



**Digitalisation is taking us  
further, and getting our customers  
closer to their aspirations.**



***TVS CREDIT***





## Changing lives, the digital way.

Digital shapes almost every aspect of our lives today. For us at TVS Credit, digitalisation is a very effective means to an end: empowering people.

We use innovation to put our customers in touch with the products they need, and to deliver the superior service they want. In doing so, we bring countless people into the mainstream of financial inclusion.

In 2020-21 too, we employed technology to help our fellow Indians live a better life. Some discovered greater mobility through the vehicles we financed, others set up and grew their businesses, many more acquired the latest appliances.

We served our customers to the best of our ability across the length and breadth of the country, constantly guided by our values and equipped with our digital advantage.

Not only did we use digitalisation to serve our customers better, but we also empowered our employees with tools that made them happier, more productive professionals. In the following pages, you'll read about our performance in the past year, as we used technology to push the limits and bring joy to every life we touched.



**Empowering India.  
One Indian at a time.**



**BOARD OF DIRECTORS**

Venu Srinivasan, Chairman  
Sudarshan Venu  
T K Balaji  
R Gopalan  
K N Radhakrishnan  
V Srinivasa Rangan  
B Sriram  
Sasikala Varadachari

**AUDIT COMMITTEE**

R Gopalan  
V Srinivasa Rangan  
K N Radhakrishnan

**NOMINATION AND REMUNERATION COMMITTEE**

K N Radhakrishnan  
R Gopalan  
V Srinivasa Rangan

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Venu Srinivasan, Chairman  
R Gopalan  
K N Radhakrishnan

**RISK MANAGEMENT COMMITTEE**

Sasikala Varadachari  
V Srinivasa Rangan  
K N Radhakrishnan

**ASSET LIABILITY MANAGEMENT COMMITTEE**

B Sriram  
Sudarshan Venu  
Sasikala Varadachari

**INFORMATION TECHNOLOGY STRATEGY COMMITTEE**

Sasikala Varadachari  
Sudarshan Venu  
K N Radhakrishnan  
G Venkatraman  
V Gopalakrishnan  
C Arulanandam

**CREDIT SANCTION COMMITTEE**

B Sriram  
Sudarshan Venu  
G Venkatraman  
V Gopalakrishnan  
K Gopala Desikan

**CHIEF EXECUTIVE OFFICER**

G Venkatraman

**CHIEF FINANCIAL OFFICER**

V Gopalakrishnan

**COMPANY SECRETARY**

J Ashwin

**STATUTORY AUDITORS**

Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
#48, "ISHITA", 2<sup>nd</sup> and 3<sup>rd</sup> Floor  
2nd Main Road, Vyalikaval,  
Bangalore - 560 003  
Tel: +080 - 23361121  
Email ID: sathya@nca-india.com

**SECRETARIAL AUDITOR**

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

**REGISTERED OFFICE**

"Chaitanya"  
No. 12, Khader Nawaz Khan Road,  
Nungambakkam, Chennai - 600 006  
Tel.: 044 - 28332115 Fax: 044 - 28332113  
CIN: U65920TN2008PLC069758  
Email ID: corpsec@sundaramclayton.com  
Website: www.tvscredit.com

**BANKERS / FINANCIAL INSTITUTIONS**

Axis Bank Limited  
Aditya Birla Finance Limited  
Bank of Baroda  
Canara Bank  
Central Bank of India  
Citibank  
CTBC Bank Limited  
DCB Bank Limited  
Deutsche Bank  
Federal Bank Limited  
HDFC Bank Limited  
HSBC Limited  
Indian Bank  
The Karur Vysya Bank Limited  
South Indian Bank Limited  
State Bank of India  
Tata Capital Financial Services Limited  
Union Bank of India  
DBS Bank Limited  
MUFG Bank Limited  
Catholic Syrian Bank  
MUDRA  
Punjab National Bank

**SUBSIDIARY COMPANIES**

TVS Two Wheeler Mall Private Limited  
TVS Micro Finance Private Limited  
Harita ARC Private Limited  
Harita Collection Services Private Limited  
TVS Commodity Financial Solutions Private Limited  
TVS Housing Finance Private Limited

