional Director and Non Executive Non Independent Director of the Company with effect from 24th March 2021. In terms of Section 161 of the Companies Act, 2013 (the Act, 2013), Prof. Sir Ralf Dieter Speth, Director holds office upto the date of this AGM.

Nomination and Remuneration Committee (NRC) considered Sir Ralf's passion for technology, deep knowledge and tremendous connect with the current global automotive industry in terms of engineering, marketing and people, and his deep insights and guidance, academic knowledge and rich practical experience in automotive industry will be invaluable to the management team as the Company embraces the future of mobility.

Sir Ralf's academic knowledge and rich practical experience in automotive industry would be helpful in achieving the goals and future expansion of the business in diversified areas globally.

The Board also considered Sir Ralf's core skills / expertise / competencies and his exemplary experience in some of the highest echelons of the global automotive industry. He has served as the Chief Executive Officer of Jaguar Land Rover (JLR), and during his stint JLR developed strategies, designs, styling, and products for making it one of the most respected automotive and luxury brands in the world. Sir Ralf is widely acclaimed for his tremendous leadership at JLR and for transforming it into the global marquee it is today. He continues to serve on the board of JLR as Vice Chairman.

He began his career in BMW and did his PhD at Warwick Manufacturing Group, University of Warwick and later he joined Ford Motor Company's Premier Automotive Group (PAG) where he was responsible for product planning and quality. Later, he moved to the chemical giant Linde where he ran global operations.

Prof. Sir Ralf is one of the outstanding executives in the global automotive industry and an outstanding engineer and his co-option to the Board would be required for the Company to achieve its global aspirations.

The Company has received a consent in writing from Prof. Sir Ralf to act as a Director in Form DIR-2, intimating to the effect that he is not disqualified to be appointed as a director. The Company has also received a Notice from a Member under Section 160 of the Act, 2013, proposing the candidature of Prof. Sir Ralf Dieter Speth, Director for the office of Director of the Company.

Except Prof. Sir Ralf Dieter Speth, 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.4 of this Notice.

The Board, therefore, recommends the ordinary resolution, as set out in item No.4 of this Notice, for appointment of Prof. Sir Ralf Dieter Speth, as a Director of the Company, for approval of the Shareholders.

Item No.5

The Board, on recommendation of the NRC, considered the appointment of Mr Kuok Meng Xiong, (DIN 09117910) as a Non-Executive Independent Director of the Company (NE-ID), in terms of Sections 149 (read with Schedule IV to the Act, 2013), 150, 152, 160, 161, 164 and other applicable provisions of the Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules 2014 and Regulation 17 of the Listing Regulations. In the opinion of the NRC and the Board, Mr Kuok Meng Xiong fulfils the conditions specified under the Act, 2013 and the rules made thereunder and the Listing Regulations, for the proposed appointment as a NE-ID by the shareholders of the Company and he is independent of the management of the Company. NRC evaluated his skills, experience and knowledge in the fields of technology and Mr Meng Xiong's experience with digital technology and start up would be more helpful to sourcing as well as for investments by the Company in digital start-ups and he would bring a unique mix of strong corporate values and a clear vision of the future digital world.

NRC noted that integrity, qualification, expertise, experience of Mr Meng Xiong would be sufficient / satisfactory to recommend his appointment as a NE-ID on the board, as per the Nomination and Remuneration (NR) Policy of the Company. He has also enrolled with the database for Independent Directors as specified under the Companies (Appointment and Qualifications of Directors) Rules, 2014.

The Board considered that the proposed appointment of Mr Kuok Meng Xiong as a Director on the Board considering his diversified insights would be helpful to the Company's diversification as he ceded several companies in the last 10 years and will be of immense benefit to the Company.

In terms of the provisions of Section 149 read with Schedule IV to the Act, 2013, the appointment of NE-ID will require approval of the shareholders of the Company. Hence, it is proposed that Mr Kuok Meng Xiong who was appointed as an Additional Director and who holds office upto the date of ensuing AGM, be appointed as a NE-ID of the Company to hold office for a period of five consecutive years commencing from 24th March 2021 and not liable to retire by rotation during his tenure of appointment.

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

A copy of the draft letter of appointment setting out the terms and conditions of appointment of NE-ID will be available for inspection without any fee by the members at the Registered Office of the Company, at Chaitanya, No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai 600 006, Tamil Nadu, India, during office hours as stated above and shall also be uploaded on the website of the Company at www.tvsmotor.com. The Company has also received a notice from a member under Section 160 of the Act, 2013, proposing the candidature of Mr Kuok Meng Xiong for the office of Director of the Company. Except Mr Kuok Meng Xiong, 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.5 of this Notice.

The Board, therefore, recommends the ordinary resolution, as set out in item No. 5 of this Notice, for appointment of Mr Kuok Meng Xiong, as a Director of the Company, for approval of the Shareholders.

Item No.6

As recommended by the Audit Committee, the Board at its meeting held on 27th April 2021, 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 (Rupees six lakhs only) as remuneration payable to him for the financial year

2021-22, 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.6 of this Notice.

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

By order of the Board of Directors

Chennai
27th April 2021

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 ninth annual report and the audited accounts for the year ended 31st March 2021.

1. COMPANY PERFORMANCE

The Company registered sales of 29.3 lakh units of two wheelers in 2020-21.

2020-21 tested the strength of the very fundamentals of India, its institutions, administrative and healthcare system and even its social, moral and economic fibre. The choices between lives and livelihood needed to be made every day, by individual citizens, organizations, institutions and the entire administrative system. The nationwide 42 day lockdown a key response, led to GDP contraction of 24% in the first quarter. But with the easing of the active cases and the Government intervening with multiple initiatives, recovery in Quarter 2 was ahead of estimates with a 7% GDP decline instead of the estimated 11% decline. The Q3 & Q4 saw the GDP return to positive territory, posting gains of 0.5% and 1.6%, bringing the full year to a 7.5% decline.

The domestic two wheeler industry declined by 13% in 2020-21 over 18% decline during 2019-20. The two wheeler industry saw sharp changes in growth momentum over the quarters. Q1 2020-21 contracted due to the pandemic with a 74% decline and when the markets opened up, registered 0% growth in Q2, 13% in Q3 and 24% growth in Q4.

Compared to 2W industry decline of 13%, Company's performance in domestic was at 10% decline in sales volume of 2020-21.

In the International Business, exports of two wheelers in 2020-21 were at 7.6 lakh units with a growth of 12% over 2019-20. Company exited the month of March 2021 with an all-time high of 1,05,282 two wheelers exports resulting in Q4 volume of 2,84,098 with a growth of 74%. Three-wheeler exports during the year reached 1.15 lakh units with a decline of 29% over 2019-20.

Sales revenue of spare parts grew by 1% in domestic and 41% in exports.

In course of the transition to BS VI compliant technology, TVS Motor was the first and only company to launch dual Fi platforms catering to consumer use cases - Eco Thrust Fuel injection (ETFi) for enhanced fuel efficiency and Race Tuned Fuel injection (RTFi) for enhanced throttle response. Across the portfolio, consumer insights were converted to thoughtful improvements that went beyond BS VI, like ride modes for Apache or additional underseat storage for Jupiter. This enhanced portfolio was also taken to consumers in a much loved corporate campaign "Hum Banaye Jo Aapka Dil Chahe !", this focused on TVS DNA of customer centric innovation.

Continuing with customer centric innovation beyond the BS VI transitions, saw new launches like TVS NTORQ 125

super squad edition, RTR 200 4V with riding modes, Jupiter ZX Disc intelliGo and TVS XL100 Win Edition. During the year 2020-21, Company's products bagged 10 awards, of which Moped won 5 awards, Motorcycles won 3 awards and Scooter 2 awards.

The Company also ensured systematic, company-wide initiatives to control costs, prioritize capex, improve productivity and above all improve health of cash flows across the extended enterprise, unlocking significant potential for velocity and financial returns.

Total income of the Company including other income was ₹ 16,783.51 Cr in the current year 2020-21 as against ₹ 16,455.44 Cr in the previous year. Profit before tax (PBT) was ₹ 826.24 Cr in the current year as against ₹ 754.41 Cr in the previous year (after exceptional item of ₹ 32.33 Cr). Similarly, Profit after tax (PAT) was ₹ 612.04 Cr in the current year as against ₹ 592.25 Cr in 2019-20.

The Company has always recognized its social responsibility as an integral and critical part of its value system. The response to CoVID-19 needed to be widespread and collective. The Company and its CSR arm, the Srinivasan Services Trust (SST) undertook the following initiatives:

- 10 lakh masks, 1.5 lakh gloves were handed to Government agencies.
- 12.5 lakh Food Packets were distributed.
- 30,000 man-hours of community service.
- 4122 Villages covered with sanitization drives across states.
- Donated Disinfectant Mist Spray Cannon mounted truck to the Corporation of Chennai.
- Contributed to PM CARES fund, CM Funds of Tamil Nadu and Karnataka.

Towards the employees & their families:

- Crisis Management task force deployed to ensure business continuity plans.
- 2000+ employees were seamlessly migrated to work from home with no loss of productivity.
- TVSM Health Centre has been operating 24/7.
- Employees & families provided sensitization about safe practices at home.
- Best Practice SOPs designed and deployed for resumption of operations.

Towards the extended enterprise:

- The supplier / dealer claim payment settlements were expedited.
- Significant benefits in the form of interest waiver schemes were introduced.
- Training for Suppliers, Indian and International dealers and almost 25,000 of their staff on best practices and SOPs in order to prepare for the opening of dealerships post lockdown.

Towards consumers:

- Service Workshops and Road Side Assistance (RSA) programs were kept operational.
- Over 100 service camps conducted for frontline law & order and healthcare professionals.
- Ongoing communication on how to take care of the 2-wheeler through the lockdown(s).
- 100% ongoing adherence to strict Sanitization Protocol for all dealership facilities.

2. FINANCIAL HIGHLIGHTS

Details	Year ended 31-03-2021	Year ended 31-03-2020
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SALES

Quantitative	(Numbers in lakhs)	
Motorcycles	13.42	13.63
Mopeds	6.26	6.51
Scooters	9.61	10.75
Three Wheelers	1.24	1.74
Total vehicles sold	30.53	32.63

Financials	(Rupees in Crores)	
Revenue from operations	16750.54	16423.34
Other Income	32.97	32.10
Profit / loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	1461.52	1377.96
Less:		
Depreciation / Amortization / Impairment	493.68	489.03
Profit /loss before Finance Costs, Exceptional items and Tax Expense	967.84	888.93
Less: Finance Costs	141.60	102.19
Profit /loss before Exceptional items and Tax Expense	826.24	786.74
Less: Exceptional items	–	32.33
Profit /loss before Tax Expense	826.24	754.41
Less:		
Tax Expense (Current & Deferred)	214.20	162.16
Profit /loss for the year	612.04	592.25
Comprehensive Income / (loss)	107.09	(118.23)
Total	719.13	474.02
Less: Dividend on Equity Shares	166.28	166.28
Less: Dividend Distribution Tax	–	33.75
Balance carried forward	552.85	273.99

3. DIVIDEND

The Board of Directors of the Company (the Board) at their meeting held on 28th January 2021, declared a first interim dividend of ₹ 2.10 per share (210%) for the year 2020-21 absorbing a sum of ₹ 99.77 Cr. The same was paid on 12th February 2021.

The Board at its meeting held on 24th March 2021 declared a second interim dividend of ₹ 1.40 per share (140%) for the year 2020-21 absorbing a sum of ₹ 66.51 Cr. The same was paid on 9th April 2021.

Thus, the total amount of both dividends for the year ended 31st March 2021 aggregated to ₹ 3.50 per share (350%) on 47,50,87,114 equity shares of ₹1/- each absorbing ₹ 166.28 Cr. From 1st April 2020, the dividend income earned by the shareholders will be taxable in their hands at the rates applicable to them.

The Board does not recommend any further dividend for the year under consideration. The dividend pay-out is in accordance with the Company's Dividend Distribution Policy..

The Board is not considering any transfer of amount to General Reserves for the year under review, as it is not mandatorily required.

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Two-wheeler

The domestic two wheeler industry recorded a sale of 15.1 Mn units in 2020-21, a decline of 13% from 17.4 Mn units of 2019-20. It witnessed a decline of 74% in Q1. However, for the rest of the year, the industry revived and grew by 11% compared to same period previous year. This growth was primarily led by a resilient rural economy which was less affected due to the pandemic, supported by good monsoon and agriculture growth.

The scooter industry declined by 20%, with 4.5 Mn units sold in 2020-21 over 5.6 Mn units in 2019-20. The category share declined to 29.7% in 2020-21 from 32% in 2019-20. This was primarily led by higher spread of CoVID-19 cases in urban areas, stringent lockdown norms and implementation of work from home.

The motorcycle industry declined by 11% over last year. The category share of motorcycle grew by 1.9% to 66.3% in 2020-21. The premium motorcycle sales declined by 14% from 1.61 Mn units in 2019-20 to 1.39 Mn units in 2020-21 maintaining category share at 9.2%. The commuter motorcycle category share grew 1.5% to 51.5% while volumes declined by 11% to 7.8 Mn units in 2020-21 from 8.7 Mn units in 2019-20.

In international market, two wheeler industry declined by 7% in 2020-21 over 2019-20. Industry was adversely impacted by the CoVID-19 related lockdowns of the demand markets and also by supply side factors which impaired the speed to restore export supplies due to CoVID-19 during Q1. However stable

price of crude oil, steady rates and availability of forex and continued growth in Africa propelled the growth of exports in the remaining quarters of 2020-21.

Three-wheeler

Overall three wheeler small passenger industry (3 plus 1 segment) declined by 41% in 2020-21 (from 7.46 lakh units in 2019-20 to 4.42 lakh units in 2020-21). Domestic industry declined by 77% and exports market declined by 22% in 2020-21 over last year.

BUSINESS OUTLOOK AND OVERVIEW

Directors are optimistic about the future but are concerned about the evolving CoVID-19 scenario across the country and its effects on consumer demand.

The second wave of rising cases could adversely impact customer sentiment, however a more measured approach, by regulators, adopting more targeted, localized responses and increased vaccination should see minimized disruption and a swift recovery in the economy. Post normalization, it is also expected that travel and tourism will bounce back in 2021-22 as most of the surveys indicate customers willingness to travel once normalcy returns. This is likely to result in a 10-11% growth in service sector.

On the rural front, 2021-22 is likely to witness a normal monsoon and hence agriculture is expected to grow by 3.5%-4%. Since much of the sale of two wheelers are in semi urban and rural areas, two wheeler industry could see some benefit from this.

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

Social Distancing and Work From Home practices will continue. These new long-term practices of social distancing could see consumer preferences change towards personal mobility leading to new demand in the Two wheeler industry. The Company is cognizant of this opportunity, and well poised to leverage this opportunity with its superior product offerings across the widest range of personal mobility needs.

Export of two wheelers is likely to see a growth during the year fueled by consumption growth and stable economic & political situation in all operating geographies. Stable crude oil prices will have a positive impact on export market growth in oil dependent economies of Africa and LATAM.

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 83,592 units of BMW 310cc motorcycle till date.

New Product Launches and Initiatives

During the year 2020-21, the following new products and variants were launched.

TVS Jupiter:



TVS Jupiter, reached 4 Mn+ happy customers during FY'20-21.

To continue the journey of providing "Zyada ka Fayda" ZX Disc intelliGO and a sheet metal wheel variant was introduced in this period.

TVS Jupiter ZX Disc intelliGO was launched in February 2021, making it the first 110cc scooter to have Stop-go technology (idle stop / start). TVS Jupiter ZX Disc intelliGO further enhances the Zyada philosophy by reinstating Zyada Convenience, Zyada Mileage and also enhancing technologically advanced imagery. The non alloy wheel variant was launched in October 2020, catering to more price sensitive customers who are looking for affordability and utility led features and has received positive response across markets.

To sustain the strong brand association and to establish Jupiter offers better features and higher value than others in the segment campaign named, 'Har Scooter se Zyada' was aired with high frequency during festive season and was again promoted in Q4 for sustained mind share.

TVS Apache:



TVS Apache Series has been a pioneer in race performance and introduced many industry firsts and best-in-class offering. As a brand, keeping in view of the evolving customer needs, it has proudly upheld the tradition this year

as well. The Apache series achieved global sales milestone of 4 Million in the month of October 2020.

The customer experience is further enhanced by the presence of exquisite brand experience program with Apache Owners Group (AOG), APP (Apache Pro Performance), Apache Riding Experience (ARE), TVS Racing Training School, Women's Training and Selection and One Make Championship, which continue to develop aspiration. The brand witnessed it's never seen before increase in customer experience program with 172 activities in just 4 active months.

Leading the 200cc sports segment with its technological prowess, the TVS Apache RTR 200 4V was introduced with ride modes. This is not just an industry first but also a technology usually seen in 650cc and above motorcycles. The three ride modes are "Sport, Urban and Rain", with varying acceleration and ABS response; all from the same engine. Another development this year was upgrade of

Apache RTR 160 4V with 17.63 PS of power, making it the most powerful 160cc motorcycle.

Leading the two wheeler industry with another big breakthrough, was the launch of first ever Augmented Reality experience by a two wheeler OEM- TVS ARIVE. This app allows customers to view the TVS Apache series motorcycles right before their eyes, from the place of their choice. Adding to that it offers detailed information about the machine with the options of booking a test ride and placing an order, instantly.

TVS XL100 HD i-TouchStart:



TVS XL100 HD i-TouchStart crossed a new milestone of 4 million customers since its launch in 2015. The year 2020 was the 40th anniversary year of TVS mopeds and a special edition variant - "Win Edition" was launched to mark this celebration.

Win edition was launched with many appealing style features including a new color 'Delight Blue', chrome finish mirrors, metal shield for the platform, diamond pattern seats and chrome style elements. HeavyDuty series has been the most popular one among XL customers and the new edition would add more interesting style option for them to choose from. This variant comes with useful features like easy on-off combo switch and USB mobile charging. Also, the Company has introduced entry level variants with kick start to provide affordable option to the customers with BS VI technology benefits.

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 future mobility experience. It comes equipped with

SmartXonnect, advanced features like Geo-fencing, Ride Statistics, Telematics, Remote charge assist and Navigation assist along with 117 connected features. 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 a strong contender in this space in the times to come.

TVS NTORQ:



TVS NTORQ was launched in February 2018 and it was Company's first 125cc product in the Scooter segment. Designed for Gen-Z, TVS NTORQ provides a revolutionary riding experience with cutting edge technology, style and performance.

Keeping the core customers in mind, this product has been provided with many technologically superior features like Bluetooth connectivity- the first ever scooter to have this feature.

TVS NTORQ became one of the fastest growing scooters crossing 1 lakh sales within 6 months of launch. The product continues to delight customers and has garnered several accolades since its inception.

In October 2019, TVS NTORQ Race Edition was introduced in the market and it found exceptional resonance with customers. It is currently the only scooter with a Race Tuned Fuel Injection system with Best-in-class Performance in its category.

In FY 2020-21, TVS NTORQ introduced a special variant in the portfolio - Super Squad Edition, in association with Marvel Studios, inspired from the epic characters of the Marvel Avenger's series - a first of its kind association in the two wheeler industry in India. This resulted in significant growth of the brand (13% growth from July-March over LY) and the variant currently contributes to 30% of the overall portfolio in just 6 months of launch.

Domestic Sales

The Company achieved sales of 21.6 lakh units of two wheelers in the domestic market compared to sales of 24.1 lakhs in 2019-20. The Company outperformed the broader Industry which declined by 13%.

In domestic motorcycles, Company achieved sales of 6.3 lakh units and registered a decline of 17% over 2019-20. The TVS Apache, grew better than the Premium motorcycle industry with sale of 3.3 lakh units, posting a decline of only 11% while the Premium Motorcycle industry declined by 14% in 2020-21 against 2019-20.

In domestic scooters, Company achieved sales of 9.2 lakh units and registered a decline of 10% over 2019-20. However, Scooters volume growth was higher than Industry supported by product interventions in Jupiter and launch of Super Squad edition in TVS NTORQ.

Exports sales - two-wheeler and three-wheeler

The Company's two wheeler exports in 2020-21 were 7.64 lakh units and witnessed an improvement with a growth of 12% over 2019-20.

Three wheeler exports during the year reached 1.15 lakh units and recorded a decline of 29% over 2019-20.

Opportunities

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. This could emerge as an area of opportunity for two wheelers.

The move towards alternative-energy based mobility solutions is needed and has been receiving considerable policy support. In light of the revised priorities post CoVID-19, the speed and extent of the policy support may alter, modifying the rate of change.

The Company will be closely studying such factors and is well poised to leverage this space through appropriate offerings across its wide stable of technology, products and business solutions. The EV portfolio of the Company today has TVS iQUBE which had been very well received in Bengaluru. The TVS iQUBE was then launched in New Delhi as well, basis the strong pre-launch online interest evinced by the customers from New Delhi. Across its 2 cities there is a 8-week order-book and the Company is looking to service the same expeditiously. Through the year, The TVS iQUBE footprint will expand to 20 more Indian cities. The portfolio also is set to expand to newer formats including a 3W version.

RISKS AND CONCERNS

Domestic Business:

The Government has already started the vaccination drive and has covered some of the vulnerable sections, frontline responders, senior citizens and individuals with co-morbidities. The stated intent is to inoculate 30% of the population by September. However, a widespread second wave could result and contribute to delay of this plan. While, it is expected that the response to the second wave will be very measured, targeted and localized, there will be economic implications / impact of the counter measures. This could include:

1. Impact from the demand side: Consumption may take a hit. The uncertainty of the date and speed of resolution, might further weaken the overall consumer sentiment and affect demand. The severity of impact is likely to be higher, at the lower to mid income level, who form bulk of the commuter 2W consumers.
2. Impact from the supply side: Labour reverse migration leading to non-availability of manpower at tier-2 and tier-3 suppliers affecting the supply of parts and daily operations. The transit *per se* of goods should not be impacted, but some localized hubs may see lockdowns impacting productivity. The Company has taken

appropriate steps to minimize the impact of such risks based on learnings from last year.

3. Semi-conductor availability: The increase in demand for consumer goods and unexpected growth in auto sector had led to supply shortfall of semi-conductors and the lead time for these goods have increased from 3 months to 18 months. These semi-conductors form a critical component in two wheelers too. The shortfall of semi-conductors is likely to continue and pose as a risk in meeting the production demand.

International Business:

1. Container availability - Due to continued high traffic container movement from China to North America and Europe post CoVID-19 outbreak, there has been shortages of containers at Indian ports. This clubbed with increased exports from India is posing further shortage of space availability or availability at higher costs. This situation is expected to continue and result in delayed supplies to global customers.
2. Some of the Company's target markets/countries might witness a rapid spread of CoVID-19 second wave thereby lowering economic activity. A sustained drop in commodity prices and exports could reduce foreign exchange income in some of the export countries. The effect of second wave is already seen in LATAM, Bangladesh and Tanzania which are important export destinations. 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.
3. Country specific Socio economic political factors. The Company keenly tracks progress of country specific factors which could impact its ability to service its consumers like:
 - a. Ban of two wheeler imports in Srilanka - Sri Lankan Government banned import of all motor vehicles (except special category of vehicles) since March 2020. This import ban is put in place to preserve the foreign currency reserve.
 - b. Political turmoil in Myanmar: Exports from India and PT TVS, Indonesia to Myanmar is affected due to the current political situation there. This is expected to affect the exports.

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)

Total Quality Management (TQM) remained key focus in the organization during the pandemic to mitigate the business risks during uncertain industry environment in the first half of the year and to drive the organization towards growth path in the second half.

In Daily Work Management (DWM), emphasized culture of speed and rigor in execution during the pandemic through 'new normal' way of working with Daily management by senior leadership team on revenue achievement, working capital management and CoVID-19 risk mitigation. Taskforce-based approach in specific geography / products helped in retaining market share during the year inspite of challenges in the market. Strengthened Cross functional management, 5S and permeation of 'Focus on process for results' in front-end towards dealer transformation. The Company's plant in Himachal Pradesh received 'Award for Excellence in Consistent TPM Commitment.'

Total Employee Involvement culture was significantly permeated towards profitability of the organization by promoting 'Profit Improvement Plan'. Both workmen, Executives & Managers significantly focused on implementing cost reduction towards operational improvements and waste elimination to support and enable lower spending during the year. Theme of 'waste elimination' in areas of inventory management and asset management helped the Company to improve its working capital management.

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 import substitution / localization to reduce material costs. During the year, focused working capital management and improved operating performance helped the Company to generate significant free cash flow. These proceeds are being used to reduce the debt. Rigorous focus on lean trade stock with the dealers also enhanced the financial health of the channel partners by reducing non-value adding costs and improving speed and freshness across the entire supply chain. Waste elimination, productivity improvements and process improvements through multiple means including small scale automation will continue across the supply chain during 2021-22.

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

and increasing digitalization of internal processes to eliminate cost and enhance speed.

Research and Development

The year 2020-21 witnessed launch of products with many segment firsts from the Company. TVS Apache 200 4V was launched with Ride Modes with technical breakthrough in offering functionality with Mechanical Throttle Body. The engine ride modes, ABS modes and adjustable suspension, adjustable control levers stand as good examples of R&D's pursuit of innovations that enhance customer experience with the products of the Company. The complete product range for both domestic and international markets has received upgrades and refreshes, with proliferation of the TVS SmartXconnect technology offering connected experience on many more offerings.

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, providing advanced safety systems and sustainability. The Company continues to leverage global talent through several co-operations with Indian and global expert organizations.

Research is intensified in chosen fields of science and engineering in order to be future ready.

TVS Racing, an arm of the Research and Development department, had a very successful season 2020. India's oldest factory racing team, has seen consistent investment towards significant engineering advancement of motorcycles and scooters, used for racing. The technology and engineering advancements implemented in the Racing products are developed through research projects by the internal R&D team, leading to a swift transfer of such advancements to the mass production products. The TVS Racing team garnered 100% podium finish in the 24 races participated and won 10 out of 10 championships.

Information Technology

The Company continues to implement several projects to improve its efficiency, transparency and process control across supply chain from supplier, plant, dealer and ultimately consumer. 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.

This year saw the organisation contend with a rapid transformation of working conditions, to facilitate and accommodate a greater proportion of WFH (Work From Home). The Company was able to ensure data and information security while minimizing loss of productivity by rapidly evolving policies and deploying tools like VPN networks, MS TEAMS, that facilitated collaboration and ensure employee productivity. While production will still need people at the plants, in all other areas, the Company has evolved to be able to adapt

and deal with any future situation which needs an evolving responsive blend of work practices blending WFH, Work From Anywhere (WFA) with the traditional office model.

In 2020-21, the Company launched **TVS A.R.I.V.E**, aimed at transforming customer experience of virtual exploration of two wheelers, through an innovative mobile application. The Augmented Reality Interactive Vehicle Experience (A.R.I.V.E) app allows an in-depth product exploration and purchase experience using AR technology, from the convenience of the homes. This first in its segment app will offer a superior, holistic and engaging experience for its customers.

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. 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.

In 2020-21, the Company established a data management and governance office and has begun a systematic program to drive discipline in how data is managed and governed in the 21st century. In addition, a study to understand potential implications of the impending personal data protection bill has been conducted, to ensure seamless compliance and necessary actions have been identified to be undertaken in FY 2021-22. During the year, the Company expanded the use of data engineering, reports with live data and Machine learning (ML) based decisions across its products and business functions. In customer & commercial processes, data engineering and power BI based visualizations have been built to provide real-time insights and actionable recommendations. Real-time dashboards have been created for connected vehicles and operations. Additionally, ML engines and computer vision frameworks pilots are deployed at multiple points of the organisation to expedite the digital transformation of internal processes.

INTERNAL CONTROL AND THEIR ADEQUACY

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

and adequate internal control system to ensure that all 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.

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 an Independent audit firm as well as 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.

KEY FINANCIAL RATIOS

As required under Regulation 34 of the Listing Regulations, there was a significant change in Debtors turnover ratio and Debt equity ratio. Details of changes are:

Ratios	UOM	Standalone		Consolidated	
		2020-21	2019-20	2020-21	2019-20
Debtors Turnover Ratio	Times	15.57	12.19	13.96	11.35
Debt Equity Ratio	Times	0.06	0.44	2.46	2.85
Return on Net worth	%	15.72	17.01	16.72	19.36

The ratios in the current year have improved compared to the previous year, primarily reflecting better operational performance and reduction in borrowing.

Return on Networth was adversely affected mainly due to impact of CoVID-19 during the first quarter of the financial year.

NON-CONVERTIBLE DEBENTURES

The Company had issued and allotted 5,000 unsecured, redeemable, non-convertible debentures (NCD) of face value of ₹ 10 Lakhs each on 15th May 2020 aggregating to ₹ 500 Crores at 7.5% p.a. and redeemable at the end of 3rd year. The NCDs were listed with National Stock Exchange of India Limited (NSE) on 19th May 2020.

Environment, Occupational Health & Safety:

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

and, are integrated into a common system making it leaner and more efficient.

Company has reduced 21% specific water consumption with respect to previous year. Company's approach was "Demand side Water management" which best utilizes the available water. The water management framework has - water resource management, water distribution & supply management, management of water by end-users and finally waste water management.

The renewable power contributes to 84% in overall share of power. Out of which 76% of energy utilized from Wind power and 8% of energy trapped from Solar. These initiatives of renewable energy resulted in CO₂ emissions reduction of 58,812 tons during 2020-21.

In process design, efforts have been taken to minimize the generation of waste by introduction of cleaner technologies.

With continuous safety improvements, average Plant Safety Rating System score has improved. Proactive hazard control measures have been implemented, which resulted in reduction of first aid injuries. Towards sensitizing employees on safety, around 58,000 hours of safety training was provided covering employees of all categories.

During lockdown due to pandemic, the Company's Occupational Health Centre (OHC) provided 24x7 support to employees and their families. Counselling was done to patients and family members through online and tele-consultation. The medical team assisted employees and their families for hospitalisation across India and for home care.

Post lockdown, all employees were screened while onboarding to duty. Homeopathy medicines, immunity boosting medicines were distributed to all employees. Towards creating awareness about CoVID-19, online sessions were conducted with experts. Also, an on-going campaign to drive CoVID-19 appropriate behaviour by all employees is being conducted, via awareness videos, newsletters, intranet and posters.

The Company has announced that it would cover the cost of vaccination for all employees and their families. 45 year plus employees have been reached out to with special camps in sync with local health authorities. This is not only an individual health practice but as a duty, as a member of the community, to build collective immunity and help "BREAK THE CHAIN".

HUMAN RESOURCE DEVELOPMENT (HRD)

Constituents of Human Resources Development framework followed at the Company include Workforce planning, Employee engagement, Performance & rewards, 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.

TVS Institute of Quality & Leadership (IQL) was certified as a Corporate University in 2018, by Global Council of Corporate Universities. This institute set on 75 acres campus near Attibele, Karnataka, focuses on cultural capabilities, collective capabilities, supporting strategy delivery and enhancing sustainability.

Towards collective capability and supporting strategy, IQL adapted the concept of Community of Practice (CoP) in the least 4 years. During 2020-21, three CoPs were launched for Operations Research (OR), Reliability Engineering and TRIZ (Inventive problem methodology). These CoPs contributed significantly for tangible and intangible business impact. Skills training center in IQL supported the ramping-up of production volumes by training the freshers for the Company's plants and also for suppliers. Skills training center trained 2584 person in the areas of assembly, fabrication, painting, CKD for IB.

With the constraints of pandemic, IQL organized virtual Learning Convention 2021 with Learning Conference and Learning Showcase. The conference was organized with 4 themes of panel discussion namely Social Learning to drive Business excellence, Competency to drive Retail excellence, CoPs for Breakthrough Management and Accelerating Digital Transformation, with powerful key note addresses and case studies. Dr. David Greenhood, Director of Industrial Engagement, The University of Warwick, addressed the Learning Convention on the theme of "Getting Future Ready" This virtual event was attended by over 1,200 Managers and Executives.

The Company continues to maintain its record of good industrial relations without any interruption in work. As on 31st March 2021, the Company had 5,035 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 Companies Act, 2013 (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 2021, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

- ii. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, 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 2021 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 25 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

The Company is eligible to spend on their 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 Srinivasan Services Trust for an amount of ₹ 18.38 Cr for 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 2020-21.

Presently, SST is working in thousands of 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 focussed on the areas of economic development, health care, education, environment, social, infrastructure and water

conservation actively in 3000 villages. SST will focus on 2000 more villages also, so that all these areas are covered in the next 3 years.

It may also be noted that the CSR Committee has approved the projects or programmes to be undertaken by the SST for the year 2021-22, preferably in local areas including manner of execution, modalities of utilisation of funds and implementation schedules and also monitoring and reporting mechanism for the projects or programmes, as required under the Companies Amendment Act, 2020.

The Company has also ensured that none of the projects undertaken through SST requires impact assessment, as these projects are within the threshold limit of ₹ 1 Cr.

As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual Report on CSR, containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the Board for the financial year 2020-21 are given by way of Annexure IV attached to this Report.

7. FINANCIAL PERFORMANCE 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. Intellicar Telematics Private Limited, Bengaluru
12. TVS Motor Company (Europe) B.V., Amsterdam
13. TVS Motor (Singapore) Pte. Limited, Singapore
14. The Norton Motorcycle Co Limited, UK
15. PT TVS Motor Company Indonesia, Jakarta
16. Sundaram Holding USA Inc, Delaware, USA
17. Green Hills Land Holding LLC, South Carolina, USA
18. Components Equipment Leasing LLC, South Carolina, USA
19. Sundaram - Clayton (USA) LLC, South Carolina, USA
20. Premier Land Holding LLC, South Carolina, USA

Associates

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

Associates of TVS Motor (Singapore) Pte Ltd

- Tagbox Pte Limited, Singapore
- Predictronics Corp., USA
- Scienaptic Systems Inc., USA
- Altizon Inc, USA

PERFORMANCE OF SUBSIDIARIES

Sundaram Auto Components Limited (SACL)

Total income of SACL was ₹ 463 Cr in the current year as against ₹ 530 Cr in the previous year 2019-20.

SACL incurred a loss of ₹ 19.08 Cr including an exceptional item of ₹ 9.36 Cr during the year 2020-21 as against PBT of ₹ 6.44 Cr in the previous year.

TVS Housing Limited (TVSH)

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

TVS Motor Services Limited (TVS MS)

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

Pursuant to order of the National Company Law Tribunal, Chennai (NCLT) TVS MS transferred its investments in equity shares of TVS CS, in the previous year, to the Company for the redemption of its preference shares held by the Company. TVS MS now holds 0.57% only in TVS CS and TVS MS continues to be a 100% subsidiary of the Company.

TVS Credit Services Limited (TVS CS)

TVS CS is the retail finance arm of the Company for financing of two wheelers.

