

TVS
CREDIT



**EMPOWERING
INDIA.
ONE INDIAN
AT A TIME.**

ANNUAL REPORT 2016-2017

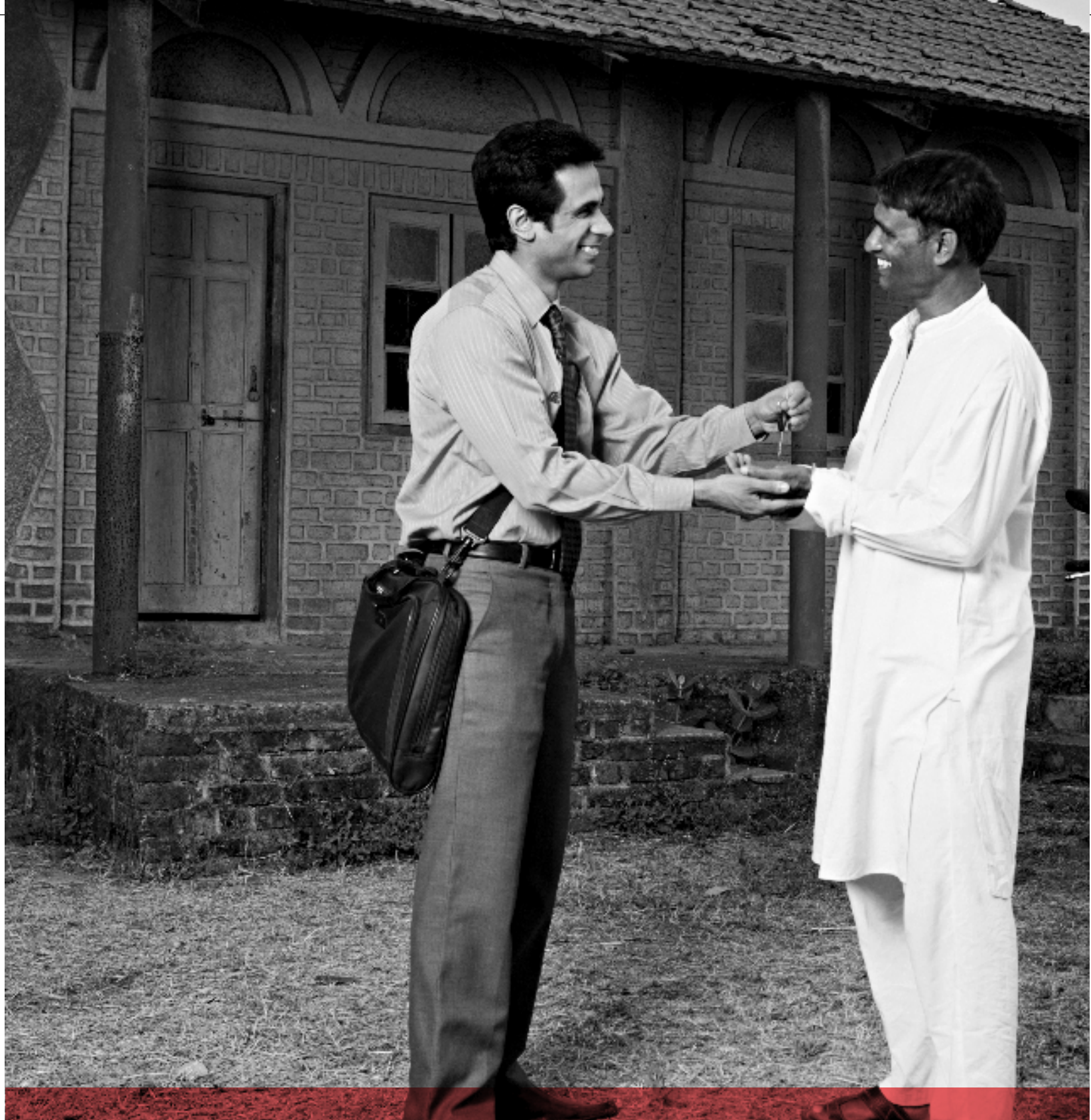
When a young couple takes a 2-wheeler loan, or a small family fulfills their dream of owning a car, we see their horizons widen. We also see a more unified India emerge as people travel and experience cultures that are so different from their own.

When a farmer comes to us for a tractor loan, we see his desire to grow in life. We also see how the nation's productivity could improve if more farmers had the right equipment.

When a father approaches us for a top-up loan to finance his daughter's education, we see his love. We also see how much India can progress if more women have professional degrees.

At TVS Credit, we strive to enrich the lives of individuals from different walks of life. In doing so, we help them to become a part of India's journey ahead into a brighter, more prosperous future.

We do so through a range of thoughtful, convenient finance options for almost every need. We reach out to people in every corner of the country, across cities and towns and villages. After all, no Indian should miss out on the experiences that make life worthwhile.



**With every customer
we finance, we contribute to
growth and development.**

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Key Information

BOARD OF DIRECTORS

Venu Srinivasan, Chairman
R Ramakrishnan
T K Balaji
Sudarshan Venu
K N Radhakrishnan
Anupam Thareja
S Santhanakrishnan
V Srinivasa Rangan
Sasikala Varadachari

AUDIT COMMITTEE

R Ramakrishnan
S Santhanakrishnan
V Srinivasa Rangan
K N Radhakrishnan

NOMINATION AND REMUNERATION COMMITTEE

R Ramakrishnan
V Srinivasa Rangan
K N Radhakrishnan

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Venu Srinivasan, Chairman
R Ramakrishnan
K N Radhakrishnan

RISK MANAGEMENT COMMITTEE

R Ramakrishnan
Anupam Thareja
S Santhanakrishnan

ASSET LIABILITY MANAGEMENT COMMITTEE

R Ramakrishnan
Sudarshan Venu
Anupam Thareja
S Santhanakrishnan

CHIEF EXECUTIVE OFFICER

G Venkatraman

CHIEF FINANCIAL OFFICER

V Gopalakrishnan

COMPANY SECRETARY

K Sridhar

FINANCIAL INSTITUTION

Housing Development Finance Corporation Limited

STATUTORY AUDITORS

V Sankar Aiyar & Co., Chartered Accountants
2C, Court Chambers, 35 New Marine Lines,
Mumbai - 400 020
Tel: (91 22) 2200 4465 / 2206 7440
Email: mumbai@vsa.co.in, chennai@vsa.co.in

SECRETARIAL AUDITOR

T N Sridharan
No. 4, Viswanathan Street, Vivekananda Nagar,
Ambattur, Chennai - 600 053
Tel: 044 - 26581508
Email: tn_sridhar@yahoo.com

REGISTERED OFFICE

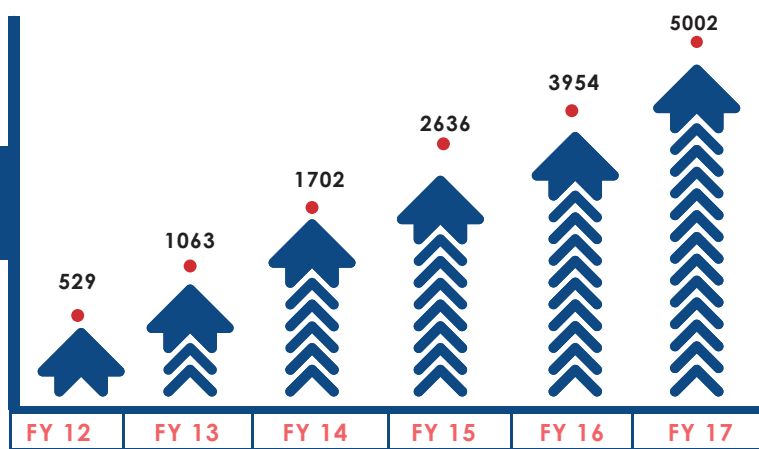
"Jayalakshmi Estates"
No. 29 (Old No. 8) Haddows Road
Chennai - 600 006, Tamilnadu, India.
Tel.: 044 - 28272233 Fax: 044 - 28257121
CIN: U65920TN2008PLC069758
Email: corpsec@scl.co.in
Website: www.tvscrcedit.co.in

BANKERS

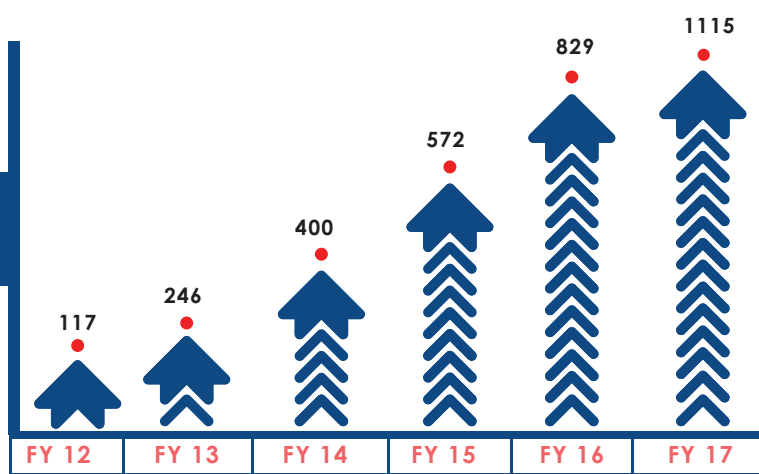
State Bank of India	DCB Bank Limited
Axis Bank Limited	Canara Bank
State Bank of Mysore	Bank of Maharashtra
ICICI Bank Limited	Corporation Bank
Bank of Baroda	Federal Bank Limited
HDFC Bank Limited	Oriental Bank of Commerce
Indian Bank	Punjab & Sind Bank
IndusInd Bank Limited	UCO Bank
Syndicate Bank	Union Bank of India
Bank of India	Karnataka Bank
Central Bank of India	Karur Vysya Bank Limited
South Indian Bank	CTBC Bank
IDBI Bank Limited	Deutsche Bank

Performance Snapshots

ASSETS UNDER MANAGEMENT FOR THE PAST 5 YEARS (RS CRORES)

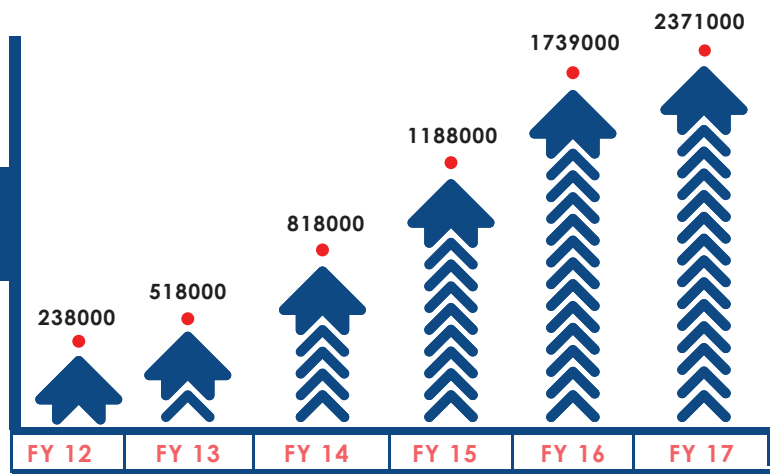


INCOME FOR THE PAST 5 YEARS (RS CRORES)

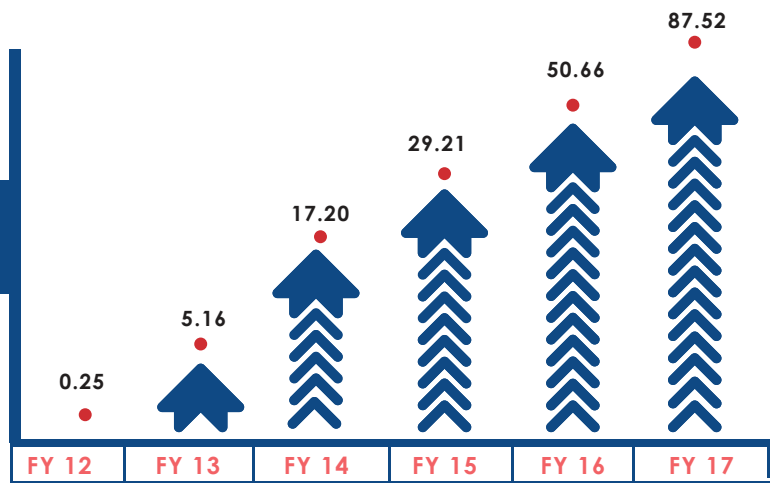


Performance Snapshots

CUMULATIVE NUMBER OF CUSTOMERS

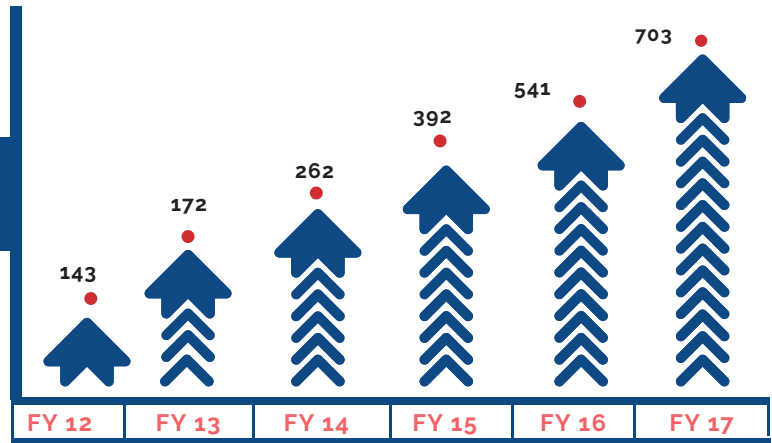


PROFIT AFTER TAX FOR THE PAST 5 YEARS (RS CRORES)

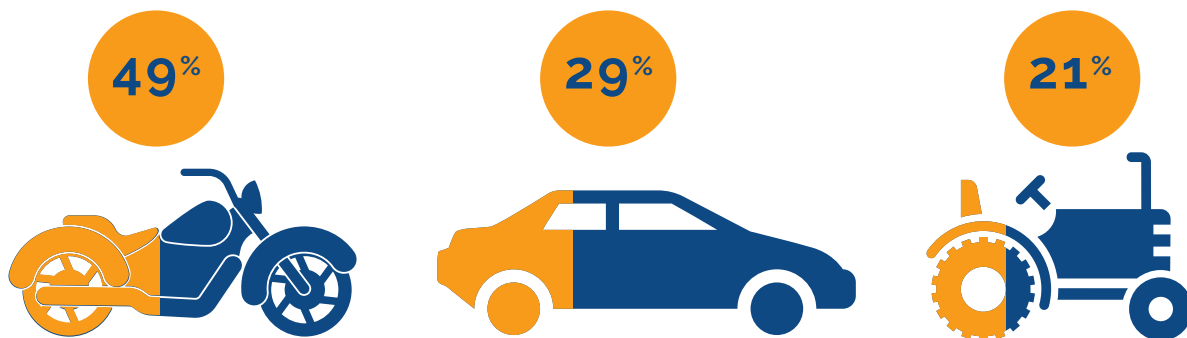
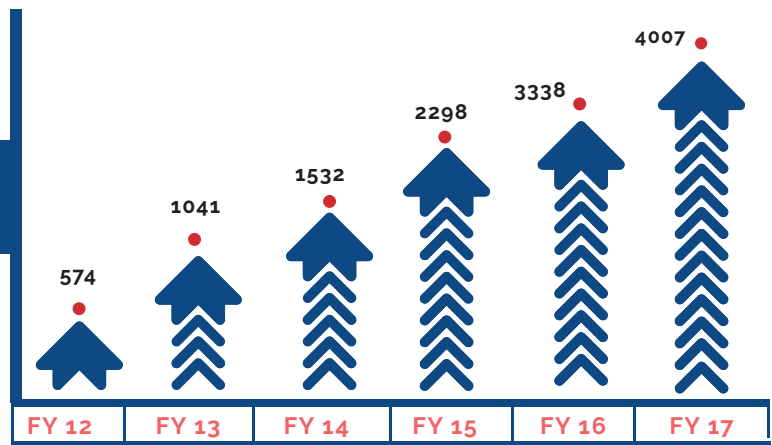


Performance Snapshots

NET WORTH FOR THE PAST 5 YEARS (RS CRORES)



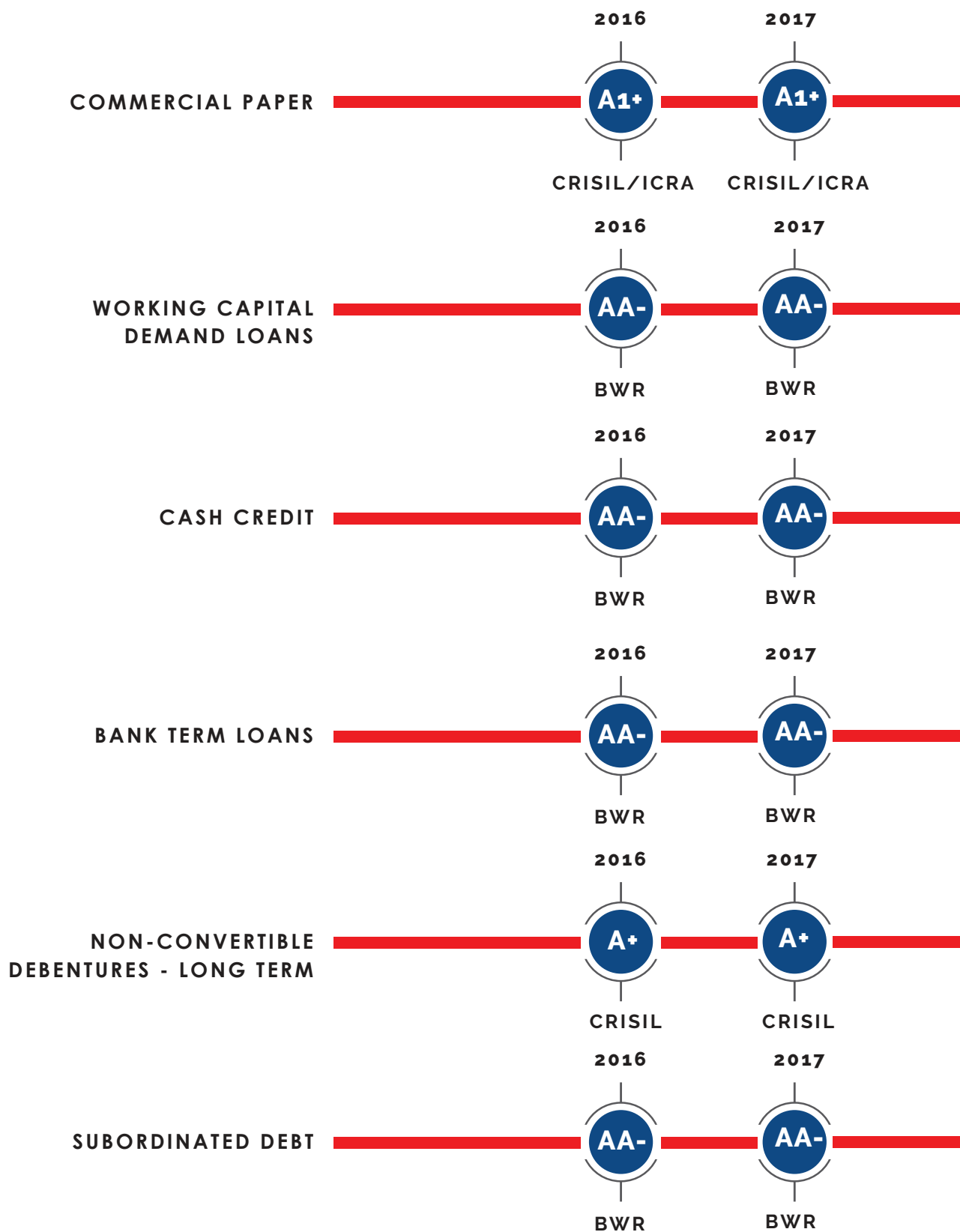
DISBURSALS FOR THE PAST 5 YEARS (RS CRORES)