Contents	Page No.
Notice of Annual General Meeting	3
Directors' Report to the Shareholders	12
Report on Corporate Governance	34
Secretarial Audit Report	43
Standalone Independent Auditors' Report	48
Standalone Financial Statements	56
Consolidated Independent Auditors' Report	116
Consolidated Financial Statements	122



NOTICE is hereby given that the thirteenth Annual General Meeting of the shareholders of the Company will be held at the Registered Office of the Company at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006 on Wednesday, the 28<sup>th</sup> July, 2021 at 10.00 A.M. to transact the following business:

#### ORDINARY BUSINESS

1. **To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.**

"RESOLVED THAT the standalone and consolidated audited financial statements for the year ended 31<sup>st</sup> March, 2021, together with the Directors' Report and the Auditors' Report thereon as circulated to the members and presented to the meeting be and are hereby approved and adopted."

2. **To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.**

"RESOLVED THAT Mr. T K Balaji (holding DIN: 00002010), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company."

3. **To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.**

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

#### SPECIAL BUSINESS

4. **To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution.**

##### **Approval under Section 180(1)(c) of the Companies Act, 2013 to borrow in excess of the aggregate of the paid-up capital and free reserves of the Company**

RESOLVED THAT in supersession of the special resolution passed by the shareholders on 27<sup>th</sup> June, 2019, approval of the shareholders of the Company, be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board") under Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and the Articles of Association of the Company, for borrowing, from time to time, as it may consider fit, any sum or sums of monies from any person, whether or not the monies so borrowed together with the monies already borrowed by the Company and remaining outstanding at any one time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves that are not set apart for any specific purpose provided that the total amount so borrowed and outstanding at any one time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed ₹13,000 Cr (Rupees Thirteen Thousand Crores only) and that the Board be and is hereby empowered and authorised to arrange and fix the terms and conditions of all such monies to be borrowed, from time to time, as to interest, repayment, security or otherwise as it may think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or a duly constituted Committee thereof, be and is hereby authorised to finalise, settle and execute such documents / deeds / writings / papers / agreements, as may be required and to do all such other acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.

**Approval under Section 180 (1)(a) of the Companies Act, 2013 to secure the borrowing by creating charges / mortgages over the properties of the Company**

RESOLVED THAT in supersession of the special resolution passed by the shareholders on 27<sup>th</sup> June, 2019, approval of the shareholders of the Company, be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board"), under Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof, for the time being in force) to create security by way of mortgage and/or charge or otherwise in respect of all or any part of the Company's undertaking(s) / immovable properties and fixed assets including lands, buildings, plant and machineries, both present and future, and a floating charge over the whole or any part of the undertaking(s) of the Company including moveable/current assets to secure the repayment of loan(s) (in foreign currency and/or rupee currency) and securities (comprising fully/partially convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes / bonds or other debt instruments) borrowed or issued by the Company from time to time, to or in favour of banks, trustees and/or financial institutions/other entities in such manner and on such terms and conditions as the Board may think fit, together with interest at the respective agreed rates, additional interest, commitment charges, premia on pre-payment or on redemption, costs, charges and expenses, and all other monies payable by the Company in terms of loan agreement(s), heads of agreement(s), debenture trust deed, security or other document(s) entered into by the Company in respect of the foregoing.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or a duly constituted Committee thereof, be and is hereby authorised to finalise, settle and execute such documents / deeds / writings / papers / agreements as may be required and to do all such other acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating a mortgage and/or charge as aforesaid.