During the year 2020-21, TVS CS's overall disbursements registered at ₹ 8,627 Cr as compared to ₹ 7,628 Cr in the previous year registering growth of 13%. During the year under review, the assets under management are around ₹ 11,200 Cr as against ₹ 9,215 Cr during the previous year registering a growth of 21%. Total income during the financial year FY 2020-21 increased to ₹ 2,241 Cr from ₹ 2,000 Cr during the financial year, an increase of 11.6% over the previous year.

The profit before tax and exceptional items for the year stood at ₹ 105 Cr as against ₹ 218 Cr during the previous year and the reduction is due to loss of business during first quarter of the year, increase in investment on recovery related initiatives and higher level of CoVID-19 related provisions.

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.

Intellicar Telematics Private Limited (Intellicar)

During the financial year effective 31st December 2020, the Company acquired the entire equity shares of Intellicar Telematics Private Limited (Intellicar), a start-up company and thereby it has become a wholly owned subsidiary of the Company. Intellicar provides advanced fleet management solutions through an integrated platform powered by IoT technologies coupled with strong analytics and data management capabilities. It will help accelerate the ongoing digital initiative of the Company that are targeted at delivering enhanced customer experience.

Total income of Intellicar was at ₹ 7.88 Cr in the current year as against ₹ 16.11 Cr in the previous year 2019-20. Intellicar incurred a loss of ₹ 4.83 Cr in the year 2020-21 as against loss of ₹ 0.93 Cr in the previous year 2019-20.

PT. TVS Motor Company Indonesia (PT TVS)

The Indonesian two wheeler Industry declined by 30% during the year 2020-21 at around 3.2 million units.

During the year under review, PT TVS achieved sales in three wheelers and recorded sales of 4,420 units as against 7,806 units of sales during the previous year and 58,901 nos. of two wheelers as against 53,641 nos. of last year, thereby registering a growth of 10%.

The growth in sales numbers, coupled with margin improvement enabled PT TVS to achieve a positive EBITDA of USD 3 million for the full year as against a USD 0.50 million of last year. It is also worthwhile to note that the Company achieved break even by posting operating profit for the financial year 2020-21.

TVS Motor Company (Europe) B.V

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

TVS Motor (Singapore) Pte. Ltd

TVS Motor (Singapore) Pte Limited, a wholly owned subsidiary, is being leveraged to operationalize a digital technology organization focused on delivering high quality digital solutions that address real life business challenges by harnessing the power of Analytics, Artificial Intelligence, Augmented Reality, Machine Learning and Internet of Things. The solutions and offerings are focused in the areas of automotive and fintech industries that have direct relevance to the Company and its subsidiaries.

TVS Motor (Singapore) Pte Limited had made investments aggregating USD 19.52 Mn in Altizon Inc (USA) in the area of Digital Manufacturing focused on Digitizing Legacy Factories, Predictronic Corporation (USA) in the area of Digital Manufacturing focused on Predictive Maintenance, Scienaptic (USA) in the area of Credit Services focused on Credit Decisioning, Underwriting and Collections and in Tagbox (Singapore) in the area of Fleet Management focused on Granular Asset Tracking.

Despite the severe negative impact on businesses across the globe due to CoVID-19, the Company invested entities have performed very well with Predictronic, Scienaptic and Tagbox registering double digit revenue growth with improved operational metrics compared to the previous financial year. Thanks to the growth in digital technologies driven by CoVID-19, it is expected that the invested start-ups will deliver material growth in FY 2021-22 with solid financial and operational results while continuing to add value to the ongoing digital transformation initiatives in group companies.

During the year, the Company has invested a sum of SGD 35.44 Mn in the ordinary shares of TVS Motor (Singapore) Pte Limited.

The Norton Motorcycle Co Limited, UK (formerly known as Project 303 Bidco Limited)

In April 2020, The Norton Motorcycle Co. Limited UK (Norton) (formerly known as Project 303 Bidco Limited), a wholly owned subsidiary of TVS Motor (Singapore) Pte Limited concluded an asset purchase transaction which included the brand "Norton" and other associated brands, trademarks and certain other assets from Norton Motorcycle Holdings Limited (in administration) & Norton Motorcycles UK Limited (in administration).

Post-acquisition, a new state-of-the art facility is being created in Solar Park, Solihull near Coventry. The facility will focus on producing high end premium motorcycles. During FY 2020-21, Norton focussed on building new brand vision and strategy, enhancing the organisation strength, establishing supply chain network, product readiness with high quality standards, planning product and marketing strategy for future. Production and sales from new facility will commence during the first half of FY 2021-22.

Norton will continue to invest in development of new premium motorcycles, R&D and developing the dealer network across the globe.

Sundaram Holding USA Inc. (SHUI) & its subsidiaries

Sundaram Holding USA Inc. (SHUI), a company established under the applicable provisions of Laws of The United States of America, is owned by Sundaram Auto Components Ltd (SACL) (wholly owned subsidiary of the Company) and Sundaram-Clayton Limited (SCL) (holding company of the Company).

SHUI's wholly owned subsidiaries are:

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

During the year 2020-21, SACL and SCL have invested a sum of USD 3 Mn and USD 7.4 Mn in the ordinary shares of SHUI and holds 68% and 32% respectively of the total capital of SHUI as on 31st March 2021.

Post CoVID-19 and with the US economy recovering, SHUI is preparing production and supply chain activities and is likely to commence the commercial production by first half of 2021-22.

Associates:

Emerald Haven Realty Limited (EHRL)

Chennai residential real estate market was severely impacted by CoVID-19, due to lockdown restrictions imposed, job losses, pay cuts and postponement of purchase decision by customers, impacting enquiries and absorption.

In H1 FY21, absorption fell sharply and no new projects were launched by major players leading to an increase in inventory overhang. Construction activities at the project sites were also impacted due to lockdown restrictions, non-availability of migrant workforce and raw material supply constraints.

In line with the overall industry trend, EHRL faced a challenging H1 with low walk-ins, low sales and collections, higher cancellations and slowing down of construction activities across projects.

However, in H2 FY21, EHRL registered a sharp increase in sales, collections and construction activities compared to H1 83% of annual sales, 70% of annual collections and 61% of construction activities were done in H2 FY21.

The Company has completed development of 1.4 Million Sft till date and the balance area under development as on date is 4.5 Million Sft.

Subsidiaries of EHRL

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

Ultraviolette Automotive Private Limited (UV)

UV incurred a loss of ₹ 1.61 Cr in the year 2020-21 as against loss of ₹ 3.49 Cr in the previous year 2019-20. UV is a start-up company engaged in developing electric mobility solutions.

Tagbox Solutions Pvt Ltd, India / Tagbox Pte Ltd, Singapore (Tagbox)

Total income of Tagbox Solutions Private Ltd was at ₹ 6.1 Cr in the current year as against ₹ 4.6 Cr in the previous year 2019-20. Tagbox Solutions Private Ltd earned a PBT of ₹ 0.9 Cr in the year 2020-21 as against PBT of ₹ 0.3 Cr in the previous year 2019-20.

Total income of Tagbox Pte Ltd was at ₹ 0.11 Cr in the current year as against ₹ 0.13 Cr in the previous year 2019-20. Tagbox Pte Ltd incurred a loss of ₹ 1.1 Cr in the year 2020-21 as against loss of ₹ 0.6 Cr in the previous year 2019-20.

Tagbox is a start-up company which provides an IoT based monitoring solution to predict and prevent unfavourable events, optimize reefer fleet and routes and manage inventory.

Predictrionics Corp, (Predictrionics) USA

Sales of Predictrionics was at ₹ 7.8 Cr in the current year as against ₹ 6.6 Cr in the previous year 2019-20. Predictrionics incurred a loss of ₹ 4.6 Cr in the year 2020-21 as against a loss of ₹ 5.5 Cr in the previous year 2019-20. Predictrionics is a start-up company engaged in predictive analytics solution for critical assets, vertical software for industrial robots and consulting services.

Scienaptic System Inc (Scienaptic), USA

Total income of Scienaptic was at ₹ 26.7 Cr in the current year as against ₹ 18.9 Cr in the previous year 2019-20. Scienaptic incurred a loss of ₹ 19.3 Cr in the year 2020-21 as against loss of ₹ 12.0 Cr in the previous year 2019-20. Scienaptic is a start-up company engaged in AI powered Advanced underwriting decisioning platform.

Altizon Inc, (Altizon) USA

Total income of Altizon was at ₹ 4.1 Cr in the current year as against ₹ 5.3 Cr in the previous year 2019-20. Altizon incurred a loss of ₹ 8.6 Cr in the year 2020-21 as against loss of ₹ 13.9 Cr in the previous year 2019-20. Altizon is a start-up company which provides an industrial IoT helping enterprises use machine data to drive business decisions.

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 the Listing Regulations along with a separate statement containing the salient features of the financial performance of subsidiaries / associates in the prescribed form. The audited consolidated financial statements together with Auditors' Report form part of the Annual Report.

The 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 ₹ 822 Cr for the financial year 2020-21 as compared to ₹ 865 Cr in the previous year.

9. DIRECTORS & KEY MANAGERIAL PERSONNEL**Directors' appointment / re-appointment / cessation**

During the year under review, the Board has appointed Prof. Sir Ralf Dieter Speth (Sir Ralf) as Non-Executive Non-Independent Director (NE-NID) and Mr Kuok Meng Xiong (MX), as Non-Executive Independent Director (NE-ID) on the board at its meeting held on 24th March 2021, on the recommendation of the Nomination and Remuneration Committee.

Prof. Sir Ralf Dieter Speth (Sir Ralf)

Sir Ralf is an outstanding engineer and brings with him exemplary experience from some of the highest echelons of the global automotive industry. He has served as the Chief Executive Officer of Jaguar Land Rover (JLR), and during his stint JLR developed strategies, designs, styling, and products for making it one of the most respected automotive and luxury brands in the world. Sir Ralf is widely acclaimed for his tremendous leadership at JLR and for transforming it into the global marquee it is today. He continues to serve on the board of JLR as Vice Chairman.

He began his career in BMW and did his PhD at Warwick Manufacturing Group, University of Warwick and later he joined Ford Motor Company's Premier Automotive Group (PAG) where he was responsible for product planning and quality. Later, he moved to the chemical giant Linde where he ran global operations.

Sir Ralf's passion for technology, deep knowledge and tremendous connect with the current global automotive industry including in terms of engineering, marketing, and people and his deep insights and guidance, academic knowledge and rich practical experience in automotive industry will be invaluable to the management team as the Company embraces the future of mobility. Sir Ralf will mentor the Company and its management.

Then, the Board considered his appointment as an additional and NE-NID of the Company, till the ensuing annual general meeting, and his appointment as a Director is subject to the approval of the shareholders, liable to retire by rotation.

Mr Kuok Meng Xiong (Mr MX)

Mr MX is the scion of the reputed Kuok Group in Singapore and from one of Asia's most respected business houses running Wilmar, one of the largest grain trading business, Shangri La Hotels and real estate business globally.

Mr MX is the Founder & Managing Partner of K3 Ventures, a Singapore-based venture capital investment firm. In the last 8 years, he has invested in and partnered with visionary founders of category-leading companies that drive innovation in today's world. The K3 Ventures portfolio comprises 70 companies including ByteDance, Grab, Palantir, Planet, Perfect Day, Aspiration, Genki Forest, SpaceX, Airbnb and Next Gen Foods.

Mr MX serves as a director on the boards of ByteDance (Singapore), Next Gen Foods, SoCash, Logivan, and the Anglo-Chinese Schools Foundation. He is also a Senior Advisor to TPG Capital.

Mr MX started his career at the Group's Shangri La Hotels, expanding it to Europe, West Asia and Sri Lanka. He started the venture firm K3 where he has led early investments in most of the world's leading startups in technology field and many Asian unicorns.

Mr MX strengths include his experience of helping build and manage a hotel chain, as well as growing up in a family that values relationships over short-term monetary gains.

While recommending his co-option on the board as NE-ID, NRC considered his experience with digital technology and start up would be more helpful to sourcing as well as for investments by the Company in digital start-ups.

Mr MX achievements at young age and his varied insights would be helpful to the Company's diversification as he ceded several companies in the last 10 years and his appointment on the board would certainly be a great asset to the Company and he would bring a unique mix of strong corporate values and a clear vision of the future digital world.

Then, the Board considered his appointment as an Additional Director of the Company, till the ensuing annual general meeting, and appointment as a NE-ID for a period of five consecutive years effective 24th March 2021 is subject to the approval of the shareholders, not liable to retire by rotation.

The Company is seeking approval of the shareholders for the appointment of Prof. Sir Ralf Dieter Speth, as NE-NID and Mr Kuok Meng Xiong, as NE-ID for a term of five consecutive years effective 24th March 2021, at the ensuing AGM.

During the year under review, Mr Rajesh Narasimhan, tendered his resignation as a Non-Executive Non-Independent director of the Company with effect from the close of business hours on 24th March 2021 due to his various business commitments and increased responsibilities within the group.

The board also noted that post resignation / appointment of NE-NID / NE-ID, the composition of the Board is in compliance with half of the Board consisting of Non-Executive Independent Directors, as required under the Listing Regulations.

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. Mr Sudarshan Venu and Mr K N Radhakrishnan, Directors

are liable to retire by rotation, at the ensuing AGM, and being eligible, offer themselves for re-appointment.

The Directors have recommended their appointment / 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.

On 5th March 2019, the IDs viz., M/s. T Kannan, C R Dua, Prince Asirvatham and Hemant Krishan Singh were reappointed for the second term of 5 consecutive years from 14th July 2019. Mrs Lalita D Gupte and Mr R Gopalan, were appointed as Additional and Non-executive Independent Directors for a term of 5 years by the board at its meeting held on 23rd October 2018 and 30th April 2019 respectively and the same were approved by the shareholders at the AGM held on 22nd July 2019. The terms of appointment of IDs include the remuneration payable to them by way of fees and profit related commission, if any.

The Company is seeking approval of the shareholders for the appointment of Mr Kuok Meng Xiong as NE-ID for a term of five consecutive years effective 24th March 2021, at the ensuing AGM.

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. 85 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 Companies Act, 2013 and obtained ID registration certificate and renewed the same for five years / life time, as the case may be.

Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 22nd March 2021.

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 the Nomination and Remuneration Committee (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 cyber security framework, supplier management 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 considering his performance vis-a-vis benchmarking the performance of the Company with industry under the stewardship of Chairman.

The IDs also placed on record, their appreciation of Chairman's timely and proactive interventions for making progress on production, sales and managing the financial relationships with distributors in an exceptionally difficult and unpredictable year battered by pandemic. IDs have also commended the transparency and commitment to governance and he stayed ahead in setting high standards for the Company.

They also commended his strenuous push for the acquisition of British iconic brand "Norton" despite the pandemic and the disturbances caused to the entire operations of the Company. They also recorded their appreciation for his exceptional competence in handling such critical situation and the Company has done very well both in governance and performance even during strained times.

IDs have also applauded the organized & timely response to the community and social initiatives during CoVID-19 times.

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 viz., Engineering, Management, Legal, Administration, Accounting and Finance. The Board upon evaluation concluded that it is well balanced in terms of diversity of experience with expert in each domain viz., Automotive, Leadership / Strategy, Finance, Legal & Regulatory and Governance. They also expressed their satisfaction on the presentations on major litigations, supplier advances, International Business risk, Status update on investment in start-ups, Cyber security threat that have been fairly made to all IDs with open door discussions.

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)

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 KMPs of the Company in terms of Section 2(51) read with 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 with 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.

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

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 the 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 accepted by the Board prior to its implementation during the financial year under review.

Details of Committees, its charter and functions are provided in the Corporate Governance Report.

Number of Board meetings held:

The number of Board meetings held during the financial year 2020-21 is provided as part of Corporate Governance Report prepared in terms of the Listing Regulations.

10.AUDITORS

Statutory Auditors

The Company at its 26th 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 4th 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 2021-22.

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

Secretarial Auditors

As required under Section 204 of the Act, 2013 and the Companies (Appointment and Remuneration of Managerial

Personnel) Rules, 2014, the Company is required to appoint a Secretarial Auditor for auditing secretarial and related records of the Company.

The Secretarial Audit Report for the year 2020-21, 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 27th April 2021 has re-appointed M/s. S Krishnamurthy & Co., Practising Company Secretaries, Chennai having Registration No.2215 allotted by the Institute of Company Secretaries of India as Secretarial Auditors for the financial year 2021-22.

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 2021-22.

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, travelling and out-of-pocket expenses payable to him, for the year 2021-22, which 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 2019-20 on 26th August 2020 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 of 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 the Regulation 17 (8) of the Listing Regulations pertaining to CEO / CFO certification for the financial year ended 31st March 2021.

12. BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of the Listing Regulations, the Business Responsibility Report for the year 2020-21 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. 85 of this Annual Report.

13.POLICY ON VIGIL MECHANISM

The Company has adopted a Policy on Vigil Mechanism in accordance with the provisions of Companies Act, 2013 and Regulation 22 of the 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 Policy is disclosed on the Company's website in the link as provided in page no. 85 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 2021.

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, if any, affecting the financial position of the company, having occurred since the end of the year and till the date of the Report:

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the

Company to which the financial statements relate and the date of this Report.

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

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

Annual Return:

Copy of the Annual Return (Annexure II) in prescribed form is available on the Company's website in the link as provided in page no. 85 of this Annual Report, in terms of the requirements of Section 134(3)(a) of the Act, 2013 read with the Companies (Accounts) Rules, 2014.

Employee's remuneration:

Details of Employees receiving the remuneration 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.

Comparative analysis of remuneration paid:

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

Details of related party transactions:

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 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 2020-21 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 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
27th April 2021

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 2020-21:

- Optimal utilization of plant and equipment.
- Maximized renewable energy utilization.
- Implementation of planned energy efficient projects.

Above measures have resulted in an annual saving of ₹ 8 Cr.

2. Proposed measures during the year 2021-22:

- Optimal utilization of plant and equipment.
- Augmentation of Solar capacity.
- Implementation of energy efficient projects.
- Alternate source of fuel.

Above measures are expected to yield an annual saving of ₹ 6 Cr. (Approx.)

3. Steps taken for utilizing alternate sources of energy during the year 2020-21:

The renewable power contributes to 84% of overall power share. Out of which, 76% of energy utilized from Wind power and 8% of energy sourced from Solar power plant.

4. Capital investment in energy conservation equipment:

During 2020-21, the Company had focused on reduction of fixed load consumption, paint plant utilization improvement, optimization of boiler's and in implementation of energy saving projects for energy efficiency as well as for reduction of carbon foot print.

The Company is planning to invest around ₹ 4 Cr during 2021-22 towards alternate fuel conversion and in implementing the planned energy saving projects.

B. TECHNOLOGY ABSORPTION FOR 2020-21

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

- Design, development and productionisation of "TVS IntelliGo" technology.
- Design, development and productionisation of unique technology of ride modes for the power train and ABS control, launched along with segment first features of adjustable suspension control levers in Apache RTR 200-4V.

- Design, development and productionisation of TVS NTORQ Super Squad edition with customized TVS SmartConnect App.
- Design, development and productionisation of a Motorcycle variant for the specific segment needs of international market.

Future plan of action:

- Development of new technologies for reduction of CO₂ and other emissions.
- Development and adoption of new technologies for enhanced safety and rider assist.
- Development of new technologies, materials and processes for environmental sustainability.
- Development of new technologies and new features to deliver best-in -class products and achieve enhanced customer satisfaction.
- Development of technologies including alternate materials, weight reduction, cost reduction and improvement of fuel economy.
- 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 - ₹ 331.34 Cr.

D. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

1. Export activities:

During the year, export of two-wheeler was 7.64 lakh units and three-wheeler was 1.15 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	1,186.82
Foreign exchange earned	4,669.17

For and on behalf of the Board of Directors

Chennai
27th April 2021

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. Brief outline on CSR Policy of the Company:

This policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for the transformation and sustainable development of the rural communities at large. It also supports to empower India's rural poor through awareness, skills and training programs that are sustainable in the areas ranging from economic development, infrastructure to healthcare and education.

2. Composition of the CSR Committee:

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

3. Web-link where Composition of CSR committee, Projects approved by the board and Policy are disclosed on the website of the company www.tvsmotor.com
Web-link is provided in page no. 85 of this Annual Report.

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.
Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
Not applicable			

6. Average net profit of the Company as per Section 135(5).
₹ 840.19 Cr

7. (a) Two percent of average net profit of the Company as per Section 135(5)
₹ 16.81 Cr

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.
Nil

(c) Amount required to be set off for the financial year, if any
Nil

(d) Total CSR obligation for the financial year (7a + 7b - 7c).
₹ 16.81 Cr

8 (a) CSR amount spent or unspent for the financial year:

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

8 (b) Details of CSR amount spent against ongoing projects for the financial year: - Not Applicable

8 (c) Details of CSR amount spent against other than ongoing projects for the financial year:

Name of the Project.	Economic Development, Education, Environment, Health, Infrastructure & Water Conservation.
Item from the list of activities in Schedule VII to the Act.	<ul style="list-style-type: none"> Eradicate poverty, promoting preventive healthcare and sanitation and making available safe drinking water;

					<ul style="list-style-type: none"> Promotion of Education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects; Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; Rural development projects.
	Local area (Yes / No).				Yes
	Location of the project (State / District)				<ul style="list-style-type: none"> Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli, Thoothukudi, Dharmapuri, Nagapattinam, Trichy and Tiruvallur districts. Karnataka : Mysore, Bengaluru Rural and Chamrajanagar districts Himachal Pradesh : Solan district Maharashtra: Pune district - Shirur Block Andhra Pradesh: Venkatagiri - Nellore district
	Amount spent for the project (in ₹).				₹ 19.95 Cr (includes ₹ 18.38 Cr contributed by the Company)
	Mode of Implementation - Direct (Yes / No)				No
	Name of the Implementing Agency				Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road Chennai - 600 006 Tamil Nadu Phone No: 044-28332115 Mail ID: swaran@tvssst.org
	CSR Registration No.				CSR00001508
8 (d)	Amount spent in Administrative overheads				Not Applicable
8 (e)	Amount spent on Impact Assessment, if applicable				
8 (f)	Total amount spent for the Financial Year (8b + 8c + 8d + 8e)				₹ 18.38 Cr
8 (g)	Excess amount for set off, if any				
	Sl. No.			Particulars	Amount in (₹)
	(i)			Two percent of average net profit of the company as per Section 135(5)	16.81 Cr
	(ii)			Total amount spent for the financial year	18.38 Cr
	(iii)			Excess amount spent for the financial year [(ii)-(i)]	1.57 Cr
	(iv)			Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
	(v)			Amount available for set off in succeeding financial years [(iii)-(iv)]	1.57 Cr
9 (a)	Details of Unspent CSR amount for the preceding three financial years: (In ₹)				
	Sl. No.	Preceding financial year	Amount transferred to Unspent CSR Account under Section 135 (6)	Amount spent in the reporting financial year	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any
					Name of the Fund Amount Date of transfer
	Not Applicable				
9 (b)	Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): - Not Applicable				

10	In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year; (asset-wise details) .	
	(a) Date of creation or acquisition of the capital asset(s).	Not Applicable
	(b) Amount of CSR spent for creation or acquisition of capital asset.	
	(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.	
	(d) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.	
11	Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5).	Not Applicable

For and on behalf of the Board of Directors

Chennai
27th April 2021

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 Directors (M/s)	Designation	Ratio to Median in Remuneration	% Increase / (Decrease) Remuneration
1	Venu Srinivasan	CMD	1:223	(2%)
	Prof. Sir Ralf Dieter Speth*	NE-NID	—	—
	Sudarshan Venu	JMD	1:185	3%
	K N Radhakrishnan	D & CEO	1:100	11%
	Prince Asirvatham	NE-ID	1:3	—
	C R Dua	NE-ID	1:4	—
	R Gopalan	NE-ID	1:3	—
	Lalita D Gupte	NE-ID	1:3	—
	T Kannan	NE-ID	1:4	—
	Kuok Meng Xiong*	NE-ID	—	—
	H Lakshmanan	NE-NID	—	—
	Hemant Krishan Singh	NE-ID	1:3	—
	Dr Lakshmi Venu	NE-NID	—	—
	K Gopala Desikan	CFO	NA	(4%)
	K S Srinivasan	CS	NA	(3%)
* appointed on 24 th March 2021 CMD - Chairman and Managing Director JMD - Joint Managing Director D&CEO - Director & Chief Executive Officer NE-ID- Non Executive Independent Director NE-NID - Non Executive Non Independent Director CFO - Chief Financial Officer; CS - Company Secretary				
2	The percentage increase in the median remuneration of employees in the financial year;		2%	
3	The number of permanent employees on the rolls of Company;		5035	
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2020-21		6%	
	b. Average percentile increase / (decrease) in the managerial remuneration in the financial year 2020-21 There are no exceptional circumstances for increase in the managerial remuneration.		2%	
5	Affirmation that the remuneration is as per the Remuneration Policy of the Company.		Remuneration paid during the year 2020-21 is as per the Remuneration Policy of the Company	

For and on behalf of the Board of Directors

Chennai
27th April 2021VENU 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 2020-21

S. No.	Name of the body corporate	Nature of relationship	Purpose of loan / acquisition / security	Amount of loan / guarantee / security (₹ in Cr)	Purpose for which the loan / guarantee / security utilised by the recipient
1	PT. TVS Motor Company Indonesia	Wholly owned subsidiary	Guarantee	95.04	Business Purposes
2	TVS Motor (Singapore) Pte Limited	Wholly owned subsidiary	Guarantee	73.11	Business Purposes

For and on behalf of the Board of Directors

Chennai
27th April 2021

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 in the year 2019 replaced and revised the National Voluntary guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business earlier issued by the Ministry in the year 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 (Listing Regulations) 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 DISCLOSURES

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	:	2020-21									
6.	Sector(s) that the Company is engaged in (industrial activity code)	:	<table><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											

7.	List of three key products that the Company manufactures	: Manufacture of 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)	: 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. ii) Number of International Locations: The Company does not have any manufacturing unit outside India. However, its overseas subsidiary viz., (i) PT TVS Motor Company Indonesia has a manufacturing facility in Karawang, Indonesia; (ii) The Norton Motorcycle Co Limited, has a manufacturing facility in Solar Park, Solihull, UK 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.
	a. National (Districts and states - top five by employee strength):	
	b. International (Country - top three by employee strength):	
10.	Location of major offices (in case of service businesses)	: Not applicable
	a. National (Districts and states - top five by employee strength):	
	b. International (Country - top three by employee strength):	
Employees:		
11.	Number of permanent employees	: 5,035
12.	Contractual employees (seasonal, non-seasonal)	: 1,345
13.	Temporary employees	: 6,830
14.	Percentage of women employees	: 7.1%
	a. On the Governance Structure	: -
	b. In top management i.e. business and functional 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. Intellicar Telematics Private Limited, Bengaluru
12. TVS Motor Company (Europe) B.V., Amsterdam
13. TVS Motor (Singapore) Pte. Limited, Singapore
14. PT TVS Motor Company Indonesia, Jakarta
15. Sundaram Holding USA Inc, Delaware, USA
16. Green Hills Land Holding LLC, South Carolina, USA
17. Components Equipment Leasing LLC, South Carolina, USA
18. Sundaram - Clayton (USA) LLC, South Carolina, USA
19. Premier Land Holding LLC, South Carolina, USA
20. The Norton Motorcycle Co Limited, UK

Associates

1. Emerald Haven Realty Limited, Chennai.
2. Ultraviolette Automotive Private Limited, Bengaluru.
3. Tagbox Solutions Private Limited, Bengaluru.

Associates of TVS Motor (Singapore) Pte Limited

1. Tagbox Pte Limited, Singapore
2. Predictronics Corp, USA
3. Scienaptic Systems Inc., USA
4. Altizon Inc., USA

Subsidiaries of Emerald Haven Realty Limited

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

a. Srinivasan Services Trust

b. Established in 1996

Main objects:

- i. Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water;
- ii. Promoting of Education, including special education and employment, enhancing vocation skills especially among children, women, elderly and differently abled and livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes and hostels for 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 maintaining quality of soil, air and water;
- v. Rural development projects.

17. Contact details of Nodal officer of this report
(Name, Designation, Email ID, Phone number)

: Mr. K.S. Srinivasan, Company Secretary
kss@tvmotor.com
044-2833 2115

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed to 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 that is 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
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 National Guidelines on Responsible Business Conduct: <ol style="list-style-type: none"> Code of Business Conduct and Ethics Whistle Blower Policy Related Party Transaction Policy Corporate Social Responsibility Policy Code of fair disclosure Code of conduct to regulate, monitor and report trading by insiders Quality and environment policies relating to safe and sustainable products Environment, Occupational Health and Safety policy. 								
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 Policy 3. Related Party Transaction Policy 4. Corporate Social Responsibility Policy 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 policies at periodic intervals in conformity with the best national / international standards and to align with the latest amendments introduced by various regulatory authorities.</p> <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> <p>The board on a continuous basis reviews the businesses alignment with the principles and core elements.</p>								
9.	Process for board/ top management to review compliance with statutory requirements of relevance to the Principles and rectify any non-compliances.									
10.	Frequency of the reviews of the business's alignment with the Principles and Core Elements conducted by the board / top management									

Stakeholder Engagement

11.	Description of the process to identify your business's key stakeholders	<p>The Company is aware of the fact that all stakeholders have not direct business engagement .</p> <p>The Company has identified stakeholders under eight broad 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 all 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 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 in all sections of the community irrespective of caste, creed or religion to benefit through its CSR initiatives which would also be focused around communities 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, Business Responsibility Report 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, Business Responsibility Report 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 2021.

The Company reviewed the new talents hired, their skills and competencies for future business solutions of the Company and Key areas identified for strengthening the organisation.

The Nomination and Remuneration Committee also reviewed the key priorities including other future thrust areas and skills and competencies of recruits in recent past, from global as well as from premier Indian institutes.

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 - 23 numbers of suppliers/recyclers in orange and red categories of industries were audited.

b. Total to date - 52 (last 4 years)

3. Was report on responsible business conduct made, in the year:

- a. **As per mandatory / global reporting frameworks** - The Company publishing the report every year on National Guidelines on Responsible Business Conduct. The Company also compile the indicators conforming to Global Reporting Initiative Standards (GRI).
- b. **Available in the public domain** - Yes. The Business Responsibility Report (BRR) for 2020-21 is available on Company's website. The report made in-line with GRI standard for reporting to the management purpose, is not available in public domain.
- c. **Assured by a third party** - The above reports are not assured by third party.

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.

No cases - Hence, 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.**

TVS Scooter - The Company has been pursuing actively in projects related to weight reduction through design optimization, alternate materials and 3.0 kg weight reduction has been achieved in TVS Scooter model during FY 2020-21. This has led to an estimated potential savings of 5,200 tonnes of CO₂ per annum during manufacturing phase of product lifecycle.

TVS XL 100 - is the vehicle under moped category. Continuous efforts are made to increase fuel economy of the products and due to such sustained efforts, the average product fuel efficiency has increased by about 3% during FY 2020-21 when compared to FY 2019-20.

Similarly, there is fuel economy increase of about 2-4% across Company products. Reduction in fuel consumption also reduces the country's dependence on import of gasoline. With increase in fuel economy, there will be corresponding reduction in the CO₂ emission during use-phase of product lifecycle. The Company has reduced CO₂ emissions during use phase upto 3% (per km) during the reporting period.

Engine Oil - The Company has developed new synthetic engine oil having 100% higher drain interval i.e., from 3,000 km to 6,000 km for after-market sales. This leads to conservation of petroleum products during the use phase.

Risks and Opportunities:

iQUBE - The Government of India is publishing policies on Electric Vehicles to improve air quality, climate change mitigation and reduce import of petroleum products. The Company has expanded the market presence of iQUBE, an electric vehicle, in Bengaluru and New Delhi, to reach out to many customers.

Biofuel blended Gasoline Vehicles - The Ministry of Petroleum and Natural Gas along with NITI Aayog has given roadmap for implementation of E10 (Ethanol 10% + 90% Gasoline) pan-India in near future. The Ethanol blending will reduce the import of petroleum products. All the products are designed and developed with E10 fuel compatibility.

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

- The Company continued its funding for the product development of Electric Two-wheeler and Three-wheeler.
- Investments have been made in developing advanced technologies for reduction in tailpipe emissions OBD II, increasing fuel economy, light weight technologies and bio-fuel compatible products.
- The Company has invested in new technologies for elimination of hazardous chemicals from the components used in the products. The Company has adhered to the internal standard developed considering various national and international regulations, as applicable viz., Stockholm convention, Restriction on Hazardous Substances (RoHS) regulation.
- The Company has invested over INR 100 Cr in R&D activities for the development of technologies mentioned above.

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%):

Between 5 and 25%.

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

Company's products are designed with higher recyclability and recoverability rates, and has following features that promotes recycling-

- Company's products have recyclability rate between 85-90% and recoverability rate between 90-95%
- Recyclability symbol marking on the plastic parts (more than 100g component) for easy identification during recycling.
- The Company restricts the use of "hazardous chemicals" in the components used in its products. An internal standard is created considering various national and international laws on hazardous substance.
- Batteries used in products have recycling symbol marked. After end-of-life, these batteries will reach recyclers through the 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 : 158 litres / vehicle
- Material -
 - Ferrous Metals : 74 kg / vehicle
 - Non-Ferrous Metals : 24 kg / vehicle
 - Non-Metals : 19 kg / vehicle
 - Paint : 1.38 kg / vehicle

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

Reduction in resource use:

i. Sourcing: 4% of reduction through value engineering

ii. Production:

- The Company has reduced 10% specific paint consumption when compared to previous year. This was achieved through transfer efficiency improvements by robot parameter optimization, robot coverage enhancement by path fine-tuning, rework reduction, pre-lacquered sticker introduction and wastage reduction during colour change-over.

- The Company has reduced 21% specific water consumption when compared to previous year. Company's approach has been "Demand side Water management" which best utilizes the available water. The water management framework has - water resource management, water distribution & supply management, management of water by end-users and finally waste water management.
- The renewable power contributes to 84% in overall share of power. Out of which 76% of energy utilized from wind power and 8% of energy trapped from solar. These initiatives of renewable energy resulted in CO₂ emissions reduction of 58,812 tons during 2020-21.

iii. Distribution:

- 1) Optimized route for trucks from plants and Authorised Ware Houses to dealers - 248,776 Litres of diesel saved per annum.
- 2) Increased utilization of trucks carrying Finished Goods - 1,78,300 Litres of diesel saved.
- 3) Plastic consumption reduction through Value addition and Value Engineering (VAVE) - Elimination of vehicle packing cover & Kitting packing cover - 38 tonnes per annum plastic consumption reduced.
- 4) Overhead conveyor for Finished Goods (FG) movement- Elimination of FG movement through diesel vehicle - 12,000 Litres of diesel saved.

c. Sustainability standards / codes / labels adhered to:

Following Sustainability Standards / codes / labels adhered:

- Labels related to emission standards.
- Recyclability symbol on the Plastic parts as per ISO 11469.
- Battery disposal instructions.
- RoHS compliance on the premium products.
- Reusability, Recyclability and Recoverability (RRR) rate values calculation (recoverability rate between 90%-95%) as per ISO 22628.
- International standards for hazardous chemicals restriction (AIS 129, Directives 2011/65/EC, EC 1907/2006, 2000/53/EC).
- Compliance to Central Motor Vehicles Rules (1989), Applicable Automotive Industry Standards (AIS), Bureau of Indian Standards (BIS) and International standards for raw material.
- FAME II Label.

d. Product life cycle assessment

Life Cycle Assessment (LCA) is conducted considering raw material extraction, manufacturing, assembly, logistics, use phase and final disposal for our products.