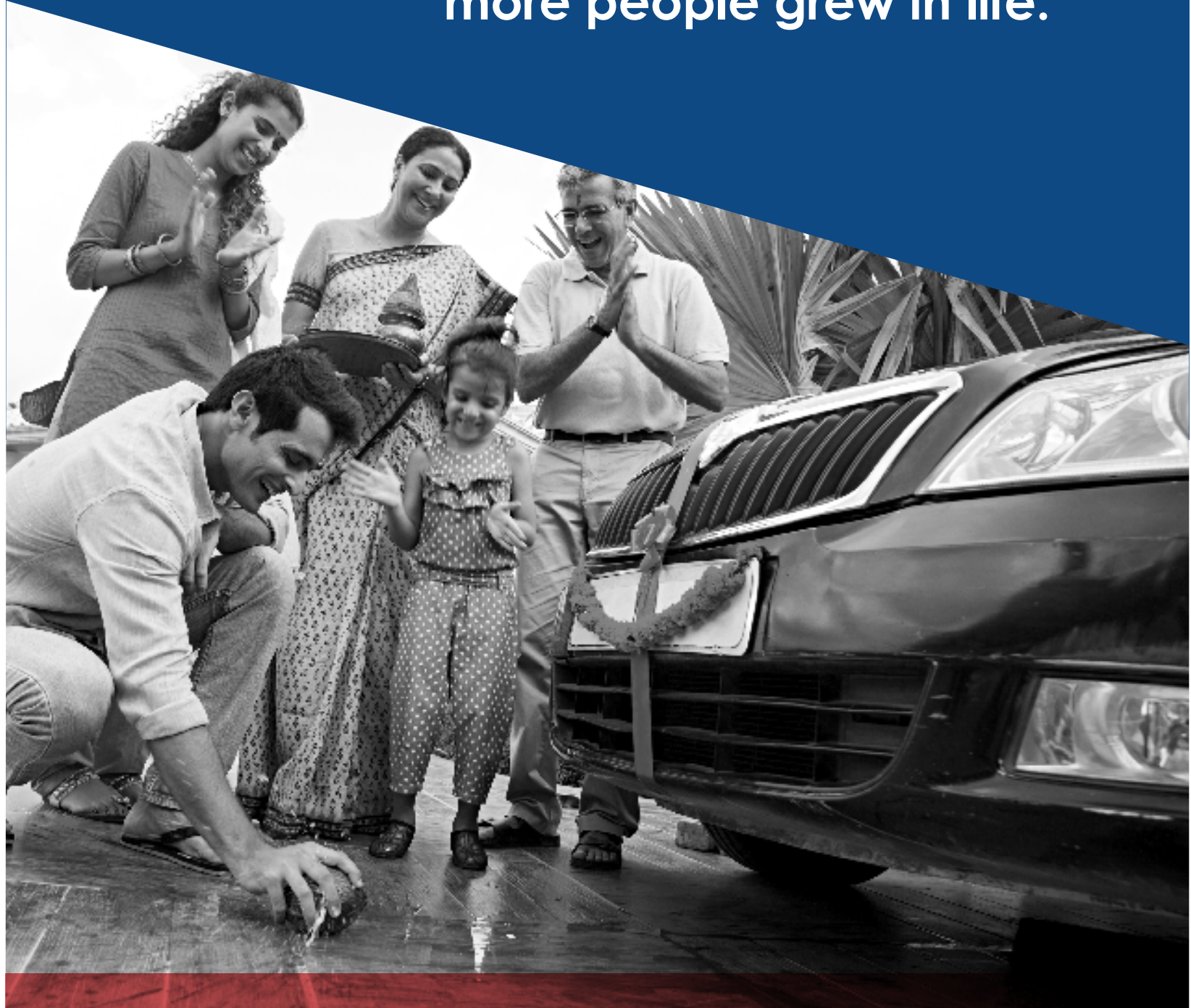
PORTFOLIO MIX IN FY 2016-17 (BY VALUE)

Ratings assigned by Credit Rating Agencies

Being financially stable and strong is of utmost importance to us, and our credit ratings reflect this philosophy. After all, it's only by standing firm that we can help others to stride forth with confidence.



**We grew by 36% last year.
As a result, thousands
more people grew in life.**



We're both happy and humbled to share the news that our customer base grew by 36% in 2016-17, while our profit after tax rose by 74%. But what really inspires us is thinking about the difference our efforts made to our customers' future. At TVS Credit, good performance is but the means to an end: a prosperous, secure nation where every individual can live life to the fullest.

Report Of The Directors To The Shareholders

The Directors have pleasure in presenting the Ninth Annual Report on the business and operations of the Company together with the audited financial statements for the year ended March 31, 2017.

1. Business and Financial Performance

The highlights of the financial performance of the Company are given below:

Particulars	Year ended	
	31-03-2017	31-03-2016
	(Rs in Cr)	
Income:		
Revenue from Operations	1110.77	824.88
Other Income	4.03	3.62
Total (A)	1114.80	828.50
Expenses:		
Finance Costs	346.63	279.75
Business Origination, Administrative & Other Expenses	561.17	426.89
Depreciation and Amortisation Expenses	8.71	10.55
Bad Debts written off	39.35	15.42
Provision for Bad & Doubtful Debts	23.38	16.76
Total (B)	979.24	749.37
Profit before tax (A) – (B)	135.56	79.13
Less: Tax Expense		
- Current Tax	55.16	35.86
- Deferred Tax	(7.13)	(7.38)
Profit after tax	87.53	50.65
Add: Balance brought forward from previous year	86.03	35.37
Surplus carried to Balance sheet	173.56	86.02

The Company's overall disbursements registered a growth of 20% at Rs. 4,007 Cr as compared to Rs. 3,338 Cr in the previous year.

During the year, the Company Financed:

- 1) 5.3 lakhs two wheelers of TVS Motor Company Limited as against 4.7 lakhs in the previous year;
- 2) 11,084 new tractors during the year as against 11,741 in the previous year;
- 3) 9,926 used tractors during the year as against 7,833 in the previous year; and
- 4) 32,122 used cars during the year as against 27,290 in the previous year.

Report Of The Directors To The Shareholders

The Company also financed 46,000 existing customers with top-up loans based on their good repayment track record. During the year under review, the assets under management stood at Rs. 5,002 Cr as against Rs. 3,954 Cr during the previous year, thereby registering a growth of 27%. Total income during the financial year 2017 increased to Rs. 1114.80 Cr from Rs. 828.50 Cr, a growth of 35% over the previous year. The profit before tax for the year has also improved and stood at Rs. 135.56 Cr as against Rs. 79.13 Cr during the previous year, signifying a growth of 71%.

In line with the Government's push for digital economy, digital transactions and cyber security measures, the Company continues to invest substantially in technology, both for sourcing and recovery. The asset quality of the Company continued to remain healthy. The ratio of net non-performing assets to net advances as on March 31, 2017 stood at 1.68% as against 0.55 % last year. The specific loan loss provisions that the Company has made for its non-performing assets continue to be more conservative than those prescribed by the regulator. The Company carries Rs. 37.97 Cr accelerated provision in excess of Reserve Bank of India norms.

Key initiatives during the Financial Year

The key initiatives of the Company during the year are given below:-

1. Sales

Two wheeler operations were further expanded in North East to Tripura and to Jammu in North, thus covering all the major States in the country. The Company covered 190 two wheeler authorised dealerships through working capital programs to support the business growth in smaller locations. Rural used car market penetration increased to more than 250 new locations. In the tractor segment, alternate channels through referral agents were piloted to move away from the dealer / broker dependent model.

2. Credit

Tablet based credit processing model was piloted to deliver credit in 30 minutes turnaround time, basis customer risk categorization / application scoring. In used cars, credit and collection model where the front end executive is responsible for both credit and collection was scaled up to 120 new locations. E-KYC and valuation enabled integrated module for used car underwriting was implemented. In the rural space, branch portfolio rating based policy implemented. The Company also developed blue book for used tractor valuation.

3. Collections

Customer scoring based collection approach developed across all products. The collectible account allocation to the field was also developed based on the customer scoring model,

Report Of The Directors To The Shareholders

resulting in cost optimisation. The Company also implemented geo-tracker based collection approach for ensuring better field productivity. The Company used call centres to encourage customers to make cashless payment through payment gateways and other digital platforms during the demonetization period.

4. Operations

Migration of customers from cash to electronic payments through ECH instruments were driven across products on the backdrop of Government's push for cashless economy. The Company also developed the process of instantaneous online updates through work flow PDD Management System from the earlier manual ticketing system. Collections were also updated online instantly through mobility systems. The Company opened 12 new territory offices during the year and commenced operations from 2 new credit hub offices which helped to reach out to the customers and improved the turnaround time in processing the customer loans.

5. Quality

The Company obtained ISO Quality ISO9001/2008 and ISMS 27001/2013 certification during the year for all processing hubs and central operations as part of standardization of all the core processes.

2. Management Discussion and Analysis Report

Economic Outlook

India has emerged as the fastest growing economy amongst the Emerging Market Economies (EMEs). World trade, which remained sluggish throughout 2016, is expected to pick up modestly in 2017. International financial markets turned volatile on the backdrop of Brexit, new US administration and the expectations of tightening monetary policy by the Federal Reserve which resulted in currency volatility and plunging of equities worldwide. Despite the continuous global sluggishness and volatility in crude prices, India's economic growth has largely remained positive primarily on the strength of favourable macro-economic parameters. India's GDP is estimated to remain steady at 7.1% in fiscal 2017 in spite of demonetization which dented the economic momentum in the fourth quarter where GDP slowed to 6.1%. The agriculture sector grew 4.9% as against 1.1% last year, benefiting from the normal south-west monsoon.

Retail inflation measured by the headline Consumer Price Index (CPI) declined to 3.8% in 2016-17 from 4.8% in 2015-16. In the first half of the year, the headline inflation rose mainly on account of food inflation. The slowdown in the CPI in the subsequent quarters was majorly driven by deflation in the prices of vegetables and pulses, aiding to downturn in food inflation. The Wholesale Price Index inflation rose 5.7% in March of 2017, following a 6.55% gain in February 2017 on the back of the quick surge in economy in the remonetization phase. The Government managed to achieve the fiscal deficit target of 3.5% of GDP in FY 2016-17 as against 3.9% in FY 2015-16.

Report Of The Directors To The Shareholders

Revenue deficit during the last fiscal year was 2.02% of GDP. Fiscal deficit target for the next fiscal has been reduced to 3.2% of the GDP. Current Account Deficit (CAD) as a percentage to GDP declined from 1.3% in FY16 to 0.9% in FY17 mainly on account of fall in commodity prices. With inflation under control, RBI reduced the repo rate by 50 basis points in 2016-17.

In the Union Budget 2017, focus on rural economy and infrastructure were the two big positives. Allocation for rural, agricultural and allied sectors was increased by 24% which will improve the rural economy and boost the socio-economic environment. GST, the most significant indirect tax reform in decades, is expected to usher in significant efficiencies and benefits in the logistics chain across sectors and lift India's growth trajectory over the medium run. The strong public investment in roads, railways and inland waterways, the recent efforts to unclog cash flows in large projects under arbitration, and the boost to spending from the 7th Pay Commission's award, should improve the industrial outlook. However, the non-performing assets of the banking sector have spiked and investment as a percentage of GDP has continued its downward journey. Reversing this trend is critical for sustaining a higher growth trajectory in FY18.

Industry Developments

1. Two Wheeler Industry

Domestic two-wheeler industry grew at 7% in 2016-17. Higher growth rate of 16% was observed till October 2016, through revival of urban demand boosted by the 7th pay commission. However, Government of India's decision to demonetize 86% of the legal tender led to severe fall of demand across industries from November 2016. Two-wheeler industry also suffered a decline of 5% in the period from November '2016 to March'2017. In the domestic market, two wheeler industry grew from 165 lakhs units in 2015-16 to 176 lakhs units in 2016-17. Scooter as a category continued to gain category share in total two wheeler industry. Scooters grew at 11% (from 50.3 lakh units to 56 lakh units) and the category share increased to 32% due to changing consumer preferences and leading urban demand. The motorcycle category grew at 4% (111 lakh numbers). Mopeds grew by 23% in 2016-17. The growth outlook for 2017-18 largely depends on normal monsoon and the recovery pattern from the effects of demonetization. The advancement of retail sales due to heavy discount offered by the dealers to clear BSIII stocks in March 2017 can also marginally affect the sales during the first quarter of 2017-18. Consequently, the growth in two wheeler industry during 2017-18 is expected to be around 6 to 8% over 2016-17.

2. Car Industry

Sales of passenger vehicles during the fiscal grew 9.24% and crossed three million units, largely driven by sales of utility vehicles which registered a growth of 30%. Passenger car sales excluding the UV segment grew at a modest 3.85% to 2.1 million units. Passenger vehicle segment is expected to grow in the range of 7-9% due to likely increase in the cost of ownership from rising raw material and fuel costs. India's used car market has had a relatively stable growth.

Report Of The Directors To The Shareholders

From 1.6 million units in 2011, it is today pegged at 3.3 million units. The used car or pre-owned car market will continue to grow at a steady pace of 15% to touch Rs 2,50,000 crore or 6.6 million units by 2021. One of the key factors which is fuelling the growth in used car market is shortening of ownership cycles, from 6-7 years five years back, around four years today and is likely to dip further to 3.5 years by 2021.

3. Tractor Industry

After two consecutive years of de-growth, domestic tractor sales closed the fiscal 2017 with 18% growth. The growth was mainly driven by monsoon-led surge in demand that was enough to offset the impact of demonetisation in the latter half. Tractors sales in fiscal 2018 is expected to grow between 8-10%. Growth will largely depend on the south-west monsoon which is expected to be normal in 2017. There is a threat of El-Nino conditions in the second half of next fiscal; however this may not impact the kharif season crops. Tractor sales would also benefit from favourable budget announcements which focused on the rural economy by allocating higher expenditure for agricultural and allied sector. Tractor loan financiers may see delay in loan disbursements as they continue to focus on collection of instalments delayed by demonetization impact.

New Regulatory Framework

The Indian economy has successfully weathered many challenges in recent times. Markets are optimistic, as a result of various regulatory changes made by RBI which are listed below:

- RBI has amended its KYC regulations to allow NBFCs to open new accounts using one time pins (OTP), based on Aadhaar authentication on mobile to complete KYC procedure electronically;
- Post demonetization, RBI relaxed the prudential norms related to advances by providing additional 60 days beyond what is applicable for recognition of loan account as sub-standard in certain specified cases;
- RBI has issued auditor's report directions whereby every auditor of an NBFC is required to report separately on the matters specified in the report directed to the Board;
- RBI amended the regulations for foreign investment in NBFC sector wherein FDI will be allowed beyond the 18 specified NBFC activities under the automatic route in other activities which are regulated by financial sector regulators.

Opportunities And Business Plans

Structural changes in the financial services sector have created new opportunities for NBFCs. The fast-paced growth in credit disbursement by NBFCs was due to their better product lines, lower cost, wider reach, better understanding of their customer segments and the ability to mitigate

Report Of The Directors To The Shareholders

risks and cater to demand in niche markets. Going forward, the latent credit demand in the country will allow NBFCs to fill the gap, especially where traditional banks have been wary to serve. Improving macroeconomic conditions, higher credit penetration, increased consumption and disruptive digital trends will allow NBFC's credit to grow at a healthy rate of 7–10% over the next three to five years.

The systemic liquidity has been steadily improving under the revised framework put in place by the RBI. Going forward, the liquidity is likely to cushion yields and borrowing rates, given the neutral monetary policy stance. Interest rates are unlikely to harden further in the absence of major data shocks. The performance of retail-financing NBFCs is expected to improve gradually in line with macroeconomic recovery supported by expectation of a normal monsoon. Over the medium term, the asset quality of NBFCs is expected to benefit from the stronger economic outlook.

Good fiscal health and higher rural focus rolled out in Union Budget 2017-18 are likely to improve demand in rural markets. However growth of agricultural sector will largely depend on the south west monsoon rains. The implementation of GST during 2017-18 may lead to some down stocking by the trade to avoid any transition loss. In two wheeler segment, the Company will focus on retaining the market share through various CRM initiatives and optimising the cost through technology and digitization. In the used car segment, the Company plans to achieve sustainable returns by increasing the direct business sourcing, thus reducing the dependence on the agent model which is highly cost intensive. In the tractor segment, the Company will continue to focus on used tractor finance to further de-risk the new tractor segment. The Company plans to increase the finance penetration in smaller towns in rural space by expanding into new locations mostly at district headquarters and taluk levels.

The Company also plans to scale up its used commercial vehicle finance portfolio which is in its pilot stage. The long-term growth prospects of the sector are good, supported by improvement in economic growth, increasing pace of investments in rural economy, highway and road infrastructure, and regulatory changes such as implementation of emission norms. The customer profile in the used commercial vehicle space is mostly rural with low income households who have limited access to formal sources of financing and whose livelihood is directly dependent on the vehicle.

The Company also plans to use big data analytics to tap its existing customer base with good repayment track record and offer top up loans.

The Company is also exploring opportunities in the consumer durable finance space in Tier II and III towns where the finance penetration is low. The Company is exploring disruptive models for on boarding customers using digital technology which could potentially add a lot of value to the ecosystem.

The Company with an objective of addressing the larger portion of the tractor ecosystem is also exploring opportunities in the track-based personal loan segment. This product will primarily

Report Of The Directors To The Shareholders

cater to customers with three years of excellent repayment track record on existing tractor loan. Given the contiguity in the customer profile, the existing channels of the used tractor segment will be used.

The Company will continue to provide retail stressed assets collection services to Banks and asset reconstruction companies leveraging on its strengths in terms of reach, dedicated resources and expertise in cash collections. The Company will provide end to end collection services in soft collection, hard collection, repossession and residual management.

Threats

Growth in the Company's asset book, credit quality of the portfolio and ability to raise funds depend significantly on the economy. Unfavourable events in the Indian economy, below average monsoon and rising inflation can dampen the consumer sentiments and in turn impact decision to purchase financial products. Global sluggishness, volatility in crude prices, unstable political environment and changes in Government policy / regulatory framework could impact the Company's operations.

Infrastructure & Information Technology

The Company is present in 22 States and Union Territories with 108 offices. The Company carries out its credit operations from nine hubs in Chennai, Pune, Indore, Jaipur, Ernakulam, Lucknow, Vijayawada, Bengaluru and Kolkata. In the drive to digitize its service offerings and process flows, the Company uses web-based platforms, mobile applications and tablets for loan processing and collections. The Company is investing in analytics which helps in primary decision making at the time of customer underwriting and life cycle management thereafter.

The Company drove the following technology initiatives through robust IT network systems and point of sale solutions.

1. implemented self-Pay option to customers using payment gateway / Internet banking / Unified Payment Interface (UPI) options;
2. developed new fast track application and implemented it for used car business;
3. integrated and provided multiple repayment option to customers through various touch points like payment Gateways and Mpos based solution;
4. developed and implemented E-KYC based solution for used car segment; and
5. developed interactive TAB solution to carry out self-enquiry option for prospective customers.

The Company will continue to focus on data privacy and information security. With growth in business and geographical expansion, the Company is investing in strengthening its internal financial control framework and statistical fraud control systems.

Report Of The Directors To The Shareholders

Human Resources

The Company has developed a robust human resource management framework to maximise employee performance. People remain the most valuable assets of the Company. The Company is professionally managed with a senior management team having rich experience and long tenure with the Company. At the macro level, the Company has undertaken many initiatives to develop organisational leadership and culture. The Company has also launched continuous employee recognition and training programs to develop a talented workforce to meet day to day business challenges. The cornerstone of our people strategy is to ensure that talent development, internal mobility, promotion, rewards and performance work in a well synchronised manner to reinforce our values - Nurturing, Innovation and Empowerment.

The Company successfully inducted training model 'Guru' for the front line sales and collections team. 'Guru' is a top performer employee selected to groom and nurture fellow colleagues within the same profile. This model was awarded.

1. Most Innovative HR Practices in Training" by Asia Pacific HRM Congress Awards 2016;
2. 'HR Innovation through Technology in Training' by Indian HR Convention & HDM Awards;
3. the best case study in "5A Learning - Anywhere, Anytime, Any Content, Any Device, Anyone" by National Human Resource Development Network (NHRDN).

The Company also launched "Career Accelerator Program" (CAP) to identify and groom talent at various hierarchical levels and innovation programs.

The Company duly complied with all the statutory compliances related to employment and labour laws. As on 31st March 2017, the Company had 9,549 employees on its rolls.

Cautionary Statement

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

3. Dividend

The Directors, in order to conserve the resources for future expansion, have not proposed any dividend for the year under review.

Report Of The Directors To The Shareholders

4. Public Deposits

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31st March 2017.

The Company shall not raise public deposits without prior written approval of the RBI, as per the conditions attached to the Certificate of Registration issued by RBI.