**5. To consider and, if thought fit, to pass with or without modification, the following resolution as a special resolution:**

**Approval for issue of equity shares on a preferential basis to TVS Motor Company Limited**

RESOLVED THAT, subject to the provisions of Sections 42 and 62 and all other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014 and other relevant rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) (the Act 2013), memorandum and articles of association of the Company, consent of shareholders of the Company be and is hereby accorded to offer and issue 1,54,32,000 equity shares of ₹10/- each with a premium of ₹152 per share amounting to ₹249,99,84,000 (Rupees Two Hundred and Forty Nine Crores Ninety Nine Lakhs Eighty Four Thousand only) on a preferential basis to TVS Motor Company Limited for cash, in one or more tranches in the manner, as may be decided by the Board / Committee, from time to time in this behalf, based on the valuation report obtained from Mr. Ganesh Natarajan, a registered valuer.

RESOLVED FURTHER THAT the Equity Shares so issued shall upon allotment have the same rights as the existing equity shares and be treated for all other purposes pari passu with the existing shares of the Company.

RESOLVED FURTHER THAT the Asset Liability Management Committee be and are hereby authorised to decide about the capital to be called up, reserve capital, including the quantum of application / allotment / call money, subject to applicable provisions of the Act, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid special resolution under Sections 42 and 62 of the Act, 2013, the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any duly constituted and authorised Committee thereof) be and is hereby authorised for and on behalf of the Board -



- i. To decide on the timing and all the terms and conditions of the offer, issue and allotment within the limit as aforesaid and to accept any amendments, modifications, variations or alterations thereto
  - ii. To determine, vary, modify or alter any of the terms and conditions of the issue and allotment of Equity Shares, including reduction of the size of the issue, as it may deem expedient
  - iii. To finalise all other documents, deeds, agreements and instruments as may be required or desirable in relation to the offer and issuance of the aforesaid shares
  - iv. To settle all questions and difficulties, that may arise in the proposed issue, offer and allotment of the said shares, utilisation of the issue proceeds, sign all documents and undertakings, as may be required
  - v. To do all such acts, deeds, matters and things, in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval thereto expressly by the authority of this resolution; and
  - vi. To delegate all or any of the powers herein conferred by this resolution to any Director / Directors or to any Committee of Directors or any officer / officers of the Company to give effect to this resolution.
6. To consider and, if thought fit, to pass with or without modification, the following resolution as a special resolution:

**Approval for Increase in Authorised Share Capital**

"RESOLVED THAT, subject to the provisions of Sections 61(1)(a) and 64(1)(a) and such other applicable provisions of the Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014, (including any statutory modification(s) or amendment(s) thereto or re-enactment thereof, for the time being in force), the authorised share capital of the Company, be and is hereby increased from ₹200,00,00,000/- (Rupees Two Hundred Crores only) divided into 20,00,00,000 (Twenty Crores) equity shares of ₹10/- each to ₹250,00,00,000/- (Rupees Two Hundred and fifty Crores only) divided into 25,00,00,000 (Twenty five Crores) equity shares of ₹10/- each."

"RESOLVED FURTHER THAT the new equity shares shall rank *pari passu* with the existing shares."

"RESOLVED FURTHER THAT in order to reflect the increase in authorised share capital of the Company, and in order to conform to the requirements of the Act 2013, approval of the shareholders of the Company, be and is hereby accorded, and subject to the provisions of Section 13 of the Act 2013 and other applicable provisions, if any, of the Act or any statutory modification(s) thereof and Rules framed thereunder, to amend the existing Clause V of the memorandum of association of the Company, by substituting in the following manner:

"The authorised share capital of the Company is ₹250,00,00,000/- (Rupees Two Hundred and fifty Crores only) divided into 25,00,00,000 (Twenty five Crores) equity shares of ₹10/- each. The Company has the power from time to time to increase or reduce its capital and issue any shares in the original or new capital as equity or preference shares, and to attach to any classes of such shares, any preference, rights, privileges or priorities in payment of dividends or distribution of assets or otherwise over any other shares or to subject the same to any restrictions, limitations or conditions and to vary the regulations of the Company as far as necessary to give effect to the same and upon the sub-division of any shares to apportion the right to participate in profits in any manner in accordance with the provisions of the Act, 2013."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Mr G Venkatraman, Chief Executive Officer, Mr V Gopalakrishnan, Chief Financial Officer, Mr P V Kasturirangan, Vice President – Finance, Mr J Ashwin, Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and to give such directions as may be necessary or

expedient and to settle any question, difficulty or doubt that may arise in this regard, as the Board or a Committee in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.”