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

a. To which stakeholder groups?

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

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 and 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.

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

- Fuel Economy- Considering market survey and customer research inputs, the Company optimizes various product performance parameters to achieve higher fuel economy. This helps in reduction of consumption of gasoline during use phase. Overall, 2-4% of fuel economy increase across all its products.
- Weight reduction- With continuous efforts, weight reduction in TVS Scooter upto 3 kg achieved through design optimization, usage of advanced materials and technologies.
- E10 Compliant vehicles- All the products are designed and developed with E10 fuel (10% Ethanol blended Gasoline) compatibility.

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:

During the reporting period, the Company has not received any complaints relating to discrimination.

As a part of orientation to new recruits, an induction programme is conducted on "Code of Conduct (CoC)" CoC is acknowledged by every individual in a signed hardcopy. In addition, refresher programs are conducted.

CoC 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 and is abided by laws of the land.

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

Not applicable as the Company has not received any complaints during the reporting period.

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:

100% of the Company's establishments follow the Company's recruitment policy of considering only persons completed 18 years of age and the age is validated through Government authorized certificates. Accordingly, engagement of child / adolescent labour is NIL at all Company's establishments. This is 100% ensured through the Company's internal audit system.

All Company's service providers are included in the certificate of registration which is a Government issued document and hence forced / involuntary labour is NIL at all its establishments. A separate agreement is entered into each of service provider in line with the above. This is 100% ensured through monthly inspection of documents of service providers.

Similar kind of system is available with others in the value chain viz., suppliers and dealers, wherein need based audits are conducted.

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 during the reporting period.

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 Company's Workforce and market/industry benchmark for Executives and Managers. Stipends for trainees are fixed above legal minimum wage limit for attracting talent from campus / market.

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

Refer Annexure V to the Directors Report for the year 2020-21.

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. The above was adhered to during lockdown and subsequently despite CoVID-19 pandemic situation.

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

The Company has not received any complaints relating to harassment during the reporting period. The Internal Committee (IC) meets regularly towards reviewing issues raised and solved on harassment. It also submits its annual report as stipulated by the Prevention of Sexual Harassment (POSH) Rules. 100% employees are covered on POSH training through e-module / orientation capsule.

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 9,733 personnel in the Company's value chain covering Employees, Employee families, Suppliers and Service Providers were trained on road safety awareness.

During lockdown due to pandemic, Company's Occupational Health Centre (OHC) provided 24 x 7 support to employees and their families. Counselling was done to patients and family members through online and tele-consultation. Company's medical team assisted employees and their families for hospitalisation pan India and for home-care. The team ensured supply of regular medicines to employees living in Hosur and Mysuru. The Company has donated Personal Protective Equipment (PPE) to Government hospital and ESI hospital, Hosur.

Post lockdown, all employees were screened while onboarding to duty. Homeopathy medicines, immunity boosting medicines were distributed to all employees. Towards creating awareness about CoVID-19, online sessions were conducted with experts. Also, awareness videos, newsletter and posters were shared with employees.

Influenza immunization was done to employees under high-risk categories including those in field. Currently, we have taken-up a major drive for CoVID-19 vaccination in collaboration with local health authorities for employees and their families who are 45 years and above (in-progress).

"TVS ICE" (ICE - In Case of Emergency)- a mobile app developed to provide support to employees and families during crisis with turn-around time of 24 hours.

"Health Wholesome"- an initiative to have a constant connect with employees through messages, videos and webinars on health and safety. This also includes tie up with hospitals, support during crisis for self and family members. Through this platform, union president also addressed to employees and their families. Since July 2020 till date 26 sessions were conducted covering about 2,800 employees.

"Your DOST" - employee mental health awareness and consultation support 24 x 7 by experts / professionals in the field of stress management, confidence building, relationships, career coaching and sexual wellness has been introduced in January 2021. Close to 300 employees and their family members have benefitted by way of individual consultations. In addition, 9 information sessions were conducted benefitting over 1,000 employees.

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

TVS Institute for Quality and Leadership (IQL) is the Corporate University of the Company and its Group Companies, certified by Global Council of Corporate Universities (Global CCU). TVS-IQL is responsible for supporting change and transformation of people, culture and processes towards institutionalizing learning for individual and collective contribution towards future challenges.

The Company place high importance to develop its employees. The Company provide training to each and every employee inducted and as a routine skill up-gradation is also done. During the reporting, the institute delivered over 110 role-based competency training programs. In this 1,000+ employees were trained across the functions covering 77% of role-based competencies through combination of self-learning and virtual instructor lead training sessions.

250 identified Executives and Managers were trained for certified courses in Technology, Future Mobility, Data Analytics through relevant tools & techniques. The Company has developed an online learning platform to enable self-learning opportunities for all the employees under topics- functional skills, behavioral skills, innovation and sustainability. This was done through curated content from subscribed e-Learning platforms such as Actuate and 1-Hour learning solutions. The Company has sponsored 80+ Executives and Managers for the virtual training programs through external partners on different topics.

Post pandemic, every single person entering the premise is being trained on "CoVID-19" awareness and practice to follow "CoVID-19" protocols. Exodus during pandemic created resource deficit across the supply chain. To address this challenge, we provided skill training and skill up-gradation training to more than 3,500 people. In addition to that, we extended skill training across the supply chain.

The details of training to employees, suppliers, service providers and visitors are given below:

- Training on "CoVID-19" protocols:
 - No of Employees : 100% (9785 persons)
 - No of Service providers : 100% (1255 persons)
 - Suppliers and Visitors : 100% (1735 persons)
- Employee's skills training : 100% (7250 persons)
- Employee's redeployment : 11.4% (548 persons)
- Suppliers' skill training : 196 persons

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 reporting period, towards improving inclusivity, 4 sensitization workshops on working with "Persons with Disability (PwD)" were conducted for managers, teams and support staffs covering 200 employees. In January 2021, 20 persons with speech and hearing impairment joined the workforce as trainees at Hosur plant.

"Flying Lessons"- a coaching and mentoring program was rolled out towards developing women leaders in the Company, covering 23 women employees.

"Beyond Prism" - unconscious bias workshops were conducted for managers to sensitise them on the subject of gender diversity. During the reporting period, 4 such workshops were conducted covering over 100 senior managers.

Workshops for women employees organized to support them on managing work-life balance, parenting while children at home and managing expectations at workplace during pandemic. About 250 women employees and families benefited.

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 allowed for personnel aged 18 years and above. For supplier and service providers, this requirement is mentioned as one of the clauses in our business agreements.

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 enumerated 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. In addition, key fabrication suppliers were assessed on occupational health and safety requirements. CoVID-19 unlock guidelines implemented at the Company's supply chain were also assessed. More than 25,000 dealer staff were trained on CoVID-19 restart guidelines to support their office premises, colleagues as well as customers.

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

- a. Being a manufacturing industry, "Work From Home (WFH)" was not in vogue prior to pandemic. However, WFH was introduced in all departments other than shopfloor towards business continuity. While following 'Work From Home' pattern, guidelines on working hours and conduct of review meetings not clear.

- b. The Company has the policy of leave encashment beyond the prescribed limit and annual payment of LTA and education allowance which were withheld for 3 months due to business uncertainty.
- c. Tuck Shop, Coffee Points and snack vending machines were suspended for 9 months, considering the pandemic situation. There were demands from employees to restart the above.

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

- a. Employees were facilitated to set-up office at home by extending laptops, home-office furniture on concession, internet connectivity at discounted rates benefitting over 2,200 employees. WFH guidelines as "Remote Working Guidelines" were benchmarked with other manufacturing companies and formulated. The guidelines included timings on review meetings, virtual meeting etiquettes, special consideration for parents with young children etc. This was communicated to all employees through employee portal-"HR Connect". Monthly Work Pattern (MWP) was introduced to ensure not more than 50% employees at office premises.
- b. During the months when leave encashments, LTA, educational allowance was withheld, we granted salary advance requests. LTA and educational allowance were paid to employees during August 2020. Leave encashments to employees were paid in December 2020.
- c. Adhering CoVID-19 guidelines, Tuck Shop, Coffee Points and snack vending machines were restarted in January 2021.

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

Essential Indicators:

1. List of 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:

During pandemic and subsequent lockdown, around 4,000 neighbouring villages were supported with disinfection, provision of gloves, face mask and face shield. The Company factory canteens were operated to for distribution of food packets to frontline health workers and support staffs. Overall 12,25,000 food packets were distributed during this period. Continuous awareness and education on CoVID-19 was provided in the surrounding villages.

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).

9% 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:

Customers: 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 for design & development of new products and also to upgrade the existing products. e.g. Fuel Economy- Considering market survey and customer research inputs, the Company optimizes various product performance parameters to achieve higher fuel economy. This helps in reduction of consumption of gasoline during use phase. Overall, 2-4% of fuel economy increase across Company's products.

Suppliers: Following activities were carried out after taking input from suppliers-

a) Constant communication and information sharing:

Web portal called "tradewithtvs.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 communication with suppliers.

b) Enhanced collaboration through regular supplier meets:

For speeding up the developmental milestones in new product development the Company enhanced early collaboration through conducting events like "supplier day conferences"

c) Chronic supplier improvement:

The Company is running TPM, Quality System improvement programs and sustainability audits with identified suppliers for enhancing their production, quality and sustainability performance for mutual benefit.

Dealers: The lockdown on account of the CoVID-19 pandemic, all channel partners were affected including dealers. Especially when operations resumed in May 2020, the Company extended the warranty period for vehicles by realigning the claim process after taking into account the feedback received from dealers.

Employee: 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 women.

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, Social and Cultural Development.
- Company had conducted Police Camps through dealer channels to complement their efforts during the fight with CoVID-19.
- Company also provided Road Side Assistance support through dealer team by arranging "Covid support passes" to attend customers in distress, in case of vehicle being off-road.
- Company distributed 1 million masks during CoVID crisis.
- 6,500 meal packets per day were distributed to poor & needy / People Below Poverty Line / medical staff / Police.

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 impacts 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-mails or otherwise from any of its stakeholder groups viz., employees, visitors, suppliers, and 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 comply with 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 agreements 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, the following programmes enable picking up early warning signals and taking action closer to the source of occurrence.
 - Employee Contact Program - Monthly.
 - Open Door Policy.
 - Plant Committee Meeting - Monthly.
 - Workers participation through various committees which meet periodically / monthly.
 - Need based meetings with Union.
 - Focus group discussion with middle level managers - Quarterly.
 - Women resource group meet - Quarterly.
 - CEO connect - Quarterly.
 - JMD connect with new joiners - Annually.

4. **List (up to three) corrective actions taken to eliminate complicity with adverse human rights impacts 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 impacts 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) India - Identified in the FY 2018-19.

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

The Company has prohibited the use of hazardous chemicals that pose risk to the environment as well as to the society-

- Heavy Metal Restriction (HMR) - As per AIS 129.
- Persistent Organic Pollutants (POPs) as applicable.

The Company strictly adheres to internal material standard that lists all the prohibited and declarable substances. Further, continuous training is imparted to suppliers and internal teams for compliance.

Towards resource conservation-

- With the advanced simulation tools and rapid prototyping, the product designs are optimized continuously for weight reduction, CO₂ reduction and performance enhancement.
- The Company has developed extended drain interval oil - from 3000 km to 6000 km (100% improvement). Hence oil change frequency has been reduced by half over the life cycle of the product, thereby conserving the fossil fuel-based lubricants (petroleum product).
- The Company optimizes various performance parameters to improve the fuel economy of the vehicles. This helps in reduction of consumption of gasoline during use phase. This activity is a continuous process and the Company is committed to deliver the best-in-class fuel economy for the product.

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. All the products are BS-VI compliant and the Company is committed to lower emissions from the products. The Company also has an electric vehicle which has zero tailpipe emissions. The Company has developed bio-fuel based vehicle. These bio-fuels are considered to be Carbon neutral.
- As discussed in Principle 2, the Company puts continuous efforts to reduce the fuel consumption during use phase and weight reduction of the vehicle.

- Recycling symbols are marked on the plastic parts (above 100 g) in the vehicle, which will be helpful for easy segregation of plastics for recycling.
- Usage of re-grind content in some of the plastics parts (upto 10%), and 100% recycled rubber material in 3-wheeler floor board mat.
- The Company is in the process of reducing the usage of hexavalent chromium passivation, which is a carcinogenic chemical. Trivalent chromium passivation is being implemented in the newly developed parts in the upcoming products. The parts that were developed during FY 2020-21 do not contain hexavalent Chromium passivation.

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 is working with two agencies for recycling of end-of-life Li-ion batteries, which are generated during design stage, testing and manufacturing. Through recycling, the valuable metals like Lithium, Nickel, Manganese, Cobalt etc., are recovered and reused again.
- The Company has collaborated with esteemed academic institutions towards resource conservation in new product.

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 internal standard for prohibiting use of hazardous chemicals. This standard is also shared with suppliers for compliance.
- Replacement of hexavalent chromium passivation with trivalent chromium passivation in the products.

Reduction of CO₂ emissions:

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

- Estimated CO₂ reduction about 11,500 tonnes achieved through weight reduction in various Company's products.
- Reduced CO₂ emissions of the products by 2-4% on an average during FY 2020-21.
- CO₂ reduction through alternate fuels- Vehicles compatible with bio-fuel blended petrol.
- Zero tailpipe emissions through sale of electric vehicle products.

b. Targets and achievement values:

S.No	Risk	Target	Achievement
1.	Rapid migration towards low emission and alternate fuel vehicles.	On-time implementation of upto E10 compliant products	Upto E10 compliant BS VI products launched.
2.	Climate change risk arising from Green House Gas (GHG) Emissions from product and manufacturing processes.	Improve fuel efficiency and reduce tailpipe emissions.	Fuel efficiency of the products increased upto 2-4%. Tailpipe emissions are also reduced.
		Increasing share of renewable energy	The renewable power contributes to 84% in overall share of power. Out of which 76% of energy utilized from Wind power and 8% of energy trapped from Solar. These initiatives of renewable energy resulted in CO ₂ emissions reduction of 58,812 tonnes during 2020-21.

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 84% during the reporting year. This initiative of renewable energy resulted in CO₂ emissions reduction of 58,812 tonnes during 2020-21.

The Company has aligned with country's NDC target with reference to CO₂ emission reduction in transport sector. Following steps were taken:

- Electric vehicles - The market for iQUBE EV product was expanded during FY 2020-21, thus providing access to many potential customers.
- Alternate fuels - The Company has developed products compatible with ethanol blended gasoline. All the Company's products are E10 compliant. Developing alternate fuel compatible vehicle will reduce the consumption of petroleum product and therefore reduce CO₂ combustion. The Company has E100 compatible Apache 200 4V and a three-wheeler CNG vehicle in its product portfolio.
- Light weighting - The Company is dedicated to reduce the weight of the vehicles. Through Company's continuous efforts, weight reduction is achieved across all key products (during FY2020-21). The weight reduction has helped to reduce the CO₂ during manufacturing stage.
- Energy (fuel) efficiency - The fuel economy of key products is increased by 2-4% through advanced technologies, friction reduction and light weighting. This increase in fuel economy will reduce the consumption of gasoline as well as CO₂ emissions.

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

Engine oil - Developed new synthetic engine oil having twice the drain internal period, i.e., it is recommended to change the oil after 6000 km of use, instead of 3000 km.

b. Percentage of revenue contributed by these:

The revenue generated from the new synthetic oil is yet to be realized.

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

- The recyclability rate and recoverability rate of Company's products are in the range of 85-90% and 90-95%, respectively.
- The Company has reduced 21% specific water consumption when compared with previous year. Company's approach was "Demand side Water management" which best utilizes the available water. The water management framework has - water resource management, water distribution & supply management, management of water by end-users and finally waste water management.
- 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.
- Refined and pressurize biogas generated from used-food is utilised 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 following:

- 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 Industry and Commerce.
- Madras Chamber of Industry and Commerce.
- Baddi Barotiwala Nalagarh Industries Association.
- 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:

Nil

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:

Nil. The Company has not received any adverse orders from regulatory authorities for anti-competitive conduct.

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.

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.
- Enabling livestock owning families to utilize the benefit of veterinary schemes announced by the Government.
- Undertaking infrastructure repair works for Anganwadis, school, health centre, Veterinary centres, water supply and water storage structures.
- Create awareness among villagers on the various social security schemes and assist them to avail the scheme.

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 categorized into clusters based on geographical division. The top three invested clusters during this year includes:

1. Thirukurugudi, Tamil Nadu - ₹ 158.25 lakhs
2. Hosur, Tamil Nadu - ₹ 110.24 lakhs
3. Padavedu, Tamil Nadu - ₹ 122.70 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:

- Concerting waste banana bark into value added product.
- Concerting palm leaf into handicraft product.
- Making of eco-friendly bags from jute.

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's 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 impacts:

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 is 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:

- 900 women SHG formed with 11,967 members.
- ₹ 34.94 Cr received as loan by women SHG members from banks.
- More than 25,500 farmers facilitated to attend the awareness program on Government schemes. 6,024 farmers benefitted on government schemes worth of ₹ 12 Cr.
- More than 24,000 livestock owning families facilitated to attend the awareness program on livestock. 15,772 families availed Government scheme worth of ₹ 7 Cr.
- More than 33,600 livestock owning families availed the veterinary care support from Government through our intervention.
- 288 infrastructure works repaired/ improved.
- 449 families got direct benefit through WADI plantation.
- 37,575 people were given awareness on the Government Social Security Schemes. 19,306 availed both State and Central Government schemes.

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 in factories which are suitable for village environment, will always be utilized. Few such learnings in Company shared with the community are:

- The needed resources including ideas, inspiration and funds may all be within reach but mobilization is key.
- Identify the priority needs and focus to ensure the benefits of development.
- Effective targeting is key to achieve the maximum impact.

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:

CSR coverage was to focus on enabling people to enhance the socio-economic status of 15.46 lakhs people out of which 1.38 lakhs are tribal.

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

- So far 66,000 women are enrolled by SST and enabled to make savings. 30,000 of them are involved in income generation activities.
- So far 25,552 farmers sensitized on crop management practices and various schemes cum programs through agriculture department and agriculture institutions.
- So far 57,816 livestock owning families made aware on the available veterinary care services, feeding practice along with animal husbandry department and veterinary science universities.
- 1800+ structures (Schools, Anganwadis, Health centers, Veterinary centers) repaired / renovated for effective utility.
- 350+ community structures improved for people utilization.
- Enhance water storage capacity of 276 minor irrigation tanks through desilting.
- Plantation of 6.40 lakh trees in community & private land through people participation and Government intervention.

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:**

Nil.

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 rideability, usage and service (100%).
- Recyclability and safe disposal symbol on batteries (100%).
- Mobile charging (100%).

b. Safe and responsible usage:

The Company provides user manual, warning stickers and tell-tale lamps to ensure customer safety and efficient use of vehicle. Few examples are as detailed below:

- Warning on Mirror.
- Oil drain interval to inform the customers to change the engine oil to avoid damages to the vehicle and run the vehicle more efficiently.
- Warning sticker - Not to mix oil with the petrol.
- Warning on speedometer.
- Engine RPM (safety).
- Recommended tyre pressure.
- Chain free-play check and adjust details.

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 - Nil
- b. Pending resolution - Nil

5. Number of consumer complaints in respect of delivery of essential services:

- a. Received during the year - Nil
- 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:

No complaints. Hence, not applicable.

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.
- ANT - Agencia Nacional de Tránsito, Ecuador.
- JPJ - Jabatan Pengangkutan Jalan, Malaysia.
- DENR - Department of Environment and Natural Resources, Philippines.
- 3CV - CENTRO DE CONTROL Y CERTIFICACION VEHICULAR, Chile.

3. Channels, 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.

No Complaints. Hence, not applicable.

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

No Complaints. Hence, not applicable.

For and on behalf of the Board of Directors

Chennai
27th April 2021

VENU SRINIVASAN
Chairman

Annexure - VIII to Directors' Report to the shareholders

Report on Corporate Governance

1. Company's philosophy on code of governance

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

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.

On 24th March 2021, the Board has co-opted Prof. Sir Ralf Dieter Speth as an Additional and Non-Executive Non-Independent Director and Mr Kuok Meng Xiong as an Additional and Non-Executive Independent Director of the Company, based on the recommendation of the Nomination and Remuneration Committee.

Mr Rajesh Narasimhan, Director, has resigned as a Non-Executive Non-Independent Director of the Company with effect from the close of business hours on 24th March 2021 due to his various business commitments and increased responsibilities within the group.

As on 31st March 2021, the total strength of the Board was thirteen members. As the Company has an Executive Chairman Mr Venu Srinivasan who is the Chairman and Managing Director, the Board is required, in terms of the Regulation 17 of 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 Director.

The Board has seven Non-Executive Independent Directors (NE-ID) viz., M/s T Kannan, C R Dua, Prince Asirvatham, Hemant Krishan Singh, Lalita D Gupte, R Gopalan and Kuok Meng Xiong.

The Board also has three Non-Executive Non-Independent Directors (NE- NID), viz., Prof. Sir Ralf Dieter Speth, Dr. Lakshmi Venu and Mr H Lakshmanan.

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

Non-Executive Directors are drawn from a wide range of industries and backgrounds 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 operates. The Company is committed to the diversity of the Boardroom.

On 5th March 2019, the NE-IDs viz., M/s. T Kannan, C R Dua, Prince Asirvatham, and Hemant Krishan Singh were reappointed for the second term of 5 consecutive years from 14th July 2019. Mrs Lalita D Gupte and Mr R Gopalan, were appointed as Additional and Non-Executive Independent Directors for a term of 5 years by the Board at its meeting held on 23rd October 2018 and 30th April 2019 respectively and the same were approved by the shareholders at the AGM held on 22nd July 2019. The terms of appointment of NE-IDs include the remuneration payable to them 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 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, since Mr Sudarshan Venu and Mr K N Radhakrishnan, Directors have been the longest in office, are liable to retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

The resolutions seeking approval of the Members for the re-appointment of Mr Sudarshan Venu and Mr K N Radhakrishnan as Directors and for the appointment of Prof. Sir Ralf Dieter Speth as Non-Executive Non-Independent Director liable to retire by rotation and Mr Kuok Meng Xiong, as Non-Executive Independent Director for a term of five

consecutive years effective 24th March 2021 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. As per the Companies (Meetings of Board and its Powers) Rules, 2014 (Fourth Amendment Rules, 2020) dated 30th December 2020, meetings through VC were permitted for approving the restricted items of businesses including financial statements.

The Company, regularly places before the Board for its review, all the information as required under Part A of Schedule II to the Listing Regulations such as annual operating plans, Capex budget and its quarterly updates, quarterly results, minutes of meetings of Committees of the Board and the Company's 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 for 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 2020-21, the Board met six times viz., 28th April 2020, 28th May 2020, 29th July 2020, 29th October 2020, 28th January 2021 and 24th March 2021, and the gap between two meetings did not exceed one hundred and twenty days. Besides, the NE-IDs held a separate meeting on 22nd March 2021, in compliance with the provisions of the Act, 2013 and Regulation 25(3) of the 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 29th July 2020 and other Directorships and Committee Memberships / Chairmanships as on 31st March 2021 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	15	1	–
Prof. Sir Ralf Dieter Speth® (DIN 03318908)	NE-NID	1	NA	14	–	–
Sudarshan Venu (DIN 03601690)	JMD	6	Yes	4	1	–
K N Radhakrishnan (DIN 02599393)	D&CEO	6	Yes	4	1	–
Prince Asirvatham (DIN 00193260)	NE-ID	6	Yes	–	1	–
C R Dua (DIN 00036080)	NE-ID	6	Yes	14	5	2
R Gopalan (DIN 01624555)	NE-ID	6	Yes	5	5	2
Lalita D Gupte (DIN 00043559)	NE-ID	6	Yes	4	5	–
T Kannan (DIN 00040674)	NE-ID	6	Yes	7	3	–
Kuok Meng Xiong@ (DIN 09117910)	NE-ID	1	NA	13	–	–
H Lakshmanan (DIN 00057973)	NE-NID	6	Yes	17	4	3
Hemant Krishan Singh (DIN 06467315)	NE-ID	6	Yes	–	1	1
Dr. Lakshmi Venu (DIN 02702020)	NE-NID	6	Yes	8	3	–
CMD : Chairman and Managing Director JMD : Joint Managing Director * includes private companies and companies incorporated outside India. ** includes Committees where the Director holds the position of Chairman. @ appointed as directors effective 24 th March 2021. - For the Membership and Chairpersonship in Committees only Audit Committee and Stakeholder Relationship Committee have 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.						
		NE-NID : Non-Executive - Non-Independent Director NE-ID : Non-Executive - Independent Director D&CEO : Director & Chief Executive Officer NA : Not applicable				

The number of Directorships, Committee Memberships / Chairmanships of all Directors are within the respective limits prescribed under the Act, 2013 and the Listing Regulations. 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 on the Board 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	Executive Director - Chairperson
	The Indian Hotels Company Limited	Non-Executive Director
Prof. Sir Ralf Dieter Speth	–	–
Sudarshan Venu	Sundaram-Clayton Limited	Non-Executive Non-Independent Director
K N Radhakrishnan	–	–
Prince Asirvatham	–	–
C R Dua	Gillette India Limited	Non-Executive - Independent Director
	Pearl Global Industries Limited	
	Procter & Gamble Hygiene & Health Care Limited	Non-Executive - Independent Director - Chairperson
R Gopalan	Sundaram-Clayton Limited	Non-Executive - Independent Director
	Zee Entertainment Enterprises Limited	
Lalita D Gupte	Bharat Forge Limited	Non-Executive - Independent Director
	Godrej Properties Limited	
	ICICI Lombard General Insurance Company Limited	Non-Executive - Independent Director - Chairperson
T Kannan	VTM Limited	Executive Director - Chairperson
	Sundaram Brake Linings Limited	Non-Executive - Independent Director
Kuok Meng Xiong	–	–
H Lakshmanan	–	–
Hemant Krishan Singh	–	–
Dr. Lakshmi Venu	Sundaram-Clayton Limited	Executive Director
	Wabco India Limited	Non-Executive - Independent Director

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 Committees.

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 Audit Committee / Board. The Board also reviews the declarations made by the Director & CEO and the Company Secretary regarding compliance of all applicable laws on quarterly basis. Decisions taken at the meetings of the Board / Committees are communicated to the functional heads. Action taken report on decisions of previous meetings was placed at every succeeding meeting of the Board / Committees 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. 85 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 of 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 a 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 Chairman and Managing Director of Sundaram-Clayton Limited. 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 Tata Group; • 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 awarded with Padmashri by the President of India in 2010 for his contribution in the field of Trade and Industry. • 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; and • 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
Prof. Sir Ralf Dieter Speth Non-Executive Non-Independent Director	<ul style="list-style-type: none"> • Sir Ralf holds a Doctorate of Engineering and is a Professor of the University of Warwick; • He has rich, practical & professional experience in automotive industry. He started his career at BMW and was with them for two decades; • He was also Chief Executive Officer of Jaguar Land Rover and a member of the Tata Motors Board for a decade; • The Royal Academy of Engineering invited Sir Ralf in 2014 to join its Fellowship. In 2018, Sir Ralf was awarded a "Knight of the British Empire"; • His passion for technology, deep knowledge and tremendous connect with the current global automotive industry including in terms of engineering, marketing and people; and • His deep insights and guidance, academic knowledge and rich practical experience in automotive industry will be invaluable to the management team as the Company embraces the future of mobility.
Mr Sudarshan Venu, Joint Managing Director	<ul style="list-style-type: none"> • He is very resourceful in his approach and implementation of strategies and turnaround of exports in a positive manner; • His extra-ordinary efforts to improve Company's presence in global market through the acquisition of "Norton", the British iconic brand; • Made efforts on multiple fronts to take up challenges towards the Company's global aspirations; • 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; and • 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.
Mr K N Radhakrishnan, Director & CEO	<ul style="list-style-type: none"> • He 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; and • He has a vast experience in automotive industry and having successfully handled all activities of the Company including sales & marketing, business administration/ operations.
Mr Prince Asirvatham, Independent Director	<ul style="list-style-type: none"> • He 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; and • He has in-depth experience in financial matters, mergers and acquisitions.

Name of the directors	Brief description about the Directors
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; and • He has a broad range of legal and regulatory experience to monitor corporate governance practices both in India and abroad.
Mr R Gopalan, Independent Director	<ul style="list-style-type: none"> • He has served as a Member, Public Enterprises Selection Board (PESB) under the control of the PM. 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; and • He has vast experience in Corporate Laws, Business Administration, Corporate Finance and Regulatory matters.
Mrs Lalita D Gupte, Independent Director	<ul style="list-style-type: none"> • 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; and • She has vast experience in banking and financial services having held key positions over several decades.
Mr T Kannan, Independent Director	<ul style="list-style-type: none"> • He has a wide range of experience in textile industry; • He has held the positions as Chairman of CII, Southern Region, 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; and • He has vast experience in financial management, Corporate Finance, business administration, regulatory and governance matters.
Mr Kuok Meng Xiong, Independent Director	<ul style="list-style-type: none"> • He is the Founder & Managing Partner of K3 Ventures, a Singapore-based venture capital investment firm; • In the last 8 years, he has invested in and partnered with visionary founders of category-leading companies that drive innovation in today's world;

Name of the directors	Brief description about the Directors
	<ul style="list-style-type: none"> • He has rich experience and knowledge in the fields of digital technology; and • He has a unique mix of strong corporate values and a clear vision of the future digital world.
Mr H Lakshmanan, Non-Executive Non Independent Director	<ul style="list-style-type: none"> • Rich and long experience in all areas 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, counsellor and advisor of the Board; • With 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; and • 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 Hemant Krishan Singh, Independent Director	<ul style="list-style-type: none"> • He 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; • He 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, he is the Director General of the Delhi Policy Group, a leading independent and non-partisan think tank; and • He has wide exposure in global economy and best practices to address the challenges and risks in international business.
Dr Lakshmi Venu, Director Non-Executive Non-Independent Director	<ul style="list-style-type: none"> • She has a rich experience in business strategy, product design and in-depth knowledge of automotive business; • She is also the Joint Managing Director of Sundaram-Clayton Limited and Deputy Managing Director of TAFE Motors and Tractors Limited; • She is involved in all spheres of management of Sundaram-Clayton Limited, the holding company and handles wider responsibilities for exploring new business opportunities; • Played a key role in establishment of overseas manufacturing facility for Sundaram Holding USA Inc, in the United States of America; and • She was recognised as "Corporate India's fastest rising women leader" by Economic Times in 2017.

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 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 the Code, 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. 85 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 2021. 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 Directors 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 reviewed. Meetings of each of these Committees are convened by the respective Chairman of the Committees, who also informs the Board about the summary of discussions held in the Committee Meetings. The minutes of the Committee Meetings are placed before the subsequent Board meetings.

3. Audit Committee

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

3.1 Brief description of terms of reference:

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

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

- i. Evaluating internal financial controls and risk management systems;
- j. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- k. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- l. Discussing with internal auditors of any significant findings and follow up 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 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:

As at 31st March 2021, the Committee consists of the following Non-Executive Independent Directors viz., M/s R Gopalan, Prince Asirvatham, C R Dua and T Kannan.

Mr R Gopalan, Chairman of the Committee was present at the last AGM held on 29th July 2020 to answer the Shareholder queries.

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

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)			
	RG	PA	CRD	TK
28.05.2020	✓	✓	✓	✓
29.07.2020	✓	✓	✓	✓
29.10.2020	✓	✓	✓	LOA
14.12.2020	✓	✓	✓	✓
28.01.2021	✓	✓	✓	✓
24.03.2021	✓	✓	✓	✓

✓ - Attended the meeting LOA - Leave of absence

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

4. Subsidiary companies

During the year under review, the Company has acquired the entire shares of Intellicar Telematics Private Limited (Intellicar) on 31st December 2020 and thereby, Intellicar has become its Wholly owned subsidiary (WOS).

The Company has four wholly owned subsidiaries viz., Sundaram Auto Components Limited, TVS Housing Limited, TVS Motor Services Limited and Intellicar Telematics Private 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 Financial Solutions Pvt. Ltd, TVS Two wheeler Mall Pvt. Ltd and TVS Housing Finance Pvt. Ltd.

During the year under review, TVS Motor (Singapore) Pte Limited has acquired a newly incorporated company viz., The Norton Motorcycle Co Limited (formerly known as Project 303 Bidco Limited, UK) on 2nd April 2020 and consequently, it has become a wholly owned subsidiary.

The Foreign subsidiaries are PT. TVS Motor Company Indonesia, TVS Motor (Singapore) Pte. Limited, The Norton Motorcycle Co Limited, UK, 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.

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 Listing Regulations 2015, 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 2021-22, 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 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 nominated one of the NE-ID of the Company on the Board of TVS Credit Services Limited, whose income / net worth exceeds of 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 reports.

Copy of the said policy is available on the Company's website in the link as provided in page no. 85 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 2020-21 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 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 2021.

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 its 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 on 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 meeting for any upward revision in the threshold limit.

It is also ensured that none of the RPTs involving payments with respect to brand usage or royalty during the financial year, exceed five percent of the annual consolidated turnover of the Company as per the previous audited financial statements of the Company.

As per the amended Companies Act 2013, any unforeseen RPT involving amount not exceeding ₹ 1 Cr per transaction is entered into by a director or officer of the Company without obtaining prior approval of the Audit Committee and such RPTs can be ratified by the Audit Committee within three months from the date of such transaction. The Company has engaged an Independent audit firm for ensuring correctness of the approach in complying with both the criteria on arm's length price and ordinary course of business for all RPTs entered into by the Company, during the year under review.

Copy of the said Policy is available on the Company's website in the link as provided in page no. 85 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 2020-21 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 Audit Committee reviews reports given by members of the management team and recommends suitable action.

Composition of the Committee

As at 31st March 2021, the Committee consists of the following Executive / Non-Executive Independent Directors viz., M/s T Kannan, Hemant Krishan Singh and Lalita D Gupte, Non-Executive Independent Directors and M/s Sudarshan Venu, JMD, K N Radhakrishnan, D&CEO and also Mr K Gopala Desikan, CFO.