5. Share Capital

During the year under review, the board of directors issued and allotted 1,06,55,700 equity shares of Rs.10/-each at a premium of Rs.51/- per share aggregating to Rs.65 Cr to TVS Motor Company Limited and 15,58,400 equity shares of Rs.10/-each at a premium of Rs.51/- per share aggregating to Rs. 9.51 Cr to PHI Capital Services LLP, in terms of Sections 42 and 62 of the Act 2013 read with the Rules made there-under, on a preferential basis.

The paid up capital of the Company accordingly stood increased from Rs. 144.80 Cr (14,48,00,000 equity shares of Rs.10/- each) to Rs.157.01 Cr (15,70,14,100 equity shares of Rs.10/- each) as on 31st March 2017.

6. Funding

With equity infusion of Rs. 74.51 Cr in FY 2016-17, participation from banks and financial institutions in the form of equity and Tier 2 capital (Subordinated Debt), the Company has a strong Capital Adequacy Ratio (CAR). The CAR as on 31st March 2017 stood at 18.29%.

The Company has been assigned AA- by Brickworks and A+ by CRISIL for long term loans and A1+ by CRISIL and ICRA for its short term debt program.

The Company has taken various initiatives to reduce its cost of borrowings and accordingly diversified its funding mix with borrowings from Public Sector Banks, Private Sector Banks, Financial Institutions and Mutual Funds. During the year, the Company raised Rs. 1,090 Cr through long term loans. No interest or principal repayment of the term loans was due and unpaid as on March 31, 2017. The assets of the Company which are available by way of security are sufficient to discharge the claims of the banks as and when they become due.

During the year, the Company has securitised its AAA rated tractor portfolio to the extent of Rs. 103 crore (principal outstanding) during the year under review. The Company has also sold two wheeler portfolio of Rs. 141 Cr under direct assignment route. The Company has adhered to the revised guidelines on Securitisation and Direct assignment transactions issued by RBI in August 2012.

Report Of The Directors To The Shareholders

During the year, the Company also raised Rs. 150 Cr in the form of Subordinated Debt, on private placement basis. The Subordinated Debt is rated AA- by Brickworks and has a maturity period of 5 years and 6 months.

With the diversification of business into used cars and tractors, where the lending tenor is more than 36 months, the funding programme is being structured in such a way that the borrowing tenor matches with the lending tenor and there is no Asset Liability mismatch. Also sufficient undrawn limits are being maintained at any point of time.

7. Directors' Responsibility Statement

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

- (a) in the preparation of the annual accounts for the year ended 31st March 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the accounts for the financial year ended 31st March 2017 on a going concern basis; and
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

8. Directors & Key Managerial Personnel

Resignation/change In Designation

During the year, Mr P Sivaram resigned as Director of the Company on 23rd December, 2016. The Board places on record its appreciation of the immense contribution by Mr P Sivaram as Director of the Company.

During the year, Mr Anupam Thareja whole-time director was re-designated as non-executive, non-independent Director of the Company effective 27th September 2016.

Report Of The Directors To The Shareholders

Declaration of Independence

All the existing IDs have declared that they meet all the criteria of independence as provided under Section 149(6) of the Act 2013. The detailed terms of appointment of IDs is disclosed on the Company's website in the following link www.tvscredit.co.in.

Declaration and undertaking

During the year, as per the directions of RBI on 'Non-banking financial companies – Corporate Governance (Reserve Bank) Directions, 2015, the Board obtained necessary annual 'declarations of undertaking' from the Directors, in the format prescribed by RBI.

Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 23rd March 2017. All IDs were present and they were enlightened about the objectives and process involved in evaluating the performance of Board, Non-IDs, Chairman and timeliness of flow of information from management.

A set of questionnaires along with the list of activities undertaken by the Company were also provided to them for facilitating them to carry out their review / evaluation.

Non-Independent Directors (Non-IDs)

IDs were accomplished with the criteria and methodology and inputs for evaluation of Non-IDs namely, M/s. Venu Srinivasan, Sudarshan Venu, T K Balaji, Anupam Thareja and K N Radhakrishnan, Directors.

IDs evaluated the performance of all Non-IDs individually, through a set of questionnaires, reviewing their attributes towards overall level of contribution to the Company's growth.

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

Chairman

IDs reviewed the performance of Chairman of the Board after considering his performance and benchmarked the achievement of the Company with industry under his stewardship as Chairman.

Board

IDs have 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.

Report Of The Directors To The Shareholders

The Board, upon evaluation, concluded that it is well balanced in terms of diversity of experience and has an expert in each domain viz., Finance, Marketing and Administration. The Company endeavours to have a diverse Board representing a range of experience at policy-making levels in business and technology.

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

Quality, Quantity and Timeliness of flow of information between the Company, Management and the Board

All IDs have expressed their overall satisfaction with the support received from the management and the excellent work done by the management during the last year.

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

Directors liable to retire by rotation

In terms of Section 152 of the Act 2013, two-third of the total number of Directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every Annual General Meeting.

Mr Sudarshan Venu and Mr Anupam Thareja, non-executive and non-independent Directors, who are liable to retire at the ensuing AGM and being eligible, offer themselves for re-appointment.

The Nomination and Remuneration Committee of Directors, at their meeting held on 16th June 2017, recommended the re-appointment of Mr Sudarshan Venu and Mr Anupam Thareja as Directors of the Company.

Policy On Directors' appointment and remuneration of Directors, Key Managerial Personnel

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

Report Of The Directors To The Shareholders

Nomination and Remuneration Policy

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

The Board has approved the payment of remuneration by way of profit related commission to the non-executive independent Directors, for the financial year 2016-17, based on the recommendation of the Nomination and Remuneration Committee. The approval of the shareholders by way of an ordinary resolution was obtained at the seventh annual general meeting held on 29th July 2015, in terms of Sections 197 and 198 and any other applicable provisions of the Act 2013.

Commission:

The Company benefits from the expertise, advise and inputs provided by the IDs. The IDs devote their valuable time in deliberating on strategic and critical issues in the course of the Board / Committee meetings of the Company and give their valuable advice, suggestions and guidance to the management of the Company, from time to time and hence IDs are being paid by way of commission.

As approved by the shareholders at the Annual General Meeting of the Company held on 29th July 2015, non-executive and independent Directors are being paid commission, subject to a maximum, as determined by the Board, for each such Director from the financial year 1st April 2015.

A commission of Rs. 9 lakhs per annum is payable to all such IDs, who serve as members of the Audit Committee as well and Rs. 6 lakhs per annum to other IDs. The amount of commission for every financial year will be decided by the Board, as approved by the shareholders at the AGM held on 29th July 2015, subject to the limit of 1% in the aggregate of net profits of the Company, as calculated pursuant to Section 198 of the Act 2013.

Key Managerial Personnel:

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

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

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

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

Report Of The Directors To The Shareholders

Criteria for Board Membership

Directors:

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

Independent Directors:

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

Key Managerial Personnel (KMP)

Mr G Venkatraman, Chief Executive Officer, Mr V Gopalakrishnan, Chief Financial Officer and Mr K Sridhar, Company Secretary are the Key Managerial Personnel of the Company as on the date of this Report.

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

Corporate Governance

Board Meetings:

During the year under review, the Board met four times on 17th June 2016, 27th September 2016, 23rd December 2016 and 23rd March 2017 and the gap between two meetings did not exceed one hundred and twenty days.

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities in accordance with the requirements of the applicable provisions of the Act 2013 / Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions 2015.

The Board has currently established the following committees:

Audit Committee:

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

Report Of The Directors To The Shareholders

All members of the Audit Committee possess requisite qualification and have sound knowledge of finance, accounts, etc.

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

1. Mr R Ramakrishnan, independent Director
2. Mr S Santhanakrishnan, independent Director
3. Mr V Srinivasa Rangan, independent Director
4. Mr K N Radhakrishnan, non-executive non-independent Director

Nomination And Remuneration Committee:

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

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

1. Mr R Ramakrishnan, independent Director
2. Mr V Srinivasa Rangan, independent Director
3. Mr K N Radhakrishnan, non-executive non-independent Director

Remuneration Criteria To Directors:

The non - executive / independent Director(s) receive remuneration by way of fees for attending meetings of the Board or any committee in which the Director(s) is member.

In addition to the sitting fees, the non-executive independent Director(s) shall be entitled to commission from the Company subject to the monetary limit approved by shareholders of the Company and aggregate commission amount would not exceed the limit as prescribed under the provisions of the Act 2013.

Corporate Social Responsibility Committee (CSR):

The following directors are the members of CSR Committee of the Company as on the date of this report:

1. Mr Venu Srinivasan, Chairman
2. Mr R Ramakrishnan, independent Director
3. Mr K N Radhakrishnan, non-executive non-independent Director

Report Of The Directors To The Shareholders

Based on the recommendation of the CSR Committee, the board has approved the projects / programmes to be carried out as CSR activities by Srinivasan Services Trust (SST) by undertaking these programmes / projects, in compliance with the CSR policy of the Company and contributed Rs. 90 lakhs constituting 2% of average net profits, for the immediate past three financial years, towards CSR spending for the current financial year 2016-2017.

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

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

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

Asset Liability Management Committee (ALCO):

The Company constituted an Asset Liability Management Committee (ALCO), in terms of Guidelines issued by RBI to NBFCs for effective risk management in its portfolios.

The following Directors are the members of ALCO committee of the Company as on the date of this report:

1. Mr R Ramakrishnan, independent Director
2. Mr Sudarshan Venu, non-executive non-independent Director
3. Mr Anupam Thareja, non-executive non-independent Director
4. Mr S Santhanakrishnan, independent Director

Risk Management Committee:

The Company being in the business of financing of two wheelers, cars and tractors has to manage various risks. These risks include credit risk, liquidity risk, interest rate risk and operational risk.

The Company has constituted a Risk Management Committee (RMC) to review on an on-going basis the measures adopted by the Company for the identification, measurement, monitoring and mitigation of the risks involved in various areas of the Company's functioning.

The Company has laid down procedures to inform the Board about the risk assessment and mitigation procedures, to ensure that executive management controls risk through means of a properly defined framework.

Report Of The Directors To The Shareholders

The Company has a robust asset-liability management model to ascertain and manage interest rate and liquidity risks.

Issues were discussed and reviewed periodically at meetings of RMC. This Committee meets periodically and oversee the risk management activities of the Company.

The Company continues to invest substantially in personnel, technology and infrastructure towards improved process efficiencies and to mitigate business risks.

The following Directors are the members of RMC committee of the Company as on the date of this report:

1. Mr R Ramakrishnan, independent Director
2. Mr Anupam Thareja, non-executive non-independent Director
3. Mr S Santhanakrishnan, independent Director

9. Internal Control System

The Company's comprehensive and effective internal control system ensures smooth business operations, meticulously recording all transaction details and ensuring regulatory compliance and protecting the Company's assets from loss or misuse.

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations.

The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the internal controls, including its system and processes and compliance with regulations and procedures.

Internal audit reports are discussed with the management and are reviewed by the audit committee of the Board, which also reviews the adequacy and effectiveness of the internal controls. The Company's internal control system is commensurate with its size, nature and operations.

10. Auditors

Statutory Auditors:

The Company at its sixth AGM held on 14th July 2014 appointed M/s V Sankar Aiyar & Co., Chartered Accountants, Mumbai, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office for the second term of five consecutive years from the conclusion of the said AGM, subject to ratification at every AGM,

Report Of The Directors To The Shareholders

at such remuneration in addition to reimbursement of all applicable taxes, out of pocket expenses, travelling and other expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

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

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

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

Secretarial Auditor:

Mr T N Sridharan, Practicing Company Secretary, Chennai, was appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2016-17.

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

The Board at its meeting held on 16th June 2017, has reappointed Mr T N Sridharan, Practising Company Secretary, as Secretarial Auditor for the Financial year 2017-18.

11. Corporate Governance

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

The Company constantly endeavours to improve on these aspects. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and reviewed by the Board of the committees of the members of the Board.

A report on corporate governance regarding compliance with the conditions of corporate governance as stipulated under RBI guidelines forms part of the Report and is annexed herewith.

12. Adherence To RBI Norms And Standards

The Company has fulfilled the prudential norms and standards as laid down by RBI pertaining to income recognition, provisioning of non-performing assets and capital adequacy. The capital adequacy ratio of the Company is 18.29% which is well above the prescribed minimum of 15% by RBI.

Report Of The Directors To The Shareholders

As a prudent practice, the Company's current provisioning standards are more stringent than Reserve Bank of India (RBI) prudential norms. In line with its conservative approach, the Company continues to strengthen its provisioning norms beyond the RBI regulation by accelerating the provisioning to an early stage of delinquencies based on the past experience and emerging trends.

The Fair Practices Code and KYC norms framed by RBI seek to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency so that customers have a better understanding of what they can reasonably expect of the services being offered, encourage market forces through competition to achieve higher operating standards, promote fair and cordial relationships between customers and the finance Company and foster confidence in the housing finance system.

The Company has put in place all the Committees prescribed by RBI and have formulated a comprehensive Corporate Governance Policy. The Company has instituted a mechanism to monitor and review adherence to the Fair Practices Code, KYC norms, and Investment & Credit policies as approved by the Board of Directors.

13. Policy on Vigil Mechanism

The Board has adopted a Policy on Vigil Mechanism in accordance with the provisions of Companies Act, 2013, 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 or Ethics Policy.

The policy also provides a direct access to the Chairperson of the Audit Committee to make protective disclosures to the management about grievances or violation of the Company's Code of Business Conduct and Ethics. The said policy is also disclosed on the Company's website.

14. Statutory Statements

- (i) Information on conservation of energy, technology absorption, foreign exchange etc.:

The Company, being a non-banking finance Company, does not have any manufacturing activity and hence the reporting on "Conservation of Energy and Technology Absorption" does not arise.

Foreign currency expenditure in FY 2016-17 is Nil (previous year Nil). The Company did not have any foreign exchange earnings.

- (ii) Material changes and commitments:

There have been no material changes and commitments affecting the financial position of

Report Of The Directors To The Shareholders

the Company, which have occurred between the end of the financial year of the Company, to which the financial statements relate and to the date of the report.

- (iii) 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.

- (iv) Annual Return:

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

- (v) Employees' remuneration:

Details of employees receiving the remuneration as prescribed under Section 197 of the Act 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure II.

In terms of first proviso to Section 136(1) of the Act, 2013, the Annual Report, excluding the aforesaid annexure is being sent to the shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company during business hours and any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

- (vi) Details of related party transactions:

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

- (vii) Details of loans / guarantees / investments made:

Furnishing the details of investments under Section 186 of the Act 2013 for the financial year 2016-2017 does not arise, since the Company has not made any investment during the year under review.

In terms of Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, NBFC Companies are excluded from the applicability of Section 186 of the Act 2013, where the loans, guarantees and securities are provided in the ordinary course of its business.

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.

- (viii) Reporting of fraud:

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

Report Of The Directors To The Shareholders

(ix) Other laws:

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

15. Acknowledgement

The Directors gratefully acknowledge the continued support and co-operation received from the holding Company, namely TVS Motor Services Limited and other investors. The Directors thank the bankers, investing institution, customers and dealers of TVS Motor Company Limited and Tractors and Farm Equipment Limited 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.

For and on behalf of the Board

Chennai

16th June 2017

Chairman

Report Of The Directors To The Shareholders

Annexure – I
Form No. MGT-9

EXTRACT OF ANNUAL RETURN

for the financial year ended 31st March 2017

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

I. Registration And Other Details:

I)	CIN	:	U65920TN2008PLC069758
ii)	Registration Date	:	05.11.2008
iii)	Name Of The Company	:	TVS Credit Services Limited
iv)	Category / Sub-category Of The Company	:	Public Limited Company
v)	Address Of The Registered Office And Contact Details	:	"Jayalakshmi Estates", No. 29, Haddows Road, Chennai – 600 006 Ph No: 044 28272233
vi)	Whether Listed Company Yes / No	:	No
vii)	Name, Address And Contact Details Of Registrar And Transfer Agent, If Any	:	N.A

ii. Principal Business Activities Of The Company

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

Sl. No	Name and Description of main products / services	NIC code of the product / service	% to total turnover of the Company
1	Retail Financial Services	65921	99.64%

Report Of The Directors To The Shareholders

iii. Particulars Of Holding, Subsidiary And Associate Companies -

S.NO.	Name and Address of the Company	CIN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act 2013
1	TVS Motor Services Limited "Jayalakshmi Estates", No. 29, Haddows Road, Chennai – 600 006	U50404TN2009PLC071075	Holding Company	Holds 85.81% in the Company	2(46)

Report Of The Directors To The Shareholders

iv. Shareholding Pattern (Equity Share Capital Breakup As Percentage Of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2016)				No. of Shares held at the end of the year (as on 31st March 2017)				Change in shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corp.		13,47,41,600	13,47,41,600	93.05	-	14,53,97,300	14,53,97,300	92.60	(0.45)
Total Shareholding of Promoter (A)		13,47,41,600	13,47,41,600	93.05	-	14,53,97,300	14,53,97,300	92.60	(0.45)
B. Public Shareholding									
1. Institutions									
Financial Institutions		50,00,000	50,00,000	3.45	-	50,00,000	50,00,000	3.18	-
Sub-total (B) (1)		50,00,000	50,00,000	3.45	-	50,00,000	50,00,000	3.18	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian		50,58,400	50,58,400	3.50	-	66,16,800	66,16,800	4.22	0.72
Sub-tota (B) (2):-		50,58,400	50,58,400	3.50	-	66,16,800	66,16,800	4.22	0.72
Total Public Shareholding (B) = (B) (1)+ (B) (2)		1,00,58,400	1,00,58,400	6.95	-	1,16,16,800	1,16,16,800	7.40	0.45
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	14,48,00,000	14,48,00,000	100.00	-	15,70,14,100	15,70,14,100	100.00	-

Report Of The Directors To The Shareholders

(ii) Shareholding of Promoters

Name of the Director / KMP (M/s)	Opening Balance (% of the total share capital)	Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
TVS Motor Services Limited	13,47,41,600 (93.05)	-	-	-	-	-	-	13,47,41,600	85.81
TVS Motor Company Limited	-	06.09.2016		40,98,300	2.72	40,98,300			
		30.09.2016	Allotment	40,98,400	2.65	81,96,700	6.79	1,06,55,700	6.79
		31.03.2017		24,59,000	1.57	1,06,55,700			

(iii) Change in Promoters' Shareholding

Name of the Director / KMP (M/s)	Opening Balance		Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
	No. of shares	% of the total share capital					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
TVS Motor Company Limited	-	-	06.09.2016		40,98,300	2.72	40,98,300			
			30.09.2016	Allotment	40,98,400	2.65	81,96,700	6.79	1,06,55,700	6.79
			31.03.2017		24,59,000	1.57	1,06,55,700			

Report Of The Directors To The Shareholders

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

Name of the Director / KMP (M/s)	Opening Balance		Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
	No. of shares	% of the total share capital					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Housing Development Finance Corporation Limited	50,00,000	3.89	-	-	-	-	-	-	50,00,000	3.18
PHI Research Private Limited	35,00,000	2.71	-	-	-	-	-	-	35,00,000	2.23
PHI Capital Services LLP	15,58,400	1.08	06.09.2016	Allotment	15,58,400	1.04	-	-	31,16,800	1.99

Report Of The Directors To The Shareholders

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

V. INDEBTEDNESS

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

(Rs. in Cr)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	2676.21	506.30	3182.51
ii) Interest due but not paid	5.59	-	5.59
iii) Interest accrued but not due	0.08	-	0.08
Total (i + ii + iii)	2681.88	506.30	3188.18
Change in Indebtedness during the financial year			
• Addition	1561.86	652.20	2214.06
• Reduction	1154.10	29.11	1183.21
Net Change	407.76	623.09	1030.85
Indebtedness at the end of the financial year			
i) Principal Amount	3079.87	1127.19	4207.06
ii) Interest due but not paid	9.77	-	9.77
iii) Interest accrued but not due	-	2.20	2.20
Total (i + ii + iii)	3089.64	1129.39	4219.03

Report Of The Directors To The Shareholders

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to other Director, Whole-Time Director and/or Manager:

Mr Anupam Thareja, Whole Time Director upto 27.09.2016 – Nil.