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	LDG	HKS	KGD
28.10.2020	✓	LOA	✓	✓	✓	✓
14.12.2020	✓	LOA	✓	✓	✓	✓

✓ - Attended the meeting LOA - Leave of absence

[TK - Mr T Kannan, SV - Mr Sudarshan Venu, KNR - Mr K N Radhakrishnan, LDG - Mrs Lalita D Gupte, HKS - Mr Hemant Krishan Singh, KGD - Mr K Gopala Desikan]

Scope:

- Overseeing and approving the Company's enterprise wide risk management framework;
- Overseeing / identifying / assessing of all risks that the Organization faces such as strategic,

financial, credit, marketing, liquidity, security, property, IT, legal, regulatory, reputational; and

- Evaluating that adequate risk management infrastructure is in place and capable of addressing those risks.

Role:

- 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;
- To develop and implement action plans to mitigate the risks;
- 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;
- 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;
- 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;
- To adequately transmit necessary information with respect to material risks to Senior Executives / Board / relevant Committees;
- To check if Cyber security cover has been adopted by Information systems department; and
- 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 the last three years.

5.5 Disclosure by Senior Management Personnel:

The Senior Management Personnel have made disclosures to the Board relating to all material, financial and other transactions stating that they did not have personal interest that could result in conflict of interest with the Company at large.

5.6 CEO and CFO Certification:

The Director & 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 2021.

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 Company also has in place Code of Practices and Procedures for fair disclosure of "Unpublished Price Sensitive Information" (UPSI) and a Code of Conduct to regulate, monitor and report trading by insiders.

The Company follows closure of trading window from the end of every quarter till 48 hours the UPSI is made public. 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.

The Audit Committee also reviewed the Institutional Mechanism for Prevention of Insider trading and the systems for internal control as per Regulation 9A of the SEBI (Prohibition of Insider Trading) Regulations 2015 and declarations from Designated Persons affirming their compliance with the Code for the year 2020-21.

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 Whistle Blower Policy:

Over the years, the Company has established a reputation for doing business with integrity and displays zero tolerance for any form of unethical behaviour. Vigil mechanism instituted by the Company to report concerns about unethical behaviour in compliance with the requirements of the Act and the Listing Regulations. The Board's Audit Committee oversees the functioning of this policy. Protected disclosures can be made by a whistle-blower through several channels to report actual or suspected frauds and violation of the Company's Code of Conduct.

Copy of the said Policy is available on the Company's website in the link as provided in page no. 85 of this Annual Report.

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

As at 31st March 2021, NRC consists of M/s C R Dua and T Kannan Non-Executive and Independent Directors and H Lakshmanan, Non - Executive and Non - Independent Director.

Mr C R Dua, the Chairman of the Committee was present at the last AGM held on 29th July 2020 to answer the Shareholders queries.

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

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
28.05.2020	✓	✓	✓
28.10.2020	✓	✓	✓
28.01.2021	✓	✓	✓
24.03.2021	✓	✓	✓

✓ - Attended the meeting

[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 Non-Executive Director(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:

The NRC laid down the criteria for evaluating the performance of every Director, Committees of the Board and the Board as a whole and also the performance of KMP and SMP.

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

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. 85 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 the Chairman and Managing Director (CMD), Joint Managing Director (JMD) and 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 to Executive Directors during the financial year 2020-21:

(₹ In Cr)

Name of the Directors	Salary & Perquisites	Commission	Total
CMD	2.85	15.48	18.33
JMD	3.86	11.33	15.19
Director & CEO	3.82	4.38	8.20

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 / reappointment.

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.

Non-Executive Directors:

Sitting fees

₹ 20,000/- each is paid to the Non-Executive Directors for every meeting of the Board and / or Committee thereof attended by them, which is within the limits, prescribed under the Act, 2013.

Commission

The Company benefits from the expertise, advice and inputs provided by IDs. 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 IDs are being paid by way of sitting fees and commission.

The Committee, in its meeting held on 27th April 2021, recommended the payment of commission to Non-Executive Independent Directors (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 AGM held on 11th August 2017.

A Commission of ₹ 20 lakhs to all NE-IDs; additionally, ₹ 5 lakhs to those NE-IDs serving as a Member of the Audit Committee; ₹ 3 lakhs and ₹ 2 lakhs each to those NE-IDs serving as a Member of the Risk Management Committee and other Committees respectively for the year 2020-21. The amount of commission for every financial year will be decided by the Board, as approved by the shareholders at the AGM held on 11th August 2017, 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 Listing Regulations, it has also been ensured that the remuneration payable to one Non-Executive Director does not exceed 50% of the total annual remuneration payable to all Non-Executive Directors of the Company.

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 Non-Executive and Independent / Non-Independent Directors during the financial year 2020-21 are as follows:

(₹ in lakhs)

Name of the Directors (M/s)	Sitting Fees	Commission	Total
Prof. Sir Ralf Dieter Speth [@]	0.20	–	0.20
Prince Asirvatham	2.80	27.00	29.80
C R Dua	4.00	29.00	33.00
R Gopalan	2.60	25.00	27.60
Lalita D Gupte	2.60	25.00	27.60
T Kannan	3.80	30.00	33.80
Kuok Meng Xiong [@]	0.20	0.44	0.64
H Lakshmanan	3.20	–	3.20
Rajesh Narasimhan ^{\$}	1.00	–	1.00
Hemant Krishan Singh	2.60	25.00	27.60
Dr. Lakshmi Venu	1.20	–	1.20

^{\$} ceased to be a director effective 24th March 2021. Amount paid for the period from 1st April 2020 to 23rd March 2021;

[@] Both the directors were appointed on 24th March 2021.

6.9 Details of shareholdings of Non-Executive Directors in the Company as on 31st March 2021:

Name of the Directors (M/s)	No. of equity shares held
Prof. Sir Ralf Dieter Speth	–
Prince Asirvatham	1,000
C R Dua	–
R Gopalan	–
Lalita D Gupte	–
T Kannan	5,000
Kuok Meng Xiong	–
H Lakshmanan	55,870
Hemant Krishan Singh	–
Dr. Lakshmi Venu	–

7. Stakeholders' Relationship Committee (SRC):

7.1 As at 31st March 2021, the Committee consists of the following Executive Directors viz., M/s Venu Srinivasan, CMD and Sudarshan Venu, JMD and other Non-Executive Independent Directors viz., M/s Hemant Krishan Singh, Chairman of the Committee, C R Dua and Lalita D Gupte.

Mr Hemant Krishan Singh, Chairman of the Committee was present at the last AGM held on 29th July 2020 to answer Shareholders' queries.

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

- 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)				
	HKS	VS	SV	CRD	LDG
28.05.2020	✓	✓	✓	✓	✓
29.07.2020	✓	✓	✓	✓	✓
29.10.2020	✓	✓	LOA	LOA	✓
28.01.2021	✓	LOA	✓	✓	✓

✓ - Attended the meeting LOA - Leave of absence

[HKS - Mr Hemant Krishan Singh, VS - Mr Venu Srinivasan, SV - Mr Sudarshan Venu, 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, general meetings etc. etc.
- 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 2020-21:

Nature of complaints	No. of complaints received and redressed
Non-receipt of bonus / duplicate share certificates	2
Non receipt of demand draft <i>in lieu</i> of unclaimed dividend warrant	2
Non-receipt of Annual Report	1
Total	5

- 7.6 All the queries and complaints received during the financial year ended 31st March 2021, 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.

- 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 (CSR) Committee:

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

The details of CSR Policy, initiatives and spending are spelt out in the Directors Report.

During the year, the Committee met on 28th May 2020 and all the members were present at the meeting.

9. Administrative Committee:

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

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
28.04.2020	✓	✓	✓
13.05.2020	✓	LOA	✓
15.05.2020	✓		✓
25.01.2021	✓		✓
12.03.2021	✓		✓

✓ - 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
2017-18	The Music Academy, New No.168, (Old No.306) T.T.K. Road, Royapettah, Chennai 600 014	07.08.2018	10.35 AM
2018-19		22.07.2019	10.00 AM
2019-20	Through VC / OAVM	29.07.2020	10.00 AM

10.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2017-18 to 2019-20 approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of special resolution	Date of AGM
2017-18	Re-appointment of Mr H Lakshmanan as director being above 75 years, who retires by rotation.	07.08.2018
2018-19	NIL	22.07.2019
2019-20	Re-appointment of Mr H Lakshmanan as director being above 75 years, who retires by rotation.	29.07.2020

10.3 Postal Ballot:

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 Voting and e-Voting at the meeting for all the items at the AGM held on 29th July 2020.

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 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 the 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	: Thursday, 29 th July 2021, 1.30 P.M. (IST)
Venue	: Through Video Conferencing / Other Audio Visual Means

12.2 Financial year	: 1 st April to 31 st March
Financial calendar	: 2021-22
Financial reporting	: Financial calendar against for the quarter ending
30 th June, 2021	: Before 14 th August, 2021
30 th September, 2021	: Before 14 th November, 2021
31 st December, 2021	: Before 14 th February 2022
31 st March, 2022	: Before 30 th May, 2022

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. 85 on this Annual Report.

12.4 Listing on Stock Exchanges:

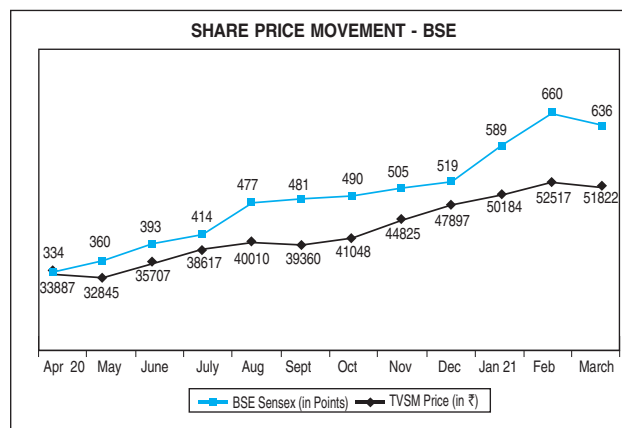
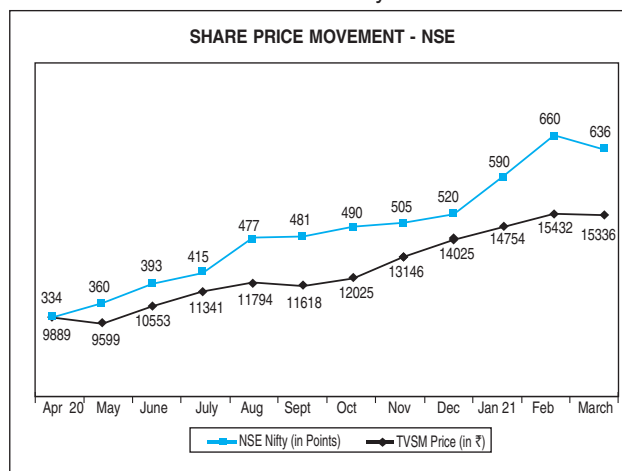
Name & Address of the Stock Exchanges	Stock Code / Symbol
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001. India Tel. : 91 22 2272 1233 Fax : 91 22 2272 1919	532343
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra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

(Note: Annual listing fees and custodial charges for the year 2020-21 were duly paid to the above Stock Exchanges and Depositories)

12.5 Market Price Data: (in ₹)

Month	NSE (Monthly)		BSE (Monthly)	
	High price	Low price	High price	Low price
April 2020	334	240	334	240
May 2020	360	301	360	301
June 2020	393	307	393	317
July 2020	415	377	414	377
August 2020	477	388	477	385
September 2020	481	423	481	425
October 2020	490	421	490	407
November 2020	505	447	505	447
December 2020	520	446	519	446
January 2021	590	482	589	482
February 2021	660	553	660	537
March 2021	636	541	636	541

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



12.7 Share Transfer Agents and Share Transfer System:

- a. During the year, Sundaram-Clayton Limited, the Share Transfer Agent has informed the Company about its closure of Registrar and Share Transfer Agent activities. Hence, the Company has appointed Integrated Registry Management Services Limited, which is registered with SEBI as Category-I Registrar & Transfer Agent (RTA) with Regn. No. INR000000544, as the Share Transfer Agent of the Company (STA) with a view to rendering prompt and efficient service to the investors and in compliance with Regulation 7 of the 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.
- b. All matters connected with the share transfer, dividends and other matters are being handled by STA located at the address mentioned in this report.
- c. Shares lodged for transfers are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects.
- d. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors and other miscellaneous correspondence relating to change of addresses, mandates etc., is processed by STA within 7 days.
- e. 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.
- f. Certificates have also been received from a company secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 2018.
- g. The Company, as required under the Regulation 6(2)(d) of the Listing Regulations, has designated the following e-mail IDs, namely corpserv@integratedindia.in / srirams@integratedindia.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 2021:

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	5,46,33,024	11.50
Banks / Financial Institutions	3,45,178	0.07
Insurance Companies	3,60,08,613	7.58
Foreign Institutional Investors	5,86,10,398	12.33
Alternative Investment Funds	75,46,588	1.59
Public Provident Fund	5,02,537	0.11
Total Institutions (B)	15,76,46,338	33.18
Bodies Corporate	25,18,399	0.53
Individuals holding nominal capital in excess of ₹ 2 lakhs	19,94,385	0.42
Individuals holding nominal capital upto ₹ 2 lakhs	3,32,01,215	6.98
NRI Repatriable	7,53,635	0.16
NRI Non- Repatriable	6,00,337	0.13
Directors & their relatives	27,32,596	0.58
Investor Education Protection Fund	14,39,879	0.30
Others	15,17,544	0.32
Total Non-Institutions (C)	4,47,57,990	9.42
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 2021:

Shareholding (Range)	No. of members	%	No. of shares	%
Upto 5000	1,43,131	99.29	2,68,21,694	5.65
5001-10000	572	0.40	41,95,769	0.88
10001-20000	195	0.14	28,09,470	0.59
20001-50000	94	0.07	29,52,315	0.62
50001-100000	51	0.04	36,35,587	0.77
100001 & above	106	0.07	43,46,72,279	91.49
Total	1,44,149	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 has been fully dematerialized. Out of 20,24,04,328 Equity Shares of ₹ 1/- each held by persons other than promoters 19,95,28,313 Equity Shares have been dematerialized as on 31st March 2021 accounting for 99.39%.

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

12.12 Other Disclosures

- a) 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.
- b) During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large.
- c) 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.
- d) 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 does 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 : 04344-276878
Email: knr@tvsmotor.com

Mysuru : Post Box No.1
Byathahalli Village, Kadakola Post,
Mysuru - 571 311, Karnataka.
Tel. : 0821 - 2596561
Fax : 0821 - 2596553
Email: knr@tvsmotor.com

Himachal Pradesh : Village & Post Office Bhatian,
Bharatgarh Road, Tehsil Nalagarh,
District Solan,
Himachal Pradesh - 174 101
Tel. : 01795 - 220493
Fax : 01795 - 220496
Email: knr@tvsmotor.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 : Integrated Registry Management Services Limited, Share Transfer Agent (STA)
Unit: TVS Motor Company Limited
- (ii) For non-receipt of annual report : Email: corpserv@integratedindia.in
- (iii) For investors' grievance & general correspondence : Email: corpserv@integratedindia.in
- (iv) Debenture Trustee IDBI Trusteeship Services Limited
Asian Building, Ground Floor
17 R Kamani Marg, Ballard Estate
Mumbai - 400 001
Email: itsi@idbitrustee.co.in

12.15 List of Credit Ratings:

The Company is maintaining the existing credit rating viz., CARE AA+ for long term borrowings and Non-Convertible Debentures and CARE A1+ for short term borrowings and Commercial Papers.

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 Director 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 ₹ 1.49 Cr 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.

The 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 2021-22 and

till such period the Company is required to explain the reasons for non compliance.

During the year, the Company has raised funds through Non-convertible Debentures to a sum of ₹ 500 Cr to meet the strategic investment requirement and complied with the requirement of SEBI's circular dated 26th November 2018.

13. Non-mandatory disclosures

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

13.1 The Board:

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

13.2 Shareholder rights:

The half-yearly results of the Company are published in newspapers as soon as they are approved by the Board and are also uploaded in the Company's website namely www.tvsmotor.com. The results are not sent to the shareholders individually.

13.3 Audit qualifications:

The financial statements of the Company are unmodified.

14. Request to shareholders

Shareholders are requested to follow the general safeguards / procedures as detailed hereunder 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:

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

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

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

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

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 (Accounting, Audit, Transfer and Refund) Rules, 2016. Accordingly a sum of ₹ 56.22 lakhs, being unclaimed dividend, was transferred to IEPF during the year 2020-21.

Shareholders, who have not encashed their dividend warrants, in respect of first Interim dividend declared for the year ended 31st March, 2015 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 the IEPF
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	22.11.2018	22.11.2025
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
2020-2021 1 st Interim	28.01.2021	27.02.2021	27.02.2028
2020-2021 2 nd Interim	24.03.2021	23.04.2021	23.04.2028

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 on the Newspapers seeking action from the shareholders. The lists of such shareholders were also displayed on the website of the Company.

In compliance with the aforesaid provisions, the Company transferred 67,274 shares on 8th May 2020, 33,324 shares on 29th August 2020 and 48,308 shares on 11th December 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

- (d) email ID of the company:- contactus@tvs-motor.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 (MCA) 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 remainders 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 2020.	174	1,31,098
Less: No. of shares Transferred to the Shareholders on request during the year	6	5,689
Less: No. of Shares transferred to IEPF A/c during the year	29	27,952
No. of shares in the Unclaimed suspense account as on 31 st March 2021	139	97,457

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 2021.

Chennai
27th April 2021

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 2021 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
27th April 2021

Membership Number: F34319
UDIN: 21023116AAAAHH5770

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-2020-21.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-2020-21.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>

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 2021 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
27th April 2021

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 of
TVS Motor Company Limited,
[CIN: L35921TN1992PLC022845]
"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 2021, 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.	Prof. Sir Ralf Dieter Speth	Non-Executive, Non-Independent Director	03318908
3.	Sudarshan Venu	Joint Managing Director	03601690
4.	K N Radhakrishnan	Director and Chief Executive Officer	02599393
5.	Prince Asirvatham	Non-Executive - Independent Director	00193260
6.	C R Dua		00036080
7.	R Gopalan		01624555
8.	Lalita D Gupte		00043559
9.	T Kannan		00040674
10.	Kuok Meng Xiong		09117910
11.	H Lakshmanan	Non-Executive, Non-Independent Director	00057973
12.	Hemant Krishan Singh	Non-Executive - Independent Director	06467315
13.	Dr. Lakshmi Venu	Non-Executive, Non-Independent Director	02702020

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 on 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: F006312C000189110

Chennai
27th April 2021

Form No. MR-3
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of
the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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 2020 to 31st March 2021 ('the year' / 'audit period' / 'period under review').

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

We are issuing this report based on:

- (i) Our verification of the books, papers, minute books and other records maintained by the Company and furnished to us in electronic form, forms / returns filed and compliance related action taken by the Company during the financial year as well as after 31st March 2021 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 2021, 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR');
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; and
 - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- (vi) The listing agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) in relation to listing of its Equity shares; and the listing agreements entered into by the Company with NSE in relation to listing of its Non-Convertible Debentures and Commercial Papers ('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 actions taken by the Company after 31st March 2021, 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:

- (i) The Company has generally complied with the applicable provisions of the Act, Rules and Regulations mentioned in paragraph 1.1 (i) to (iii) above.
- (ii) The Company has broadly complied with the applicable provisions of FEMA, mentioned in paragraph 1.1 (iv) above.
- (iii) The Company has generally complied with the applicable provisions of SEBI Regulations and Agreements mentioned in paragraph 1.1 (v) and (vi) above.
- (iv) The Company has generally complied with the Secretarial Standards on 'Meetings of the Board of Directors' (SS-1) (to the extent applicable to Board meetings) and the Secretarial Standards on 'General Meetings' (SS-2) (to the extent applicable to General meetings) mentioned in paragraph 1.1 (vii) above. Secretarial Standards on 'Dividend' (SS-3) and Secretarial Standards on 'Report of the Board of Directors', (SS-4) being non-mandatory, have not been adopted by the Company.

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 (Delisting of Equity Shares) Regulations, 2009;

(iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(v) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; and

(vi) 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 does 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 2021, 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) 7 (seven) 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) Re-appointment of Mr. Venu Srinivasan (DIN: 00051523), as Chairman and Managing Director (CMD), for further term of 5 (five) years with effect from 24th April 2020, which was approved through postal ballot process on 17th March 2020.
- (ii) Re-appointment of Dr. Lakshmi Venu (DIN: 02702020) and Mr. H Lakshmanan (DIN: 00057973), as Directors, upon retirement by rotation, at the 28th Annual General Meeting (AGM) held on 29th July 2020.
- (iii) Cessation of Mr. Rajesh Narasimhan (DIN: 07824276) as a Director, with effect from the closure of business hours on 24th March 2021.

(iv) Appointment of Prof. Sir Ralf Dieter Speth (DIN: 03318908), as an Additional Director and as a Non-Executive Non-Independent Director, liable to retire by rotation, with effect from 24th March 2021, to hold office upto the date of the next AGM.

(v) Appointment of Mr. Kuok Meng Xiong (DIN: 09117910), as an Additional Director and as an Independent Director, to hold office upto the date of the next AGM, and subject to approval of the shareholders, hold office for a term of 5 (five) consecutive years, commencing from 24th March 2021.

2.4 Adequate notice was given to all the directors to enable them plan their schedule for the Board meetings; and Notice of Board meetings were sent atleast 7 (seven) days in advance, except in respect of 1 (one) meeting which was held at a shorter notice, in compliance with Section 173(3) of the Companies Act, 2013.

2.5 Agenda and detailed notes on agenda were sent to the Directors atleast 7 (seven) days before the Board meetings (except in respect of 1 (one) meeting which was held at a shorter notice) other than 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:

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

2.6 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.

2.7 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:

- (a) The Company has made investments / further investments in subsidiaries and associate companies (Indian / Foreign), and an Overseas technology fund as disclosed in the audited financial statement for the financial year ended 31st March 2021.
- (b) The Company acquired the entire equity capital of Intelicar Telematics Private Limited for a consideration of ₹ 15 Crores, consequent to which it became a wholly owned subsidiary of the Company with effect from 31st December 2020.
- (c) The Norton Motorcycle Co Limited (formerly known as Project 303 Bidco Limited), United Kingdom, which was acquired by TVS Motor (Singapore) Pte. Limited, an overseas subsidiary of the Company, on 2nd April 2020, signed an asset purchase agreement on 17th April 2020 with 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 for a consideration of GBP 16 million.
- (d) The Company issued and allotted 5,000 numbers of 7.5% Unsecured, Redeemable, Listed, Rated, Non-Convertible Debentures (NCD) of ₹ 10 Lakhs each amounting to ₹ 500 Crores on 15th May 2020, on private placement basis, pursuant to approval accorded by the Board of directors at their meeting held on 28th April 2020. The NCDs were listed on the National Stock Exchange of India Limited on 19th May 2020.
- (e) The Board of directors of the Company at their meeting held on 28th May 2020, accorded approval for issue of Commercial papers and listing of the same on the National Stock Exchange of India Limited upto an enhanced limit of ₹ 750 Crores. As on 31st March 2021, the Company does not have any outstanding Commercial Papers.

For S Krishnamurthy & Co
Company Secretaries

K. SRIRAM
Partner

Membership No: F6312
Certificate of Practice No: 2215
UDIN: F006312C000188989

Chennai
27th April 2021

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 2021, is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the 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:
 - (a) We have considered compliance related action taken by the Company after 31st March 2021, but before the issue of this report.
 - (b) We have considered compliance related actions taken by the Company based on independent legal / professional opinion / certification obtained as being in compliance with law.

- (c) We have taken an overall view, based on the compliance procedures and practices followed by the Company.
 - (d) We have considered the Notifications / Circulars / Guidelines issued by the Ministry of Corporate Affairs (MCA) / Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) / any other regulatory authority as may be applicable, in respect of relaxation of various compliance time-lines in respect of the compliance events respectively stated therein.
5. We have verified only the documents shared by the Company in electronic mode due to the lockdown ordered by the Central Government and various State Governments.
 6. We have not verified the correctness and appropriateness of the financial statement (including attachments and annexures thereto), financial records and books of accounts of the Company, as they are subject to audit by the Auditors of the Company, appointed under Section 139 of the Act.
 7. We have obtained and relied on the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
 8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S Krishnamurthy & Co
Company Secretaries

K. SRIRAM
Partner
Membership No: F6312
Certificate of Practice No: 2215
UDIN: F006312C000188989

Chennai
27th April 2021

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TVS **starz city⁺**



TVS **Radeon**



TVS **Sport**



XL100
COMFORT
i-TOUCH
Every day is easy

NEW TVS XL100
WIN EDITION
MAKE EVERY JOURNEY SUCCESSFUL.

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

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2021

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 2021, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of Changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the Standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013("Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, 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
1. Overseas Equity Investments - 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.	Our audit procedures included: 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. WACC - Weighted Average Cost of Capital.
2. Evaluation of Uncertain Direct tax and Indirect Tax positions The Company has material uncertain tax positions, including matters under dispute relating Excise, Customs Duty (Indirect Taxes) and Income Tax (Direct Tax). These matters involve significant judgment to determine the possible outcome of these disputes.	Our audit procedures included: We obtained details of demands relating to Direct Tax and indirect tax, for the year ended 31 st March 2021. We considered legal precedence and other rulings as well as obtained external opinions in evaluating management's position on these uncertain tax positions.

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 Management and Discussion Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is

materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 is also responsible for overseeing the Company's financial reporting process.

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

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

of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional 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 and with the returns received from the branches not visited by us;
 - (d) In our opinion, the aforesaid Standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March 2021 taken on

record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) 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. 40 (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 : 27th April 2021

Membership No.: 023116
UDIN: 21023116AAAAHH5770

**Annexure A to Independent Auditors' Report - 31st March 2021
(Referred to in our report of even date)**

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) 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 sections 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 Sections 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. However, we have not made detailed examination of the records with a view to determine whether they are accurate or complete.

- (vii) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Customs duty and Cess and other material statutory dues as applicable to the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Customs duty and Cess were in arrears as at 31st March 2021 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us and the records of the Company, the dues of Income Tax, Customs Duty, Wealth Tax, Sales Tax, Service Tax, Goods and Services 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	31.71	Central Excise and Service Tax Appellate Tribunal, Chennai
	2017-2018	1.30	Assistant / Deputy / Commissioner of Central Excise, Hosur and Mysore
Finance Act, 1994 (Service Tax)	2002-2014	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
	2015-2020	39.27	Addl. Director General (DRI) - Mumbai
Sales Tax / VAT Laws (Sales Tax)	1998-2016	1.42	Assessing officer
	2004-2005		Joint Commissioner (Appeals)
	1998-2010		Tribunals

- (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 any Banks / Financial Institutions / Government / dues to Debenture holders as on the balance sheet date.

- (ix) In our opinion and according to the information and explanations given to us, the money raised by way of term loans and by issue of debt instruments 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 during the year.
- (x) During the course of our examination of the books and records of the Company, carried out based upon the generally accepted 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 on the company by its officers or employees have been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has 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. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

S. VENKATARAMAN
Partner

Place: Chennai
Date : 27th April 2021
UDIN: 21023116AAAAHH5770

Annexure - B to the Independent Auditors' Report - 31st March 2021 (Referred to in our report of even date)

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

- We have audited the internal financial controls over financial reporting of TVS Motor Company Limited ("the Company") as of March 31, 2021 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

- 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

- 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 were established and maintained and if such controls operated effectively in all material respects.

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

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that

transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

S. VENKATARAMAN
Partner

Place: Chennai
Date : 27th April 2021

Membership No.: 023116
UDIN: 21023116AAAAHH5770

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Balance Sheet as at 31st March 2021

Rupees in crores

	Notes	As at 31-03-2021	As at 31-03-2020
ASSETS			
Non-current assets			
Property, plant and equipment	2	2,632.75	2,619.73
Capital work-in-progress	2	112.56	126.56
Other intangible assets	2	264.81	176.73
Intangible assets under development		166.10	158.87
Right-of-use asset	3	112.79	103.48
Financial assets			
i. Investments	4	3,314.52	2,605.88
ii. Other financial assets	5	0.80	249.66
Non-Current tax assets (Net)		20.62	10.71
Other non-current assets	6	125.71	80.11
		<u>6,750.66</u>	<u>6,131.73</u>
Current assets			
Inventories	7	1,151.81	1,038.93
Financial assets			
i. Trade receivables	8	869.98	1,281.36
ii. Cash and cash equivalents	9	858.98	414.30
iii. Bank balances other than (ii) above	10	70.83	4.87
iv. Other financial assets	11	16.52	18.00
Current tax assets (Net)		4.19	0.62
Other current assets	12	474.48	463.51
		<u>3,446.79</u>	<u>3,221.59</u>
Total assets		<u>10,197.45</u>	<u>9,353.32</u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	47.51	47.51
Other equity	14	4,123.44	3,570.58
		<u>4,170.95</u>	<u>3,618.09</u>
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	15	1,035.58	904.63
ii. Lease liabilities		93.76	85.79
Provisions	16	116.30	92.60
Deferred tax liabilities (Net)	17	195.45	158.05
		<u>1,441.09</u>	<u>1,241.07</u>
Current liabilities			
Financial liabilities			
i. Borrowings	18	—	1,070.00
ii. Lease liabilities		29.70	23.89
iii. Trade payables	19		
a. Total outstanding dues of micro and small enterprises		39.75	116.60
b. Total outstanding dues of other than (iii) (a) above		3,881.85	2,769.79
iv. Other financial liabilities	20	222.68	149.85
Provisions	16	76.24	83.65
Other current liabilities	21	335.19	280.38
		<u>4,585.41</u>	<u>4,494.16</u>
Total liabilities		<u>6,026.50</u>	<u>5,735.23</u>
Total equity and liabilities		<u>10,197.45</u>	<u>9,353.32</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 : 27th April 2021

Membership No.: 023116

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Statement of Profit and Loss for the year ended 31st March 2021

Rupees in crores

	Notes	Year ended 31-03-2021	Year ended 31-03-2020
I Revenue from operations	22	16,750.54	16,423.34
II Other income	23	32.97	32.10
III Total income (I + II)		<u>16,783.51</u>	<u>16,455.44</u>
IV Expenses:			
Cost of materials consumed	24	12,506.89	11,854.80
Purchase of stock-in-trade	24	224.21	259.20
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(7.25)	21.93
Employee benefits expense	25	948.47	938.41
Finance costs	26	141.60	102.19
Depreciation and amortisation expense	27	493.68	489.03
Other expenses	28	<u>1,649.67</u>	<u>2,003.14</u>
Total expenses		<u>15,957.27</u>	<u>15,668.70</u>
V Profit before exceptional items and tax (III - IV)		826.24	786.74
VI Exceptional items		—	(32.33)
VII Profit before tax (V + VI)		826.24	754.41
VIII Tax expense	29		
i. Current tax		203.39	233.90
ii. Deferred tax		10.81	(71.74)
IX Profit for the year (VII - VIII)		<u>612.04</u>	<u>592.25</u>
X Other comprehensive income			
A. Items that will not be reclassified to profit or loss:			
Remeasurements of post employment benefit obligations		7.27	(45.30)
Change in fair value of equity instruments		61.44	(38.42)
Income tax relating to these items		(9.35)	15.27
B. Items that will be reclassified to profit or loss:			
Fair value changes on cash flow hedges		64.97	(66.53)
Income tax relating to these items		(17.24)	16.75
Other comprehensive income for the year, net of tax		<u>107.09</u>	<u>(118.23)</u>
XI Total comprehensive income for the year - (IX + X)		<u>719.13</u>	<u>474.02</u>
XII Earnings per equity share (Face value of Re.1/- each)			
Basic & Diluted earnings per share (in rupees)	36	12.88	12.47
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 : 27th April 2021

Membership No.: 023116

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Statement of changes in Equity

a Equity Share Capital

Rupees in crores

As at 01-04-2019	47.51
Changes in equity share capital	—
As at 31-03-2020	47.51
Changes in equity share capital	—
As at 31-03-2021	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 01-04-2019	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
Add : 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)
Less : Change in fair value of hedging instruments, net of tax					51.41	51.41
Add : Adjustment as per Ind AS 116, net of tax (Retrospective application with cumulative effect)			(3.22)			(3.22)
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
Add : Profit for the year 2020-21			612.04			612.04
Add : Other comprehensive income for the year 2020-21			5.44	53.93		59.37
Less : Reclassification to profit or loss, net of tax					(51.41)	(51.41)
Less : Change in fair value of hedging instruments, net of tax					3.68	3.68
Less : Distribution to shareholders :						
2020-21 First Interim dividend paid			99.77			99.77
2020-21 Second Interim dividend declared			66.51			66.51
Balance as at 31-03-2021	865.64	6.43	3,156.74	98.31	(3.68)	4,123.44

Nature and purpose of Reserves

1. General reserve is available for distribution to shareholders.

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)

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STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Cash Flow Statement

		Year ended 31-03-2021	Rupees in crores Year ended 31-03-2020
A. Cash flow from operating activities			
Net profit before tax		826.24	754.41
Add: Depreciation and amortisation for the year	493.68		489.03
(Profit) / Loss on sale of fixed assets	1.88		(2.27)
Net (profit) / loss on sale of investments	(0.04)		(0.03)
Unrealised exchange (gain) / loss	17.70		(33.95)
(Gain) on lease preclosure	–		(0.31)
Dividend income	(0.20)		(3.37)
Interest income	(31.95)		(25.58)
Finance cost	141.60		102.19
Provisions	22.17		5.94
		<u>644.84</u>	<u>531.65</u>
Operating profit before working capital changes		1,471.08	1,286.06
Adjustments for:			
Trade receivables	392.76		171.44
Inventories	(112.88)		137.01
Other current assets	(10.97)		11.05
Other financial assets	51.36		(3.53)
Trade payables	1,036.97		(42.22)
Other financial liabilities (excluding current maturity of non-current borrowings)	(51.46)		0.94
Other current liabilities	54.81		(6.72)
Other non - current assets	(68.79)		24.59
		<u>1,291.80</u>	<u>292.56</u>
Cash generated from operations		2,762.88	1,578.62
Direct taxes paid		(202.00)	(185.00)
Net cash from operating activities (A)		<u>2,560.88</u>	<u>1,393.62</u>
B. Cash flow from investing activities			
Payment towards purchase of property, plant and equipment, intangible assets, capital work in progress, intangibles under development, net of capital advances	(558.66)		(749.45)
Sale of fixed assets	2.99		22.76
Share application money paid	–		(249.53)
Investments in subsidiaries and associates	(406.87)		(340.90)
Purchase of investments	(5.51)		(6.46)
Sale / disposal of investments	16.78		5.78
Interest received	30.46		25.58
Dividends received	0.20		3.37
		<u>(920.61)</u>	<u>(1,288.85)</u>
Net cash from / (used in) investing activities (B)		<u>(920.61)</u>	<u>(1,288.85)</u>

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Cash Flow Statement – (continued)

Rupees in crores

Year ended
31-03-2021

Year ended
31-03-2020

C. Cash flow from financing activities

Borrowings:

Non-current borrowings availed / (repaid)	175.13	187.54
Current borrowings availed / (repaid)	(1,070.00)	401.29
Other bank balances	(66.63)	(0.12)
Finance cost paid	(112.91)	(100.34)
Repayment of lease liabilities	(21.41)	(17.83)
Dividend and dividend tax paid	(99.77)	(200.03)
	<u>(1,195.59)</u>	<u>270.51</u>

Net cash from / (used in) financing activities (C) (1,195.59) 270.51

Total (A)+(B)+(C) 444.68 375.28

Cash and cash equivalents at the beginning of the year 414.30 39.02

Cash and cash equivalents at the end of the year 858.98 414.30

D. Net increase / (decrease) in cash and cash equivalents

444.68 375.28

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

Change in liability arising from financing activities:

Particulars	As at 01-04-2020	Cash flow	Foreign exchange movement	Amortisation	As at 31-03-2021
Non-current borrowings (Including current maturities)	951.91	175.13	(14.67)	(5.99)	1,106.38
Current borrowings	1,070.00	(1,070.00)	—	—	—

Non-cash financing & investing activities:

	2020-21	2019-20
Acquisition of right-of-use assets	35.19	68.00
Acquisition of property, plant and equipment	0.60	—

venu srinivasan
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Company Secretary

S. VENKATARAMAN
Partner

Place : Chennai
Date : 27th April 2021

Membership No.: 023116

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

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.