B. Remuneration to other Directors:

Sl. No	Particulars of Remuneration	Name of Directors					Total Amount (in Rs)
		RK	VSR	SSK	SKV	PS	
1	Independent Directors						
	Fee for attending Board / committee meetings	1,60,000	80,000	2,00,000	50,000	20,000	5,10,000
	Commission	9,00,000	9,00,000	9,00,000	6,00,000	-	33,00,000
	Others, please specify						
	Total	10,60,000	9,80,000	11,00,000	6,50,000	20,000	38,10,000
		VS	TKB	AT	SV	KNR	Total Amount
2	Other Non –Executive Directors						
	Fee for attending Board / committee meetings	40,000	10,000	40,000	90,000	80,000	2,60,000
	Commission	-	-	-	-	-	-
	Others, please specify						
	Total	40,000	10,000	40,000	90,000	80,000	2,60,000
	Total Remuneration to directors	-	-	-	-	-	40,70,000
	Overall Ceiling as per the Act	395.80 Lakhs					

RK - Mr R Ramakrishnan; VSR – Mr V Srinivasa Rangan; SSK - Mr S Santhanakrishnan;
SKV – Ms Sasikala Varadachari; PS - Mr P Sivaram; VS – Mr Venu Srinivasan; TKB – Mr T K Balaji;
AT – Mr Anupam Thareja; SV – Mr Sudarshan Venu; KNR – K N Radhakrishnan

Report Of The Directors To The Shareholders

(Rs in lakhs)

C. Remuneration to KMP:

S.NO.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	Company Secretary	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	267.59	87.99	-	355.58
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.06	-	0.06
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
	Stock Option	-	-	-	-
	Sweat Equity	-	-	-	-
	Commission				
	- as % of profit	-	-	-	-
	- others	-	-	-	-
	Others, please specify	-	-	-	-
	Total	267.59	88.05	-	355.64

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

Chennai

16th June 2017

Venu Srinivasan

Chairman

Report Of The Directors To The Shareholders

Annexure - III

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013

1. Details of contracts or arrangements or transactions not at arm's length basis:

(a)	Name of the related party	PHI Capital Services LLP
	Nature of relationship	Directors, namely Mr Anupam Thareja and Mr P Sivaram are Directors / Partners of PHI Research Private Limited / PHI Capital Services LLP respectively, holding more than prescribed percentage of capital in the respective entities.
	Duration of the contracts/ arrangements/ transactions	5 years from 16th April 2010
	Nature of contracts/ arrangements / transactions	Professional services as defined in the Alliance Agreement dated 16th April 2010
	Salient terms of the contracts or arrangement or transactions, including the value	On achievement of desired profits by the Company and consideration Profit Before Tax (PBT) for the period from 1st October 2012 to 30th September 2013 Rs. 12 Cr – Consideration was settled by way of allotment of 7,79,200 or equivalent to the value of such shares during the financial year 2013-2014. PBT for the period from 1st October 2013 to 30th September 2014 Rs. 32.41 Cr – Consideration was settled by way of allotment of 7,79,200 equity shares during the financial year 2015-16. PBT for the period from 1st October 2014 to 30th September 2015 Rs. 65.30 Cr – Consideration was settled by way of allotment of 15,58,400 or equivalent to the value of such shares during the financial year 2016-17.
	Justification for entering into such contracts or arrangements or transactions	PHI Research Private Limited (PHI), who had in-depth knowledge in the field of banking, financial services, automobiles, investment banking and joint ventures in the field of automobiles and financial services sector, offered to render their services.
	Date s) of approval by the Board	17th June 2016 for allotment of 15,58,400 equity shares
	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	30th March 2015
	Amount paid as advances, if any:	Nil

2. Details of material contract, arrangement or transaction at arm's length basis: NIL

For and on behalf of the Board

Chennai
16th June 2017

Venu Srinivasan
Chairman

Report Of The Directors To The Shareholders

Annexure - IV

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

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

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

2. Overview of projects or programmes being undertaken:

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

3. Web-link to the CSR policy and projects or programmes - <http://www.tvscredit.co.in>.

4. Composition of the CSR Committee:

#	Name of the Member (M/s.)	Designation	Status
1.	Venu Srinivasan	Non Independent Director	Chairman
2.	R Ramakrishnan	Independent Director	Member
3.	K N Radhakrishnan	Non Independent Director	Member

5. Average net profit of the Company for last three financial years Rs. 43.08 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) Rs. 90 lakhs

7. Details of CSR spent during the financial year

(a) Total amount spent for the financial year Rs. 90 lakhs

(b) Amount unspent, if any Not Applicable

Report Of The Directors To The Shareholders

(C) Manner In Which The Amount Spent During The Financial Year Is Detailed Below.

S. No.	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road, Chennai - 600 006, Tamil Nadu Phone No: 044-2833 2115 Mail ID: aj@scl.co.in
1	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act 2013	(i) Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; (ii) Promotion of education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects; (iii) Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; (iv) Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintaining soil, air and water quality; and (v) rural development projects
2	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure
3	Areas in which Projects / Programs undertaken:	<ul style="list-style-type: none"> • Hosur, Padavedu, Thirukkurungudi, Navatirupati and Javadhu Hills; • Mysore
4	Local Area / Others:	
	State & District:	<ul style="list-style-type: none"> • Tamil Nadu: Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts • Karnataka: Mysore
	Amount outlay (budget) project or program-wise:	Rs. 925.60 lakhs

Report Of The Directors To The Shareholders

5	Amount spent on the projects or programs:	Rs. 902.22 lakhs (including contribution of the Company of Rs.90 Lakhs)
6	Sub-heads:	
	Direct expenses on projects / programs:	Nil
7	Cumulative expenditure upto the reporting period:	Rs. 902.22 lakhs (including contribution of the Company of Rs. 90 Lakhs)

8. In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
9. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

To discharge the duties cast under provisions of the Act 2013, members of the CSR Committee visit places where SST is doing service.

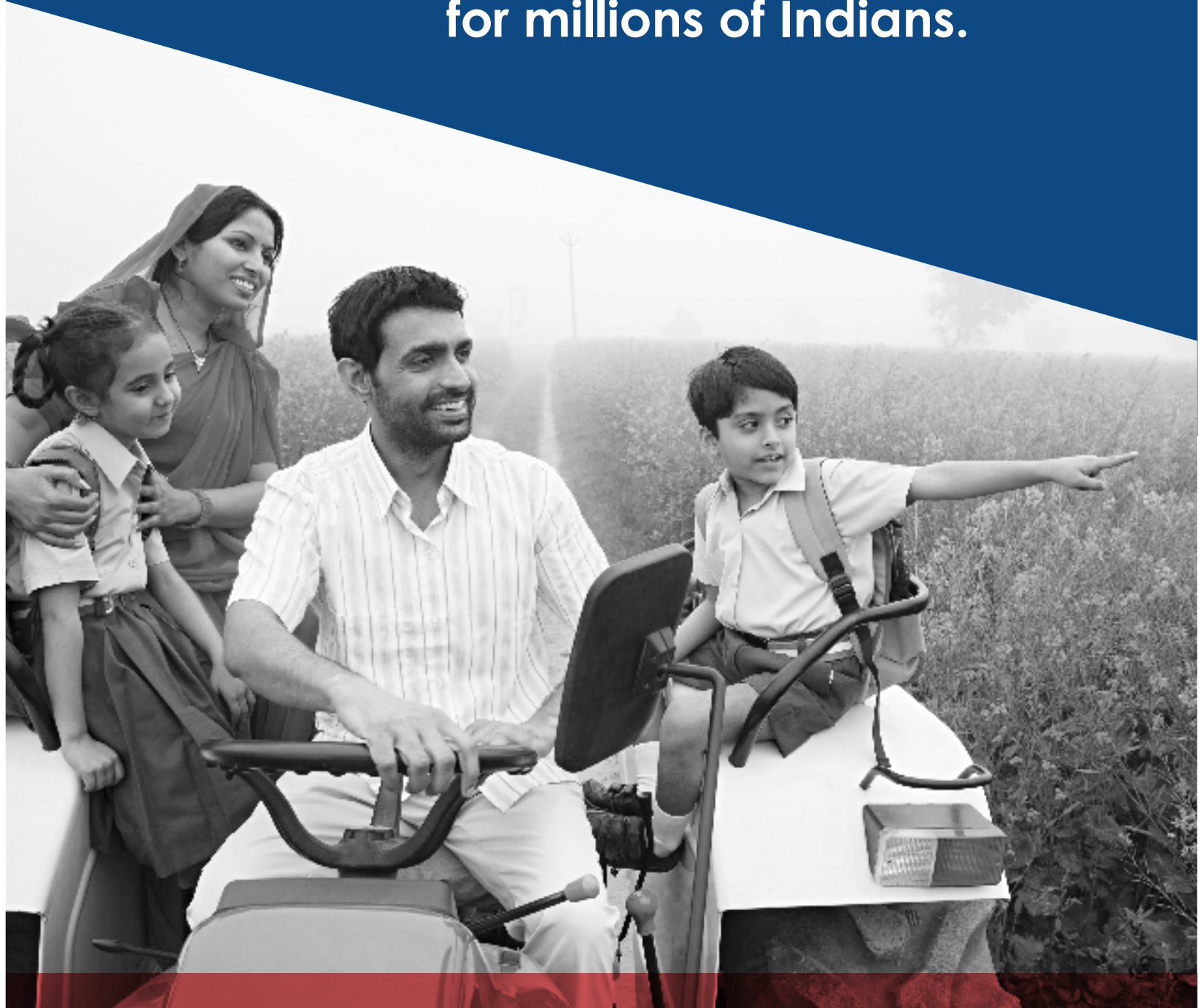
For and on behalf of the Board

Chennai

16th June 2017

Venu Srinivasan
Chairman & Chairman of CSR Committee

**Over 21,000 tractors
financed in 2016-17.
That's greater food security
for millions of Indians.**



Every time a farmer gets behind the wheel of his new tractor, he looks ahead at a brighter, more secure future. As the produce from his field increases, the nation as a whole becomes a little more self-reliant. At TVS Credit, the prosperity of our farmers is of paramount importance to us. Because no matter how industrialised or urbanised we may become, their success will always be the key to our nation's progress.

Secretarial Audit Report

SECRETARIAL AUDIT REPORT OF TVS CREDIT SERVICES LIMITED FOR THE FINANCIAL YEAR ENDED 31st MARCH 2017

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

To
The Members
TVS CREDIT SERVICES LIMITED,
No.29, Haddows Road,
Chennai 600 006.

CIN: U65920TN2008PLC069758
Authorised Capital: Rs. 200,00,00,000/-
Paid up capital : Rs. 157,01,41,000/-

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by TVS CREDIT SERVICES LIMITED, (hereinafter called the Company). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliance and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Company being unlisted public limited company, the provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;
- iii) The Company being unlisted public limited company, the provisions of The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder are not applicable;
- iv) The Company having not received any foreign direct investment, overseas direct investment and external commercial borrowings, the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings is not applicable;
- v) The Company being unlisted public limited company, the following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

Secretarial Audit Report

The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 are not applicable to the Company.

vi) Any other laws as applicable to the Company which inter alia includes

- 1) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- 2) RBI NBFC Regulations Contract Labour (Regulations & Abolition) Act, 1970
- 3) Compliance with the requirements of Foreign Exchange Management Act and Non Banking Finance Companies (Reserve Bank) Directions 1998 with regard to non-acceptance of deposits from public;
- 4) Compliance under Prevention of Money Laundering Act, (PMLA) 2002 for the purpose of compliance with the obligations under Know Your Customer norms / Anti Money Laundering (AMC) standards & Fair Pricing Code (FPC) and Combating of Finance of Terrorism (CFT) obligations under PMLA, 2002.
- 5) Motor Vehicles Act, 1938;
- 6) Income Tax Act, 1961 and the Income Tax Rules, 1962 and Finance Act;
- 7) Profession Tax
- 8) Labour laws like Equal Remuneration Act, 1976 and rules made thereunder; Employees Provident Fund and Miscellaneous Provisions Act, 1952 & Employees Provident Fund Scheme, 1952; Apprentice Act, 1961; Employees' State Insurance Act, 1948; Payment of Wages Act, 1936; Payment of Gratuity Act, 1972 & the Payment of Gratuity (Central) Rules, 1972.; Payment of Bonus Act, 1965 & the Payment of Bonus Rules, 1975 and other applicable employee welfare or labour legislations covering the Company and its establishments;
- 9) Service Tax laws & rules made thereunder
- 10) Indian & State Stamp Act and Rules;
- 11) Competition Act, 2002
- 12) Trade & Merchandise Marks Act, 1958;
- 13) Patents Act
- 14) Copy Rights Act or any licences issued thereunder

Secretarial Audit Report

I have also examined compliance with the applicable clauses of the following:

- i) The Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India in terms of sub-section 10 of Section 118 of the Companies Act, 2013, for the financial year under review;
- ii) The Company being unlisted public limited company, is not required to enter into listing agreements with any stock exchange(s), and hence compliance in relation thereto is not applicable.

From the verification of records and as per the information and explanation furnished to me, during the period under review, the Company has complied with the provisions of the act, rules, regulations, guidelines, standards, etc. mentioned above, wherever applicable.

I further report that

- i) The Board of Directors of the Company is duly constituted as per the provisions of the Act. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- ii) Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and in case where meeting was held at shorter notice, consent for shorter notice was obtained from all the Directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. However, on perusal of the minutes of the Board or Audit Committee or Nomination & Remuneration Committee, or Asset Liability Management Committee, or CSR Committee meetings, it was observed that there was no dissenting note made by any of the members.

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

- i) Constituted Nomination and Remuneration Committee of Directors and has formulated "Nomination and Remuneration Policy" in terms of Section 178 of the Companies Act, 2013 and the Rules made thereunder;
- ii) Constituted the Audit Committee of Directors in terms of Section 177 of the Companies Act, 2013;

Secretarial Audit Report

- iii) Constituted Corporate Social Responsibility Committee of Directors (CSR) and has formulated CSR Policy and the projects/programmes, to be undertaken for CSR spending in terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014. It was observed on verification of records and based on the information furnished to me that an amount of Rs. 90 lacs, constituting 2% of average net profits for the immediate past three financial years, has been spent for the financial year 2016-17 on the projects/programmes that have been identified to be undertaken for this purpose through Srinivasan Services Trust (SST).
- iv) Considered and recorded the Risk Management Policy followed by the Company in terms of Section 134(3)(n) of the Companies Act, 2013 including identification therein of elements of risk, if any, which in the opinion of the Board, may threaten the existence of the Company;
- v) Considered and approved the "Code of Business Conduct and Ethics" of the Company framed in terms of Section 149 read with Schedule IV of the Companies Act, 2013;
- vi) Constituted Asset Liability Management Committee as required to be formed as per RBI directions for Non-Banking Finance Companies as part of their overall system for effective risk management in their various portfolios;
- vii) Has appointed a woman Director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014;
- viii) Has provided vigil mechanism and approved Whistle Blower Policy in terms of Section 177(9) of Companies Act, 2013; and
- ix) Has complied with the provisions of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

I further report that from the information and explanations furnished to me, during the audit period, the Company has

- i) Made preferential issue of 1,22,14,100 equity shares of Rs.10/- each aggregating to Rs.12,21,41,000/- at a premium of Rs. 51/- per equity share on private placement basis and has complied with the provisions of the Companies Act, 2013 and the rules made thereunder.
- ii) In the Extra Ordinary General Meeting held on 30th March, 2017, has obtained shareholders' approval under section 180 of the Companies Act, 2013, delegating powers to the Board of Directors to borrow from time to time to the extent of and upto Rs.5000 Crores and for creation of charge on the Company's assets.
- iii) Not done any redemption / buyback of securities; and
- iv) Not undertaken any amalgamation/ reconstruction etc. during the year under review.

Place: Chennai.

Date: 16/06/2017

Signature:

Practising Company Secretary: T.N.SRIDHARAN,
C.P.No.4191.

Secretarial Audit Report

To
The Members
TVS CREDIT SERVICES LIMITED,
No. 29, Haddows Road,
Chennai 600 006

CIN: U65920TN2008PLC069758
Authorised Capital: Rs.200,00,00,000/-
Paid up capital : Rs.157,01,41,000/-

My Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The 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.

Place: Chennai.

Date: 16/06/2017

Practising Company Secretary: T.N.SRIDHARAN,
C.P.No.4191.

More than 46,000 existing customers took top-up loans. When life is already good, we try to make it better.



The word 'loan' comes with a lot of insecurity for most people. But our customers have discovered that taking a loan only means moving forward in life. Our fair terms, ease of repayment and caring service inspire them to deepen their relationships with us, and give their loved ones nothing but the best. We are grateful for their trust, which is our very reason for being.

Report On Corporate Governance

1. Corporate Governance

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

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

The Company would constantly endeavour to improve on these aspects. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and reviewed by the Board and the duly constituted committees of the Board.

A summary of the corporate governance measures adopted by the Company is given below:

- i) The Board of Directors along with its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company.
- ii) The size of the Board is commensurate with the size and business of the Company. As on 31st March 2017, the board comprises of nine Directors, viz.,

S.No.	Name of the directors (M/s.)	Designation
1.	Venu Srinivasan	Non-Executive Chairman
2.	Sudarshan Venu	Non-Executive Director
3.	Anupam Thareja	Non-Executive Director
4.	T K Balaji	Non-Executive Director
5.	K N Radhakrishnan	Non-Executive Director
6.	R Ramakrishnan	Non-Executive Independent Director
7.	S Santhanakrishnan	Non-Executive Independent Director
8.	V Srinivasa Rangan	Non-Executive Independent Director
9.	Sasikala Varadachari	Non-Executive Independent Director

- iii) The Board has constituted Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These are the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Asset Liability Management Committee.

Report On Corporate Governance

A. Audit Committee:

The Company has in place the Audit Committee constituted in accordance with the provisions of Para 11 of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and as required under Section 177 of the Companies Act, 2013.

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.

The Audit Committee also ensures that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.

The Audit Committee of the Company consists of the following members:

S.No.	Name of the Members (M/s.)	Status
1.	R Ramakrishnan	Non-Executive Independent Director
2.	S Santhanakrishnan	Non-Executive Independent Director
3.	V Srinivasa Rangan	Non-Executive Independent Director
4.	K N Radhakrishnan	Non-Executive Director

B. Nomination and Remuneration Committee:

The Company has in place the Nomination & Remuneration Committee (NRC). It was constituted to formulate and recommend to the Board of Directors, the Company's policies relating to identification of Directors, key managerial personnel and senior management personnel one level below the Board and remuneration payable to them and the criteria for determining qualifications, positive attributes and independence of a Director.

The NRC lays down the evaluation criteria for evaluating the performance of every Director, committees of the Board and the Board as a whole and also the performance of key managerial personnel (KMP) and senior management personnel (SMP).

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

Report On Corporate Governance

The performance evaluation of an individual Director will be 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 members of various sub-committees etc.

The performance of SMP was measured against the achievement of the business plans approved by the Board during and at the completion of the financial year and their annual at risk remuneration reflects their business plan achievements.

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

The NRC also ensures 'fit and proper' status of proposed and existing Directors and on a continual basis.

The Nomination and Remuneration Committee of the Company consists of the following members:

S.No.	Name of the Members (M/s.)	Status
1.	R Ramakrishnan	Non-Executive Independent Director
2.	V Srinivasa Rangan	Non-Executive Independent Director
3.	K N Radhakrishnan	Non-Executive Director

C. Risk Management Committee:

The Company has laid down procedures to inform the Board about the risk assessment and mitigation procedures, to ensure that executive management controls risk through means of a properly defined framework.

This Committee would ensure that the risks associated with the functioning of the Company are identified, controlled and mitigated and also lay procedures regarding managing and mitigating the risk through integrated risk management systems, strategies and mechanisms. The Committee would meet periodically to review the risk management and mitigation/minimization plans.

Report On Corporate Governance

The Risk Management Committee of the Company consists of the following members:

S.No.	Name of the Members (M/s.)	Status
1.	R Ramakrishnan	Non-Executive Independent Director
2.	S Santhanakrishnan	Non-Executive Independent Director
3.	Anupam Thareja	Non-Executive Director

D. Asset Liability Management Committee (ALCO):

The Company constituted an Asset Liability Management Committee (ALCO), in terms of Guidelines issued by RBI to NBFCs for effective risk management in its portfolios.