These financial statements for the year ended 31st March 2021 have been approved and authorised for issue by the Board of Directors at its meeting held on 27th April 2021.

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. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

d) Significant Estimates and judgements

The areas involving critical estimates or judgments 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 40(a).

e) Revenue recognition

Performance obligation:

The revenue is recognized on fulfilment of performance obligation. Revenue excludes taxes or duties collected on behalf of the government.

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 37)

Revenue is recognised when the performance obligations are satisfied and the control of the goods 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 goods, customer has possession and legal title to the goods, customer bears significant risk and rewards of ownership and the customer has accepted the goods or the Company has objective evidence that all criteria for acceptance have been satisfied.

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 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

Property, plant and equipment (including furniture, fixtures, vehicles, etc.) are held for use in the production or supply of goods or services, or for administrative purposes. 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 income / expense.

g) Depreciation and amortization

- i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shift) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.
- ii) Keeping in mind the rigorous and periodic maintenance program followed by the Company, the estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company is given below:

Description	Years
Factory building and other buildings	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 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 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

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately and the estimated useful life is more than one year, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development phase of internal project is recognised, if and only if, the conditions under the Ind AS 34 – Intangible Asset, are fulfilled. If the conditions are not fulfilled the same is recognised in profit or loss in the period in which it is incurred.

The intangible assets 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. Non-monetary investments measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on account of such translation is recognized in OCI or Profit or Loss in line with the designation of the respective item.

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.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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.

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 obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, 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 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.

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 bonus. 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 substantively 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.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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.

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 allowances 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 and 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 and 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 1st 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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the Company'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 and 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 are recognised in profit and 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.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

u) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the consideration is received. Contract liabilities are recognised as revenue when the Company performs under the contract.

v) Investments and Other financial assets

i) Classification

The Company classifies its financial assets in the following categories:

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

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

ii) Measurement

At Initial recognition, the Company measures a financial asset at its fair value plus 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 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 / associates) 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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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.

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

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

v) 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.

w) Borrowings

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

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

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

x) 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.

y) 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.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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.

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.

z) Earnings Per Share (EPS):

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year / period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2 PROPERTY, PLANT & EQUIPMENT AND OTHER 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 01-04-2020	173.53	817.68	4,056.68	82.03	35.43	153.95	5,319.30	96.07	266.23	362.30
Additions	0.74	29.15	346.50	11.98	4.59	17.65	410.61	11.76	151.41	163.17
Sub-total	174.27	846.83	4,403.18	94.01	40.02	171.60	5,729.91	107.83	417.64	525.47
Sales / deletion	–	–	40.17	0.37	2.26	2.21	45.01	–	–	–
Total	174.27	846.83	4,363.01	93.64	37.76	169.39	5,684.90	107.83	417.64	525.47
Depreciation / Amortisation										
Upto 31-03-2020	–	212.21	2,323.90	46.86	17.13	99.47	2,699.57	84.41	101.16	185.57
For the year	–	32.31	314.28	13.87	5.17	27.08	392.71	11.89	63.20	75.09
Sub-total	–	244.52	2,638.18	60.73	22.30	126.55	3,092.28	96.30	164.36	260.66
Withdrawn on assets sold / deleted	–	–	35.85	0.28	1.84	2.16	40.13	–	–	–
Total	–	244.52	2,602.33	60.45	20.46	124.39	3,052.15	96.30	164.36	260.66
Carrying value As at 31-03-2021	174.27	602.31	1,760.68	33.19	17.30	45.00	2,632.75	11.53	253.28	264.81

Capital work-in-progress (at cost) as at 31-03-2021

(a) Building	30.88
(b) Plant & equipment	81.68
Total	<u>112.56</u>

a) Cost of buildings includes ₹ 26.36 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 - ₹ 12.26 crores.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

2 PROPERTY, PLANT & EQUIPMENT AND OTHER 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 01-04-2019	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>

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 - ₹ 12.38 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	Add : Additions	–	66.73	1.27	68.00
3	Less : Amortisation	0.09	13.89	8.00	21.98
4	Less : Deletions (Preclosures)	–	0.62	–	0.62
5	Closing net balance as on 31-03-2020	2.51	93.41	7.56	103.48
6	Add : Additions		15.02	20.17	35.19
7	Less : Amortisation	0.09	17.26	8.53	25.88
8	Less : Deletions (Preclosures)	–	–	–	–
9	Closing net balance as on 31-03-2021	2.42	91.17	19.20	112.79

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 here ranges for about 5 years.

Where ever 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 ₹ 32.98 Cr (Previous year ₹ 36.78 Cr).

Payment made towards leases of low value assets during the year is NIL (Previous year: NIL).

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 31-03-2021	As at 31-03-2020			As at 31-03-2021	As at 31-03-2020
1	2	3	4	5	6	7	8	9
(a)	Investment in Equity Instruments Fair valued through OCI:							
	Quoted :							
(i)	Suprajit Engineering Limited, Bengaluru		2,892,000	2,892,000	1.00	INR	79.67	32.56
(ii)	Ucal Fuel Systems Limited, Chennai		91,760	91,760	10.00	INR	1.28	0.67
	Unquoted :							
(iii)	Green Infra BTV Limited, New Delhi		3,250,000	3,250,000	10.00	INR	1.50	1.39
(iv)	TVS Lanka (Private) Limited, Colombo		5,000,000	5,000,000	10.00	LKR	8.23	9.62
(v)	Green Infra Wind Power Projects Limited, New Delhi		111,600	111,600	10.00	INR	0.06	0.06
(vi)	Green Infra Wind Power Generation Limited, New Delhi		216,000	216,000	10.00	INR	0.15	0.13
(vii)	Condivision Solutions Pvt. Limited, Bengaluru		6,760	6,760	10.00	INR	-	-
(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		85,788	90,610	10.00	INR	1.66	1.72
(x)	Altizon Systems Private Limited, Pune		10	10	10.00	INR	0.01	0.01
(b)	Investment in Equity Instruments valued at Cost (Unquoted):							
(i)	Sundaram Auto Components Limited, Chennai	Subsidiary	44,569,000	42,174,000	10.00	INR	336.20	313.21
(ii)	TVS Motor Company (Europe) B.V., Amsterdam	Subsidiary	225,301	225,301	100.00	EUR	1.80	1.80
(iii)	TVS Motor (Singapore) Pte. Limited, Singapore	Subsidiary	200,829,458	118,528,579	1.00	SGD	809.21	364.80
(iv)	PT.TVS Motor Company Indonesia, Jakarta	Subsidiary	8,597,000	8,097,000	97,400.00	IDR	389.06	352.54
(v)	TVS Housing Limited, Chennai	Subsidiary	50,000	50,000	10.00	INR	0.05	0.05
(vi)	TVS Motor Services Limited, Chennai	Subsidiary	53,633,814	53,633,814	10.00	INR	52.68	52.68
(vii)	TVS Credit Services Limited, Chennai ¹	Subsidiary	162,224,928	155,469,528	10.00	INR	1,360.99	1,261.01
(viii)	Intellicar Telematics Private Limited, Bengaluru	Subsidiary	60,241	-	10.00	INR	15.00	-
(ix)	Emerald Haven Realty Limited, Chennai	Associate	111,219,512	111,219,512	10.00	INR	111.22	111.22
(x)	Ultraviolette Automotive Private Limited, Bengaluru	Associate	14,850	14,850	10.00	INR	11.00	11.00
(xi)	Tagbox Solutions Private Limited, Bengaluru	Associate	45,710	45,710	1.00	INR	1.19	1.19
(xii)	Ultraviolette Automotive Private Limited, Bengaluru	Associate	8,377	990	*	INR	35.00	5.00
(xiii)	Tagbox Solutions Private Limited, Bengaluru	Associate	383,983	383,983	16.00	INR	9.99	9.99
	Total value of Equity Instruments (a) + (b)						3,225.97	2,530.67
(c)	Investments in Preference Shares (Unquoted) valued at Amortised Cost:							
(i)	Pinnacle Engines Inc., USA (face value 0.01 cent)		2,409,638	2,409,638	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		-	370,000,000	1.00	LKR	-	15.92
(iv)	Intellicar Telematics Private Limited, Bengaluru	Subsidiary	30,121	-	10.00	INR	7.62	-
	Total value of Preference shares (c)						20.32	28.62
(d)	Other non-current Investments (Unquoted):							
	Investments fair valued through OCI:							
(i)	Autotech Fund I, L.P., USA					USD	40.43	21.01
	Pension Funds/Government Securities valued at Amortised Cost:							
(ii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR	6.69	6.25
(iii)	Life Insurance Corporation Pension Policy, Mumbai					INR	21.11	19.33
	Total value of other non-current investments (d)						68.23	46.59
	Total (a) + (b) + (c) + (d)						3,314.52	2,605.88
	Aggregate amount of quoted investments and market value thereof						80.95	33.23
	Aggregate amount of unquoted investments						3,233.57	2,572.65
	Total						3,314.52	2,605.88

¹ 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 ₹ 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 ₹ 10/- each and thereby TVS CS became a direct subsidiary to the Company effective 6th June 2019.

* 990 number Series A2 Preference Shares of face value ₹ 50,545 each and 7387 numbers Series B Preference Shares of face value ₹ 40,616 each (Previous Year: 990 number Series A2 Preference Shares of face value ₹ 50545 each)

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 31-03-2021	As at 31-03-2020
5 FINANCIAL ASSETS - OTHERS (NON CURRENT)			
Other bank balances (bank deposit)		0.80	0.13
Share application money paid (pending allotment)		—	249.53
		<u>0.80</u>	<u>249.66</u>
6 OTHER NON-CURRENT ASSETS			
Capital advances		50.12	58.46
Advances other than capital advances:			
Vendor advance		55.00	—
Deposits made		20.59	21.65
		<u>125.71</u>	<u>80.11</u>
7 INVENTORIES			
Raw materials and components		570.22	531.14
Goods-in-transit - Raw materials and components		145.42	77.30
Work-in-progress		36.00	43.76
Finished goods		275.97	271.38
Stock-in-trade		83.87	73.45
Stores and spares		40.33	41.90
		<u>1,151.81</u>	<u>1,038.93</u>
8 TRADE RECEIVABLES			
Secured, considered good		17.18	18.29
Unsecured, considered good *		874.83	1,280.50
		892.01	1,298.79
Less: Loss allowance		22.03	17.43
		<u>869.98</u>	<u>1,281.36</u>
* Balances include balance with related parties [Refer Note 34(c)(i)]			
9 CASH AND CASH EQUIVALENTS			
Balances with banks		158.62	163.75
Cash on hand		0.26	0.27
Cash equivalents			
Deposits with maturity of less than three month from the date of deposit		700.10	250.28
		<u>858.98</u>	<u>414.30</u>
Cash and cash equivalents for the purpose of cash flow statement			
Cash and cash equivalents as shown above		858.98	414.30
		<u>858.98</u>	<u>414.30</u>
10 OTHER BANK BALANCES			
Earmarked balances with banks (for unpaid dividend)		70.83	4.87
		<u>70.83</u>	<u>4.87</u>
11 FINANCIAL ASSETS - OTHERS (CURRENT)			
Unsecured, considered good :			
Employee advances		8.12	12.04
Security deposits		5.29	5.56
Claims receivable		0.08	0.40
Hedge asset - receivable		3.03	—
		<u>16.52</u>	<u>18.00</u>

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

	As at 31-03-2021	As at 31-03-2020
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12 OTHER CURRENT ASSETS

GST/VAT/IT/Excise receivable	282.09	296.38
Prepaid expense	22.64	25.32
Vendor advance*	125.41	76.71
Trade deposits	0.25	0.61
Export incentive receivable	44.09	64.49
	474.48	463.51

* 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 31-03-2021		As at 31-03-2020	
	Number	Rupees in crores	Number	Rupees in crores
Authorised:				
Equity shares of ₹ 1/- each	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully paid up:				
Equity shares of ₹ 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 31-03-2021		As at 31-03-2020	
	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 31-03-2021		As at 31-03-2020	
		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 31-03-2021		As at 31-03-2020	
		Number of shares held	% of holding	Number of shares held	% of holding
ICICI Prudential Mutual Fund	Equity	3,48,50,748	7.34	3,75,05,402	7.89
Life Insurance Corporation of India	Equity	3,07,10,169	6.46	1,46,41,050	3.08
Jwalamukhi Investment Holdings	Equity	2,67,00,107	5.62	2,66,90,025	5.62

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

14 OTHER EQUITY

Rupees in crores

Particulars	As at 31-03-2021	As at 31-03-2020
General reserve	865.64	865.64
Capital reserve	6.43	6.43
Retained earnings	3,156.74	2,705.54
Other Reserves	94.63	(7.03)
	4,123.44	3,570.58

15 NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Description	Frequency	No. of instalments due	Maturity	As at 31-03-2021	As at 31-03-2020
Secured:					
ECB Loan from Bank I	Quarterly	4	Feb 2023	218.70	225.98
Term loan from Bank				–	199.56
FCNRB Loan from Bank				–	75.67
State owned corporation	Yearly	4	2022-31	151.20	160.89
Unsecured:					
7.5% Non Convertible Debentures	End of Tenure	1	May 2023	498.21	–
ECB Loan from Bank - II	Half Yearly	5	Sep 2023	121.85	151.33
Sales Tax Deferral					
Phase-1	Yearly	1	2021-22	6.33	12.66
Phase-2	Yearly	7	2027-28	110.09	125.82
Total long-term borrowings				1,106.38	951.91
Less : Current maturities of long-term borrowings				70.80	47.28
Total long-term borrowings				1,035.58	904.63

Details of securities created:

- ECB loan from Bank I - Exclusive charge over assets procured out of proceeds of the loan.
- Soft loan - State owned corporation viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.

Amount payable in each instalments:

Description	Currency	Amount*	Rate of Interest
ECB Loan from Bank - I	USD	4 Quarterly instalments of 7.5 mn between May 2022 and February 2023	3 Month USD LIBOR plus Margin
ECB Loan from Bank - II	USD	5 Half yearly instalments of 3.33 mn between September 2021 and September 2023	3 Month USD LIBOR plus Margin
7.5% Non Convertible Debentures (5,000 nos., Face value ₹ 10 Lakhs each)	INR	500 crores at the end of the term	7.50%
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	67.23, 75.40, 4.45 and 9.24 crores (four 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 31-03-2021		As at 31-03-2020	
	Current	Non-current	Current	Non-current
Provision for employee benefits				
(a) Pension	30.96	62.26	45.19	50.64
(b) Leave salary	5.57	42.38	4.26	32.76
(c) Gratuity	2.49	–	5.36	–
Others:				
(a) Warranty	37.22	11.66	28.84	9.20
	76.24	116.30	83.65	92.60

17 DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31-03-2021	As at 31-03-2020
The balance comprises temporary differences attributable to:		
- Depreciation	257.90	238.14
- tax on others	26.59	–
Total deferred tax liability (A)	284.49	238.14
Deferred tax asset consists of :		
- tax on employee benefit expenses	32.06	29.13
- tax on warranty provision	14.02	11.29
- tax on others	42.96	39.67
Total deferred tax assets (B)	89.04	80.09
Net deferred tax liability (A)-(B)	195.45	158.05

Movement in deferred tax:

Particulars	Depreciation	Others	Total
As at 01-04-2019			212.63
Charged / (credited):			
- to profit or loss	(80.09)	8.35	(71.74)
- to other comprehensive income	–	(32.02)	(32.02)
- to retained earnings towards Ind AS 116 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
Charged / (credited):			
- to profit or loss	19.76	(8.95)	10.81
- to other comprehensive income	–	26.59	26.59
As at 31-03-2021			195.45

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

18 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

	As at 31-03-2021	As at 31-03-2020
Borrowings repayable on demand from banks		
Secured	–	240.00
Unsecured	–	600.00
Short term loans from banks (Unsecured)	–	230.00
	<u>–</u>	<u>1,070.00</u>

19 TRADE PAYABLES

Dues to Micro and Small Enterprises **	39.75	116.60
Dues to enterprises other than Micro and Small Enterprises [#]	3,881.85	2,769.79
	<u>3,921.60</u>	<u>2,886.39</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 is no principal or interest due thereon and remaining unpaid at the end of the year (Refer Note 38).

[#] Includes balances due to related parties [Refer Note 34 (c)(ii)].

20 OTHER FINANCIAL LIABILITIES

Current Maturities of long term borrowings	70.80	47.28
Interest accrued but not due on loans	34.26	4.26
Trade deposits received	32.37	27.91
Unclaimed dividends (Not due for transfer to Investor Education and Protection Fund)	4.32	4.87
Dividend declared but not paid	66.51	–
Payables against capital goods	14.42	23.59
Hedge liability (Net)	–	41.94
	<u>222.68</u>	<u>149.85</u>

21 OTHER CURRENT LIABILITIES

Statutory dues	103.99	99.44
Employee related	87.30	75.44
Advance received from customers	143.90	99.03
Money held under trust	–	6.47
	<u>335.19</u>	<u>280.38</u>

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

	Year ended 31-03-2021	Year ended 31-03-2020
22 REVENUE FROM OPERATIONS		
Sale of products	16,571.42	16,034.48
Sale of services	32.03	39.15
Other operating revenue [#]	147.09	349.71
	<u>16,750.54</u>	<u>16,423.34</u>
[#] Includes Government Grants of ₹ 107.72 crores (Last year ₹ 186.57 crores)		
23 OTHER INCOME		
Dividend income		
(i) From subsidiaries	–	2.11
(ii) From other investments designated as Fair Value through OCI	0.20	1.26
Interest income	31.95	25.58
Profit on sale of investments (Net)	0.04	0.03
Profit on sale of fixed assets (Net)	–	2.27
Other non-operating income	0.78	0.85
	<u>32.97</u>	<u>32.10</u>
24 MATERIAL COST		
Cost of Material consumed:		
Opening stock of raw materials and components	531.14	623.61
Add: Purchases	12,545.97	11,762.33
	<u>13,077.11</u>	<u>12,385.94</u>
Less: Closing stock of raw materials and components	570.22	531.14
	<u>12,506.89</u>	<u>11,854.80</u>
Purchases of stock-in-trade :		
Spare parts	126.29	136.53
Engine oil	97.92	122.67
	<u>224.21</u>	<u>259.20</u>
Changes in inventories of finished goods, work-in-progress and stock-in-trade:		
Opening stock:		
Work-in-progress	43.76	92.51
Stock-in-trade	73.45	73.05
Finished goods	271.38	244.96
	<u>(A) 388.59</u>	<u>410.52</u>
Closing stock:		
Work-in-progress	36.00	43.76
Stock-in-trade	83.87	73.45
Finished goods	275.97	271.38
	<u>(B) 395.84</u>	<u>388.59</u>
	<u>(A)-(B) (7.25)</u>	<u>21.93</u>
25 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	832.86	814.91
Contribution to provident and other funds	56.90	51.77
Staff welfare expenses	58.71	71.73
	<u>948.47</u>	<u>938.41</u>

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

	Rupees in crores	
	Year ended 31-03-2021	Year ended 31-03-2020
26 FINANCE COSTS		
Interest	132.44	92.82
Interest on lease liabilities	8.74	9.27
Exchange differences	0.42	0.10
	<u>141.60</u>	<u>102.19</u>
27 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on property plant and equipment	392.71	412.32
Amortisation on right of use asset	25.88	21.98
Amortisation on intangible assets	75.09	54.73
	<u>493.68</u>	<u>489.03</u>
28 OTHER EXPENSES		
(a) Consumption of stores, spares and tools	46.15	51.50
(b) Power and fuel	75.90	90.30
(c) Repairs - buildings	12.74	10.94
(d) Repairs - plant and equipment	52.31	58.41
(e) Insurance	21.08	15.67
(f) Rates and taxes (excluding taxes on income)	3.96	3.57
(g) Audit fees #	1.15	1.54
(h) Cost audit fees	0.06	0.06
(i) Packing and freight charges	307.65	379.54
(j) Advertisement and publicity	315.32	420.54
(k) Other marketing expenses	277.15	356.98
(l) Loss on sale of fixed assets (Net)	1.88	–
(m) Foreign exchange loss (Net)	32.40	–
(n) Corporate Social Responsibility expenditure*	18.38	16.66
(o) Contributions to electoral trust / Bond	–	6.00
(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)	483.54	591.43
	<u>1,649.67</u>	<u>2,003.14</u>
# Refer Note No. 39 for details on audit fees.		
* Refer Note No. 43 for details on Corporate Social Responsibility expenditure.		
29 TAX EXPENSE AND RECONCILIATION		
(a) Tax expense		
Current tax:		
Current tax on profits for the year	203.39	225.23
Adjustments for current tax of prior periods	–	8.67
	(A) <u>203.39</u>	<u>233.90</u>
Deferred tax:		
Decrease / (increase) in deferred tax assets	(8.95)	6.62
(Decrease) / increase in deferred tax liabilities	19.76	(78.36)
	(B) <u>10.81</u>	<u>(71.74)</u>
	(A + B) <u>214.20</u>	<u>162.16</u>

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

	Year ended 31-03-2021	Year ended 31-03-2020
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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	826.24	754.41
Tax expense at the Indian tax rate of 25.168% (Previous year 34.944%)	207.95	263.62
Add / (Less) : Tax impact on		
Additional deduction towards Research & Development expenses	–	(48.97)
Capital receipts	(0.76)	(1.97)
Exempted income	–	(0.84)
Partially allowed deductions	5.06	15.65
Restatement of Deferred Tax Liability	–	(74.00)
Others	1.95	–
Tax relating to earlier years	–	8.67
Income tax expense	214.20	162.16

30 FAIR VALUE MEASUREMENTS

Particulars	As at 31-03-2021		As at 31-03-2020	
	FVOCI*	Amortised cost	FVOCI*	Amortised cost
Financial assets				
Investments				
- Equity instruments	92.58	–	46.18	–
- Preference shares	–	20.32	–	28.62
- Other non-current investments	40.43	–	21.01	–
- Debt Instruments	–	27.80	–	25.58
Trade receivables	–	869.98	–	1,281.36
Derivative financial asset	3.03	–	–	–
Cash and cash equivalents	–	858.98	–	414.30
Other bank balances (Bank deposit)	–	0.80	–	0.13
Earmarked balances with banks	–	70.83	–	4.87
Other financial assets	–	13.49	–	18.00
	136.04	1,862.20	67.19	1,772.86
Financial liabilities				
Borrowings	–	1,106.38	–	2,021.91
Trade payables	–	3,921.60	–	2,886.39
Lease liability	–	123.46	–	109.68
Derivative financial liability	–	–	41.94	–
Other financial liability	–	151.88	–	60.63
	–	5,303.32	41.94	5,078.61

* 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 recognised and measured at fair value and that are measured at amortised cost, 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 31-03-2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVOCI	4	80.95	40.43	11.63	133.01
Derivatives	11	–	3.03	–	3.03
		80.95	43.46	11.63	136.04

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

As at 31-03-2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
<i>Investments</i>					
Preference shares	4	–	–	20.32	20.32
Debt instruments	4	–	–	27.80	27.80
		–	–	48.12	48.12
Financial liabilities					
Borrowings	15, 18 & 20	–	–	1,106.38	1,106.38
		–	–	1,106.38	1,106.38

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	–	–	28.62	28.62
Debt instruments	4	–	–	25.58	25.58
		–	–	54.20	54.20
Financial liabilities					
Borrowings	15, 18 & 20	–	–	2,021.91	2,021.91
		–	–	2,021.91	2,021.91

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 01-04-2019	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
Additions/(Deletions)	—	(0.10)	(0.10)
Gains/(losses) recognised in profit or loss	—	0.04	0.04
Gains/(losses) recognised in other comprehensive income	—	(1.26)	(1.26)
As at 31-03-2021	—	11.63	11.63

(iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended		Sensitivity
	31-03-2021	31-03-2020		31-03-2021	31-03-2020	
Unquoted Equity shares	11.63	12.95	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 company's relevant financial data.

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

Particulars	As at 31-03-2021		As at 31-03-2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Preference shares	65.31	65.31	43.61	43.61
Debt instruments	27.80	27.80	25.58	25.58
	93.11	93.11	69.19	69.19
Financial liabilities				
Borrowings	1,106.38	1,106.38	2,021.91	2,021.91
	1,106.38	1,106.38	2,021.91	2,021.91

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 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and 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.

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

31 FINANCIAL 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.

Notes to the Financial Statements – (continued)

31 FINANCIAL 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.	12 month expected credit losses	12 month expected credit losses	Life time expected credit losses (simplified approach)
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is written off		

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

31 FINANCIAL RISK MANAGEMENT - (continued)

As at 31-03-2021

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	93.11	0%	–	93.11
	1	Other financial assets	13.49	0%	–	13.49

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	842.81	49.20	892.01
Expected loss rate	–	45%	
Expected credit losses	–	22.03	22.03
Carrying amount of trade receivables	842.81	27.17	869.98

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

Reconciliation of loss allowance provision - Trade receivables

Loss allowance on 31-03-2019	11.63
Changes in loss allowance	5.80
Loss allowance on 31-03-2020	17.43
Changes in loss allowance	4.60
Loss allowance on 31-03-2021	22.03

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

31 FINANCIAL 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 31-03-2021	As at 31-03-2020
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	1,500.35	651.00
- 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 31-03-2021

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	—	46.43	24.37	1,033.26	9.24	1,113.30
Lease liabilities	7.68	7.54	14.48	90.99	35.27	155.96
Trade payables	3,921.60	—	—	—	—	3,921.60
Other financial liabilities	151.88	—	—	—	—	151.88
Derivatives	—	—	—	—	—	—

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	70.18	52.29	146.36
Trade payables	2,886.39	—	—	—	—	2,886.39
Other financial liabilities	60.63	—	—	—	—	60.63
Derivatives	41.94	—	—	—	—	41.94

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 FINANCIAL 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 31-03-2021		As at 31-03-2020	
	USD	EUR	USD	EUR
Exposure in foreign currency				
Financial assets:				
Trade receivables	564.99	30.00	570.30	26.25
Investments	52.13	–	32.71	–
Derivative assets:				
Foreign exchange forward contracts				
Sell foreign currency	(1,537.09)	(74.85)	(1,195.95)	(56.57)
Financial liabilities:				
Foreign currency loan	340.55	–	452.98	–
Trade payables	290.39	5.91	108.02	0.03
Derivative liabilities:				
Principal swap				
Buy foreign currency	(340.55)	–	(452.98)	–

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 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020
USD sensitivity				
INR / USD increases by 10%	21.21	37.21	(110.88)	(92.23)
INR / USD decreases by 10%	(21.21)	(37.21)	110.88	92.23
EURO sensitivity				
INR / EURO increases by 10%	1.79	2.06	(5.55)	(4.44)
INR / EURO decreases by 10%	(1.79)	(2.06)	5.55	4.44

* 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 31-03-2021	As at 31-03-2020
Variable rate borrowings	340.55	452.98
Fixed rate borrowings	772.75	1,574.37

The amount disclosed in the table are the contractual undiscounted cash flows.

Sensitivity	Impact on profit after tax	
	As at 31-03-2021	As at 31-03-2020
Increase in interest rates by 100 bps	(2.52)	(3.56)
Decrease in interest rates by 100 bps	2.52	3.56

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

31 FINANCIAL 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 31-03-2021

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	1,611.94	–	8.20	–	Apr-21 to Mar-22	8.20	(8.20)
Foreign currency loan					Sep-21 to Sep-23		
• Principal swap	–	340.55	8.74	–		8.74	(8.74)
• Interest rate swap	–	340.55	–	13.91		(13.91)	13.91

(b) 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	–	–	46.95	Apr-19 to Jun-19	(46.95)	46.95
Foreign currency loan					Jul-21 to Sep-23		
• Principal swap	–	426.90	29.22	–		29.22	(29.22)
• Interest rate swap	–	426.90	–	24.21		(24.21)	24.21

(ii) Disclosure of effects of hedge accounting on financial performance: for the year ended 31-03-2021:

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/POS/IRS	(3.68)	–	(51.41)	Revenue and Borrowing cost

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/POS/IRS	(51.41)	–	(1.63)	Revenue and Borrowing cost

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 31-03-2021	As at 31-03-2020
Net debt	247.40	1,607.61
Total equity	4,170.95	3,618.09
Net debt to equity ratio	5.93%	44.43%

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 31-03-2021	Year ended 31-03-2020
EBIT	967.84	856.60
Interest	141.60	102.19
Interest coverage ratio (Times)	6.84	8.38

(b) Dividends

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
(i) Equity shares		
Interim dividends for the year ended 31-03-2021 of ₹ 3.50 (for the year ended 31-03-2020 of ₹ 3.50) per fully paid share	166.28	166.28
Dividend Distribution Tax	—	33.75
(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 01-04-2019	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
Current service cost	18.41	–	18.41	–	–
Interest expense/(income)	7.88	(7.48)	0.40	5.11	2.67
Total amount recognised in profit or loss	26.29	(7.48)	18.81	5.11	2.67
Remeasurements					
Return on plan assets, excluding amounts included in interest expense / (income)	–	2.18	2.18	–	–
(Gain) / loss from change in financial assumptions	(3.45)	–	(3.45)	0.78	(1.32)
Experience (gains) / losses	(9.57)	–	(9.57)	(7.66)	11.77
Total amount recognised in other comprehensive income	(13.02)	2.18	(10.84)	(6.88)	10.45
Employer contributions	–	(10.84)	(10.84)	–	–
Benefit payments	(7.07)	7.07	–	(0.84)	(2.18)
As at 31-03-2021	124.64	(122.15)	2.49	93.22	47.95

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 31-03-2021	As at 31-03-2020
Discount rate (Gratuity)	6.9%	6.6%
Discount rate (Leave salary)	6.9%	6.6%
Discount rate (Pension)	5.5%	5.6%
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		Year ended		Year ended	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020
Discount rate	0.50%	0.50%	119.25	113.18	130.48	124.11
Salary growth rate	0.50%	0.50%	130.53	124.15	119.15	113.10
Mortality	5.00%	5.00%	124.67	118.45	124.62	118.41

Particulars	Impact on defined benefit obligation - Pension					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended		Year ended		Year ended	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020
Discount rate	1.00%	1.00%	82.65	85.05	106.16	108.88
Salary growth rate	1.00%	1.00%	106.61	109.38	82.16	84.52
Mortality	5.00%	5.00%	92.40	95.00	94.22	96.68

Particulars	Impact on defined benefit obligation - Leave salary					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended		Year ended		Year ended	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020
Discount rate	0.50%	0.50%	46.10	35.56	49.94	38.58
Salary growth rate	0.50%	0.50%	49.96	38.59	46.07	35.54
Mortality	5.00%	5.00%	47.96	37.02	47.95	37.01

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.

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 ₹ 17.91 crores (previous year ₹ 16.83 crores) has been recognised in the Statement of Profit and Loss.

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

Premier Land Holding LLC, USA

The Norton Motorcycle Co. Ltd, UK (Formerly known as Project 303 BIDCO Limited)

Intellicar Telematics Private Limited, Bengaluru

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 Training and Services Limited, Chennai

TVS Lanka Private Limited, Colombo

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

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)

TVS Supply Chain Solutions Limited, Madurai
Predictronic Corporation, USA

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
Harita Techserv Private Limited, Chennai
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
Mrs.Lalita D. Gupte
Mr. Kuok Meng Xiong (w.e.f. 24th March 2021)

Non-Independent Directors:

Prof. Sir Ralf Dieter Speth (w.e.f. 24th March 2021)
Mr. H.Lakshmanan
Dr. Lakshmi Venu
Mr. Rajesh Narasimhan (Upto 24th March 2021)

Enterprise in which key management personnel and their relative have significant influence:

Harita-NTI Limited, Chennai

Post-employment benefit plans:

TVS Motor Company Employees' Gratuity Fund
TVS Motor Company Employees' Provident Fund

	As at/ Year ended 31-03-2021	As at/ Year ended 31-03-2020
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(b) Transactions with related parties:

(i) Purchase of goods

- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.34	0.38
- holding company (Sundaram-Clayton Limited, Chennai)	305.41	361.19
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	295.60	345.55
PT.TVS Motor Company Indonesia, Jakarta	0.11	0.08
The Norton Motorcycle Co. Ltd, UK	0.70	—

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

34 RELATED PARTY DISCLOSURE - (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2021	As at/ Year ended 31-03-2020
- fellow subsidiaries			
TVS Electronics Limited, Chennai		0.01	0.26
Sundaram Industries Private Limited, Madurai		0.04	0.03
Lucas-TVS Limited, Chennai		136.35	174.15
Lucas Indian Service Limited, Chennai		8.34	7.54
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company			
Brakes India Private Limited, Chennai		22.67	32.04
TVS Srichakra Limited, Madurai		374.06	473.35
Wheels India Limited, Chennai		0.20	14.77
Sundram Fasteners Limited, Chennai		43.15	59.28
India Nippon Electricals Limited, Chennai		326.25	296.15
Sundaram Brake Linings Limited, Chennai		8.10	10.78
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company			
TVS Upasana Limited, Chennai		16.35	16.41
- enterprises in which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)		1.71	1.17
- enterprises in which directors are interested			
TVS Organics Private Limited, Chennai		0.28	0.87
(ii) Sale of goods			
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)		360.58	367.49
- subsidiary companies			
PT. TVS Motor Company Indonesia, Jakarta		171.89	176.76
- fellow subsidiary company (TVS Lanka Private Limited, Colombo)		12.84	213.54
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company			
TVS Auto Bangladesh Limited, Dhaka		537.12	588.29
(iii) Purchase of assets			
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)		–	1.53
- fellow subsidiaries			
TVS Electronics Limited, Chennai		0.15	–
- associate / joint venture			
Tagbox Solutions Private Limited, Bengaluru		1.01	–
- associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company			
India Nippon Electricals Limited, Chennai		–	0.44
- enterprises in which directors are interested			
Lakshmi Energy and Environment Design Private Limited, Coimbatore		–	0.07

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2021	As at/ Year ended 31-03-2020
34	RELATED PARTY DISCLOSURE - (continued)		
(iv)	Rendering of services (including interest and reimbursements received)		
-	holding company (Sundaram-Clayton Limited, Chennai)	1.91	2.21
-	subsidiary companies		
	Sundaram Auto Components Limited, Chennai	0.70	1.16
	PT. TVS Motor Company Indonesia, Jakarta	0.55	0.55
	TVS Credit Services Limited, Chennai	7.55	6.85
	The Norton Motorcycle Co. Ltd, UK	11.80	–
-	fellow subsidiaries		
	Southern Roadways Private Limited, Madurai	0.01	0.01
	Lucas - TVS Limited, Chennai	0.01	0.01
	Lucas Indian Service Limited, Chennai	0.01	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, Madurai	–	0.89
	Wheels India Limited, Chennai	–	0.01
	India Nippon Electricals Limited, Chennai	0.01	0.14
	TVS Srichakra Limited, Madurai	0.01	0.01
	Sundaram Fasteners Limited, Chennai	0.01	0.10
	Sundaram Brake Linings Limited, Chennai	0.01	0.01
	Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:		
	TVS Upasana Limited, Chennai	0.01	0.14
(v)	Availing of services (includes sub-contract charges paid)		
-	ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.25	0.13
-	holding company (Sundaram-Clayton Limited, Chennai)	55.27	48.82
-	subsidiary company (TVS Credit Services Limited, Chennai)	48.83	44.33
-	fellow subsidiaries:		
	TVS Electronics Limited, Chennai	1.85	1.44
	Southern Roadways Private Limited, Madurai	2.56	2.29
	TVS Training and Services Limited, Chennai	0.11	–
-	associate / joint venture (Tagbox Solutions Private Limited, Bengaluru)	0.32	–
-	associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	TVS Supply Chain Solutions Limited, Madurai	96.84	82.69
	Wheels India Limited, Chennai	–	0.01
	Predictronic Corporation, USA	0.11	–
-	subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	TVS Dynamic Global Freight Services Limited, Chennai	100.40	119.28
-	enterprises in which directors are interested		
	Dua Associates, Delhi	0.18	0.06
	Dua Consulting Private Limited, Delhi	5.30	4.79
	McCann-Erickson (India) Private Limited, Delhi	3.91	4.10
	Lakshmi Energy and Environment Design Private Limited, Coimbatore	0.07	–
	Harita Techserv Private Limited, Chennai	3.50	2.63

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2021	As at/ Year ended 31-03-2020
34	RELATED PARTY DISCLOSURE - (continued)		
(vi)	Investments made during the year		
-	subsidiary companies		
	TVS Motor (Singapore) Pte. Limited, Singapore	194.88	138.94
	PT. TVS Motor Company Indonesia, Jakarta	36.52	35.79
	Sundaram Auto Components Limited, Chennai	23.00	59.99
	TVS Motor Services Limited, Chennai (TVS MS)	–	45.00
	TVS Credit Services Limited, Chennai	99.98	1,087.48*
	Intellicar Telematics Private Limited, Bengaluru	22.50	–
-	associate / joint venture		
	Ultraviolette Automotive Private Limited, Bengaluru	30.00	5.00
	Tagbox Solutions Private Limited, Bengaluru	–	11.18
*	Includes transfer of shares of ₹ 1,042.48 Cr from TVS MS pursuant to NCLT's order. (Refer Note No.4(1)).		
(vii)	Share application money pending allotment		
-	subsidiary company		
	TVS Motor (Singapore) Pte Limited, Singapore	–	249.53
(viii)	Trade advance given		
-	associate company (Ultraviolette Automotive Private Limited, Bengaluru)	3.40	2.00
(ix)	Remuneration to key management personnel:		
	Short-term employee benefits	43.36	42.45
	Post-employment benefits	0.22	0.22
(x)	Dividend received from:		
-	subsidiary company (Sundaram Auto Components Limited, Chennai)	–	2.11
(xi)	Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	57.27	95.44
(xii)	Dividend paid to Key Management Personnel	0.55	0.92
(xiii)	Obligation arising out of agreements facilitating credit / payment to service provider		
-	subsidiary companies		
	PT. TVS Motor Company Indonesia, Jakarta	95.04	98.37
	TVS Motor (Singapore) Pte. Limited, Singapore	73.11	302.66
(xiv)	Contributions to post employment benefit plans:		
	TVS Motor Company Employees' Gratuity Fund	10.84	14.38
	TVS Motor Company Employees' Provident Fund (Including Employee and Employer Contributions)	47.52	45.78
(c)	Balances with related parties:		
(i)	Trade receivables / Other current assets		
-	ultimate holding company		
	(T V Sundram Iyengar & Sons Private Limited, Madurai)	8.11	79.50
-	subsidiary companies		
	Sundaram Auto Components Limited, Chennai	–	3.29
	PT. TVS Motor Company Indonesia, Jakarta	119.80	141.10
	TVS Credit Services Limited, Chennai	–	5.89
	The Norton Motorcycle Co Ltd, UK	11.80	–

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2021	As at/ Year ended 31-03-2020
34	RELATED PARTY DISCLOSURE - (continued)		
-	fellow subsidiary companies TVS Lanka Private Limited, Colombo	6.91	11.29
-	associate companies Ultraviolette Automotive Private Limited, Bengaluru Emerald Haven Realty Limited, Chennai	– 3.33	2.00 2.65
-	associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company TVS Auto Bangladesh Limited, Dhaka	190.79	92.33
(ii)	Trade payables		
-	holding company (Sundaram-Clayton Limited, Chennai)	43.07	20.95
-	subsidiary companies Sundaram Auto Components Limited, Chennai TVS Motor (Singapore) Pte Limited, Singapore TVS Credit Services Limited, Chennai	3.24 3.72 6.97	– 2.75 –
-	fellow subsidiaries Lucas - TVS Limited, Chennai Lucas Indian Service Limited, Chennai Southern Roadways Private Limited, Madurai Sundaram Industries Private Limited, Madurai TVS Electronics Limited, Chennai	27.58 1.43 0.02 – 0.03	24.81 1.34 0.16 0.01 0.05
-	associate / joint venture Tagbox Solutions Private Limited, Bengaluru	0.09	–
-	associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company Brakes India Private Limited, Chennai TVS Srichakra Limited, Madurai Wheels India Limited, Chennai India Nippon Electricals Limited, Chennai Sundaram Brake Linings Limited, Chennai Sundram Fasteners Limited, Chennai TVS Supply Chain Solutions Limited, Madurai Predictrionics Corporation, USA	5.34 53.31 – 57.15 1.85 7.74 8.30 0.11	6.63 55.97 1.53 54.56 1.29 8.20 5.11 –
-	subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company TVS Dynamic Global Freight Services Limited, Chennai TVS Upasana Limited, Chennai	7.38 2.42	8.65 2.05
-	enterprises in which directors are interested Dua Consulting Private Limited, Delhi TVS Organics Private Limited, Chennai McCann-Erickson (India) Private Limited, Delhi Lakshmi Energy and Environment Design Private Limited, Coimbatore Harita Techserv Private Limited, Chennai	0.27 0.01 0.13 0.14 0.42	– 0.01 – 0.21 0.37
-	enterprise over which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)	0.17	0.21
(iii)	Guarantees issued	168.15	401.03

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 31-03-2021	For the year ended 31-03-2020
(a)	Type of goods or service		
(i)	Two wheelers	13,676.34	12,843.05
(ii)	Three wheelers	1,158.21	1,532.21
(iii)	Parts and accessories	1,736.87	1,659.22
(iv)	IT Services	21.78	22.38
(v)	Royalty	10.25	16.77
		16,603.45	16,073.63
(b)	Geographical markets		
(i)	Domestic	11,874.45	11,521.17
(ii)	Exports	4,729.00	4,552.46
		16,603.45	16,073.63

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 31-03-2021	For the year ended 31-03-2020
Contract Liabilities at the beginning of the period	99.03	57.83
Add / (Less):		
Consideration received during the year as advance	143.90	99.03
Revenue recognized from contract liability	(99.03)	(57.83)
Contract Liabilities at the end of the period	143.90	99.03

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 31-03-2021	For the year ended 31-03-2020
(i)	Contract price	17,318.18	16,773.14
(ii)	Adjustments :		
	Incentive schemes	394.55	369.89
	Transport cost	320.18	329.62
(iii)	Revenue from operations as per Statement of Profit and Loss	16,603.45	16,073.63

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

	As at/ Year ended 31-03-2021	As at/ Year ended 31-03-2020
36 EARNINGS PER SHARE		
Profit after tax	612.04	592.25
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)	12.88	12.47
Basic and diluted earnings per share for discontinued operations (in rupees)	–	–
Basic and diluted earnings per share for continued and discontinued operations (in rupees)	12.88	12.47
37 WARRANTY PROVISION		
Opening balance	38.04	29.15
Add: Provision for the year (net)	48.88	38.04
	86.92	67.19
Less: Payments / debits (net)	38.04	29.15
Closing balance	48.88	38.04
38 MICRO SMALL AND MEDIUM ENTERPRISES DISCLOSURE		
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)	39.75	116.60
(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
39 PAYMENT TO AUDITORS COMPRISES		
As statutory auditors	0.85	0.85
Taxation matters	0.20	0.20
Certification matters	0.10	0.10
Other Services	–	0.39
	1.15	1.54
Miscellaneous expenses include travel and stay expenses of auditors	0.10	0.10
	1.25	1.64

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores	
As at/ Year ended 31-03-2021	As at/ Year ended 31-03-2020

40 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR

(a) Claims against the company not acknowledged as debts:

(i) Excise	53.37	52.99
(ii) Service tax	1.96	1.96
(iii) Customs	40.63	1.36
(iv) Sales tax	2.00	2.00
(v) Income tax	42.60	42.60

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	212.18	52.65
(ii) On factoring arrangements	–	2.09

(c) Commitments:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	194.69	209.83
(ii) On Investments	5.12	9.79

41 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2021	Amount outstanding as at 31-03-2020
(a)	Investments by the Company				
(i)	In subsidiary companies	Sundaram Auto Components Limited, Chennai [4,45,69,000 (last year-4,21,74,000) Equity shares of Rs.10/- each fully paid up] Maximum amount held at any time During the year During the previous year	336.20 313.21	336.20	313.21
		TVS Housing Limited, Chennai [50,000 (last year - 50,000) Equity shares of Rs.10/- each fully paid up] Maximum amount held at any time During the year During the previous year	0.05 0.05	0.05	0.05
		TVS Motor Services Limited, Chennai [5,36,33,814 (last year -5,36,33,814) Equity shares of Rs.10/- each fully paid up] Maximum amount held at any time During the year During the previous year	52.68 52.68	52.68	52.68

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

41 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 31-03-2021	Amount outstanding as at 31-03-2020
		TVS Credit Services Limited, Chennai [16,22,24,928 (last year - 15,54,69,528) Equity shares of Rs.10/- each fully paid up] Maximum amount held at any time During the year During the previous year	1,360.99 1,360.99 1,261.01	1,261.01
		TVS Motor Company (Europe) B.V., Amsterdam [2,25,301 (last year- 2,25,301) Ordinary shares of Euro 100/- each fully paid up] Maximum amount held at any time During the year During the previous year	1.80 1.80 1.80	1.80
		TVS Motor (Singapore) Pte. Limited, Singapore [20,08,29,458 (last year 11,85,28,579) Ordinary shares of Singapore \$ 1/- each fully paid up] Maximum amount held at any time During the year During the previous year (* - Including share application money pending allotment)	809.21 809.21 614.33*	614.33*
		PT. TVS Motor Company Indonesia, Jakarta [85,97,000 Equity shares (last year - 80,97,000) of Indonesian Rp.97,400/- each fully paid up] Maximum amount held at any time During the year During the previous year	389.06 389.06 352.54	352.54
(ii)	in associate companies	Emerald Haven Realty Limited, Chennai, [11,12,19,512 (last year - 11,12,19,512) Equity shares of Rs. 10/- each fully paid up] Maximum amount held at any time During the year During the previous year	111.22 111.22 111.22	111.22
		Ultraviolette Automotive Private Limited, Bengaluru [14,850 (last year-14,850) Equity shares of Rs. 10/- each fully paid up] Maximum amount held at any time During the year During the previous year	11.00 11.00 11.00	11.00

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

41 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 31-03-2021	Amount outstanding as at 31-03-2020
		Ultraviolette Automotive Private Limited, Bengaluru [990 (last year - 990) Preference shares of Rs.40,616/- each fully paid up] Maximum amount held at any time During the year During the previous year [7,387(last year - NIL) Preference shares of Rs.50,845/- each fully paid up] Maximum amount held at any time During the year During the previous year Tagbox Solutions Private Limited, Bengaluru [45,710 (last year - 45,710) Equity shares of Rs.1 each fully paid] Maximum amount held at any time During the year During the previous year Tagbox Solutions Private Limited, Bengaluru [3,83,983 (last year - 3,83,983) Preference shares of Rs.16 each fully paid] Maximum amount held at any time During the year During the previous year	5.00 30.00 1.19 1.19 9.99 9.99	5.00 — 1.19 9.99
(b)	Investments by the holding company	Sundaram-Clayton Limited, Chennai holds holding company 27,26,82,786 (last year 27,26,82,786) Equityshares of Re.1/- each fully paid up Maximum amount held at any time During the year During the previous year	13.63 13.63 13.63	13.63
(c)	Loans and advances	Ultraviolette Automotive Private Limited, Bengaluru to associate companies Maximum amount held at any time During the year During the previous year	— 5.40 2.00	2.00

As at/
Year ended
31-03-2021

As at/
Year ended
31-03-2020

42 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 - Refer Note No.34(b)(xiii)

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements – (continued)

Rupees in crores

43 CORPORATE SOCIAL RESPONSIBILITY

Expenditure incurred on Corporate Social Responsibility (CSR) activities:

(a) Gross amount required to be spent during the year is ₹ 16.81 crores (last year ₹ 15.85 crores)

(b) Amount spent during the year:

Sl. No.	Particulars	In cash	Yet to be paid in cash	Year ended 31-03-2021	Year ended 31-03-2020
1	Construction / acquisition of any asset	–	–	–	–
2	Other than the above	18.38	–	18.38	33.66*

* included in other expenses ₹ 16.66 crores & exceptional item Rs.17.00 crores

44 BORROWING COST CAPITALISED

Borrowing cost capitalised during the year ₹ 12.26 crores (Last year ₹ 12.38 crores)

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the interest rate of 3 Month USD LIBOR plus Margin.

45 LABOUR CODE - TRANSITION RELATED

The Code on Social Security, 2020 which received the President's assent on 28th September 2020 subsumes nine laws relating to Social security, retirement and employee benefits, including the Provident Fund and Gratuity. The effective date of the Code and rules thereunder are yet to be notified. The impact of the changes, if any, will be assessed and recognised post notification of the relevant provisions.

46 MATERIAL CHANGES AND COMMITMENTS

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

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

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

47 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

Place : Chennai
Date : 27th April 2021

Membership No.: 023116

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Radon

Apache
149cc
SPORT SERIES

starr city+

Sport



TVS
KING
DELUXE PLUS



TVS
KING 225 LC
DURAMAX PLUS

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

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2021

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, 2021, 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, 2021, 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
Carrying Value of Goodwill The group has recognised a goodwill on consolidation of Rs. 186.11 crores in its Consolidated Financial Statements in the year ended 31 st March 2018, pursuant to a business combination in the said accounting year. The goodwill	Our audit procedures included: 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"

Key Audit Matter	Principal Audit Procedures
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.	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. WACC - Weighted Average Cost of Capital.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management and Discussion Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information but does not include the Consolidated Financial Statements and our auditors' report thereon.

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

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and 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 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 cast 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 charged 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 17 subsidiaries, whose financial statements reflect total assets of Rs. 3,364.76 crores as at 31st March 2021, total revenues of Rs. 2,692.39 crores and net cash flows amounting to Rs. 709.16 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. 1.89 crores for the year ended 31st March 2021, as considered in the consolidated financial statements, in respect of 4 associates.

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. 0.64 crores as at 31st March 2021, total revenues of Rs. Nil and net cash flows of Rs. 0.60 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. 2.34 crores for the year ended 31st March 2021, as considered in the consolidated financial statements, in respect of two associates, whose financial statements / financial information have not been audited by us. These 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 subsidiary and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to these subsidiary and 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 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, 2021, 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, 2021, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of internal financial controls over financial reporting of the Group 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. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by 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 : 27th April 2021

Membership No.: 023116
UDIN: 21023116AAAAHI8265

Annexure to the Independent Auditors' Report for the year ended 31st March 2021

To the members of TVS Motor Company Limited

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of TVS Motor Company Ltd ("the Holding Company"), its subsidiary companies and its associate incorporated in India.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies and its associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company, its subsidiary companies and its associate, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

S. VENKATARAMAN
Partner

Place : Chennai
Date : 27th April 2021

Membership No.: 023116
UDIN: 21023116AAAAHI8265

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Balance Sheet as at 31st March 2021

Rupees in crores

	Notes	As at 31-03-2021	As at 31-03-2020
ASSETS			
Non-Current assets			
Property, plant and equipment	2	3,123.85	3,066.54
Capital work-in-progress	2	873.89	847.14
Investment properties	3	137.70	137.70
Goodwill		2.20	2.20
Goodwill on consolidation		186.11	186.11
Other intangible assets	2	528.44	183.00
Intangible assets under development		166.88	158.87
Right of use asset	4	242.75	235.14
Financial assets			
i. Investments	5	180.39	195.71
ii. Loans (receivable from financing activity)	6	5,361.97	4,148.49
iii. Other Financial Assets	7	14.92	36.64
Investments accounted using equity method	8	287.62	175.20
Non-current tax assets (Net)		39.72	28.34
Deferred tax assets	9	127.62	86.65
Other non-current assets	10	181.79	132.09
		<u>11,455.85</u>	<u>9,619.82</u>
Current assets			
Inventories	11	1,367.43	1,188.47
Financial assets			
i. Trade receivables	12	1,035.97	1,454.36
ii. Loans (receivable from financing activity)	6	5,794.23	5,306.84
iii. Cash and cash equivalents	13	1,573.76	1,079.69
iv. Bank balances other than (iii) above	14	83.09	27.88
v. Other financial assets	15	85.64	93.19
Current tax assets (Net)		4.83	2.43
Other current assets	16	591.89	586.14
		<u>10,536.84</u>	<u>9,739.00</u>
Total assets		<u>21,992.69</u>	<u>19,358.82</u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	47.51	47.51
Other equity	18	3,779.10	3,234.59
Equity attributable to owners		3,826.61	3,282.10
Non-controlling interest		387.90	320.94
		<u>4,214.51</u>	<u>3,603.04</u>
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	19	6,280.26	5,221.23
ii. Lease Liabilities		184.76	194.28
iii. Others		26.11	9.84
Provisions	20	159.44	131.42
Deferred tax liabilities (Net)	21	218.90	173.77
		<u>6,869.47</u>	<u>5,730.54</u>
Current liabilities			
Financial liabilities			
i. Borrowings	22	3,069.25	3,780.70
ii. Lease Liabilities		63.66	47.62
iii. Trade payables	23		-
a. Total outstanding dues of micro and small enterprises		45.00	121.49
b. Total outstanding dues of other than (iii) (a) above		4,253.60	3,065.35
iv. Other financial liabilities	24	2,904.22	2,538.37
Provisions	20	85.34	90.57
Other current liabilities	25	487.64	381.14
		<u>10,908.71</u>	<u>10,025.24</u>
Total liabilities		<u>17,778.18</u>	<u>15,755.78</u>
Total equity and liabilities		<u>21,992.69</u>	<u>19,358.82</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 : 27th April 2021

Membership No.: 023116

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Statement of Profit and Loss for the year ended 31st March 2021

		Rupees in crores	
	Notes	Year ended 31-03-2021	Year ended 31-03-2020
I	Revenue from operations	26	19,420.82
II	Other income	27	47.22
III	Total Income (I +II)		19,468.04
IV	Expenses:		
	Cost of materials consumed	28	12,700.73
	Purchase of stock in trade	28	224.92
	Changes in inventories of finished goods, Stock-in-trade and work-in-progress	28	(0.19)
	Employee benefits expense	29	1,689.37
	Finance costs	30	881.49
	Depreciation and amortisation expense	31	564.82
	Other expenses	32	2,568.16
	Total expenses		18,629.30
V	Profit before exceptional items, share of net profit/(loss) from associates and tax (III - IV)		838.74
VI	Share of net profit / (loss) from associates using equity method		(7.75)
VII	Profit before exceptional items and tax (V + VI)		830.99
VIII	Exceptional items		(9.36)
IX	Profit before tax (VII + VIII)		821.63
X	Tax expense	33	
	i) Current tax		249.76
	ii) Deferred tax		(35.63)
XI	Profit for the year (IX - X)		607.50
XII	(Profit) / Loss attributable to non-controlling Interest		(13.24)
XIII	Profit for the year attributable to owners (XI + XII)		594.26
XIV	Other comprehensive income		
	A. Items that will not be reclassified to profit or loss:		
	Remeasurements of post employment benefit obligations	5.08	(50.30)
	Change in fair value of equity instruments	61.67	(38.75)
	Share of other comprehensive income of an associate	0.02	(0.10)
	Income tax relating to these items	(8.57)	15.49
	B. Items that will be reclassified to profit or loss:		
	Fair value changes on cash flow hedges	63.36	(90.69)
	Foreign currency translation adjustments	11.16	31.27
	Income tax relating to these items	(16.98)	22.99
	Other comprehensive income for the year, net of tax	115.74	(110.10)
XV	Other comprehensive income attributable to non-controlling interest	(0.79)	(2.73)
XVI	Other comprehensive income attributable to owners (XIV - XV)	116.53	(107.37)
XVII	Total comprehensive income attributable to owners (XIII +XVI)	710.79	517.25
XVIII	Earnings per equity share (Face value of Re.1/- each)		
	Basic & Diluted earnings per share (in rupees)	42	12.51
	See accompanying notes to the financial statements		13.15

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 : 27th April 2021

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 01-04-2019	47.51
Changes in equity share capital	—
As at 31-03-2020	47.51
Changes in equity share capital	—
As at 31-03-2021	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 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
Add : Other comprehensive income for the year 2019-20				(35.96)	(34.86)	31.27		(2.73)	(42.28)
Add : 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 net of 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
Add: Transfer from Retained earnings to Statutory reserve			30.10	(30.10)					-
Transaction in capacity as owners									
Add: 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
Add : Profit for the year 2020-21				594.26				13.24	607.50
Add : Other comprehensive income for the year 2020-21				4.49	54.08	11.16	0.40	(0.79)	69.34
Add: Share of OCI of an associate, net of tax				0.02					0.02
Less: Reclassification to profit or loss, net of tax							(71.58)		(71.58)
Less: Change in fair value of hedging instruments, net of tax							25.20		25.20
Add: Transfer from Retained earnings to Statutory reserve			19.40	(19.40)					-
Transaction in capacity as owners									-
Add : Transactions with non-controlling interest			2.46	(2.46)				54.51	54.51
Less : Distribution to shareholders :									-
2020-21 First Interim dividend paid				99.77					99.77
2020-21 Second Interim dividend declared				66.51					66.51
Balance as at 31-03-2021	876.24	6.51	92.51	2,707.36	95.77	25.51	(24.80)	387.90	4,167.00

Nature and purpose of Reserves

1. General reserve is available for distribution to shareholders.

2. Capital reserve:

i. On shares forfeited (₹ 55,200)

ii. On surplus arising out of amalgamation

—
6.51
6.51

3. 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.

4. Hedging Reserve - Refer Note No. 35(D)

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

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

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 : 27th April 2021

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Cash Flow Statement

		Year ended 31-03-2021	Rupees in crores Year ended 31-03-2020
A. Cash flow from operating activities			
Net profit before tax		821.63	865.42
Add: Depreciation and amortisation for the year	564.82		556.00
(Gain) on lease preclosure	—		(0.31)
(Profit)/loss on sale of fixed assets (Net)	1.96		(2.28)
(Profit)/loss on sale of investments (Net)	(0.04)		(0.03)
Unrealised exchange (gain) / loss	17.70		(29.41)
Net (profit) / loss from Associates using equity method	7.75		8.59
Dividend income	(0.20)		(1.26)
Interest income	(32.88)		(26.64)
Finance cost [excluding relatable to financial enterprise]	152.05		154.74
Provisions	26.56		(28.21)
		<u>737.72</u>	<u>631.19</u>
Operating profit before working capital changes		1,559.35	1,496.61
Adjustments for:			
Loans given by a financial enterprise (Net)	(1,700.87)		(1,177.62)
Trade receivables	398.92		130.37
Inventories	(178.96)		103.10
Other current assets	(5.75)		(29.12)
Other financial assets	48.78		(11.81)
Trade payables	1,113.53		22.46
Other financial liabilities (excluding current maturity of non-current borrowings)	137.30		(42.00)
Other current liabilities	106.50		(0.94)
Other non - current assets	(76.78)		124.20
		<u>(157.33)</u>	<u>(881.36)</u>
Cash generated from operations		1,402.02	615.25
Direct taxes paid		<u>(250.73)</u>	<u>(241.82)</u>
Net cash from operating activities (A)		1,151.29	373.43
B. Cash flow from investing activities			
Purchase of property, plant and equipment, intangible assets, capital work-in-progress, intangibles under development, net of capital advances	(927.98)		(1,021.09)
Sale of fixed assets	3.35		30.21
Purchase of investments	(5.51)		(94.01)
Purchase of Investments in associates	(52.56)		(38.97)
Redemption of preference share	16.44		
Sale of Investments	0.34		5.81
Contribution from non-controlling Interest	54.51		—
Interest received	28.84		26.64
Dividends received	0.20		1.26
		<u>(882.37)</u>	<u>(1,090.15)</u>
Net cash from / (used in) investing activities (B)		<u>(882.37)</u>	<u>(1,090.15)</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Cash Flow Statement – (continued)

Rupees in crores

Year ended
31-03-2021

Year ended
31-03-2020

C. Cash flow from financing activities

Borrowings:

Non-current borrowings availed / (repaid)	1,270.57	1,458.99
Current borrowings availed / (repaid)	(683.90)	512.69
Other bank balances	(55.21)	15.39
Finance cost paid	(126.75)	(124.33)
Lease liabilities paid	(52.24)	(43.11)
Dividend and dividend tax paid	(99.77)	(200.46)

252.70 1,619.17

Net cash from / (used in) financing activities (C) 252.70 1,619.17

Total (A)+(B)+(C) 521.62 902.45

Cash and cash equivalents at the beginning of the year 1,041.34 138.89

Cash and cash equivalents at the end of the year 1,562.96 1,041.34

D. Net increase / (decrease) in cash and cash equivalents

521.62 902.45

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

Change in liability arising from financing activities:

Particulars	As at 01-04-2020	Cash flow	Foreign exchange movement	Amortisation	As at 31-03-2021
Non-current borrowings (Including current maturities)	7,568.85	1,270.57	15.99	6.08	8,861.49
Current borrowings (Excluding overdraft utilisation)	3,742.35	(683.90)	–	–	3,058.45

Non-cash financing and investing activities:

	2020-21	2019-20
Acquisition of right-of-use assets	61.71	180.23
Acquisition of property plant and equipment	0.60	–

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 : 27th April 2021

Membership No.: 023116

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.

These financial statements for the year ended 31st March 2021 have been approved and authorised for issue by the Board of Directors at its meeting held on 27th April 2021.

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
			2020-21	2019-20	
1	Subsidiary Companies:				
a.	Sundaram Auto Components Limited, Chennai	India	100%	100%	31-03-2021
b.	TVS Housing Limited, Chennai	India	100%	100%	31-03-2021
c.	TVS Motor Services Limited, Chennai	India	100%	100%	31-03-2021
d.	TVS Credit Services Limited, Chennai	India	84.52% direct holding and 0.57% by (c)	83.95% direct holding and 0.59% by (c)	31-03-2021
e.	Harita Collection Services Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2021
f.	Harita ARC Services Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2021
g.	TVS Micro Finance Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2021
h.	TVS Commodity Financial Solutions Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2021
i.	TVS Two Wheeler Mall Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2021
j.	TVS Housing Finance Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2021
k.	TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	100%	100%	31-03-2021
l.	TVS Motor Company (Europe) B.V. Amsterdam	Netherlands	100%	100%	31-03-2021
m.	The Norton Motorcycle Co. Limited (Formerly Project 303 BIDCO Limited), UK	United Kingdom	100% by (k)	—	31-03-2021
n.	PT. TVS Motor Company Indonesia, Jakarta	Indonesia	51.20% direct holding, 31.71% by (k) and 17.09% by (l)	49.70% direct holding, 32.68% by (k) and 17.62% by (l)	31-03-2021
o.	Sundaram Holding USA Inc., Delaware, USA	USA	67.72% by (a)	74.58% by (a)	31-03-2021
p.	Green Hills Land holding LLC, South Carolina, USA	USA	100% by (o)	100% by (o)	31-03-2021
q.	Component Equipment Leasing LLC, South Carolina, USA	USA	100% by (o)	100% by (o)	31-03-2021
r.	Sundaram-Clayton USA LLC, South Carolina, USA	USA	100% by (o)	100% by (o)	31-03-2021
s.	Premier Land Holding LLC, South Carolina, USA	USA	100% by (o)	100% by (o)	31-03-2021
t.	Intellicar Telematics Private Limited, Bengaluru	India	100%	—	31-03-2021
2	Associate Companies:				
a.	Emerald Haven Realty Limited, Chennai	India	48.8%	48.8%	31-03-2021
b.	Ultraviolette Automotive Private Limited, Bengaluru	India	29.48%	25.37%	31-03-2021
c.	Tagbox Solutions Private Limited, Bengaluru	India	23.50%	23.50%	31-03-2021
d.	Tagbox Pte Ltd, Singapore	Singapore	24.32% by (k)	24.32% by (k)	31-03-2021
e.	Predictronic Corp, USA	USA	23.49% by (k)	23.49% by (k)	31-12-2020
f.	Scienaptic Systems Inc., USA	USA	21.72% by (k)	—	31-03-2021
g.	Altizon Inc, USA	USA	20.00% by (k)	—	31-03-2021

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. The estimates and underlying assumptions are reviewed on an ongoing basis.

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 34).
- ii) Defined benefit obligation - (Refer Note 39).
- 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 Note 45(a).)
- v) Estimation of impairment of goodwill. (Refer Note 38).

e) Revenue recognition

Sale of automotive vehicles, parts and automotive components

Revenue is recognised when the performance obligations are satisfied and the control of the goods 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 goods, customer has possession and legal title to the goods, customer bears significant risk and rewards of ownership and the customer has accepted the goods 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

Property, plant and equipment (including furniture, fixtures, vehicles, etc.) are held for use in the production or supply of goods or services, or for administrative purposes. 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 within other income / expense.

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%.
- 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%.

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 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, if any.

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

which the goodwill arose. The units or group of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the cash generating units.

Other intangible assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately and the estimated useful life is more than one year, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development phase of internal project is recognised, if and only if, the conditions under the Ind AS 34 – Intangible Asset, are fulfilled. If the conditions are not fulfilled the same is recognised in profit or loss in the period in which it is incurred.

The intangible assets 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.

j) Loans (receivable from financing activity)

The Loans (receivable from financing activity) are stated the contract value plus transaction costs less origination income that are directly attributable to the acquisition of the loan. Interest income is recognised using the Effective Interest Rate (EIR) method. Loans are stated at carrying value less impairment loss.

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. Non-monetary investments measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on account of such translation is recognized in OCI or Profit or Loss in line with the designation of the respective item.

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 in the following manner:

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.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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 34. Movements in the hedging reserve in shareholders' equity are shown in Note 35. 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 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.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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 obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, measured at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

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

iii) Post-employment obligation:

The Group operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees, pension plan for its 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. Where irrevocable trust exists, the Group is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return. The Group 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.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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 substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred Tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the 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.

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 allowances reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward.

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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 1st 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 Group. Contracts may contain both lease and non-lease components. The Group 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 Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

Variable lease payments 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 Group 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) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the consideration is received. Contract liabilities are recognised as revenue when the Group performs under the contract.

x) Investments and Other financial assets

i) Classification

The Group classifies its financial assets in the following categories:

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

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

ii) Measurement

At Initial recognition, the Group measures a financial asset at its fair value plus 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

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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 its 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 35 and Note 36 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 36 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
- 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.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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.

y) 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.

z) 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.

aa) Current and Non-current classification

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

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

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

All other assets are classified as non-current.

A liability is treated as current when:

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

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle for all entities within the group other than real estate.

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

ab) Earnings Per Share (EPS):

Basic earnings per share is computed by dividing the profit after tax (attributable to the owners) by the weighted average number of equity shares outstanding during the year / period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

2 PROPERTY, PLANT & EQUIPMENT AND OTHER INTANGIBLE ASSETS

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible			
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Development	Trade Mark	Total
	1	2	3	4	5	6	7	8	9	10	11
Gross carrying value as at 01-04-2020	291.52	946.44	4,485.16	114.92	57.36	217.02	6,112.42	118.44	266.23	–	384.67
Additions	39.29	29.20	365.54	14.33	10.31	25.86	484.53	14.00	171.19	240.23	425.42
Foreign exchange translation reserve adjustments	7.61	3.30	7.95	(0.10)	0.02	(0.00)	18.78	–	–	–	–
Sub-total	338.42	978.94	4,858.65	129.15	67.69	242.88	6,615.73	132.44	437.42	240.23	810.09
Sales / deletion	–	–	40.25	0.42	3.02	3.10	46.79	–	–	–	–
Total	338.42	978.94	4,818.40	128.73	64.67	239.78	6,568.94	132.44	437.42	240.23	810.09
Depreciation / Amortisation Upto 31-03-2019	–	255.43	2,557.66	64.37	33.28	135.18	3,045.92	100.52	101.16	–	201.68
For the year	–	37.64	334.25	16.63	6.15	39.03	433.70	15.95	64.02	–	79.97
Foreign exchange translation reserve adjustments	–	1.90	4.81	(0.02)	0.04	0.21	6.94	–	–	–	–
Sub-total	–	294.97	2,896.72	80.98	39.47	174.42	3,486.56	116.47	165.18	–	281.65
Withdrawn on assets sold / deleted	–	–	35.91	0.33	2.23	3.00	41.47	–	–	–	–
Total	–	294.97	2,860.81	80.65	37.24	171.42	3,445.09	116.47	165.18	–	281.65
Carrying value As at 31-03-2021	338.42	683.97	1,957.59	48.08	27.43	68.36	3,123.85	15.97	272.24	240.23	528.44

Capital work-in-progress (at cost) as at 31-03-2021

(a) Building	44.74
(b) Plant & equipment	82.68
(c) Pre-operative expenses	746.48
Total	<u>873.89</u>

- a) Cost of buildings includes ₹ 26.36 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 - ₹ 30.65 crores.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

2 PROPERTY, PLANT & EQUIPMENT AND OTHER 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	Trade Mark	Total
	1	2	3	4	5	6	7	8	9	10	11
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.