The ALCO consists of the following members:

S.No.	Name of the Members (M/s.)	Status
1.	R Ramakrishnan	Non-Executive Independent Director
2.	S Santhanakrishnan	Non-Executive Independent Director
3.	Sudarshan Venu	Non-Executive Director
4.	Anupam Thareja	Non-Executive Director

Related Party Transactions Policy

The Company has formulated a policy on Related Party Transactions. The Audit Committee reviews and approves said transactions (RPTs) between the Company and related parties, as defined under the Companies Act, 2013, to ensure that the terms of such RPTs would reasonably be expected of transactions negotiated on an arm's length basis. The Committee meets prior to each scheduled Board meeting to review all RPTs of the Company.

Copy of the said policy is available in the Company's website with the following link <http://www.tvscs.com>.

Report On Corporate Governance

Attendance of Directors at Meetings of the Board, Audit Committee (including attendance through video conferencing) and Annual General Meeting (AGM) held during the year:

S.No.	Name of directors (M/s.)	Board Meetings		Audit Committee Meetings		Whether present at previous AGM held on 2nd August 2016
		Held	Attended	Held	Attended	
1	Venu Srinivasan	4	4	-	-	No
2	R Ramakrishnan	4	3	4	3	Yes
3	T K Balaji	4	1	-	-	No
4	Sudarshan Venu	4	4	-	-	Yes
5	S Santhanakrishnan	4	4	4	4	Yes
6	Anupam Thareja	4	3	-	-	No
7	V Srinivasa Rangan	4	1	4	3	No
8	K N Radhakrishnan	4	3	4	3	Yes
9	Sasikala Varadachari	4	4	-	-	No
10	P Sivaram*	4	2	-	-	No

* Resigned as Director w.e.f. December 23, 2016

- iv) Pursuant to the guidelines on 'Fair Practices Code' issued by RBI, the Company has adopted a "Code", which is posted on the website of the Company and also a regular review on the implementation of the same is conducted by the Committee members.
- v) The Company has adopted a Code of Conduct for employees of the Company and due care is taken that the employees adhere to it.
- vi) The Company has fulfilled the prudential norms and standards as laid down by RBI pertaining to income recognition, provisioning of non-performing assets and capital adequacy. The capital adequacy ratio of the Company is well within the limit prescribed by RBI. The Fair Practices Code and KYC norms framed by the Company seek to promote good and fair practices by setting minimum standards in dealing with customers, increasing transparency so that customers have a better understanding of what they can reasonably expect of the services being offered, encouraging market forces through competition to achieve higher operating standards, promoting fair and cordial relationships between customers and the Company and fostering confidence in the finance system.
The Company has put in place a mechanism to monitor and review adherence to the Fair Practices Code, KYC norms & credit policies as approved by the Board of Directors.
- vii) The Board of Directors of the Company reviews, records and adopts the minutes of the meetings of various committees constituted by the Company.

Report On Corporate Governance

The Company is keeping with proper responsibility and authority matrix inculcated in the structure of certification to ensure compliance from diversified and various locations.

- viii) The Company proposes to pay commission to the Non-Executive directors (NEDs) of the Company for the year ended 31st March 2017. None of the NEDs holds equity shares of the Company.
- ix) Sitting fees for attending the meetings of the Board and Committees of the Board are paid to NEDs within the maximum prescribed limits. Sitting fees paid to NEDs for the meetings held during 2016-17 are as follows:-

S.No.	Name of the Directors (M/s.)	Sitting Fees (Amount in Rs.)
1.	Venu Srinivasan	40,000
2.	R Ramakrishnan	1,60,000
3.	T K Balaji	10,000
4.	Sudarshan Venu	90,000
5.	S Santhanakrishnan	2,00,000
6.	Anupam Thareja	40,000
7.	V Srinivasa Rangan	80,000
8.	K N Radhakrishnan	80,000
9.	Sasikala Varadachari	50,000
10.	P Sivaram	20,000

- x) The certification from Mr G Venkatraman, Chief Executive Officer and Mr V Gopalakrishnan, Chief Financial Officer on the financial statements has been obtained.

- xi) For further clarification / information, stakeholders are requested to visit the Company's website at www.tvscs.com

We invested heavily in technology last year. For so many, finding a trusted partner became much easier.



We constantly ask ourselves, how can we reach and empower more Indians? Technology is one of the constant answers. In the recent past, we boosted our online presence to let people find solutions faster, implemented eKYC to simplify the application process, and built robust payment gateways to support the Government's mission to make all payments digital.

Independent Auditors' Report To the Members of TVS Credit Services Ltd Report on the Financial Statements

1. We have audited the accompanying financial statements of TVS Credit Services Limited, ('the Company'), which comprises the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounting) Rules, 2014.
3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

4. Our responsibility is to express an opinion on these financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there-under. We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

Independent Auditors' Report To the Members of TVS Credit Services Ltd Report on the Financial Statements

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
9. As required by section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except for information referred to in clause g(iv) below;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements, comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of written representations received from the Directors as on 31 March 2017, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2017, from being appointed as a Director in terms of section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations give to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 21 (3) to the financial statements.

Independent Auditors' Report To the Members of TVS Credit Services Ltd Report on the Financial Statements

- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses –Refer Note No. 21(15) to the financial statements
- iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. In the absence of relevant details with the Company, requisite disclosures in the financial statements as to holdings and dealings in Specified Bank Notes (SBNs) during the period 8th November 2016 and 30th December 2016, have not been made.

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

S.VENKATRAMAN
Partner

Membership No: 34319

Place : Chennai
Date: 16th June 2017

Independent Auditors' Report To the Members of TVS Credit Services Ltd Report on the Financial Statements

Annexure A to Independent Auditors' Report - 31 March 2017

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular program of physically verifying all its fixed assets at all its locations 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. During the year, the Company has physically verified its fixed assets at three locations by engaging an external agency. We are informed that the details of fixed assets verified are being reconciled with book records and discrepancies, if any, noticed will be adjusted on completion of reconciliation.
 - (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) As the Company is a Non-Banking Finance Company, it does not have any physical inventories. Therefore, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) 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 Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments or provided guarantee or security where the provisions of Section 185 and 186 of the Act, are to be complied with.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vi) The Company, being a Non-Banking Finance Company, maintenance of cost records under section 148 (1) of the Act is inapplicable. Therefore, the provisions of clause (vi) of the Order are not applicable to the Company.
- (vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Value Added Tax and Cess and other material statutory dues with the appropriate authorities. There is no liability in respect of duty of Customs, Excise Duty, Sales Tax. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Service Tax, and Cess were in arrears as at 31st March 2017 for a period of more than six months from the date they became payable.

Independent Auditors' Report To the Members of TVS Credit Services Ltd Report on the Financial Statements

(b) According to the information and explanations given to us and the records of the Company, the dues of Service tax which have not been deposited on account of any dispute are as follows:

Name of the Statute / (Nature of dues)	Period of dues	Amount (Rs. in lakhs)	Forum where dispute is pending
Finance Act, 1994 (Service Tax)	2011 to 2015	407.83	Central Excise and Service Tax Appellate Tribunal, Chennai

- (viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Financial Institutions/Banks. The Company has not raised any monies against issue of debentures.
- (ix) In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been applied for the purpose for which they were obtained. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no material fraud by the Company and no fraud on the Company by its officers or employees, except for 46 cases of frauds in the nature of 'fraudulent encashment/ manipulation of books of accounts' amounting to Rs. 54.91 lakhs, on the Company 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 the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has made preferential allotment of shares and the requirements of Section 42 of the Act have been complied with. Further, the amount raised has been used for the purpose for which the funds were raised.
- (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 them and hence provisions of section 192 of the Act are not applicable.

Independent Auditors' Report To the Members of TVS Credit Services Ltd Report on the Financial Statements

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the Certificate of Registration dated 13th April 2010.

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

Place : Chennai
Date : 16th June 2017

S.VENKATRAMAN
Partner
Membership No: 34319

Independent Auditors' Report To the Members of TVS Credit Services Ltd Report on the Financial Statements

Annexure - B to the Independent Auditors' Report – 31 March 2017

(Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of TVS Credit Services Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained, and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Independent Auditors' Report To the Members of TVS Credit Services Ltd Report on the Financial Statements

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on Audit of Internal Financial Control over Financial Reporting, issued by ICAI.

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

S.VENKATRAMAN
Partner

Membership No: 34319

Place : Chennai
Date: 16th June 2017

**Our team strength is
nearing 10,000.
The more we grow,
the further we can
take progress.**



We try to always keep sight of our mission to help our fellow Indians grow and prosper. When we enter a new region, those who till the land find the means to mechanise and boost their yield. Town and city dwellers suddenly find it easier to acquire the vehicles that bring other towns and cities closer. With our foray into Jammu and the North East last year, we came a little closer to our dream of being present in every part of India.

Accounts with Schedules

Balance Sheet as at March 31, 2017

(Rs. In Lakhs)

Particulars	Note No	As at 31st March 2017	As at 31st March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	15,701.41	14,480.00
Reserves and surplus	3	54,614.22	39,632.74
		70,315.63	54,112.74
Non-Current Liabilities			
Long term borrowings	4	116,588.46	113,517.50
Other long term liabilities	5	9,721.19	9,871.15
Long term provisions	6	4,874.90	2,929.74
		131,184.55	126,318.39
Current Liabilities			
Short term borrowings	4	186,550.94	117,994.12
Trade payables		-	-
(i) Micro and small enterprises		9,346.57	7,210.57
(ii) Creditors other than micro and small enterprises		139,412.18	108,106.97
Other current liabilities	8	6,829.65	5,538.55
Short term provisions	6		
		342,139.34	238,850.21
		543,639.52	419,281.34
ASSETS			
Non-current Assets			
Fixed assets			
(i) Tangible assets	9	5,350.51	4,175.62
(ii) Intangible assets	9	173.13	116.96
		5,523.64	4,292.58
Long term loans and advances	10	794.20	707.58
Other non current assets	11	22,017.00	22,017.00
Receivable from financing activities	12	220,401.11	163,526.21
		243,212.31	186,250.79
Deferred tax asset (net)		2,833.67	2,120.86
Current assets			
Trade receivables	13	325.80	315.21
Cash and bank balances	14	15,349.30	29,330.48
Short-term loans and advances	10	1,625.45	1,278.50
Receivable from financing activities	12	273,299.96	195,321.88
Other current assets	15	1,469.39	371.04
		292,069.90	226,617.11
		543,639.52	419,281.34
Total			

Significant Accounting Policies forming part of financial statements 1

Additional Notes forming part of financial statements 21

As per our report of even date

For and on behalf of the Board

For V. SANKAR AIYAR & CO.

Chartered Accountants

ICAI Regn No. 109208W

S.Venkatraman

Chairman

Chief Executive Officer

Partner

Membership No. 34319

Company Secretary

Chief Financial Officer

Place: Chennai

Date: June 16, 2017

Accounts with Schedules

Statement of Profit & Loss for the year ended March 31, 2017

(Rs. In Lakhs)

Particulars	Note No	For the year ended 31st March 2017	For the year ended 31st March 2016
INCOME			
Revenue from operations	16	111,076.57	82,487.81
Other income	17	402.50	361.91
Total		111,479.07	82,849.72
EXPENSES			
Finance costs	18	34,663.37	27,975.03
Business origination and recovery cost		12,543.64	10,771.15
Employee benefits expense	19	28,161.96	20,854.45
Depreciation and amortization expense	9	870.79	1,054.73
Other expenses	20	15,411.38	11,063.08
Bad debts written off		3,934.74	1,541.94
Provision for bad and doubtful debts	7	2,337.52	1,675.80
Total		97,923.40	74,936.18
Profit before tax		13,555.67	7,913.54
Tax expense:			
Current tax		5,516.20	3,586.10
MAT credit entitlement		-	-
MAT credit adjusted		-	-
Deferred tax liability / (asset)	-	-712.82	-738.37
Profit after tax for the year		8,752.29	5,065.81
Earning per equity share:			
Basic earnings per share in Rs		5.83	3.83
Diluted earnings per share in Rs.		5.83	3.78

Significant Accounting Policies forming part of financial statements 1

Additional Notes forming part of financial statements 21

As per our report of even date

For and on behalf of the Board

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

S.Venkatraman
Partner Membership No. 34319

Place: Chennai
Date: June 16, 2017

Chairman

Chief Executive Officer

Company Secretary

Chief Financial Officer

Accounts with Schedules

Cash Flow Statement for the year ended 31st March 2017

(Rs. In Lakhs)

Particulars	Year ended 31.03.17		Year ended 31.03.16	
Cash flow from Operations				
Profit before tax		13,555.67		7,913.54
Adjustments for				
Depreciation	870.79		1,054.73	
Provision for bad and doubtful debts	2,337.53		1,675.80	
Bad debts written off	3,934.74		1,541.94	
Loss on sale of foreclosures	2,457.51		1,440.85	
Provision for doubtful assets no longer required and written back	-		- 2.03	
Loss on sale of assets	0.53		-	
Discard of fixed assets	7.62		-	
Shares issued in lieu of professional charges incurred	4 75.31		475.31	
Provision for employee related expenses	613.92		101.12	
Financing charges	34,663.34		27,975.02	
Interest earned	- 1 8.69		- 19.95	
Operating Profit Before Working Capital changes		45,342.60		34,242.79
Adjustments for		58,898.27		42,156.33
(Increase)/decrease in receivables under financial activities (NBFC)	-141,245.19		- 103,864.39	
(Increase)/decrease in trade receivables	- 1 0.58		- 143.38	
(Increase)/decrease in loans & advances	- 903.57		- 450.77	
(Increase)/decrease in bank deposit held as collateral security for de-recognised assets and lien marked	- 1,697.98		- 3,127.18	
Interest received	3 0.44		122.08	
(Increase)/decrease in other non current assets	-		-	
(Increase)/decrease in other current assets	- 1,110.09		- 272.58	
Increase/(decrease) in trade payables & other liabilities	32,660.71		57,885.43	
		-112,276.26		-49,850.79
Financing charges paid	- 34,032.80		- 27,712.87	
Income tax paid	- 4,761.96		- 3,095.01	
		- 3 8 , 7 9 4.76		- 30,807.88
Net Cash used in Operation - (A)		- 92,172.75		- 38,502.34

Accounts with Schedules

(Rs. In Lakhs)

Particulars	Year ended 31.03.17		Year ended 31.03.16	
Cashflow from investing activity				
Purchase of fixed assets	- 2,109.48		- 1,575.42	
Proceeds from sale of fixed assets	-		-	
Net Cash (used in) Investing Activity - (B)		- 2,109.48		- 1,575.42
Cashflow from financing activity				
Proceeds from issue of share capital	1,143.49		1,532.08	
Share premium received	5,831.80		7,813.61	
Decrease in share application	-		-	
Proceeds / (repayment) of term loan from bank	3,070.95		41,453.86	
Increase / (decrease) in loan from others	-		-	
Increase/ (decrease) in short term borrowings	68,556.82		60.83	
Net Cash from financing activity - (C)		78,603.06		50,860.38
Net Increase / (decrease) in cash and cash equivalents (A+B+C)		- 15,679.17		10,782.62
Cash and cash equivalents at the beginning of the year		21,902.35		11,119.73
Cash and cash equivalents at the end of the year		6,223.18		21,902.35
		- 15,679.17		10,782.62
Note:				
Cash and cash equivalents at the end of the year		15,349.30		29,330.48
Less: Bank deposits underLien		9,126.12		7,428.13
		6,223.18		21,902.35

Note : Previous year figures have been regrouped to confirm to current year groupings

As per our report of even date

For and on behalf of the Board

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

S.Venkatraman
Partner Membership No. 34319

Chairman

Chief Executive Officer

Place: Chennai
Date: June 16, 2017

Company Secretary

Chief Financial Officer

Significant Accounting Policies forming part of Financial Statements

Company Background

The Company received Certificate of Registration dated 13th April, 2010 from Reserve Bank of India and commenced non-banking financial activity there on. The Company is categorized as Systemically Important Non-Banking Finance (Non-Deposit Accepting or Holding) Company, as defined under Section 45-IA of Reserve Bank of India (RBI) Act, 1934. The Company is engaged predominantly in financing of vehicles. The Company falls under the category of Loan Company.

Significant Accounting Policies

A. Basis Of Preparation Of Accounts:

The financial statements are prepared on a going concern basis under the historical cost convention on accrual basis of accounting, unless otherwise stated, in accordance with the generally accepted accounting principles and accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014. Further, the Company follows the statutory requirements, circulars and guidelines issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFCs), from time to time. The Company has a policy of making additional provision on a prudential basis as referred to under Note. No. f(ii).

All assets & liabilities are classified as current and non-current based on the operating cycles which have been estimated to be 12 months and which are expected to be realized and settled within a period of 12 months from the date of the balance sheet.

B. Use Of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period.

C. Fixed Assets and Depreciation:

Fixed Assets:

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties less Excise Duty and Service Tax as permitted under relevant statute. Subsequent expenditure incurred on assets is capitalised only if it increases the future benefit of such assets. Residual value has been estimated to be nil at the end of the useful life of all the assets.

Significant Accounting Policies forming part of Financial Statements

The assets taken over under the Business Transfer Agreement (BTA) are at the net depreciated block value of the transferor on the date of said transfer.

Depreciation:

Depreciation is charged over the useful life prescribed under Part C of Schedule II of the Companies Act, 2013 except in the case of mobile phone, based on the technical evaluation, wherein the useful life is considered as 2 years and depreciation on fixed assets individually costing Rs.5,000/- is provided at 100%.

The cost of improvements made to rented property during the year and included under furniture and fixtures, is depreciated over the primary lease period.

Depreciation on fixed assets added/disposed off during the year is calculated on pro-rata basis with reference to the date of addition/disposal.

D. Intangible Assets

Software cost is treated as intangible asset and is amortized at lower of 33.33% per annum or the license period. Expenditure incurred for support and maintenance of software is charged off in the year of incurring.

E. Revenue Recognition

- i. Interest income is recognized under the Internal Rate of Return method on accrual basis. In the case of non-performing loans, interest income is recognized on realization, as per RBI guidelines. Interest recognized as income in the previous year is reversed in the month in which loan is classified as non performing as per RBI norms.
- ii. Incomes by way of service charges like processing fee, documentation charges, subvention income received from dealers / manufacturers are recognized on disbursement of loan.
- iii. Incomes in the nature of overdue interest, and bounce charges are recognized on realization, due to uncertainty of collection.
- iv. Interest revenue from deposits with banks is recognized on time proportion basis, taking into account the outstanding amount and the applicable rate of interest.
- v. Income from non-financing activity is recognized as per the terms of contract, on accrual basis.
- vi. Delinquency fund received is amortised over the tenor of the loan.

Significant Accounting Policies forming part of Financial Statements

F. Financing Activities

- i. Receivables from Financing Activities
The loans to borrowers are stated at the contract value after netting off un-matured income, wherever applicable, installments appropriated up to the year end and amount written off.
- ii. Prudential Norms – Application & Provisioning for Financing Activities
The Company has followed the Prudential Norms of RBI on income recognition, asset classification, provisioning requirement, etc. issued from time to time. Accordingly, as required in the said directions, the Company has not accrued income in respect of loan assets, which are non performing. In addition, provision is created on outstanding amounts of assets which are past due between 90 to 120 days as per the provisioning norms approved by the Board of Directors.

In respect of standard assets, the Company provides 0.40% on standard assets as stipulated by circular (DNBR PD) cc.No.002/03.10.001/2014-15 dated 10th November 2014 issued by RBI.

G. Securitisation / Assignment of Receivables

Securitisation transactions entered into and covered by the RBI circular dated 21st August 2012 are accounted as under:

- i. Securitised / assigned receivables are derecognized in the balance sheet on their sale, i.e. when they fully meet with the 'true sale' criteria.
- ii. Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets, from the SPV is capitalized at the present value as interest only (I/O) strip with a corresponding liability created for unrealized gain on loan transfer transactions.
- iii. The excess interest spread on the securitization transaction is recognized in the statement of profit and loss only when it is redeemed in cash by the SPV after adjusting for overdue receivables. Losses, if any are recognized upfront.

h. Taxation

- i. Provision for current tax is made on the basis of taxable income for the current accounting year in accordance with the Income Tax Act, 1961.
- ii. The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry

Significant Accounting Policies forming part of Financial Statements

forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

I. Employee Benefits

i. Provident Fund:

Contributions to provident fund made to Regional Provident Fund Commissioner in respect of Employees' Provident Fund and Employee Pension Fund based on the statutory provisions are charged to statement of profit and loss on accrual basis.

ii. Gratuity

The Company makes contribution to a gratuity fund administered by trustees and managed by LIC based on actuarial valuation determined every year by independent actuary as at balance sheet using the projected unit credit method.

iii. Compensated Absences

The Company accounts its liability for long term compensated absences based on actuarial valuation, as at the balance sheet date, determined by an independent actuary using the Projected Unit Credit method. Actuarial gains or losses are recognized in the statement of profit and loss, in the year in which they occur.

iv. Pension

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

J. Transactions in Foreign Currencies

- i) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- ii) Foreign currency monetary assets and liabilities such as cash, receivables, loans, payables etc., are translated at year end exchange rates.
- lii) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- iv) Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise.

Significant Accounting Policies forming part of Financial Statements

- v) Exchange differences relating to forward exchange contracts entered into for hedging, i.e. for mitigating the foreign currency fluctuation risk on an underlying asset or liability are recognized in the profit and loss statement. Premium or discount on forward contract is amortised over the life of such contracts and is recognized as income or expense.

K. Service Tax Input Credit

Service Tax input credit is accounted as receivable when the underlying service is received, as per the Service Tax Rules applicable to non-banking financial activities.

L. PREPAID EXPENSES

Processing fee on loan borrowed is amortised over the tenor of the respective loan. Un-amortised borrowing cost remaining if any, is fully expensed off, as and when the related borrowing is prepaid.

M. Provisions & Contingencies

Provision

A provision arising out of a present obligation, as a result of past event, is recognized only when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Contingent liabilities

Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability.

In case of possible obligation or present obligation in respect of which likelihood of outflow of resource is remote, no provision or disclosure is made.

Contingent assets are not recognized in the financial statements.

N. Business Originating and Recovery Cost

Business origination and recovery cost representing the expenditure incurred for sourcing, processing, recovery is accounted in the year of incurring.

O. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of the transactions of non-cash nature. Deposits which are lien marked with maturity period exceeding 3 months are not treated as cash and cash equivalent for cash flow statement.

Significant Accounting Policies forming part of Financial Statements

P. Earnings Per Share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and reduce profit per share are included.

Q. Impairment

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

R. Lease

Payments under operating lease arrangements are recognized as per the terms of the lease.

Accounts with Schedules

2. Share Capital

(Rs. In Lakhs)

	Description	As at 31 March 2017	As at 31 March 2016		
a	Authorised share capital: 200,000,000 equity shares of Rs.10 each (previous year 20,00,00,000 equity shares)	20,000.00	20,000.00		
		20,000.00	20,000.00		
b	Issued, subscribed and fully paid up share capital: 157,014,100 number of equity shares of Rs.10 each (Previous year 14,48,00,000 equity shares of Rs.10 each)	15,701.41	14,480.00		
c	Par value per share	Rs.10 each	Rs.10 each		
d	Number of equity shares at the beginning of the year	144,800,000	128,700,000		
	Add: Preferential allotment made during the year	12,214,100	16,100,000		
	Number of equity shares at the end of the year	157,014,100	144,800,000		
e	Equity Shares held by Holding Company				
	Particulars	No. of Shares	% of Shares	No. of Shares	% of Shares
	Holding Company - TVS Motor Services Limited (including nominees)	134,741,600	85.81	134,741,600	93.05
f	Number of shares held by shareholders more than 5% of total shares				
	TVS Motor Services Limited	134,741,600	85.81	134,741,600	93.05
	TVS Motor Company Limited	10,655,700	6.79	-	-
	Housing Development Finance Corporation Limited	5,000,000	3.18	5,000,000	3.45
	PHI Research Private Limited	3,500,000	2.23	3,500,000	2.42
	PHI Capital Services LLP	3,116,800	1.99	1,558,400	1.08
g	Terms/Rights attached to Equity Shares				
	a) 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. There are no restrictions attached to equity shares.				
	b) Pursuant to MOU dated 16th April, 2010 entered into by the Company with PHI Capital Services Private Limited (converted into PHI Capital Services LLP) and PHI Research Private Limited (PR), PR has assigned its responsibility towards providing strategic and operational advisory service in connection with the NBFC business of the Company, to PHI Capital Services LLP. In consideration thereto, the Company has agreed to allot shares to PHI Capital Services LLP, on achieving certain levels of PBT, from the financial year commencing from 2014-15 to 2016-17 (wherein financial year is to be reckoned as that beginning from 1st October to 30th September).				
	c) 35,00,000 number of fully paid up equity shares allotted to PHI Research Private Limited in 2010-11 (having a lock in period of 5 years from the date of allotment) and the shares allotted to PHI Capital Services LLP viz., 7,79,200 number of fully paid up equity shares allotted in 2014-15 (having a lock in period of 3 years from the date of allotment), 7,79,200 number of fully paid up equity shares allotted in 2015-16 (having a lock in period of 2 years from the date of allotment) and 15,58,400 number of fully paid up equity shares allotted in 2016-17 (having a lock in period of 1 year) as per the alliance agreement dated 16th April 2010 entered into with them, have been made for a consideration received other than cash				

Accounts with Schedules

3. Reserves and Surplus

(Rs. In Lakhs)

	Description	As at 31 March 2017		As at 31 March 2016	
		Amount	Amount	Amount	Amount
a	<u>Share premium reserve</u>				
	As per last balance sheet	31,030.32		22,819.32	
	Add: Premium received on preferential allotment	6,229.19		8,211.00	
	Closing balance		37,259.51		31,030.32
b	<u>Statutory reserve u/s 45-1 (c) of Reserve Bank India Act, 1934.</u>				
	As per last balance sheet	2,068.00		1,054.84	
	Add: Additions during the year	1,750.46		1,013.16	
	Closing balance		3,818.46		2,068.00
c	<u>Surplus from profit & loss account</u>				
	As per last balance sheet	6,534.42		2,481.78	
	Add: Net profit for the year	8,752.29		5,065.80	
	Less: Transfer to statutory reserve	1,750.46		1,013.16	
	Closing balance		13,536.25		6,534.42
			54,614.22		39,632.74

4. Borrowings

(Rs. In Lakhs)

Description	NON CURRENT		CURRENT	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
LONG TERM TERM LOAN				
a. From bank				
Subordinated debt	6,875.00	1,875.00	625.00	3,125.00
Term loans	80,363.46	88,367.50	81,982.61	67,238.95
Foreign currency term loans	-	-	30,000.00	10,000.00
b. From other parties				
Senior debt	-	410.75	418.75	418.75
Subordinated debt	29,350.00	19,350.00	1,450.00	1,450.00
Term loans	-	3,514.25	3,089.58	4,506.25
	116,588.46	113,517.50	117,565.94	86,738.95

Accounts with Schedules

The above amount includes				
Secured borrowings	80,363.46	91,881.75	115,072.19	81,745.20
Unsecured borrowings	36,225.00	21,635.75	2,493.75	4,993.75
Amount disclosed under the head "Other Current Liabilities"	-	-	-117,565.94	-86,738.95
	116,588.46	113,517.50	-	-

(Rs. In Lakhs)

Description	NON CURRENT		CURRENT	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
SHORT TERM				
Working capital demand				
Loan and cash credit loan repayable on demand				
- From banks	-	-	104,550.94	88,994.12
- From other parties	-	-	-	5,000.00
Term loan from bank	-	-	8,000.00	-
Term loan from bank	-	-	4,000.00	4,000.00
Commercial papers	-	-	70,000.00	20,000.00
	-	-	186,550.94	117,994.12
The above amount includes				
Secured borrowings	-	-	112,550.94	93,994.12
Unsecured borrowings	-	-	74,000.00	24,000.00
	-	-	186,550.94	117,994.12

1 Security

- Holding Company and an affiliate Company have given guarantee in the form of put option amounting to Rs. 2,500 lakhs (Previous year Rs. 5,000 lakhs) towards subordinated debt
- An affiliate company has given guarantee to other parties for senior debt amounting to Rs. 418.75 lakhs inclusive of current and non current dues (Previous year Rs.829.50 lakhs).
- Term loan received from other parties, Rs.1,256.25 lakhs inclusive of current and non current dues (Previous year Rs. 2,520.50 lakhs) is secured by way of first and exclusive charge on the assets of the Company and further secured by equitable mortgage of portion of land of Holding Company.
- Term loan received from banks and other parties of Rs.1,93,760.65 lakhs inclusive of current and non current dues (Previous Year Rs. 1,70,276.95 Lakhs) is secured against hypothecation of receivables under the financing activity of the Company.
- Working capital demand loan and cash credit of Rs. 1,12,550.94 lakhs (Previous year Rs. 93,994.12 lakhs) is secured by hypothecation of receivables under the financing activity of the Company

Accounts with Schedules

Repayment Terms

Institution	Amount outstanding as on 31st March 2017	No. of Instalments	Frequency	Rate of Interest	Amount of Instalments		Repayable	
					2016-17	2015-16	From	To
Sub Ordinated Debt	Rs. In Lakhs				Rs. In Lakhs	Rs. In Lakhs		
From other parties	5,800.00	4	Annual	8.72%	1,450.00	1,450.00	Jun.17	Jun.20
From other parties	5,000.00	1	Bullet	11.50%	5,000.00	5,000.00	Sep.20	Sep.20
From bank	2,500.00	4	Annual	10.35%	625.00	625.00	Jun.17	Jun.20
From other parties	5,000.00	1	Bullet	11.00%	5,000.00	5,000.00	Jul.21	Jul.21
From other parties	5,000.00	1	Bullet	10.80%	5,000.00	5,000.00	Sep.21	Sep.21
From Other Parties	5,000.00	1	Bullet	10.49%	5,000.00	-	Apr.22	Apr.22
From other parties	5,000.00	1	Bullet	10.50%	5,000.00	-	May.22	May.22
From bank	5,000.00	1	Bullet	9.70%	5,000.00	-	Aug.22	Aug.22
Senior Debt								
From other parties	1,675.00	1	Annual	9.72%	1,675.00	1,675.00	Jun.17	-
Term Loan								
From bank	2,501.20	10	Quarterly	8.75%	250.00	833.33	Jun.17	Dec.19
From bank	15,120.68	10	Quarterly	9.50%	1,500.00	1,000.00	Jun.17	Sep.19
From bank	5,757.58	19	Monthly	9.55%	303.03	303.03	Apr.17	Oct.18
From bank	412.97	1	Quarterly	9.15%	413.00	417.00	Jun.17	-
From bank	2,000.00	6	Monthly	9.80%	333.33	333.33	Apr.17	Sep.17
From bank	833.33	6	Monthly	10.30%	138.89	138.89	Apr.17	Sep.17
From bank	333.33	4	Quarterly	8.35%	83.33	83.33	May.17	Feb.18
From bank	10,002.59	6	Quarterly	9.60%	1,666.66	1,666.67	Jun.17	Sep.18
From bank	750.00	9	Monthly	9.55%	83.33	83.33	Apr.17	Dec.17
From bank	5,000.00	1	Half Yearly	9.30%	5,000.00	1,000.00	Jul.17	-
From bank	12,000.00	6	Quarterly	9.35%	2,000.00	2,000.00	May.17	Aug.18
From bank	6,055.86	6	Quarterly	9.70%	1,000.00	1,000.00	Jun.17	Sep.18
From bank	8,000.00	8	Quarterly	9.65%	1,000.00	300.00	Jun.17	Mar.19
From bank	7,498.00	9	Quarterly	9.65%	833.33	833.33	Jun.17	Jun.19
From bank	2,500.00	6	Quarterly	9.35%	416.67	416.66	Jun.17	Sep.18
From Bank	1,875.00	3	Quarterly	9.35%	625.00	625.00	Jun.17	Dec.17
From bank	3,500.00	7	Quarterly	9.95%	500.00	500.00	May.17	Nov.18
From bank	4,000.00	4	Quarterly	9.55%	1,000.00	1,000.00	Jun.17	Mar.18
From bank	17,500.00	7	Quarterly	9.55%	2,500.00	2,500.00	May.17	Nov.18
From other parties	1,500.00	2	Quarterly	10.75%	750.00	750.00	Jul.17	Oct.17
From other parties	333.33	1	Half Yearly	10.30%	333.33	333.33	Jul.17	-
From bank	20,000.00	4	Bullet	9.15%	5,000.00	-	Nov.17	Feb.18
From bank	5,000.00	10	Quarterly	8.45%	500.00	-	Dec.17	Mar.20
From bank	5,040.43	4	Half Yearly	9.52%	1,250.00	-	Feb.18	Aug.19
From bank	5,000.00	10	Quarterly	9.30%	500.00	-	Apr.17	Jul.19

Accounts with Schedules

Institution	Amount outstanding as on 31st March 2017	No. of Instalments	Frequency	Rate of Interest	Amount of Instalments		Repayable	
					2016-17	2015-16	From	To
	Rs. In Lakhs				Rs. In Lakhs	Rs. In Lakhs		
From bank	4,166.67	10	Quarterly	9.30%	4 17.00	-	Jun.17	Sep.19
From bank	9,166.67	11	Quarterly	8.35%	8 33.00	-	Jun.17	Dec.19
From bank	10,000.00	8	Quarterly	8.35%	1,250.00	-	Apr.17	Jan.19
From bank	5,000.00	12	Quarterly	8.35%	4 17.00	-	Jun.17	Mar.20
From bank	5,000.00	4	Quarterly	9.00%	1,250.00	-	Jun.17	Mar.18
From bank	7,500.00	8	Quarterly	9.49%	9 37.50	-	Jun.17	Mar.19
From bank	10,000.00	10	Quarterly	8.50%	1,000.00	-	Dec.17	Mar.20
From bank	1,000.00	30	Monthly	9.35%	33.33	-	Jul.17	Dec.19
From bank	2,000.00	1	Quarterly	8.05%	2,000.00	2,000.00	May.17	-
From bank	2,000.00	1	Quarterly	8.05%	2,000.00	2,000.00	Jun.17	-

5. Other Long Term Liabilities

(Rs. In lakhs)

Description	As at 31 March 2017	As at 31 March 2016
- Security deposit ¹	342.72	319.85
- Income received in advance	603.24	542.39
- Advance received from borrowers	6,360.70	6,977.00
- Advance insurance premium collected from borrowers ²	2,414.53	2,031.91
	9,721.19	9,871.15

1 Security deposit includes Interest accrued, wherever applicable

2 Insurance premium collected from borrowers is towards insurance cover of hypothecated vehicles for future years.

Accounts with Schedules

6. Provision

(Rs. In lakhs)

Description	LONG TERM		SHORT TERM	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Provision for taxation - (Net of advance tax and tax deducted at source) (A)	-	-	566.60	282.35
Provision for Employee Benefits				
- Compensated absences	328.21	222.51	192.23	135.62
- Pension	916.14	571.45	-	-
- Bonus	-	-	383.41	322.52
- Gratuity	102.03	56.02	-	-
Total of Provision for Employee Benefit (B)	1,346.38	849.98	575.64	458.14
Others				
As per RBI Norms				
Provision for standard assets	844.15	613.37	1,002.52	725.05
Provision for sub standard assets	273.34	127.00	618.90	64.35
Provision for doubtful assets	112.71	7.61	19.26	74.79
Provision for loss assets (Assets taken over from erstwhile TVS Finance and Services Limited (converted to Chennai Business Consulting Services Limited) vide BTA dated 21/04/2010	663.83	-	2,712.35	2,548.37
As per Company norms				
Incremental provision as per Company norms	1,196.79	1,151.03	1,037.28	1,297.05
Contingent provision for De-recognised Assets	437.70	180.75	297.10	88.45
Total of Provision for Receivables (C)	3,528.52	2,079.76	5,687.41	4,798.06
Total (A)+(B)+(C)	4,874.90	2,929.74	6,829.65	5,538.55

**Provision represents
provisions created:**

3,825.02

3,479.14

Vide Note No. 7 given below, for provision created as per RBI Norms and as per Company policy in respect of standard, non performing and de-recognised assets.

*(Disclosure pursuant to RBI notification DBR.No.BP.BC.49/21.04.048/2016-17 dated 28th Dec 2016 and RBI circular DBR.No.BP.BC.37/21.04.048/2016-17 dated 21st Nov 2016.)

The Company has provided an additional 90 days beyond what is applicable for the concerned Regulated Entity (RE) for recognition of a loan account as substandard. The grace period was applied to dues payable between November 1, 2016 and December 31, 2016.

Accounts with Schedules

7. Changes in Provisions

Description	Provision as on 01.04.2016	Net amount debited in P&L	Provision as on 31.03.2017
As per RBI Norms			
Provision for standard assets	1,339.01	507.66	1,846.67
Provision for sub standard assets	191.36	700.88	892.24
Provision for doubtful assets	82.40	49.56	131.96
Provision for loss assets	-	827.81	827.81
Provision for loss assets taken over from TVSFS	2,548.37	-	2,548.37
As per Company Policy			
Incremental provision as per Company norms	2,717.27	251.61	2,968.88
	6,878.41	2,337.52	9,215.93

8. Other Current Liabilities

Description	As at 31 March 2017	As at 31 March 2016
OTHER CURRENT LIABILITIES		
- Current maturities of long term debts	117,565.94	8,6738.95
- Interest accrued and due on loans (@)	977.02	558.52
- Interest accrued and due on loans	219.90	7.87
- Income received in advance	1,389.70	429.62
OTHER PAYABLES		
- Advance received from borrowers	8,734.32	7,425.10
- Collection received from borrowers	331.34	606.79
- Employee related liabilities	3,663.83	2,783.05
- Security deposits	1,743.24	2,058.44
- Collections in respect of de-recognised assets (refer Note No.21.9)	3,456.29	6,178.31
- Advance insurance premium collected from borrowers (#)	761.04	594.09
- Statutory dues	569.56	726.23
	139,412.18	108,106.97

@ Funds are made available with banks which have been appropriated by them, subsequently.

Insurance premium collected from borrowers is towards insurance cover of hypothecated vehicles for future years.

Accounts with Schedules

9. Fixed Assets

(Rs. In lakhs)

S.No	Particulars	GROSS BLOCK (AT COST)				DEPRECIATION BLOCK				NET BLOCK	
		As at 1-Apr-16	Additions 2016-17	Deductions 2016-17	As at 31-Mar-17	As at 1-Apr-16	For the year 2016-17	Deductions 2016-17	Total as at 31-Mar-17	As at 31-Mar-17	As at 31-Mar-16
	Tangible Assets										
1	Land	2,842.37	889.30	-	3,731.67	-	-	-	-	3,731.67	2,842.37
2	Building	45.00	-	-	45.00	3.78	0.81	-	4.59	40.41	41.22
3	Furniture & fixtures	1,171.63	235.71	-	1,407.34	653.01	204.38	-	857.39	549.95	518.63
4	Office equipments	887.33	270.51	145.23	1,012.61	574.94	234.31	139.49	669.76	342.85	312.39
5	Vehicles	2.59	0.56	-	3.15	0.69	0.25	-	0.94	2.21	1.91
6	Computers	1,591.25	559.47	165.74	1,984.98	1,132.15	333.27	163.86	1,301.56	683.42	459.10
	Tangible assets - TOTAL	6,540.17	1,955.55	310.97	8,184.75	2,364.57	773.02	303.35	2,834.24	5,350.51	4,175.62
	Previous year	5,132.44	1,407.73	-	6,540.17	1,472.16	892.40	-	2,364.56	4,175.62	3,660.28

(Rs. In lakhs)

S.No	Particulars	GROSS BLOCK (AT COST)				DEPRECIATION BLOCK				NET BLOCK	
		As at 1-Apr-16	Additions 2016-17	Deductions 2016-17	As at 31-Mar-17	As at 1-Apr-16	For the year 2016-17	Deductions 2016-17	Total as at 31-Mar-17	As at 31-Mar-17	As at 31-Mar-16
	Intangible assets										
1	Computer software	633.65	153.92	-	787.57	516.67	97.77	-	614.44	173.13	116.95
	Intangible assets - TOTAL	633.65	153.92	-	787.57	516.67	97.77	-	614.44	173.13	116.95
	Previous year	465.95	167.69	-	633.65	354.35	162.33	-	516.67	116.97	111.61

Accounts with Schedules

10. Loans and Advances - Unsecured (unless otherwise stated), considered good

(Rs. In lakhs)

Description	LONG TERM		SHORT TERM	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Capital advances	28.94	53.57	-	-
Balance with Excise Department	-	-	60.03	139.77
Others:				
Advance tax / tax deducted at source - (Net of provision)	-	-	-	-
Prepaid expenses	101.37	25.58	695.12	636.30
Rent advance	556.48	482.70	-	-
Staff advance	107.41	145.73	148.56	143.60
Deposit with service providers	-	-	124.56	92.35
Vendor advance	-	-	67.35	103.85
Contractual receivables	-	-	529.83	162.63
	794.20	707.58	1,625.45	1,278.50

Accounts with Schedules

11. Other Non Current Assets (considered good)

(Rs. In Lakhs)

Description	As at 31st March 2017	As at 31st March 2016
Others - Receivable from Holding Company towards sale of investments (vide Note No.21.4)	22,017.00	22,017.00
Total	22,017.00	22,017.00
Secured	10,062.00	10,062.00
Unsecured	11,955.00	11,955.00
Total	22,017.00	22,017.00

12. Receivables from Financing Activity

(Rs. In Lakhs)

Description	NON CURRENT		CURRENT	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Secured				
Automobile financing	220,259.25	163,279.96	260,188.21	184,809.57
Instalments due from borrowers	-	-	6,615.56	4,183.70
Unsecured				
Trade advance and term loan	141.86	246.25	6,496.19	6,328.61
	220,401.11	163,526.21	273,299.96	195,321.88
Of the above :				
Considered good	213,117.67	162,218.12	267,757.96	191,786.29
Others -				
Sub standard assets	6,188.98	1,270.05	2,733.37	643.54
Doubtful assets	430.63	38.04	96.28	343.68
Loss assets	663.83	-	2,712.35	2,548.37
(Non Performing Assets as per RBI Prudential Norms)	220,401.11	163,526.21	273,299.96	195,321.88

- a) The stock of loan (automobile finance) includes 11097 nos (Previous year 4088 nos) repossessed vehicles as at Balance Sheet date.
- b) Automobile financing is secured by hypothecation of vehicles supported by Registration Certificate book issued by Regional Transport Officer and undertaking given by the borrower to register the vehicle with RTO.