3 INVESTMENT PROPERTIES

		As at 31-03-2021	As at 31-03-2020
Opening gross carrying amount		137.70	137.70
Additions		–	–
Deletions		–	–
Closing gross carrying amount	(A)	<u>137.70</u>	<u>137.70</u>
Opening accumulated depreciation		–	–
Additions		–	–
Deletions		–	–
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 balance as on 01-04-2019 (on transition to Ind AS 116 - Leases)	18.95	63.38	18.37	100.70
(b)	Additions	–	77.69	102.54	180.23
(c)	Amortisation	(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
(g)	Additions	–	39.50	22.21	61.71
(h)	Amortisation	(0.32)	(26.15)	(24.68)	(51.15)
(i)	Foreign exchange translation reserve adjustments	–	(0.02)	2.09	2.07
(j)	Deletions (Preclosures)	(5.02)	–	–	(5.02)
(k)	Closing net balance as on 31-03-2021	13.28	132.70	96.77	242.75

The Group has taken land, warehouses and sales offices on lease for lease period ranging from 6-99 years. The Group 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 ₹ 51.63 Cr(Previous year ₹ 51.01 Cr). Payment towards low value leases made during the year was Nil (Previous year: Nil).

5 NON CURRENT INVESTMENTS

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31-03-2021	As at 31-03-2020			As at 31-03-2021	As at 31-03-2020
1	2	3	4	5	6	7	8
(a)	Investment in Equity Instruments						
	Fair valued through OCI:						
	Quoted :						
(i)	Suprajit Engineering Limited, Bengaluru	2,892,000	2,892,000	1.00	INR	79.67	32.56
(ii)	Ucal Fuel Systems Limited, Chennai	91,760	91,760	10.00	INR	1.28	0.67
	Unquoted :						
(iii)	Green Infra BTV Limited, New Delhi	3,250,000	3,250,000	10.00	INR	1.50	1.39
(iv)	TVS Lanka (Private) Limited, Colombo	5,000,000	5,000,000	10.00	LKR	8.23	9.62
(v)	Green Infra Wind Power Projects Limited, New Delhi	111,600	111,600	10.00	INR	0.06	0.06
(vi)	Green Infra Wind Energy Theni Limited, New Delhi	3,434,477	3,434,477	10.00	INR	1.59	1.47
(vii)	Green Infra Wind Power Generation Limited, New Delhi	216,000	216,000	10.00	INR	0.15	0.13
(viii)	Condivision Solutions Pvt. Limited, Bengaluru	6,760	6,760	10.00	INR	–	–
(ix)	Mulanur Renewable Energy Pvt. Limited, Chennai	15,000	15,000	10.00	INR	0.02	0.02
(x)	PHI Research Pvt. Limited, Chennai	350,000	350,000	10.00	INR	3.01	3.01
(xi)	Atria Wind Power Bijapur 1 Limited, Bengaluru	85,788	90,610	10.00	INR	1.66	1.72
(xii)	Atria wind power (chitradurga) P Ltd, Bengaluru	80,948	80,948	100.00	INR	0.41	0.38
(xiii)	Altizon Systems Private Limited, Pune	10	10	10.00	INR	0.01	0.01
(xiv)	Altizon Inc*, USA	–	530,543	0.00001	USD	–	17.76
(xv)	Scienaptic Systems Inc.*, USA	–	2,195,999	0.001	USD	–	49.83
	Total value of Equity Instruments (a)					97.59	118.63

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 31-03-2021	As at 31-03-2020			As at 31-03-2021	As at 31-03-2020
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)	2,409,638	2,409,638	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	–	370,000,000	1.00	LKR	–	15.92
	Total value of Preference shares (b)					12.70	28.62
(c)	Other non-current Investments (Unquoted):						
	Investments fair valued through OCI:						
(i)	Autotech Fund I L.P., USA				USD	40.43	21.01
(ii)	Harita Accessories LLP				INR	1.07	1.07
	Pension Funds / Government Securities (Valued at Amortised Cost):						
(iii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	6.69	6.25
(iv)	Life Insurance Corporation Pension Policy, Mumbai				INR	21.55	19.72
(v)	Investment in Mutual Funds				INR	0.36	0.41
	Total value of other non-current investments (c)					70.10	48.46
	Total (a) + (b) + (c)					180.39	195.71
	Aggregate amount of quoted investments and market value thereof					80.95	33.23
	Aggregate amount of unquoted investments					99.44	162.48
	Total					180.39	195.71

All Investments are fully paid up.

* Scienaptic Systems Inc and Altizon Inc became associates with effect from 28-09-2020 and 01-02-2021 respectively. Hence the equity holdings under these companies are disclosed under Investments Accounted Using Equity Method (Note no 8) as at 31st March 2021. (For the year ended 31.03.2020 the same were disclosed as Investment in Equity Instruments Fair valued through OCI (Note 5)).

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 31-03-2021		As at 31-03-2020	
	Current	Non-current	Current	Non-current
Secured:				
Automobile financing				
Considered good	4,392.94	4,776.07	4,210.51	3,739.86
Considered doubtful	233.71	107.03	224.20	78.68
Less: Loss allowance				
Provision for expected credit loss (Refer Note 35)	(103.86)	(109.61)	(46.86)	(88.89)
Unsecured:				
Financing (Others)				
Considered good	1,081.41	591.57	800.92	427.02
Considered doubtful	46.12	36.88	32.25	29.63
Less: Loss allowance				
Provision for expected credit loss (Refer Note 35)	(28.48)	(41.36)	(14.78)	(37.81)
Unsecured and considered good:				
Trade advance and term loan	178.76	1.39	104.36	—
Provision for expected credit loss (Refer Note 35)	(6.37)	—	(3.76)	—
	5,794.23	5,361.97	5,306.84	4,148.49

As at
31-03-2021

As at
31-03-2020

7 NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

Deposits	12.73	11.06
Loans given to employees	1.39	1.82
Other bank balances (Bank deposits)	0.80	0.13
Derivative financial instruments - receivable	—	23.63
	<u>14.92</u>	<u>36.64</u>

8 INVESTMENTS ACCOUNTED USING EQUITY METHOD

Emerald Haven Realty Limited, Chennai, [11,12,19,512 (last year - 11,12,19,512) Equity shares]	108.26	112.81
Ultraviolette Automotive Private Limited, Bengaluru [14,850 (last year - 14,850) Equity shares]	9.56	9.93
Ultraviolette Automotive Private Limited, Bengaluru [8,377 (last year - 990) Preference shares]	35.00	5.00
Predictronic Corp, USA [24,827 (last year - 24,827) Equity shares]	20.57	21.66
Tagbox Solutions Private Limited, Bengaluru [45,710 (last year - 45,710) Equity shares]	1.42	1.38
Tagbox Solutions Private Limited, Bengaluru [3,83,983 (last year - 3,83,983) Preference shares]	9.99	9.99
Tagbox Solutions Pte Limited, Singapore [2,43,243 (last year - 2,43,243) Preference shares]	15.01	14.43
Scienaptic Systems Inc., USA * [28,05,357 Equity Shares]	62.68	—
Altizon Inc., USA * [8,06,429 Equity Shares]	25.13	—
	<u>287.62</u>	<u>175.20</u>

* Scienaptic Systems Inc and Altizon Inc became associates with effect from 28-09-2020 and 01-02-2021 respectively. Hence the equity holdings under these companies are disclosed under Investments Accounted Using Equity Method (Note no 8) as at 31st March 2021. (For the year ended 31.03.2020 the same were disclosed as Investment in Equity Instruments Fair valued through OCI (Note 5)).

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

		As at 31-03-2021	As at 31-03-2020
9 DEFERRED TAX ASSETS			
The balance comprises temporary differences attributable to:			
Deferred tax asset consists of :			
- tax on depreciation		5.07	4.60
- tax on employee benefit expenses		9.53	7.04
- tax on expected credit losses provision		78.31	34.76
- tax on investment property		14.72	14.72
- tax on others		24.05	29.42
Total deferred tax assets	(A)	131.68	90.54
Deferred tax liability on other items:	(B)	4.06	3.89
Net deferred tax asset	(A)-(B)	127.62	86.65

Movement in deferred tax :

Particulars	Depreciation	Others	Total
As at 31-03-2019			131.78
Charged/(credited):			
- to profit or loss	(1.37)	5.61	4.24
- to other comprehensive income	—	5.94	5.94
- to share of associate adjustment as per Ind AS 115 (Tax on retrospective application with cumulative effect)	—	(55.31)	(55.31)
As at 31-03-2020			86.65
Charged/(credited):			
- to profit or loss	0.47	38.92	39.39
- to subsidiary incumbent deferred tax asset	—	0.33	0.33
- to other comprehensive income	—	1.25	1.25
As at 31-03-2021			127.62

10 OTHER NON-CURRENT ASSETS

Capital advances	61.79	90.30
Advances other than capital advances:		
Prepaid expenses	16.59	3.27
Vendor advance	55.00	—
Deposits made	48.23	37.70
Others	0.18	0.82
	181.79	132.09

11 INVENTORIES

Raw materials and components	748.68	640.65
Goods-in-transit - Raw materials and components	146.88	77.97
Work-in-progress	40.76	52.71
Finished goods	300.62	298.66
Stock-in-trade	85.49	75.31
Stores and spares	45.00	43.17
	1,367.43	1,188.47

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

	As at 31-03-2021	As at 31-03-2020
12 TRADE RECEIVABLES		
Secured, considered good	17.19	18.29
Unsecured, considered good*	1,065.13	1,457.76
	<u>1,082.31</u>	<u>1,476.05</u>
Less: Loss allowance	46.34	21.69
	<u>1,035.97</u>	<u>1,454.36</u>
* Includes balance with related parties [Refer Note 40(c)(i)].		
13 CASH AND CASH EQUIVALENTS		
Balances with banks	869.63	827.78
Cash on hand	1.52	1.63
Cash equivalents		
Deposits with maturity of less than three month from the date of deposit	702.61	250.28
	<u>1,573.76</u>	<u>1,079.69</u>
Cash and cash equivalents for the purpose of cash flow statement		
Cash and cash equivalents as shown above	1,573.76	1,079.69
Less : Over drafts utilised	(10.80)	(38.35)
[Grouped under financial liabilities - Borrowings (Refer Note 22)]		
	<u>1,562.96</u>	<u>1,041.34</u>
14 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Earmarked balances with banks (for unpaid dividend)	83.09	27.88
	<u>83.09</u>	<u>27.88</u>
15 FINANCIAL ASSETS - OTHERS (CURRENT)		
Unsecured, considered good :		
Employee advances	11.35	19.22
Security deposits	6.17	7.32
Claims receivable	0.08	2.18
Interest accrued on Fixed deposit	2.03	—
Receivable towards sale of fixed assets	62.98	62.98
Derivative financial instruments - receivable	3.03	1.49
	<u>85.64</u>	<u>93.19</u>
16 OTHER CURRENT ASSETS		
IT/GST/VAT/Excise receivable	343.66	351.92
Prepaid expense	37.14	36.02
Vendor advance*	158.12	124.89
Trade deposits	3.49	2.66
Export incentive receivable	44.09	64.49
Others	5.39	6.16
	<u>591.89</u>	<u>586.14</u>

* Includes balance with related parties [Refer Note 40(c)(i)].

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

As at 31-03-2021 As at 31-03-2020

17 EQUITY SHARE CAPITAL

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

Particulars	As at 31-03-2021		As at 31-03-2020	
	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 31-03-2021		As at 31-03-2020	
	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 31-03-2021		As at 31-03-2020	
		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 31-03-2021		As at 31-03-2020	
		Number of shares held	% of holding	Number of shares held	% of holding
ICICI Prudential Mutual Fund	Equity	3,48,50,748	7.34	3,75,05,402	7.89
Life Insurance Corporation of India	Equity	3,07,10,169	6.46	1,46,41,050	3.08
Jwalamukhi Investment Holdings	Equity	2,67,00,107	5.62	2,66,90,025	5.62

18 OTHER EQUITY

Particulars	As at 31-03-2021	As at 31-03-2020
General reserve	876.24	876.24
Capital reserve	6.51	6.51
Statutory reserve	92.51	70.65
Retained earnings	2,707.36	2,296.73
Other Reserves	96.48	(15.54)
	3,779.10	3,234.59

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

19 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Nature	Lenders	As at 31-03-2021	As at 31-03-2020	Status as at 31-03-2021			
				Interest rate	Frequency	No. of instal- ments due	Maturity
Secured Borrowings:							
ECB Loan 1	Bank	41.40	63.94	3 Month USD LIBOR plus Margin	Half Yearly	7	Mar-2023
ECB Loan 2	Bank	218.70	225.98	3 Month USD LIBOR plus Margin	Quarterly	4	Feb-2023
ECB Loan 3	Bank	146.05	150.78	8.1%	Bullet	1	Aug-2022
ECB Loan 4	Bank	146.05	150.78	8.3%	Bullet	1	Sep-2022
ECB Loan 5	Bank	182.56	188.48	8.6%	Bullet	1	May-2022
ECB Loan 6	Bank	182.56	188.48	8.6%	Bullet	1	Jun-2022
ECB Loan 7	Bank	363.87	–	6.9%	Bullet	1	Jul-2023
ECB Loan 8	Bank	343.22	–	6.9%	Bullet	1	Oct-2023
FCNRB Loan	Bank	–	75.67				
Term Loan	Bank	72.50	75.00	1 Year MCLR plus Margin	Quarterly	16	Sep-2026
Term Loan	Bank	–	199.56				
Term Loan	Bank	79.99	99.98	7.3%	Quarterly	8	Mar-2023
Term Loan	Bank	52.50	75.00	6.9%	Quarterly	7	Oct-2022
Term Loan	Bank	159.97	199.95	6.9%	Quarterly	8	Feb-2023
Term Loan	Bank	16.67	33.34	8.0%	Half Yearly	2	Jan-2022
Term Loan	Bank	141.64	241.62	5.1%	Monthly	17	Aug-2022
Term Loan	Bank	100.00	166.67	5.5%	Monthly	18	Sep-2022
Term Loan	Bank	333.33	500.00	5.9%	Monthly	24	Mar-2023
Term Loan	Bank	166.63	249.95	7.5%	Quarterly	8	Feb-2023
Term Loan	Bank	100.00	100.00	7.9%	Half Yearly	4	Dec-2022
Term Loan	Bank	–	200.00				
Term Loan	Bank	199.96	199.93	7.5%	Bullet	1	Nov-2022
Term Loan	Bank	179.97	299.95	7.4%	Quarterly	6	Aug-2022
Term Loan	Bank	24.59	44.27	6.4%	Quarterly	5	Jun-2022
Term Loan	Bank	199.86	249.78	7.4%	Quarterly	8	Mar-2023
Term Loan	Bank	–	20.00				
Term Loan	Bank	–	59.96				
Term Loan	Bank	–	49.99				
Term Loan	Bank	–	63.33				
Term Loan	Bank	–	24.99				
Term Loan	Bank	37.50	112.50	7.9%	Half Yearly	1	Sep-2021
Term Loan	Bank	41.67	125.00	7.5%	Monthly	6	Sep-2021
Term Loan	Bank	–	50.00				
Term Loan	Bank	100.00	100.00	8.0%	Bullet	1	May-2021
Term Loan	Bank	–	74.99				
Term Loan	Bank	59.89	139.78	7.4%	Quarterly	3	Dec-2021

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

19 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

Nature	Lenders	As at 31-03-2021	As at 31-03-2020	Status as at 31-03-2021			
				Interest rate	Frequency	No. of instal- ments due	Maturity
Term Loan	Bank	33.33	66.66	8.0%	Half Yearly	2	Dec-2021
Term Loan	Bank	123.98	290.05	7.5%	Quarterly	3	Dec-2021
Term Loan	Bank	39.97	79.93	7.9%	Quarterly	4	Feb-2022
Term Loan	Bank	238.90	477.59	7.9%	Quarterly	4	Feb-2022
Term Loan	Bank	199.97	399.93	7.4%	Quarterly	4	Feb-2022
Term Loan	Bank	–	30.00				
Term Loan	Bank	130.00	–	6.3%	Quarterly	8	Sep-2023
Term Loan	Bank	199.96	–	5.9%	Quarterly	8	Nov-2023
Term Loan	Bank	299.93	–	5.6%	Quarterly	8	Mar-2024
Term Loan	Bank	241.67	–	5.9%	Monthly	29	Aug-2023
Term Loan	Bank	183.33	–	5.0%	Monthly	33	Dec-2023
Term Loan	Bank	150.00	–	7.4%	Half Yearly	6	Feb-2024
Term Loan	Bank	224.89	–	8.0%	Quarterly	9	May-2023
Term Loan	Bank	250.00	–	7.3%	Quarterly	10	Mar-2024
Term Loan	Bank	99.95	–	7.4%	Monthly	36	Mar-2024
Term Loan	Bank	179.87	–	7.8%	Quarterly	9	Jun-2023
Term Loan	Others	–	12.57				
Term Loan	Bank	0.11	–	7.5%	Monthly	36	May-2024
Term Loan	Bank	265.34	301.45	3.5%	Half Yearly	8	Dec-2024
Term Loan	State owned corporation - I	2.63	2.43	0.1%	Yearly	1	Apr-2029
Term Loan (4 tranches)	State owned corporation -II	151.20	160.89	0.1%	Yearly	4	2022-31
Debentures	8.35% Secured Non Convertible Debenture	300.00	–	8.4%	Bullet	1	Mar-2023
Debentures	8.35% Secured Non Convertible Debenture	25.00	–	8.4%	Bullet	1	Mar-2023
Debentures	7.4% Secured Non Convertible Debenture	99.74	–	7.4%	Bullet	1	Apr-2022
Debentures	8% Secured Non Convertible Debenture	6.37	–	8.0%	Bullet	1	Mar-2026
Debentures	8% Secured Non Convertible Debenture	45.00	45.12	8.0%	Bullet	1	Sep-2021
Unsecured Borrowings:							
Debentures	7.5% Non Convertible Debenture	498.21	–	7.5%	Bullet	1	May-2023
ECB Loan	Bank	121.85	151.33	3 Month USD LIBOR plus Margin	Half Yearly	5	Sep-2023

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

19 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

Nature	Lenders	As at 31-03-2021	As at 31-03-2020	Status as at 31-03-2021			
				Interest rate rate	Frequency	No. of instal- ments due	Maturity
Sub Debt	Bank	24.96	24.94	9.7%	Bullet	1	Sep-2022
Sub Debt	Bank	49.98	49.97	8.7%	Bullet	1	May-2023
Sub Debt	Bank	50.00	50.00	9.8%	Bullet	1	Jul-2023
Sub Debt	Bank	25.00	25.00	9.7%	Bullet	1	Sep-2022
Sub Debt	Bank	49.99	49.96	10.0%	Bullet	1	Apr-2022
Sub Debt	Others	–	14.50				
Sub Debt	Others	–	49.96				
Sub Debt	Others	50.00	50.00	11.8%	Bullet	1	Jul-2021
Sub Debt	Others	49.96	49.92	11.3%	Bullet	1	Sep-2021
Sub Debt	Others	49.98	50.00	11.3%	Bullet	1	May-2022
Sub Debt	Others	99.00	98.71	10.9%	Bullet	1	Aug-2024
Sub Debt	Others	146.62	–	9.4%	Bullet	1	Jun-2026
Sub Debt	Others	122.46	–	9.4%	Bullet	1	Aug-2026
Sub Debt	Others	25.00	–	9.4%	Bullet	1	Aug-2026
Sub Debt	Others	100.00	–	10.0%	Bullet	1	Jul-2026
Perpetual Debt	Others	99.84	99.81	11.5%	Bullet	1	Nov-2027
Sales Tax Deferral Phase I	Others	6.33	12.66	0.0%	Annual	1	2021-22
Sales Tax Deferral Phase II	Others	110.09	125.82	0.0%	Annual	7	2027-28

Total long term borrowings 8,861.49 7,568.85

Less: Current Maturities of
long term borrowings 2,581.23 2,347.62

Total non current financial
liabilities (borrowings) 6,280.26 5,221.23

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 3-8 availed by a subsidiary is secured against hypothecation of receivables under the financing activity of the Company.
- Term Loan of ₹ 265.34 Cr (Previous year: ₹ 301.45 Cr) in USD from bank obtained by a subsidiary - secured by land and building,
- Term loan received from bank of ₹ 72.50 Cr (Previous year: ₹ 75.00 Cr) - charge created on land and building and paripasu charge on plant and machinery.
- Term loan received from bank of ₹ 0.11 Cr - hypothecation of inventory and book debts.
- Term Loan received from Banks and Other Parties of ₹ 4,589.92 Cr inclusive of Current and Non Current Dues by a subsidiary (Previous year: 4,837.71 Cr as on 31st March, 2020) 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 of ₹ 51.37 Cr (Previous Year: ₹ 45.12 Cr) issued by the subsidiary are secured against the immovable property.
- Debentures of ₹ 424.74 Cr (Previous Year: Nil) issued by the subsidiary are secured against hypothecation of receivables under the financing activity of the Company.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

20 PROVISIONS

Particulars	As at 31-03-2021		As at 31-03-2020	
	Current	Non-current	Current	Non-current
Provision for employee benefits: (Refer Note 38)				
(a) Pension	32.14	88.78	46.27	75.82
(b) Leave salary	12.91	56.72	10.10	44.30
(c) Gratuity	3.07	2.28	5.36	2.10
Others:				
(a) Warranty (Refer Note 43)	37.22	11.66	28.84	9.20
	85.34	159.44	90.57	131.42

21 DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31-03-2021	As at 31-03-2020
The balance comprises temporary differences attributable to:		
- Depreciation	282.07	261.14
- Others	41.16	–
Total deferred tax liability (A)	323.23	261.14
Deferred tax asset consists of:		
- tax on employee benefit expenses	33.70	29.85
- tax on warranty provision	14.02	11.29
- tax on others	56.61	42.72
- unused tax credits (MAT credit entitlement)	–	3.51
Total deferred tax assets (B)	104.33	87.37
Net deferred tax liability (A)-(B)	218.90	173.77

Movement in deferred tax :

Particulars	Depreciation	Others	Total
As at 31-03-2019			228.74
Charged / (credited):			
- to profit or loss	(78.03)	6.68	(71.35)
- to other comprehensive income	–	(32.54)	(32.54)
- to share of associate adjustment as per Ind AS 115 (Tax on retrospective application with cumulative effect)	–	(1.55)	(1.55)
- 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			173.77
Charged / (credited):			
- to profit or loss	20.93	(2.60)	18.33
- to other comprehensive income	–	26.80	26.80
As at 31-03-2021			218.90

22 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

Borrowings repayable on demand from banks

	As at 31-03-2021	As at 31-03-2020
Secured*	1,800.19	2,444.50
Unsecured	497.95	610.00
Short term loans:		
From banks :		
Secured	25.00	–
Unsecured	–	230.00
From others (unsecured)	746.11	496.20
	<u>3,069.25</u>	<u>3,780.70</u>

* Includes overdraft utilisation

10.80 38.35

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

	Rupees in crores	
	As at	As at
	31-03-2021	31-03-2020

22 FINANCIAL LIABILITIES - BORROWINGS (CURRENT) - (continued)

Short term borrowings from banks and details of securities created related to subsidiaries:

- A loan of ₹ 67.51 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India.
- Working capital loan and cash credit of ₹ 1,721.88 crores secured by hypothecation of receivables under the financing activity of the subsidiary.
- Short term loan of ₹ 25.00 crores secured by hypothecation of receivables under the financing activity of the subsidiary.
- Cash credit of ₹ 10.80 crores secured by hypothecation of receivables and inventories of the subsidiary, both present and future.

23 TRADE PAYABLES

Dues to Micro and Small Enterprises **	45.00	121.49
Dues to enterprises other than Micro and Small Enterprises [#]	4,253.60	3,065.35
	<u>4,298.60</u>	<u>3,186.84</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 is no principal or interest due thereon and remaining unpaid as at the end of the year.

[#] Includes balances due to related parties [Refer Note 40(c)(ii)].

24 OTHER FINANCIAL LIABILITIES

Current Maturities of long term borrowings	2,581.23	2,347.62
Interest accrued but not due on loans	115.45	47.22
Interest accrued and due on loans *	0.64	0.72
Trade deposits received	89.84	67.34
Unclaimed dividends (Not due for transfer to Investor Education and Protection Fund)	4.32	4.87
Dividend declared but not paid	66.51	-
Payables against capital goods	14.42	23.59
Hedge liability	0.46	41.94
Others	31.35	5.07
	<u>2,904.22</u>	<u>2,538.37</u>

* Subsidiary has made funds available with the banks and the same has been appropriated subsequently.

25 OTHER CURRENT LIABILITIES

Statutory dues	155.98	135.42
Employee related	149.89	102.58
Advance received from customers	176.29	136.67
Deferred income	5.48	-
Money held under trust	-	6.47
	<u>487.64</u>	<u>381.14</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

	Rupees in crores	
	Year ended 31-03-2021	Year ended 31-03-2020
26 REVENUE FROM OPERATIONS		
Sale of products	17,015.40	16,467.69
Sale of services	15.50	31.82
Interest income of financial enterprise	2,041.82	1,821.51
Other operating revenue [#]	348.10	528.29
	<u>19,420.82</u>	<u>18,849.31</u>
[#] Includes Government Grants of ₹ 107.72 Cr (Last year ₹ 189.94 Cr)		
27 OTHER INCOME		
Dividend income from other investments designated as fair valued through OCI	0.20	1.26
Interest income	32.88	26.64
Profit on sale of investments (Net)	0.04	0.03
Profit on sale of fixed assets (Net)	—	2.28
Bad debts recovered	1.33	11.57
Other non-operating income	12.77	10.05
	<u>47.22</u>	<u>51.83</u>
28 MATERIAL COST		
Cost of materials consumed		
Opening stock of raw materials and components	640.65	712.96
Add: Purchases	12,808.76	11,978.53
	<u>13,449.41</u>	<u>12,691.49</u>
Less: Closing stock of raw materials and components	748.68	640.65
	<u>12,700.73</u>	<u>12,050.84</u>
Purchases of stock-in-trade	224.92	259.20
Changes in inventories of finished goods, work-in-progress and stock-in-trade:		
Opening stock:		
Work-in-progress	52.71	99.05
Stock-in-trade	75.31	75.48
Finished goods	298.66	258.88
	(A) <u>426.68</u>	<u>433.41</u>
Closing stock:		
Work-in-progress	40.76	52.71
Stock-in-trade	300.62	75.31
Finished goods	85.49	298.66
	(B) <u>426.87</u>	<u>426.68</u>
	(A)-(B) <u>(0.19)</u>	<u>6.73</u>
29 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	1,501.69	1,349.41
Contribution to provident and other funds	100.15	84.09
Staff welfare expenses	87.53	105.85
	<u>1,689.37</u>	<u>1,539.35</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

	Rupees in crores	
	Year ended 31-03-2021	Year ended 31-03-2020
30 FINANCE COSTS		
Interest	706.46	650.91
Other borrowing cost	183.58	165.13
Interest on lease liabilities	11.89	14.67
Exchange differences	(20.44)	23.83
	<u>881.49</u>	<u>854.54</u>
31 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on property plant and equipment	433.70	452.37
Amortisation on right of use asset	51.15	44.72
Amortisation on intangible assets	79.97	58.91
	<u>564.82</u>	<u>556.00</u>
32 OTHER EXPENSES		
(a) Consumption of stores, spares and tools	50.09	55.69
(b) Power and fuel	96.14	112.75
(c) Repairs - buildings	16.29	13.57
(d) Repairs - plant and equipment	75.85	84.80
(e) Insurance	26.41	19.63
(f) Rates and taxes (excluding taxes on income)	16.43	8.96
(g) Audit fees #	2.74	2.80
(h) Cost audit fees	0.06	0.06
(i) Packing and freight charges	335.26	410.42
(j) Advertisement and publicity	322.64	424.31
(k) Other marketing expenses	278.95	357.69
(l) Loss on sale of fixed assets (Net)	1.96	—
(m) Foreign exchange loss (Net)	32.92	8.24
(n) Loss allowance for expected credit losses relating to loans	466.79	273.73
(o) Corporate social responsibility expenditure*	22.71	20.96
(p) Contributions to electoral trust/Bonds	—	6.00
(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)	822.92	920.53
	<u>2,568.16</u>	<u>2,720.14</u>
# Refer Note 44 for details on audit fees.		
* Refer Note 46 for details on Corporate Social Responsibility expenditure.		
33 TAX EXPENSE AND RECONCILIATION		
(a) Tax expense		
Current tax:		
Current tax on profits for the year	249.76	285.75
Adjustments for current tax of prior periods	—	8.90
	<u>(A) 249.76</u>	<u>294.65</u>
Deferred tax:		
Decrease / (increase) in deferred tax assets	(97.89)	(2.82)
(Decrease) / increase in deferred tax liabilities	62.26	(72.77)
Unused tax (credit) [MAT credit entitlement]	—	(0.40)
Unused MAT (credit) of prior period	—	(0.04)
	<u>(B) (35.63)</u>	<u>(76.03)</u>
	<u>(A) + (B) 214.13</u>	<u>218.62</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

Year ended
31-03-2021

Year ended
31-03-2020

33 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	821.63	865.42
Tax expense at the Indian tax rate of 25.168% (Previous year 34.944%)	206.79	302.41
Add/(less) tax impact on:		
Additional deduction towards Research & Development expenses	—	(48.97)
Capital receipts	(0.76)	(1.97)
Exempted income		(0.84)
Partially allowed deductions	5.06	15.65
Restatement of Deferred Tax Liability	—	(74.00)
Others	3.04	—
Tax differences due to subsidiary adjustments	—	17.44
Tax relating to earlier years	—	8.90
	<u>214.13</u>	<u>218.62</u>

34 FAIR VALUE MEASUREMENTS

Particulars	As at 31-03-2021			As at 31-03-2020		
	FVTPL*	FVOCI*	Amortised cost	FVTPL*	FVOCI*	Amortised cost
Financial assets						
Investments						
- Equity instruments	—	97.59	—	—	118.63	—
- Preference shares	—	—	12.70	—	—	28.62
- Other non current investments	0.36	41.50	—	0.41	22.08	—
- Debt Instruments	—	—	28.24	—	—	25.97
Trade receivables	—	—	1,035.97	—	—	1,454.36
Loans (receivable from financing activity)	—	—	11,156.20	—	—	9,455.33
Fixed deposit with banks	—	—	0.80	—	—	0.13
Cash and cash equivalents	—	—	1,573.76	—	—	1,079.69
Earmarked balances with banks	—	—	83.09	—	—	27.88
Derivative financial asset	—	3.03	—	—	25.12	—
Other financial assets	—	—	96.73	—	—	104.58
Total financial assets	0.36	142.12	13,987.49	0.41	165.83	12,176.56
Financial liabilities						
Borrowings	—	—	11,930.74	—	—	11,349.55
Trade payables	—	—	4,298.60	—	—	3,186.84
Derivative financial liability	—	0.46	—	—	41.94	—
Lease liability	—	—	248.42	—	—	241.90
Other financial liability	—	—	348.64	—	—	158.65
Total financial liabilities	—	0.46	16,826.40	—	41.94	14,936.94

* 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

34 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 recognised and measured at fair value and that are measured at amortised cost, 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 31-03-2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	5	0.36	–	–	0.36
Financial Investments at FVOCI	5	80.95	41.50	16.64	139.09
Derivatives	16	–	3.03	–	3.03
		81.31	44.53	16.64	142.48
Financial liabilities					
Derivatives	24	–	0.46	–	0.46
		–	0.46	–	0.46

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

As at 31-03-2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
<u>Investments</u>					
Preference shares	5			12.70	12.70
Debt instruments	5			28.24	28.24
		–	–	40.94	40.94
Financial liabilities					
Borrowings	19, 22 & 24			11,930.74	11,930.74
		–	–	11,930.74	11,930.74

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, 15	–	25.12	–	25.12
		33.64	47.20	85.40	166.24
Financial liabilities					
Derivatives	24	–	41.94	–	41.94
		–	41.94	–	41.94

Notes to the Financial Statements - (continued)

34 FAIR VALUE MEASUREMENTS – (continued)

Rupees in crores

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	5	–	–	28.62	28.62
Debt instruments	5	–	–	25.97	25.97
		–	–	54.59	54.59
Financial liabilities					
Borrowings	19, 22 & 24	–	–	11,349.55	11,349.55
		–	–	11,349.55	11,349.55

Level 1: This 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 Group'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.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

34 FAIR VALUE MEASUREMENTS - (continued)

Rupees in crores

(iii) Fair value measurements using significant unobservable inputs (level 3)

Particulars	Unlisted Equity Shares
As at 01-04-2019	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
Additions / (deletions)	(0.10)
Investment in associate - accounted using equity method	(67.59)
Gains / (losses) recognised in profit or loss	0.04
Gains / (losses) recognised in other comprehensive income	(1.11)
As at 31-03-2021	16.64

(iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended	
	31-03-2021	31-03-2020		31-03-2021	31-03-2020
Unquoted Equity shares*	16.64	85.40	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 relevant financial data.

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

Particulars	As at 31-03-2021		As at 31-03-2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Preference shares	12.70	12.70	28.62	28.62
Debt instruments	28.24	28.24	25.97	25.97
	40.94	40.94	54.59	54.59
Financial liabilities				
Borrowings	11,930.74	11,930.74	11,349.55	11,349.55
	11,930.74	11,930.74	11,349.55	11,349.55

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.