Accounts with Schedules

Details of Registration in Process or Registration No. not available

Product	2016-17		2015-16	
	Nos	Receivable Value	Nos	Receivable Value
		(Rs.in Lakhs)		(Rs.in Lakhs)
Two wheeler	125,292	39,691.79	138,295	41,415.45
Used car	2,462	7,510.64	4,712	15,120.43
Tractor	4,581	15,157.27	5,789	18,812.45
Used tractor	4,560	7,242.45	1,620	2,783.98

- c) The provisions created as per RBI Prudential Norms and as per Company Policy in respect of the above balances are shown under the head long term and short term provisions (Vide Note No.6).
- d) Receivable from financing activity is net of amount received against future receivables.
- e) Loss assets include receivables taken over from Chennai Business Consulting Services Limited, (erstwhile TVS Finance and Services Limited) as part of Business Transfer Agreement dated 21st April 2010 to the extent of Rs. 2,548.37 lakhs, fully provided.

13. Trade Receivables - Unsecured, considered good

(Rs. In Lakhs)

Description	As at 31st March 2017	As at 31st March 2016
- Due for a period exceeding six months from the due dates	-	-
- Others	325.80	315.21
	325.80	315.21

Accounts with Schedules

14. Cash and Bank Balances

(Rs. In Lakhs)

Description	As at 31st March 2017	As at 31st March 2016
Cash and cash equivalents		
Balances with banks		
- In Current Account	5,787.24	19,709.57
Cash on hand *	418.70	2,179.28
Other bank balances		
- Fixed deposits, (period exceeding 3 months and less than 12 months) [@]	9,143.36	7,441.63
	15,349.30	29,330.48

* Represents cash collected from borrowers as on Balance Sheet date, deposited with bank on the next working day.

@ Includes Fixed Deposit of Rs. 9,126.11 lakhs offered as cash collateral and lien marked favouring SPV (Note No. 21.18.2-a)

15. Other Current Assets

(Rs. In Lakhs)

Description	As at 31st March 2017	As at 31st March 2016
Interest accrued on fixed deposits with bank	54.46	66.21
Discount on commercial paper	796.09	304.83
Receivables from recovery activity	618.84	-
	1,469.39	371.04

Accounts with Schedules

16. Revenue from Operations

(Rs. In Lakhs)

Description	Year ended 31 March 2017	Year ended 31 March 2016
Income from Financing Activity		
(i) Interest		
- Automobile & other finance	83,164.70	60,914.27
- Interest spread on securitisation / assignment	4,411.99	2,790.76
- On deposits - cash collateral towards assets de-recognised	5 82.31	4 22.12
(ii) Other Operating Revenue		
- Automobile & Other Finance		
- Processing fee	18,517.31	15,570.13
- Insurance income	3,452.24	2,601.34
- Other service income	9 48.02	189.19
	111,076.57	82,487.81

17. Other Income

(Rs. In Lakhs)

Description	Year ended 31 March 2017	Year ended 31 March 2016
Interest income on staff advance	18.69	1 9.95
Provision for doubtful assets no longer required and written back*	-	2.03
Bad debts recovered	3 82.45	2 57.76
Liability no longer required written back	-	8 2.08
Other non operating income	1.36	0.09
	402.50	361.91

* Represents the recovery made and its corresponding balances written back out of the assets taken over from Chennai Business Consulting Services Limited (Erstwhile TVS Finance and Services Limited), which have been fully provided for.

Accounts with Schedules

18. Finance Cost

(Rs. In Lakhs)

Description	Year ended 31 March 2017	Year ended 31 March 2016
Interest Expenses		
- Bank loans	24,925.64	20,518.75
- FIs	7 26.82	9 50.76
- NBFCs	2,851.39	2,024.63
- Others	1.61	-
Other Borrowing Cost		
-Discount on commercial papers	4,662.11	3,203.17
-Amortisation of line of credit charges	1 76.45	3 31.20
-Bank charges	1,034.84	7 70.47
-Hedge cost	2 84.51	1 76.05
	34,663.37	27,975.03

19. Employee Benefit Expenses

(Rs. In Lakhs)

Description	Year ended 31 March 2017	Year ended 31 March 2016
Salaries and allowances	24,551.34	18,482.78
Contribution to provident and other funds	2,025.49	1,043.63
Staff welfare	1,585.13	1,328.04
	28,161.96	20,854.45

Accounts with Schedules

20. Other Expenses

(Rs. In Lakhs)

Description	Year ended 31 March 2017	Year ended 31 March 2016
Rent @	1,328.52	9 79.99
Insurance	5 02.72	3 58.90
Travelling and conveyance	2,944.47	2,346.44
Communication expenses	2,268.01	1,633.91
Rates and taxes	3 29.28	3 08.74
Payment to Auditor		
Statutory audit	22.40	18.70
Tax audit	5.31	4.28
Certification	4.31	3.49
Reimbursement of expenses	0.94	0.72
Consultancy fees	3,538.19	2,346.38
Electricity charges	2 27.45	2 02.33
Discard of fixed assets	7.62	-
Loss on foreclosures / repossessed assets (Net)	2,457.51	1,440.84
Donation	5 35.21	5 06.80
Other expenses	1,239.44	9 11.56
	15,411.38	11,063.08

@ Disclosure requirement under AS 19 - Accounting for leases is given below:

The Company has taken commercial premises and amenities under cancellable and non cancellable operating leases. The lease agreements are normally renewable on expiry.

(Rs. In Lakhs)

Description	Year ended 31 March 2017	Year ended 31 March 2016
Less than 1 year	9 50.17	2 42.21
Between 1 year and 5 years	1,899.53	4 49.11
More than 5 years	56.91	-

Our 2-wheeler and used car loans reached new markets. People reached places they had only dreamt about.



At TVS Credit, it gives us immense satisfaction to see our customers dream bigger and their horizons grow wider. Our loans enable them to acquire a much-needed vehicle much sooner than they ordinarily would have. Their natural urge to explore, to discover newer places, finds unlimited expression. Arduous travel for work suddenly seems easy. A world of convenience and self-reliance opens up for every family.

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

1. Capital Commitments

(Rs. in Lakhs)

Description	March 31, 2017	March 31, 2016
Estimated amount of contracts remaining to be executed on Capital Account not provided for	4.08	22.24

2. The Company does not have any other commitments.

3. Contingent Liabilities not provided for:

Claims against the Company not acknowledged as debts.

(Rs. in Lakhs)

Description	March 31, 2017	March 31, 2016
Disputed Income Tax Demand (adjusted out of refunds)	105.99	105.99
Disputed Service Tax Demand inclusive of Penalty – Commissioner order appealed against by Company during 2017-18	407.83	-
Legal cases filed by borrowers against the company	196.14	142.10

The Company's pending litigations comprise of claims against the Company and proceedings pending with Income Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

4. Pursuant to a Business Transfer Agreement (BTA) entered into with TVS Finance and Services Limited (TVSFS) on 21st April 2010, the Company acquired the retail finance business of TVSFS as a going concern along with the related assets (comprising of fixed assets, receivables, loans and advances and bank balances) of Rs. 5,075.51 lakhs and liabilities (comprising of borrowings from banks and institutions, current liabilities and provisions) of Rs. 29,875.51 lakhs. TVSFS issued unsecured redeemable bonds for the excess of liabilities over assets of Rs. 24,800.00 lakhs (which stands at Rs. 22,017.00 lakhs as on the date of this balance sheet). The bonds are redeemable between the 7th and 12th year from the date of allotment. The said bonds have been purchased by TVS Motor Services Limited (TVSMS), the Holding Company, during 2010-11 at book value and the same is repayable by TVSMS in 6 years and is partly secured (being created) by the land owned by TVSMS and their receivables arising out of sale of land, whose book value is Rs. 10,062.00 lakhs (PY Rs. 10,062.00 lakhs). Considering the intrinsic value of land lying with Holding Company, and the shares held by the Holding Company in the Company, the unsecured amount of Rs. 11,955.00 lakhs is considered good and recoverable. In the opinion of the Company, the receivable from TVSMS not being a credit exposure or an investment does not fall within the exposure norms prescribed under the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding Companies Prudential Norms (Reserve Bank) Directions, 2015.

5. The break-up of Deferred Tax (Assets)/Liabilities are as under:

(Rs. in Lakhs)

Timing Differences	Balance as at 01.04.2016	For the Year	Balance as at 31.03.2017
Deferred Tax Asset			
Provision for Compensated Absence	(95.94)	(81.07)	(177.01)
Provision for Bad and Doubtful Debts	(1,538.47)	(476.47)	(2,014.94)
Provision for Pension	(203.06)	(114.00)	(317.06)
Fixed Assets – Depreciation	(283.39)	(41.27)	(324.66)
Net Deferred Tax (Asset)/Liability	(2,120.86)	(712.81)	(2,833.67)

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

6. Gratuity & Compensated Absence

Details of defined benefit plan for Gratuity and Compensated Absence, as per Actuarial Valuation Report, is as follows:

(Rs. in Lakhs)

Particulars	Gratuity		Compensated Absence	
	31-03-2017	31-03-2016	2016-17	2015-16
Present value of defined benefit obligations at beginning of the year	433.18	293.92	358.12	267.36
Current service cost	93.62	89.90	14.43	86.37
Interest Cost	32.86	22.89	24.84	21.39
Actuarial (gains) / losses	157.34	41.99	198.33	(16.99)
Benefits paid	(18.40)	(15.52)	(75.29)	
Present value of defined benefit obligations at end of the period	698.60	433.18	520.44	358.13
Changes in Plan Assets				
Fair value of the plan assets at the beginning of the year	377.16	351.12	-	-
Acquisition adjustments	-	-	-	-
Expected return on plan assets	41.95	31.22	-	-
Contributions	212.21	26.85	75.29	-
Benefits paid	(18.40)	(15.52)	(75.29)	3.06
Actuarial gain/ (loss) on plan assets	(16.37)	(16.51)	-	-
Fair value of plan assets at the end of the year	596.55	377.16	-	3.06
Amount recognised in the Balance Sheet under Note No				
Present value of funded defined benefit obligations at end of the year	(698.60)	(433.18)	520.44	358.12
Fair value of plan assets at end of year	596.56	377.16	-	-
Funded status	(102.04)	(56.02)	(520.44)	(358.12)

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

Net (liability) /asset recognised in balance sheet at end of the year	(102.04)	(56.02)	-	-
Expense recognised in income statement				
Current service cost	93.62	89.90	14.43	86.37
Interest cost	32.86	22.89	24.84	21.39
Expected return on plan assets	(41.95)	(31.22)	-	-
Curtailment cost / (credit)	-	-	-	-
Settlement cost / (credit)	-	-	-	-
Actuarial (gains) /losses	(16.37)	58.50	123.04	(16.99)
Expense recognised in the statement of Profit & Loss A/c	68.16	140.07	162.32	90.77
Assumptions				
Discount rate	7.00%p.a	7.75%p.a	7.00%p.a	7.75%p.a
Interest rate (Rate of return on assets)	8.05%p.a	8.85%p.a	-	-
Future salary increase	6.00%p.a	6.00%p.a	6.00%p.a	6.00%p.a
Attrition rate	2.00%p.a	2.00%p.a	2.00%p.a	2.00%p.a

(Rs. in Lakhs)

Actuarial (gain)/loss on Obligation	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13
Experience adjustment	144.80	29.36	-40.09	-11.57	75.38
Assumption change	12.54	12.63	47.81	21.80	-
Total	157.34	41.99	7.72	10.23	75.38

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

Actuarial (gain) / loss on plan assets					
Experience adjustment	-16.37	-16.51	-8.54	-	-0.55
Assumption change	-	-	-	-	-
Total	-16.37	-16.51	-8.54	-	-0.55
Estimated contribution next year	206.31	184.76	99.08	14.40	38.66
Present value of funded defined benefit obligations at end of the year	698.60	433.18	345.99	230.49	127.18
Fair value of plan assets at end of year	596.56	377.16	96.32	55.60	-
Net (liability) /asset recognised in balance sheet at end of the year	-102.03	-56.02	-249.67	-174.90	-127.18

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

7. Earnings Per Share (EPS)

Particulars		March 31, 2017	March 31, 2016
Profit/(loss) after Tax for Basic EPS	Rs.in Lakhs	8,752.29	5,065.81
Weighted average number of equity shares used in computing basic earnings per share	Nos	15,00,69,597	13,22,96,396
Face value of equity shares	Rupees	10.00	10.00
Basic Earnings per share	Rupees	5.83	3.83
Profit after Tax for Basic EPS	Rs.in Lakhs	8,752.29	5,065.81
Profit after Tax for Diluted EPS	Rs.in Lakhs	8,752.29	5,065.81
Weighted average number of equity shares used in computing basic earnings per share	Nos	15,00,69,597	13,22,96,396
Potential weighted average number of equity shares that could arise on issue of shares to PHI Capital Services LLP under alliance agreement	Nos	-	15,58,400
Weighted average number of equity shares in computing diluted earnings per share	Nos	15,00,69,597	13,38,54,796
Diluted Earnings per Share	Rupees	5.83	3.78

8. During the year, Company has acquired without recourse through assignment agreements, portfolio of Rs.Nil (Previous year Rs. Nil) for a consideration of Rs. Nil (Previous year Rs.Nil). Accounting for the same is in line with the receivable from financing activity.
9. As at the balance sheet date, the company has received dues of Rs. 3,456.29 lakhs (PY - Rs. 6,178.31 lakhs), arising out of the assigned/secured asset and the same is held as “payable to the Bank” and shown under Other Current Liabilities (Note No.8).

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

10. Disclosure in Respect of Related Parties Pursuant to Accounting Standard 18:

Nature of Relationship	Parties name
Reporting Enterprise	TVS Credit Services Limited
Holding Company	TVS Motor Services Limited
Key Managerial Personnel (KMP)	Mr. Anupam Thareja ,whole time Director (upto 27th Sep 16)
Enterprise over which Key Managerial Personnel are able to exercise significant influence	PHI Research Private Limited - (upto 27th Sep 16) PHICapital Services LLP - (upto 27th Sep 16)

Transactions with the Related Parties:

(Rs. in Lakhs)

S. No	Name of the Related Party	Nature of Transactions	Amount	Amount
			2016-17	2015-16
1	Holding Company - TVS Motor Services Ltd	Contribution towards equity share capital	-	1,532.08
		Contribution towards security Premium	-	7,813.61
		Reimbursement of expenses towards land	445.98	-
		Balance outstanding (Dr.)	21,571.02	22,017.00
2	Enterprise over which KMP are able to exercise significant influence - PHI Capital Services LLP.	Contribution towards equity share capital	155.84	77.92
		Contribution towards security premium	794.78	397.39
		Cost of professional service rendered*	1566.42	777.65
		Balance outstanding		

Note: Related party relationships are as identified by the management and relied upon by auditor.

11. Segment Reporting

The Company is primarily engaged in the business of financing “Financial Services”. All activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per AS-17 “Segmental Reporting”.

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

12. Expenditure in Foreign Currency

(Rs. in Lakhs)

Description	2016-17	2015-16
Interest on foreign currency loan	1,415.36	51.43
Professional and consultancy fees	63.85	26.59
Other matters	-	13.04

13. Earnings in Foreign Currency

(Rs. in Lakhs)

Description	2016-17	2015-16
Earnings in Foreign Currency	-	-

The Company has sought information from suppliers under the Micro, Small and Medium Enterprises Development Act 2006 which is pending. In view of this, information required under Schedule III of the Companies Act, 2013 is not furnished.

14. In the opinion of the management, the current assets, loans & advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the balance sheet.
15. The Company has the process whereby periodically, all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standard for material foreseeable losses on such long term contracts has been made in the books of accounts.
16. Expenditure incurred on Corporate Social Responsibility activities:
 - a. Gross amount required to be spent during the year is Rs. 90 lakhs.
 - b. Amount spent during the year

(Rs. in Lakhs)

S.No.	Particulars	in cash	Yet to be paid in cash	2016-17	2015-16
1	Construction/acquisition of any asset	-	-	-	-
2	Expenses incurred through trusts	-	-	90.00	33.00

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

17. Details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016.

As per the management, the customers and agents deposited their contractual instalments in cash directly into the designated bank accounts of the Company. In the absence of relevant denomination details of the deposits made by them, requisite disclosures in the financial statements as to holdings and dealings in specified bank notes (SBNs) during the period 8th November 2016 and 30th December 2016, have not been made. The banks in some cases have confirmed the details of SBNs deposited and the Company is in the process of getting further details of SBNs deposited from the banks.