Notes to the Financial Statements - (continued)

Rupees in crores

35 FINANCIAL RISK MANAGEMENT

The Group'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)

35 FINANCIAL 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 (except loans from financing activity covered under Note - 36)

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

35 FINANCIAL RISK MANAGEMENT - (continued)

As at 31-03-2021

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	40.94	0%	–	40.94
	1	Other financial assets	96.73	0%	–	96.73

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	975.41	106.90	1,082.31
Expected loss rate	–	43%	–
Expected credit losses	–	46.34	46.34
Carrying amount of trade receivables	975.41	60.56	1,035.97

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	54.59	0%	–	54.59
	1	Other financial assets	104.58	0%	–	104.58

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

Reconciliation of loss allowance provision - Trade receivables

Loss allowance as on 01-04-2019	17.28
Changes in loss allowance	4.41
Loss allowance as on 31-03-2020	21.69
Changes in loss allowance	24.65
Loss allowance as on 31-03-2021	46.34

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

35 FINANCIAL 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 31-03-2021	As at 31-03-2020
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	1,874.20	1,043.12
- 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 31-03-2021

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	1,499.09	801.89	3,349.50	5,784.82	503.14	11,938.44
Lease Liabilities	16.28	16.27	31.11	188.27	37.54	289.47
Trade payables	4,037.75	197.51	63.34	—	—	4,298.60
Other financial liabilities	291.51	19.61	11.41	26.11	—	348.64
Derivatives	0.46	—	—	—	—	0.46

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	2,281.65	639.74	3,206.93	5,104.51	122.07	11,354.90
Lease Liabilities	13.23	12.76	21.63	168.87	77.27	293.76
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

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)

35 FINANCIAL 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 31-03-2021		As at 31-03-2020	
	USD	EUR	USD	EUR
Exposure in foreign currency				
Financial assets:				
Trade receivables	564.99	30.00	570.30	26.25
Investments	52.13	—	32.71	—
Derivative assets				
Foreign exchange forward contracts				
Sell foreign currency	(1,537.09)	(74.85)	(1,195.95)	(56.57)
Financial liabilities				
Foreign currency loan	1,746.26	—	1,195.44	—
Trade payables	293.59	5.91	108.33	0.07
Derivative liabilities				
Foreign exchange forward contracts				
Buy foreign currency	(5.37)	—	(0.31)	(0.04)
Principal swap				
Buy foreign currency	(1,746.26)	—	(1,195.44)	—

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 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020
USD sensitivity				
INR / USD increases by 10%	20.93	35.53	(110.27)	(88.10)
INR / USD decreases by 10%	(20.93)	(35.53)	110.27	88.10
EURO sensitivity				
INR / EURO increases by 10%	1.78	1.96	(5.54)	(4.24)
INR / EURO decreases by 10%	(1.78)	(1.96)	5.54	4.24

* 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 31-03-2021	As at 31-03-2020
Variable rate borrowings	7,924.77	7,809.83
Fixed rate borrowings	4,013.67	3,548.53

The amounts disclosed in the table are the contractual undiscounted cash flows.

Sensitivity	Impact on profit after tax	
	As at 31-03-2021	As at 31-03-2020
Increase in interest rates by 100 bps	(58.60)	(58.57)
Decrease in interest rates by 100 bps	58.60	58.57

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

35 FINANCIAL RISK MANAGEMENT - (continued)

Rupees in crores

(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 31-03-2021

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	1,611.94	5.37	8.20	–	Apr'21 to Mar'22	8.20	(8.20)
Foreign currency loan							
• Principal swap	–	1,746.26	8.35	–	Sep'21 to Oct'23	8.35	(8.35)
• Interest rate swap	–	1,746.26	–	13.98		(13.98)	13.98

(b) 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	1,252.52	0.35	–	46.95	Apr'20 to Mar'21	(46.95)	46.95
Foreign currency loan							
• Principal swap	–	1,195.44	57.20	–	Jul'21 to Sep'23	57.20	(57.20)
• Interest rate swap	–	1,195.44	–	27.07		(27.07)	27.07

(ii) Disclosure of effects of hedge accounting on financial performance:

a. for the year ended 31-03-2021:

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 / POS / IRS	(25.20)	–	(71.58)	Revenue and Borrowing cost

b. 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 / POS / IRS	(71.58)	–	(3.87)	Revenue and Borrowing cost

Notes to the Financial Statements - (continued)

Rupees in crores

36 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 31-03-2021	As at 31-03-2020
Gross Carrying value of Loans		
Stage-1 (Less than 31 Days)	9,540.86	8,406.93
Stage-2 (31-90 Days)	1,481.27	869.84
Stage-3 (More than 90 Days)	423.75	370.66
Total gross carrying value on reporting date	11,445.58	9,647.43

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. Effective Interest 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

36 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 six months on the payment of installments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers. The company has extended One-Time Resolution framework as for CoVID-19-related Stress to eligible customers as per applicable RBI guidelines and as per the policy of the company. The staging classification under ECL computation has been done based on the performance of the restructured accounts as per the revised terms and conditions and credit risk assessment by the Company.

CoVID-19 (including second wave) has severe impact on global as well as domestic macro and micro economies, businesses and consumers. Due to this uncertainty, Company's assessments of impairment loss allowance on its loans are subject to a number of management judgements and estimates. The company has followed same methodologies and assumptions for impairment loss allowance calculations followed in earlier quarters with additional consideration for Covid related impact and the associated support packages in the measurement of impairment loss allowance. Since the Company's impairment loss allowance estimates are inherently uncertain, 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 31-03-2021	9,540.86	1,481.27	423.75	11,445.88
Expected Credit Loss	81.90	42.35	165.43	289.67
Expected Credit Loss Rate	0.86%	2.86%	39.04%	2.53%
Net of Impairment Provision	9,458.96	1,438.92	258.32	11,156.20

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross Balance as at 31-03-2020	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

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

36 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 01-04-2019	30.99	3.42	104.61	139.02
Transfer from Stage 1	(4.92)	3.27	1.65	—
Transfer from Stage 2	0.28	(1.90)	1.62	—
Transfer from Stage 3	0.71	1.33	(2.04)	—
Loans that have derecognised during the period	(6.58)	(0.72)	(25.19)	(32.49)
New Loans originated during the year	25.12	3.91	12.98	42.01
Net Remeasurement of Loss Allowance	(6.38)	0.19	49.75	43.56
Balance as at 31-03-2020	39.22	9.50	143.38	192.10
Transfer from Stage 1	(9.66)	7.54	2.12	—
Transfer from Stage 2	2.44	(4.61)	2.17	—
Transfer from Stage 3	0.99	0.45	(1.44)	—
Loan that have derecognised during the period	(8.35)	(1.43)	(41.06)	(50.84)
New Loans originated during the year	33.56	4.26	14.79	52.61
Net Remeasurement of Loss Allowance	23.70	26.64	45.47	95.81
Balance as at 31-03-2021	81.90	42.35	165.43	289.68

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:

	31-03-2021	31-03-2020
Carrying value		
Concentration by geographical region in India		
South	4,428.05	3,812.32
West	3,123.68	2,670.40
East	2,042.22	1,701.66
North	1,851.93	1,463.05
Total Loans as at reporting period	11,445.88	9,647.43

37 CAPITAL MANAGEMENT

(a) Risk management

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

Particulars	As at 31-03-2021	As at 31-03-2020
Net debt	10,356.98	10,269.86
Total equity	4,214.51	3,603.04
Net debt to equity ratio	245.75%	285.03%

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

37 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 31-03-2021	Year ended 31-03-2020
EBIT	1,703.12	1,719.96
Interest	881.49	854.54
Interest coverage ratio (times)	1.93	2.01

(b) Dividends

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
(i) Equity shares Interim dividends for the year ended 31-03-2021 of ₹ 3.50 (31-03-2020 of ₹ 3.50) per fully paid share	166.28	166.28
(ii) Dividend distribution tax	—	34.18
(ii) Dividends not recognised at the end of the reporting period	—	—

38 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.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

39 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 01-04-2019	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	28.84	(8.24)	20.60	5.94	2.77
Remeasurements					
Return on plan assets, excluding amounts included in interest expense / (income)	–	(1.16)	(1.16)	–	–
(Gain) / loss from change in financial assumptions	11.01	–	11.01	16.80	2.76
Experience (gains) / losses	(3.13)	–	(3.13)	9.08	21.54
Total amount recognised in other comprehensive income	7.88	(1.16)	6.72	25.88	24.30
Employer contributions	–	(18.68)	(18.68)	–	–
Benefit payments	(9.87)	9.87	–	(0.46)	(7.80)
As at 31-03-2020	140.14	(132.68)	7.46	109.34	54.40
Balance from incumbent subsidiary	0.52	–	0.52	–	–
Current service cost	21.82	–	21.82	–	–
Interest expense / (income)	9.15	(8.59)	0.56	5.95	3.55
Total amount recognised in profit or loss	30.97	(8.59)	22.38	5.95	3.55
Remeasurements					
Return on plan assets, excluding amounts included in interest expense / (income)	–	2.15	2.15	–	–
(Gain) / loss from change in financial assumptions	(3.50)	–	(3.50)	0.77	(1.22)
Experience (gains) / losses	(6.90)	–	(6.90)	(8.05)	19.34
Total amount recognised in other comprehensive income	(10.40)	2.15	(8.25)	(7.28)	18.12
Employer contributions	–	(16.76)	(16.76)	–	–
Benefit payments	(7.94)	7.94	–	(0.84)	(6.44)
As at 31-03-2021	153.29	(147.94)	5.35	107.17	69.63

Certain companies in the Group have an obligation towards gratuity, a defined benefit retirement plan covering eligible employees and 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)

39 EMPLOYEE BENEFIT OBLIGATIONS - (continued)

Rupees in crores

The significant actuarial assumptions were as follows:

Particulars	As at 31-03-2021	As at 31-03-2020
Discount rate (Gratuity)	6.1%	6.2%
Discount rate (Leave salary)	6.4%	6.2%
Discount rate (Pension)	6.0%	6.5%
Salary growth rate	6.8%	5.7%
Pre-retirement mortality rate	IALM (2006-08) Ultimate	
Post retirement mortality rate	LIC Ann (1996-98)	
Attrition rate (For Leave salary & Gratuity)	14.3%	14.0%
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		Year ended		Year ended	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020
Discount rate	0.50%	0.50%	146.08	134.40	158.42	146.32
Salary growth rate	0.50%	0.50%	158.46	146.36	145.98	134.32
Mortality	5.00%	5.00%	152.03	140.14	151.98	140.28

Particulars	Impact on defined benefit obligation - Pension					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended		Year ended		Year ended	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020
Discount rate	1.00%	1.00%	94.66	96.60	122.46	124.78
Salary growth rate	1.00%	1.00%	122.99	125.37	85.04	95.97
Mortality	5.00%	5.00%	106.22	108.39	108.27	110.19

Particulars	Impact on defined benefit obligation - Leave salary					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended		Year ended		Year ended	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020
Discount rate	0.50%	0.50%	67.50	52.70	71.92	56.20
Salary growth rate	0.50%	0.50%	71.93	56.21	67.47	52.68
Mortality	5.00%	5.00%	69.64	54.39	69.63	54.39

Notes to the Financial Statements - (continued)

39 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 Group 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.

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 ₹ 37.81 crores (previous year ₹ 36.49 crores) has been recognised in the Statement of Profit and Loss

Notes to the Financial Statements - (continued)

40 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

Premier Land Holding LLC, USA

The Norton Motorcycle Co. Ltd, UK (Formerly known as Project 303 Bidco Limited)

Intellicar Telematics Private Limited, Bengaluru

Associate companies:

Emerald Haven Realty Limited, Chennai

Ultraviolette Automotive Private Limited, Bengaluru

Tagbox Solutions Private Limited, Bengaluru

Predictronic Corporation, USA

Tagbox PTE Ltd, Singapore

Altizon Inc., USA

Scienaptic Systems Inc., USA

- (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

Notes to the Financial Statements - (continued)

40 RELATED PARTY DISCLOSURE - (continued)

Associate / Joint venture of holding / ultimate holding / 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, Madurai

Subsidiaries of associate / joint venture of holding / ultimate holding / 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
- Dua Associates, Delhi
- Dua Consulting Private Limited, Delhi
- McCann-Erickson (India) Private Limited, Delhi
- Lakshmi Energy and Environment Design Private Limited, Coimbatore
- Harita Techserv Private Limited, Chennai

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
- Mrs. Lalita D. Gupte
- Mr. Kuok Meng Xiong (w.e.f. 24th March 2021)

Non-Independent Directors:

- Prof. Sir Ralf Dieter Speth (w.e.f. 24th March 2021)
- Mr. H.Lakshmanan
- Dr. Lakshmi Venu
- Mr. Rajesh Narasimhan (Upto 24th March 2021)

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 31-03-2021	As at/ Year ended 31-03-2020
40 RELATED PARTY DISCLOSURE – (continued)		
(b) Transactions with related parties:		
(i) Purchase of goods		
- ultimate holding company		
TV Sundram Iyengar & Sons Private Limited, Madurai	0.38	0.63
- holding company		
Sundaram-Clayton Limited, Chennai	305.41	361.19
- fellow subsidiaries		
TVS Electronics Limited, Chennai	0.01	0.26
Sundaram Industries Private Limited, Madurai	0.04	0.03
Lucas-TVS Limited, Chennai	136.37	174.20
Lucas Indian Service Limited, Chennai	8.34	7.54
- associate / joint venture of holding / ultimate holding / fellow subsidiary company		
Brakes India Private Limited, Chennai	22.92	32.47
TVS Srichakra Limited, Madurai	374.06	473.35
Wheels India Limited, Chennai	0.20	14.77
Sundram Fasteners Limited, Chennai	43.15	59.28
India Nippon Electricals Limited, Chennai	326.25	296.15
Sundaram Brake Linings Limited, Chennai	8.10	10.78
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Upasana Limited, Chennai	16.35	16.41
- enterprises over which key management personnel and their relative have significant influence		
Harita-NTI Limited, Chennai	1.71	1.17
- enterprises in which directors are interested		
TVS Organics Private Limited, Chennai	0.28	0.87
(ii) Sale of goods		
- ultimate holding company		
TV Sundram Iyengar & Sons Private Limited, Madurai	360.58	367.49
- fellow subsidiary company		
Lucas-TVS Limited, Chennai	0.52	1.16
TVS Lanka Private Limited, Colombo	12.84	213.54
- associate / joint venture of holding / ultimate holding / fellow subsidiary company		
TVS Auto Bangladesh Limited, Dhaka	540.49	588.29
(iii) Purchase of assets		
- ultimate holding company		
TV Sundram Iyengar & Sons Private Limited, Madurai	–	1.53
- fellow subsidiaries		
TVS Electronics Limited, Chennai	0.15	–
- associate / joint venture		
Tagbox Solutions Private Limited	1.01	–
- associate / Joint venture of holding / ultimate holding / fellow subsidiary company		
India Nippon Electricals Limited, Chennai	–	0.44
- enterprises in which directors are interested		
Lakshmi Energy and Environment Design Private Limited, Coimbatore	–	0.07
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CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2021	As at/ Year ended 31-03-2020
40 RELATED PARTY DISCLOSURE – (continued)		
(iv) Sale of Land		
- associate company Emerald Haven Realty Limited, Chennai	0.25	0.56
(v) Rendering of services (including interest and reimbursements received)		
- holding company Sundaram-Clayton Limited, Chennai	6.95	6.36
- fellow subsidiaries		
Southern Roadways Private Limited, Madurai	0.01	0.01
Lucas-TVS Limited, Chennai	0.01	0.01
Lucas Indian Service Limited, Chennai	0.01	0.01
- associate / joint venture of holding / ultimate holding / fellow subsidiary company		
Brakes India Private Limited, Chennai	–	0.01
TVS Supply Chain Solutions Limited, Madurai	–	0.89
Wheels India Limited, Chennai	–	0.01
India Nippon Electricals Limited, Chennai	0.01	0.14
TVS Srichakra Limited, Madurai	0.01	0.01
Sundram Fasteners Limited, Chennai	0.01	0.10
Sundaram Brake Linings Limited, Chennai	0.01	0.01
- subsidiaries of associate / joint venture of holding / ultimate holding / fellow subsidiary company:		
TVS Upasana Limited, Chennai	0.01	0.14
- associate company Emerald Haven Realty Limited, Chennai	0.07	0.13
(vi) Availing of services (includes sub-contract charges paid)		
- ultimate holding company TV Sundram Iyengar & Sons Private Limited, Madurai	0.25	0.20
- holding company Sundaram-Clayton Limited, Chennai	62.52	52.24
- fellow subsidiaries:		
TVS Electronics Limited, Chennai	1.90	1.52
Southern Roadways Private Limited, Madurai	2.56	2.29
TVS Auto Assist (India) Limited, Chennai	–	2.71
TVS Training and Services Limited, Chennai	0.11	–
Lucas-TVS Limited, Chennai	0.14	0.14
- associate / joint venture		
Tagbox Solutions Private Limited, Bengaluru	0.32	–
Emerald Haven Realty Limited, Chennai	0.01	0.01
Predictronics Corporation, USA	0.11	–
- associate / joint venture of holding / ultimate holding / fellow subsidiary company		
TVS Supply Chain Solutions Limited, Madurai	96.84	82.69
Wheels India Limited, Chennai	–	0.01
- subsidiaries of associate / joint venture of holding / ultimate holding / fellow subsidiary company		
TVS Dynamic Global Freight Services Limited, Chennai	100.40	119.28
- enterprises in which directors are interested		
Dua Associates, Delhi	0.18	0.06
Dua Consulting Private Limited, Delhi	5.30	4.79
McCann-Erickson (India) Private Limited, Delhi	3.91	4.10
Lakshmi Energy and Environment Design Private Limited, Coimbatore	0.07	–
Harita Techserv Private Limited, Chennai	3.50	2.63

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

	As at/ Year ended 31-03-2021	As at/ Year ended 31-03-2020
40 RELATED PARTY DISCLOSURE – (continued)		
(vii) Investments made during the year		
- associate / joint venture		
Ultraviolette Automotive Private Limited, Bengaluru	30.00	5.00
Tagbox Solutions Private Limited, Bengaluru	—	11.18
Tagbox PTE Ltd, Singapore	—	15.42
Predictronics Crop., USA	—	22.36
Altizon Inc., USA	7.13	—
Scienaptic Systems Inc., USA	14.30	—
(viii) Trade advance given		
- associate company		
Ultraviolette Automotive Private Limited, Bengaluru	3.40	2.00
(ix) Remuneration to Key Management Personnel:		
Short-term employee benefits	52.71	47.89
Post-employment benefits	0.22	0.22
(x) Remuneration to relative to Key Management Personnel		
Short-term employee benefits	0.29	0.35
(xi) Dividend paid to holding company		
Sundaram-Clayton Limited, Chennai	57.27	95.44
(xii) Dividend paid to Key Management Personnel	0.55	0.92
(xiii) Contributions to post employment benefit plans:		
TVS Motor Company Employees' Gratuity Fund	10.84	14.38
TVS Motor Company Employees' Provident Fund (Including Employee and Employer Contributions)	47.52	45.78
(c) Balances with related parties:		
(i) Trade receivables / Other current assets		
- ultimate holding company		
T V Sundram Iyengar & Sons Private Limited, Madurai	8.11	79.50
- fellow subsidiary company		
TVS Lanka Private Limited, Colombo	6.91	11.29
- associate company		
Ultraviolette Automotive Private Limited, Bengaluru	—	2.00
Emerald Haven Realty Limited, Chennai	0.76	—
- associate / joint venture of holding / ultimate holding / fellow subsidiary company		
TVS Auto Bangladesh Limited, Dhaka	190.79	95.65
(ii) Trade payables		
- holding company		
Sundaram-Clayton Limited, Chennai	43.99	20.70
- fellow subsidiaries		
Lucas-TVS Limited, Chennai	27.53	24.81
Lucas Indian Service Limited, Chennai	1.43	1.34
Southern Roadways Private Limited, Madurai	0.02	0.16
Sundaram Industries Private Limited, Madurai	—	0.01
TVS Electronics Limited, Chennai	0.03	0.05

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2021	As at/ Year ended 31-03-2020
40 RELATED PARTY DISCLOSURE – (continued)		
- associate / joint venture		
Tagbox Solutions Private Limited, Bengaluru	0.09	–
Emerald Haven Realty Limited, Chennai	–	0.23
Predictronics Corporation, USA	0.11	–
- associate / joint venture of holding / ultimate holding / fellow subsidiary company		
Brakes India Private Limited, Chennai	5.48	6.66
TVS Srichakra Limited, Madurai	53.31	55.97
Wheels India Limited, Chennai	–	1.53
India Nippon Electricals Limited, Chennai	57.15	54.56
Sundaram Brake Linings Limited, Chennai	1.85	1.29
Sundram Fasteners Limited, Chennai	7.74	8.20
TVS Supply Chain Solutions Limited	8.30	5.11
- subsidiaries of associate / joint venture of holding / ultimate holding / fellow subsidiary company		
TVS Dynamic Global Freight Services Limited, Chennai	7.38	8.65
TVS Upasana Limited, Chennai	2.42	2.05
- enterprises in which directors are interested		
Dua Consulting Private Limited, Delhi	0.27	–
TVS Organics Private Limited, Chennai	0.01	0.01
McCann-Erickson (India) Private Limited, Delhi	0.13	–
Lakshmi Energy and Environment Design Private Limited, Coimbatore	0.14	0.21
Harita Techserv Private Limited, Chennai	0.42	0.37
- enterprise over which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)	0.17	0.21

41 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 31-03-2021	For the year ended 31-03-2020
(a)	Type of goods or service		
1.	Sale of Products - Automobiles	15,055.10	14,554.54
2.	Sale of Products - Parts and accessories	1,736.87	1,659.22
3.	Sale of Products - Automotive components & Others	223.43	253.93
4.	Services - IT Services & Others	5.25	15.05
5.	Services - Royalty	10.25	16.77
6.	Interest Income of financial enterprises	2,041.82	1,821.51
		19,072.72	18,321.02
(b)	Geographical markets		
(i)	Domestic	14,516.16	13,945.87
(ii)	Exports	4,556.56	4,375.15
		19,072.72	18,321.02

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

41 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 31-03-2021	For the year ended 31-03-2020
Contract Liabilities at the beginning of the period	136.67	64.49
Add / (Less) :		
Consideration received during the year as advance	176.29	136.67
Revenue recognized from contract liability	(136.67)	(64.49)
Contract Liabilities at the end of the period	176.29	136.67

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 31-03-2021	For the year ended 31-03-2020
(i)	Contract price	17,745.63	17,199.02
(ii)	Adjustments:		
	Incentive schemes	394.55	369.89
	Transport cost	320.18	329.62
(iii)	Revenue from sale of products and services (Refer Note 26)	17,030.90	16,499.51

As at/
Year ended
31-03-2021

As at/
Year ended
31-03-2020

42 EARNINGS PER SHARE

Profit after tax attributable to owners	594.26	624.62
Number of equity shares	47,50,87,114	47,50,87,114
Face value of the share (in ₹)	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 ₹)	12.51	13.15
Basic and diluted earnings per share for discontinued operations (in ₹)	–	–
Basic and diluted earnings per share for continued and discontinued operations (in ₹)	12.51	13.15

43 WARRANTY PROVISION

Opening balance	38.04	29.15
Add: Provision for the year (Net)	48.88	38.04
	86.92	67.19
Less: Payments / debits (Net)	38.04	29.15
Closing balance	48.88	38.04

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

	As at/ Year ended 31-03-2021	As at/ Year ended 31-03-2020
44 PAYMENT TO AUDITORS COMPRISES		
As statutory auditors	2.01	1.76
Taxation matters	0.32	0.32
Certification matters	0.27	0.27
Other matters	0.14	0.45
	<u>2.74</u>	<u>2.80</u>
Miscellaneous expenses include travel and stay expenses of auditors	0.19	0.14
	<u>2.93</u>	<u>2.94</u>

45 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR

(a) Claims against the company not acknowledged as debts:

(i) Excise	53.37	52.99
(ii) Service tax	9.66	9.66
(iii) Customs	40.63	1.36
(iv) Sales tax	2.00	2.00
(v) Income tax	46.06	43.71
(vi) GST	2.82	2.82
(vii) Legal cases filed by customer	1.23	1.64

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	212.18	70.61
(ii) On factoring arrangements	—	2.09

(c) Commitments:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	233.19	237.47
(ii) On investments	5.12	9.79
(ii) Undrawn loans sanctioned to customers by financial enterprise	22.89	1.99

46 CORPORATE SOCIAL RESPONSIBILITY

(a) Gross amount required to be spent during the year is ₹ 21.12 crores (last year ₹ 20.15 crores)

(b) Amount spent during the year:

Sl.No.	Particulars	in cash	Yet to be paid in cash	31-03-2021	31-03-2020
1	Construction / acquisition of any asset	—	—	—	—
2	Other than the above	22.71	—	22.71	45.96*

* included in other expenses - ₹ 20.96 crores and in exceptional items - ₹ 25.00 crore

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Notes to the Financial Statements - (continued)

Rupees in crores

47 SEGMENT INFORMATION

For the year ended 31-03-2021

Particulars	Business Segment				
	Automotive vehicles & parts	Automotive components	Financial services	Others	Total
Revenue					
External sales - domestic	12,295.73	224.06	2,238.59	2.06	14,760.44
- exports	4,660.38	—	—	—	4,660.38
Inter segment sales	—	238.79	—	—	238.79
Total sales	16,956.11	462.85	2,238.59	2.06	19,659.61
Less: Inter segment sales	—	238.79	—	—	238.79
Net revenue	16,956.11	224.06	2,238.59	2.06	19,420.82
Segment-wise results					
before interest and tax	883.87	(7.11)	104.54	0.13	981.43
Less: interest	138.62	9.73	3.68	0.02	152.05
Profit before tax	745.25	(16.84)	100.86	0.11	829.38
Less: Tax expenses	213.42	(6.59)	8.27	(0.97)	214.13
Profit after tax	531.83	(10.25)	92.59	1.08	615.25
Share of profit of Associates	—	—	—	(7.75)	(7.75)
Profit / Loss for the period	531.83	(10.25)	92.59	(6.67)	607.50
Segment assets	8,258.14	1,209.13	12,492.93	32.49	21,992.69
Segment liabilities	6,430.55	608.30	10,731.43	7.90	17,778.18
Segment depreciation / amortisation	519.70	24.33	19.92	0.87	564.82

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	201.07	0.02	1,028.75
Less: interest	145.40	7.81	1.53	—	154.74
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	7,611.51	1,196.94	10,546.62	3.75	19,358.82
Segment liabilities	6,141.54	645.28	8,966.06	2.90	15,755.78
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 31-03-2021

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 ₹ in crores	As % of consolidated profit or loss	Amount ₹ in crores	As % of consolidated other comp- rehensive income	Amount ₹ in crores	As % of consolidated total comp- rehensive income	Amount ₹ in crores
Parent								
TVS Motor Company Limited	21.28%	896.85	102.85%	611.21	91.90%	107.09	101.06%	718.30
Subsidiaries - Indian								
Sundaram Auto Components Limited	2.27%	95.78	(1.04%)	(6.20)	2.78%	3.24	(0.42%)	(2.96)
TVS Credit Services Limited	26.20%	1,104.11	16.42%	97.56	(6.31%)	(7.35)	12.69%	90.21
TVS Motor Services Limited	6.39%	269.48	(0.84%)	(4.97)	1.33%	1.55	(0.48%)	(3.42)
TVS Housing Limited	0.02%	0.88	0.00%	0.02	0.00%	–	0.00%	0.02
Intellicar Telematics Private Limited	0.56%	23.71	0.18%	1.06	0.03%	0.03	0.15%	1.09
Subsidiaries - Foreign								
TVS Motor (Singapore) Pte Limited	0.95%	40.23	(4.11%)	(24.42)	4.31%	5.02	(2.73%)	(19.40)
TVS Motor Company Europe B.V.	0.02%	0.64	(0.11%)	(0.65)	(0.03%)	(0.03)	(0.10%)	(0.68)
PT. TVS Motor Company Indonesia	6.80%	286.46	3.65%	21.70	6.47%	7.54	4.11%	29.24
Sundaram Holdings USA Inc.	11.98%	505.05	(0.68%)	(4.05)	(13.52%)	(15.76)	(2.79%)	(19.81)
The Norton Motorcycle Co. Ltd,	7.49%	315.69	(12.79%)	(76.01)	12.35%	14.39	(8.67%)	(61.62)
Non-controlling Interest in all subsidiaries	9.20%	387.91	(2.23%)	(13.24)	0.68%	0.79	(1.75%)	(12.45)
Investment as per the equity method								
Associates - Indian								
Emerald Haven Realty Limited	2.57%	108.26	(0.77%)	(4.57)	0.02%	0.02	(0.64%)	(4.55)
Ultraviolette Automotive Private Limited	1.06%	44.56	(0.06%)	(0.37)			(0.05%)	(0.37)
Tag Box Solutions Private Limited	0.27%	11.41	0.01%	0.04			0.01%	0.04
Associates - Foreign								
Predictronics Corp	0.49%	20.57	(0.18%)	(1.09)			(0.15%)	(1.09)
Tag Box Pte limited	0.36%	15.01	0.10%	0.58			0.08%	0.58
Scienaptic System Inc.,	1.49%	62.68	(0.36%)	(2.13)			(0.30%)	(2.13)
Altizon Inc.,	0.60%	25.13	(0.04%)	(0.21)			(0.03%)	(0.21)
Total	100.00%	4,214.51	100.00%	594.26	100.00%	116.53	100.00%	710.79

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

49 BORROWING COST CAPITALISED

Borrowing cost capitalised during the year ₹ 30.65 Cr (Last year ₹ 23.68 Cr)

Interest rates used for capitalization:

- 3 Month USD LIBOR plus Margin for of borrowing cost of ₹ 12.26 Cr;
- weighted average interest rate of 7.9% for borrowing cost of ₹ 6.89 Cr;
- interest rate of ₹ 3.75% for borrowing cost of ₹ 11.50 Cr.

50 LABOUR CODE - TRANSITION RELATED

The Code on Social Security, 2020 which received the President's assent on 28th September 2020 subsumes nine laws relating to Social security, retirement and employee benefits, including the Provident Fund and Gratuity. The effective date of the Code and rules thereunder are yet to be notified. The impact of the changes, if any, will be assessed and recognised post notification of the relevant provisions.

51 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

Place : Chennai
Date : 27th April 2021

Membership No.: 023116

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	Intellicar Telematics Private 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.	Date on which subsidiary was acquired	01-04-2003	21-06-2010	07-09-2017	31-12-2020	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	08-09-2017	
2.	Reporting period	01-04-2020 to 31-03-2021											
3.	Reporting currency	Indian Rupees											
4.	Closing Exchange rate	-	-	-	-	-	-	-	-	-	-	-	-
5.	Share capital	44.57	0.05	53.63	0.06	191.94	0.0025	0.0025	0.0025	0.0025	0.0025	12.00	
6.	Reserves & Surplus	374.24	0.83	10.41	(2.93)	1,371.77	(0.0094)	(0.0091)	(0.0096)	(0.0094)	(0.0096)	1.72	
7.	Total assets	729.31	3.47	206.53	10.06	12,225.86	0.0024	0.0024	0.0024	0.0025	0.0024	13.72	
8.	Total Liabilities	310.50	2.59	142.49	12.93	10,662.15	0.0093	0.009	0.0095	0.0094	0.0095	-	
9.	Investments	320.52	-	19.53	-	12.01	-	-	-	-	-	-	
10.	Turnover	462.69	0.32	0.03	3.07	2240.94	-	-	-	-	-	0.79	
11.	Profit before taxation	(19.08)	0.03	(5.32)	0.90	105.41	(0.0029)	(0.0027)	(0.0031)	(0.0029)	(0.0031)	0.79	
12.	Provision for taxation	(6.59)	0.01	(0.35)	(0.98)	8.42	-	-	-	-	-	0.20	
13.	Profit after taxation	(12.49)	0.02	(4.97)	1.88	96.99	(0.0029)	(0.0027)	(0.0031)	(0.0029)	(0.0031)	0.59	
14.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	
15.	% of shareholding	100	100	100	100	85.09	85.09	85.09	85.09	85.09	85.09	85.09	

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	TVS Motor Company (Europe) B.V.	TVS Motor (Singapore) Pte. Ltd	Sundaram Holding USA Inc#	The Norton Motorcycle Co. Limited (Formerly Project 303 Bidco Limited)	
1.	Date on which subsidiary was acquired	(12) 05-09-2005	(13) 21-07-2005	(14) 21-10-2005	(15) 09-09-2015	(16) 03-04-2020	
2.	Reporting period	01-04-2020 to 31-03-2021					
3.	Reporting currency	IDR	USD	SGD	USD	GBP	
	Closing Exchange rate	INR 0.503 / IDR 100	INR 73.11/USD	INR 54.35/SGD	INR 73.11/USD	INR 100.75/GBP	
4.	Share capital	906.08	126.52	922.20	471.91	353.50	
5.	Reserves & Surplus	(735.09)	(125.88)	(131.67)	12.86	(61.58)	
6.	Total assets	539.76	0.68	870.50	782.71	386.02	
7.	Total Liabilities	368.77	0.04	79.97	297.94	94.10	
8.	Investments	-	-	734.61	-	-	
9.	Turnover	398.37	-	33.66	3.43	7.29	
10.	Profit before taxation	21.70	(0.65)	(24.42)	(4.05)	(75.97)	
11.	Provision for taxation	-	-	-	-	-	
12.	Profit after taxation	21.70	(0.65)	(24.42)	(4.05)	(75.97)	
13.	Proposed Dividend	-	-	-	-	-	
14.	% of shareholding	100	100	100	67.72	100	

The figures include the consolidation of its subsidiaries viz, Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram-Clayton USA 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.(8) The Norton Motorcycle Co. Limited.
- 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

Rupees in crores								
Sl.No.	Particulars	Emerald Haven Realty Limited	Ultraviolette Auto-motive Private Limited	Tagbox Solutions Private Limited	Predictronics Corp	Tagbox Pte Limited	Sciencaptic Systems Inc.*	Allizon Inc*
1.	Latest audited Balance Sheet Date		31-03-2021		31-12-2020		31-03-2021	
2.	Date on which the Associate was acquired / the entity became Associate	26-03-2012	09-08-2018	08-05-2019	17-08-2019	08-05-2019	28-09-2020	01-02-2021
3.	Shares of Associate held by the company on the year end							
(i)	No. of shares	11,12,19,512	23,227	4,29,693	24,827	2,43,243	28,05,357	8,06,429
(ii)	Amount of investment in Associates / Joint Venture	111.22	46.00	11.09	22.36	15.42	64.81	25.34
(iii)	Extent of holding %	48.80	29.48	23.50	23.49	24.32	21.72	20.0
4.	Description of how there is significant influence	Holding more than 20% of share capital			Subsidiary holding more than or equal to 20% of share capital			
5.	Reason why the associate/joint venture is not consolidated	Not Applicable						
6.	Net worth attributable to Shareholding as per latest audited Balance Sheet	108.26	44.56	11.41	20.57	15.01	62.68	25.13
7.	Profit / Loss for the year:							
(i)	Considered in consolidation	(4.57)	(0.37)	0.04	(1.09)	0.58	(2.13)	(0.21)
(ii)	Not considered in consolidation	Not Applicable						

* 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 <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 : 27 th April 2021			



TVS
Apache
RTR
310



TVS *Supinter Classic*



TVS *Supinter* **intelliGO**