18. 1. Disclosure pursuant to Reserve Bank of India Notification DBNS.193DG (VL) – 2007 dated February 22, 2007

(As required in terms of Paragraph 13 of Non- Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(Rs. in Lakhs)

S. No.	Particulars	Amount Outstanding	Amount Overdue
		as at March 31, 2017	
	Liabilities		
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
A	Debentures	-	-
	- Secured	-	-
	- Unsecured (other than falling within the meaning of public deposits)	-	-
B	Deferred credits	-	-
C	Term loans (including Sub Ordinated Debt)	2,46,154.40	-
D	Inter-corporate loans and borrowings	-	-
E	Commercial paper	70,000.00	-
F	Other loans - (cash credit)	1,04,550.94	-
	Total	4,20,705.34	-

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

(Rs.in Lakhs)

S. No.	Particulars	Amount Outstanding	Amount Overdue
		as at March 31, 2017	
	Assets		
2	Break-up of loans and advances including bills receivable (other than those included in (4) below) :		
(a)	Secured	4,87,063.01	-
(b)	Unsecured considered good	9,057.71	-
3	Break-up of leased assets and stock on hire and other assets counting towards AFC activities:	-	-
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed assets	-	-
	(iii) Other Loan counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
	Total	4,96,120.72	
4	Current Investments:		
	1 Quoted :		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (Please specify)	-	-

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

	2 Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (Please specify)	-	-
	Long term Investments:		
	1 Quoted :		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (Please specify)	-	-
	2 Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (Pass through certificates - securitisation)	-	-
	Total	-	-

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

(Rs.in Lakhs)

5 Borrower group-wise classification of assets financed as in (2) and (3) above				
	Category	Amount (Net of provisions for non-performing assets)		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
	2. Other than related parties	4,82,662.64	9,057.71	4,91,720.35
	Total	4,82,662.64	9,057.71	4,91,720.35

6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)			
	Category	Market value / Break up or fair value of NAV	Book value (Net of provisions)
1	Related parties		
	(a) Subsidiaries	-	-
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2	Other than related parties	-	-

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

7	Other Information	Amount
(i)	Gross non-performing assets	
	(a) Related parties	-
	(b) Other than related parties	12,825.44
		12,825.44
(ii)	Net non-performing assets	
	(a) Related parties	-
	(b) Other than related parties	8,425.06
		8,425.06
(iii)	Assets acquired in satisfaction of debt	-

Disclosure pursuant to Reserve Bank of India Notification RBI/2014-15/299 DNBR (PD) CC.No.002/03/10/001/2014-15 dated November 10, 2014

a. Capital Adequacy Ratio

(Rs.in Lakhs)

Description	2016-17	2015-16
Tier I capital	63,724.00	49,240.29
Tier II capital	31,313.31	20,443.28
Total capital	95,037.31	69,683.57
Total risk weighted assets	5,19,485.02	3,86,208.48
Amount of Subordinated Debt as Tier II capital (discounted value)	28,490.00	18,150.00
Capital ratios		
Tier I capital as a percentage of total risk weighted assets (%)	12.27%	12.75%
Tier II Capital as a Percentage of total risk weighted assets (%)	6.03%	5.29%
Total (%)	18.29%	18.04%
Amount of sub-ordinated debt raised as Tier II capital during the year	15,000.00	10,000.00

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

Based on the legal view obtained and consistent with its stand in earlier years, the Company has assessed its Tier I Capital Adequacy Ratio (CAR) as on 31.03.2017 at 12.27%, considering Rs. 220.17 crores receivable from TVS Motor Services Ltd on sale of Zero Coupon Bonds as not a credit exposure nor an investment by the Company. The Company, based on receipt of application money, has allotted Equity Shares of Rs. 50 Crores on 16th June 2017 to TVS Motor Company Limited. Considering the equity capital of Rs 50 crores allotted by the Company and the view of Reserve Bank of India (RBI) that Rs. 220.17 crores is to be considered as credit exposure or investment by the Company in assessing the Tier I CAR of the company, the Tier I CAR of the Company as on date will be higher than 10%. Management has represented to RBI that Rs. 220.17 crores receivable on sale of unsecured bonds is not a credit exposure or investment by the Company and hence not includible in assessing the Tier I CAR of the Company (refer note no. 4 above).

b. Investments

(Rs.in Lakhs)

S. No.	Description	2016-17	2015-16
1	Value of Investments		
	i) Gross value of investments		
	a) In India	-	-
	b) Outside India	-	-
	ii) Provision for depreciation		
	a) In India	-	-
	b) Outside India	-	-
	iii) Net value of investments		
	a) In India	-	-
	b) Outside India	-	-
2	Movement of provisions held towards depreciation on investments		
	i) Opening balance	-	-
	ii) Add: Provisions made during the year	-	-
	iii) Less: Write off / write back of excess provisions during the year	-	-
	iv) Closing Balance	-	-

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

c. Exposure to Real Estate sector, both Direct and Indirect

(Rs.in Lakhs)

Description	2016-17	2015-16
(a) Direct Exposure (net of advances from customers)		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
- Individual housing loans up to Rs. 15 Lakhs		
- Individual housing loans more than Rs. 15 Lakhs	-	-
(ii) Commercial Real Estate -	-	-
Lending secured by mortgages on commercial real estate (office buildings, retail spaces, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.).	-	-
- Fund based	-	-
- Non-fund based	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures-		
a. Residential	-	-
b. Commercial Real Estate.	-	-
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies(HFC's)	-	-

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

d. Exposure to Capital Market

(Rs.in Lakhs)

#	Description	2016-17	2015-16
I	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds, the corpus of which is not exclusively invested in corporate debt.	–	–
li	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds.	–	–
lii	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	–	–
Iv	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds, i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances.	–	–
V	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	–	–
Vi	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	–	–
Vii	Bridge loans to companies against expected equity flows/issues.	–	–
Viii	All exposures to Venture Capital Funds (both registered and unregistered)	–	–

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

e. Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities

(Rs.in Lakhs)

Time of Buckets	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Upto 30/31 days	9,015.37	28,891.21	-	3,890.58	-	-
Over 1 month upto 2 months	-	25,795.42	-	5,941.92	-	-
Over 2 months upto 3 months	-	26,026.27	-	15,750.71	-	1,250.00
Over 3 months upto 6 months	87.56	66,353.46	-	56,238.25	-	6,250.00
Over 6 month & upto 1 year	40.43	1,29,654.24	-	1,93,492.34	-	22,500.00
Over 1 year upto 3 years	-	1,94,506.26	-	84,513.46	-	-
Over 3 years upto 5 years	-	26,625.63	-	17,075.00	-	-
Over 5 years	-	63.42	-	15,000.00	-	-
Total	9,143.36	4,97,915.91	-	3,91,902.26	-	30,000.00

f. Disclosure of frauds reported during the year vide DNBS.PD.CC NO. 256/03.10.042/2011-12 dated 2 March, 2012

(Rs.in Lakhs)

#	Category	Less than Rs.1 lakhs		Rs.1 to Rs.5 lakhs		Total	
		Count	Value	Count	Value	Count	Value
A	Person Involved						
	Staff	34	14.96	12	39.95	46	54.91
	Customers/Showroom Managers	-	-	-	-	-	-
	Staff and Customers	34	14.96	12	39.95	46	54.91
B	Type of Fraud						
	Misappropriation and criminal breach of trust	-	-	-	-	-	-
	Fraudulent encashment / manipulation of books of accounts	34	14.96	12	39.95	46	54.91
	Unauthorised credit facility extended	-	-	-	-	-	-
	Cheating and forgery	-	-	-	-	-	-
	Total	34	14.96	12	39.95	46	54.91

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

Out of the above, Rs. 25.87 lakhs has been recovered and the Company has made provision for the balance recoverable. The above information is prepared based on the information available with the Company and relied upon by the Auditors.

18.2. Note on Securitization

**a. Disclosure pursuant to Reserve Bank of India Notification
DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012 and DNBR (PD)
CC.No.0029/03.10.001/2014-15 dated April 10, 2015**

During the year, the Company has without recourse securitized on 'at Par' basis through Pass Through Certificate (PTC) route, and derecognized the said loan receivables from the books. In terms of the accounting policy stated in Note No.1 (g), securitization income is recognized as per RBI guidelines dated 21st August 2012

(Rs.in Lakhs)

S. No.	Description	2016-17	2015-16
1	No of SPVs sponsored by the NBFC for securitisation transactions	10 nos	8 nos.
2	Total amount of securitised assets as per books of the SPVs sponsored by NBFC's	21,715.44	12,759.25
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	- First loss (cash collateral term deposits with banks) (refer Note No.14)	7,790.89	6,545.36
	- Second Loss	1,335.22	882.77
	- Others	-	-

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

(Rs.in Lakhs)

S. No.	Description	2016-17	2015-16
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- loss	-	-
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others		-
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-

b. The value of “excess interest spread receivable” and “unrealized gain” on securitisation transactions undertaken in terms of guidelines on securitisation transaction issued by Reserve Bank of India on 21st August 2012 are given below:

(Rs.in Lakhs)

S. No.	Description	2016-17		2015-16	
		Non-Current	Current	Non-Current	Current
1	Excess interest spread receivable	1,103.04	2,348.43	4,132.37	5,803.41
2	Unrealised gain on securitisation transactions	1,103.04	2,348.43	4,132.37	5,803.41

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

c. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(Rs.in Lakhs)

Description	2016-17	2015-16
No. of accounts	-	-
Aggregate value (net of provisions) of accounts sold to SC/RC	-	-
Aggregate consideration	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

d. Details of Assignment Transactions undertaken by NBFCs

(Rs.in Lakhs)

Description	2016-17	2015-16
No. of accounts	2,16,478	1,31,927
Aggregate value (net of provisions) of accounts sold	57,716.33	43,604.57
Aggregate consideration	57,716.33	43,604.57
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

18.3. Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC.

No.0029/03.10.001/2014-15 dated April 10 2015

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

a. Movement of Non Performing Assets (NPA's)

(Rs.in Lakhs)

#	Description	2016-17	2015-16
(i)	Net NPA to net advances (%)	1.69%	0.55%
(ii)	Movement of NPAs (gross)*		
	a) Opening balance	4,843.68	3,754.41
	b) Additions during the year	18,169.27	3,072.44
	c) Reductions during the year	6,366.08	773.68
	d) Write off during the year	3,821.43	1,209.49
	e) Closing balance	12,825.44	4,843.68
(iii)	Movement of NPAs (net)*		
	a) Opening balance	2,021.56	1011.12
	b) Additions during the year	16,317.25	2,798.68
	c) Reductions during the year	6,092.31	578.76
	d) Write off during the year	3,821.43	1,209.49
	e) Closing balance	8,425.06	2,021.55
(iv)	Movement of provisions for NPAs (excluding provision on standard assets)*		
	a) Opening balance	2,822.13	2,743.29
	b) Provisions made during the year	1,852.02	273.76
	c) Reductions during the year	273.76	194.92
	d) Closing balance	4,400.39	2,822.13

*The provision includes provision on assets taken over from Chennai Business Consulting Services Limited (erstwhile TVS Finance and Services Limited) vide BTA dated 21/04/2010

b. Movement of Contingent Standard Asset Provision

(Rs.in Lakhs)

#	Description	2016-17	2015-16
(i)	Movement of contingent provision against standard assets		
	a) Opening balance	1,339.01	954.45
	b) Additions during the year	507.66	384.56
	c) Reductions during the year	-	-
	d) Closing balance	1,846.67	1,339.01

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

c. General Provisions

(Rs.in Lakhs)

#	Description	2016-17	2015-16
(i)	Movement of General provisions		
	a) Opening balance	2,717.27	1,506.32
	b) Additions during the year	1,079.43	1,210.95
	c) Reductions during the year	-	-
	d) Closing balance	3,796.70	2,717.27

d. Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

(Rs.in Lakhs)

Description	2016-17	2015-16
Provision for depreciation on investments	-	-
Provision towards NPA	1,578.25	80.87
Provision made towards income tax	5,516.20	3,586.10
Other provision and contingencies - provision as per Company norms	251.62	1,210.95
Provision for standard assets as per RBI	507.66	383.98
Total	7,853.73	5,261.90

18.4. Concentration of Advances, Exposures & NPA's

a) Concentration of Advances

(Rs.in Lakhs)

Description	2016-17	2015-16
Total advances to twenty largest borrowers	2,573.73	2,616.73
Percentage of advances to twenty largest borrowers to total advances	0.52%	0.73%

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

b) Concentration of Exposures

(Rs.in Lakhs)

Description	2016-17	2015-16
Total exposures to twenty largest borrowers / customers	2,573.73	2,616.73
Percentage of exposures to twenty largest borrowers to total advances	0.52%	0.73%

c) Concentration of NPAs

(Rs.in Lakhs)

Description	2016-17	2015-16
Total Exposure to top four NPA accounts	125.24	72.44

d) Sector-wise Distribution of NPAs

S.No	Sector	Percentage of NPA's to Total Advances in that Sector	
		2016-17	2015-16
1	Agriculture and allied activities	2.77%	0.93%
2	MSME	-	-
3	Corporate borrowers	2.83%	1.75%
4	Services	-	-
5	Unsecured personal loans to dealers	6.30%	-
6	Auto loans (includes assets taken over from Chennai Business Consulting Services Limited)	1.98%	1.49%
7	Other personal loans	-	-
8	Others	-	-

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

18.5. Customer Complaints

Description	2016-17 (Nos)	2015-16 (Nos)
No of complaints pending at the beginning of the year	9	19
No of complaints received during the year	1194	819
No of complaints redressed during the year	1130	829
No of complaints pending at the end of the year	73	9

Note: The above figures are based on complaints received from customers for identified service deficiency. As on 16th June 2017, except for 4 cases, other complaints have been resolved.

18.6. Details of Non Performing Financial Assets purchased/sold

The Company has neither purchased nor sold any non performing financial assets during the year.

18.7. Registration under Other Regulators

(Rs.in Lakhs)

S. No.	Regulator	Registration no
1	Ministry of Company Affairs	CIN: U65920TN2008PLC069758
2	Reserve Bank of India	Certificate of Registration at 13/04/2010 No. 07-00783

18.8. Penalties imposed by RBI and Other Regulators

No penalties have been imposed by RBI and other regulators during the FY 2016-17 and FY 2015-16.

18.9. Details of Financing of Parent Company Products.

Nil

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

18.10. Ratings assigned by Credit Rating Agencies

Description	2016-17	2015-16
Commercial paper	CRISIL/ICRA-A1+	CRISIL-A1+
Working capital demand loans	BWR-AA-	BWR-AA-
Cash credit	BWR-AA-	BWR-AA-
Bank term loans	BWR-AA-	BWR-AA-
Non-convertible debentures - long term	CRISIL-A+	CRISIL-A+
Subordinated debt	BWR-AA-	BWR-AA-

18.11. Directors' Sitting Fees and Commission

(Rs.in Lakhs)

S.No	Description	Nature	2016-17	2015-16
1	Mr. Venu Srinivasan	Sitting fees	0.40	0.50
		Commission	-	-
2	Mr. T.K.Balaji	Sitting fees	0.10	0.30
		Commission	-	-
3	Mr. R.Ramakrishnan	Sitting fees	1.60	0.90
		Commission	9.00	9.00
4	Mr. Sudarashan Venu	Sitting fees	0.90	0.30
		Commission	-	-
5	Mr. S.Santhanakrishnan	Sitting fees	2.00	0.70
		Commission	9.00	9.00
6	Mr. Sivaram	Sitting fees	0.20	0.10
		Commission	-	-
7	Mr. K.N.Radhakrishnan	Sitting fees	0.80	0.60
		Commission	-	-
8	Mr. V.Srinivasa Rangan	Sitting fees	0.80	0.30
		Commission	9.00	9.00
9	Mr.Anupam Thareja	Sitting fees	0.40	-
		Commission	-	-
10	Ms. Sasikala Varadhachari	Sitting fees	0.50	0.40
		Commission	6.00	6.00
	Total		40.70	37.10

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

18.12 .Details of Single Borrower Limits (SBL) / Group Borrower Limits (GBL) exceeded

Company has not exceeded the single borrower limit as set by Reserve Bank of India.

18.13. Advance against Intangible Securities

Company has not given any loans against intangible securities.

18.14. Derivatives

1. Forward Rate Agreement/Interest Rate Swap

(Rs.in Lakhs)

S. No	Description	2016-17	2015-16
(i).	The notional principal of swap agreements	30,000.00	10,000.00
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
(iii)	Collateral required by the NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of the swap books	-	(-)168.23

2. Exchange Traded Interest Rate (IR) Derivatives

(Rs.in Lakhs)

S. No	Description	Amount
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year year (instrument-wise)	-
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March, 2017 (instrument-wise)	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

3. Disclosure on Risk Exposure in Derivatives

Towards the foreign currency loan availed, the Company has taken forward cover to hedge the foreign current risks and cross currency interest rate swap, which are not considered as derivatives.

18.15. Details of Restructuring

(Disclosure pursuant to RBI notification DNBS.CO.PD.No.367/03.10.01/2013-14 dated 23 Jan. 2014)

The Company has offered deferment by way of extension of repayment period, pursuant to demonetization. Such cases of deferment and dispensation has been treated as sub standard asset and provision has been made accordingly, as per the Systemically (RB) Directions.

S. No	Type of Restructuring		Others				
	Asset Classification		Standard	Sub Standard	Doubtful	Loss	Total
	Details						
1	Restructured Accounts as on 1st April 2016	No of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
2	Fresh Restructuring during the year	No of borrowers	-	7,084	-	-	7,084
		Amount outstanding (Rs.in lakhs)	-	2,044.24	-	-	2,044.24
		Provision thereon (Rs.in Lakhs)	-	204.42	-	-	204.42
3	Upgradations to restructured standard category	No of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

S. No	Type of Restructuring		Others				
	Asset Classification		Standard	Sub Standard	Doubtful	Loss	Total
	Details						
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of 2016-17 and hence need not be shown as restructured standard advances 1st April 2017	No of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Downgradations of restructured accounts during 2016-17	No of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Write off of restructured accounts during 2016-17	No of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
7	Restructured accounts as on March 31st 2017	No of borrowers	-	7,084	-	-	7,084
		Amount outstanding (Rs. in lakhs)	-	2,044.24	-	-	2,044.24
		Provision thereon (Rs. in Lakhs)	-	204.42	-	-	204.42

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

18.16. Overseas Assets (for those with JV and Subsidiaries abroad)

There are no overseas assets owned by the Company.

18.17. Drawdown from Reserves

No draw down from reserve existed for the year.

18.18. Off Balance Sheet SPV sponsored

There are no SPVs which are required to be consolidated.

18.19. Summary of Total Borrowings, Receivables and Provision

Total Borrowings

(Rs.in Lakhs)

Term-wise breakup	2016-17	2015-16
Long term borrowings	1,16,588.46	1,13,517.50
Short term borrowings	1,86,550.94	1,17,994.12
Current maturities of long term borrowings	1,17,565.94	86,738.95
Total borrowings	4,20,705.34	3,18,250.57
Category-wise breakup		
Secured		
Term loans from bank	2,03,435.65	1,73,626.95
Working capital demand loans	1,04,550.94	88,994.12
Unsecured		
Term loans from bank	4,000.00	4,000.00
Term loans from other parties	418.75	5,829.50
Commercial papers	70,000.00	20,000.00
Subordinated debts	38,300.00	25,800.00
	4,20,705.34	3,18,250.57

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

Total Receivable under Financing Activity

(Rs.in Lakhs)

Term-wise breakup	2016-17	2015-16
Long term receivables	2,20,401.11	1,63,526.21
Current maturities of long term receivables	2,73,299.96	1,95,321.88
Total receivables	4,93,701.07	3,58,848.09
Less: substandard and doubtful assets	12,825.44	4,843.68
Net loan book	4,80,875.63	3,54,004.41
Category-wise breakup		
Secured	4,87,063.02	3,52,273.23
Unsecured	6,638.05	6,574.86
Total receivables	4,93,701.07	3,58,848.09
Less: substandard and doubtful assets	12,825.44	4,843.68
Net loan book	4,80,875.63	3,54,004.41

“21. Additional Notes forming part of Financial Statements for year ended 31st March 17”

Total Asset Provisions

(Rs.in Lakhs)

Category-wise breakup	2016-17	2015-16
Provision for doubtful debts	4,400.39	2,822.12
Contingent provision against standard assets	1,846.67	1,338.42
General provisions	2,968.87	2,717.27

19. Previous Year figures have been regrouped / rearranged, where necessary.

As per our report of even date for and on behalf of Board

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

S.Venkatraman
Partner
Membership No. 34319

Chairman

Chief Executive Officer

Company Secretary

Chief Financial Officer

Place: Chennai
Date: June 16, 2017

the 1990s, the number of people who were covered by health insurance rose from 70 to 80 percent. The number of people who were covered by private health insurance rose from 40 to 50 percent.

There are several reasons why the number of people who were covered by health insurance rose. First, the number of people who were covered by health insurance rose because of the expansion of health insurance to the self-employed. Second, the number of people who were covered by health insurance rose because of the expansion of health insurance to the part-time workers. Third, the number of people who were covered by health insurance rose because of the expansion of health insurance to the low-income workers. Fourth, the number of people who were covered by health insurance rose because of the expansion of health insurance to the young workers. Fifth, the number of people who were covered by health insurance rose because of the expansion of health insurance to the young workers.

The expansion of health insurance to the self-employed, the part-time workers, the low-income workers, and the young workers is a result of the expansion of health insurance to the self-employed, the part-time workers, the low-income workers, and the young workers. The expansion of health insurance to the self-employed, the part-time workers, the low-income workers, and the young workers is a result of the expansion of health insurance to the self-employed, the part-time workers, the low-income workers, and the young workers.

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The first part of the document discusses the importance of maintaining accurate records in a business setting. It highlights how proper record-keeping can help in decision-making, legal compliance, and financial management. The text emphasizes that records should be organized, up-to-date, and easily accessible.

Next, the document addresses the challenges of data management in the digital age. It notes that while digital storage offers convenience, it also introduces risks such as data loss, security breaches, and information overload. Solutions like cloud storage, encryption, and regular backups are suggested to mitigate these risks.

The third section focuses on the role of technology in streamlining business processes. It describes how automation and software solutions can reduce manual errors, save time, and improve overall efficiency. Examples of such technologies include accounting software, project management tools, and customer relationship management systems.

Finally, the document concludes by stressing the importance of employee training and awareness. It suggests that regular training sessions can help employees understand the value of data and the correct procedures for handling information. This, in turn, can lead to a more professional and data-driven organization.

TVS CREDIT

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