By the order of the Board of Directors  
For TVS Credit Services Limited

Place : Chennai  
Date : 26<sup>th</sup> April, 2021

**J Ashwin**  
Company Secretary

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be returned to the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting. A person shall not act as a proxy for more than 50 members and holding in aggregate not more than 10% of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than 10% of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
2. The explanatory statement, pursuant to Section 102 of the Companies Act, 2013, in respect of the special businesses to be transacted at the Annual General Meeting (AGM), as set out in the Notice is annexed hereto.

Encl: Proxy form

**EXPLANATORY STATEMENT IN TERMS OF SECTION 102 OF THE COMPANIES ACT, 2013**

The following explanatory statement sets out all the material facts relating to the 'special businesses' mentioned in the accompanying Notice dated 26<sup>th</sup> April, 2021 and shall be taken as forming part of the Notice.

**Item No. 4**

The shareholders of the Company, at the Annual General Meeting held on 27<sup>th</sup> June, 2019, approved, a limit for exercising the powers of borrowing, by the Board of Directors (the Board), for the business purposes of the Company, up to a sum not exceeding ₹10,000 Cr at any one time, in terms of Section 180 (1)(c) of the Companies Act, 2013 (the Act 2013), notwithstanding that the money to be borrowed together with the monies already borrowed by the Company may exceed the aggregate of its paid-up share capital and free reserves apart from temporary loans obtained from the Company's Bankers in the ordinary course of business.

Considering the increased volume of business of the Company, the Directors have considered that it is desirable to enhance the borrowing powers from ₹10,000 Cr to ₹13,000 Cr, subject to the approval of the shareholders in the ensuing general meeting.

Similarly, the Board was also authorised to create mortgages and / or charges in such a manner, as the Board may think fit, to secure such borrowings in terms of Section 180(1) (a) of the Act 2013 as may be insisted upon by the lenders.

The Board of Directors therefore recommend the special resolution as set out in Item No. 4 of the accompanying Notice for approval by the shareholders of the Company.

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

Accordingly, the Board recommends the Special Resolution for approval by the shareholders, as set out in Item No. 4 of this notice.

**Item No. 5**

The Members may note that for diversification of Company's business and for providing a range of financial products and services to its customers and venturing into used commercial vehicles, consumer durables and personal loan requires additional funds to satisfy the Capital Adequacy Ratio (CAR) norms fixed by the RBI and therefore it is proposed to approach the Holding Company for funding.

The Company proposes to issue shares on a preferential basis to TVS Motor Company Limited.

In terms of the provisions of Section 62 of the Act 2013 read with The Companies (Share Capital & Debentures) Rules, 2014, it provides, *inter alia*, that whenever it is proposed to increase the subscribed capital of a Company by issue of further shares, such shares may be offered to any persons, whether or not those persons, are holders of the equity shares of the Company, if authorised by way of a special resolution.

Similarly, in terms of Section 42 of the Act 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, framed thereunder, any Company offering or making an invitation to subscribe to shares on a private placement basis, is required to obtain the prior approval of shareholders, by way of a special resolution, for each of the offers and invitations.

Therefore, the Board of Directors (the Board) decided to seek the consent of the shareholders accordingly by way of a special resolution, in terms of Sections 42 and 62 of the Act 2013 read with the Rules made thereunder, for the proposed issue, of 1,54,32,000 equity shares of ₹10/- each with a premium of ₹152 per share to TVS Motor Company Limited, subject to such terms and conditions as set out hereunder.

Given below is a statement of disclosures, as required under Rule 13(2)(d) of The Companies (Share Capital and Debenture) Rules 2014 read with Section 62(1)(c) of the Act 2013:

## Objects of the Issue

The Company is in the process of diversifying its business and for providing a range of financial products and services to its customers and venturing into Used Tractor financing and Used Car financing requires additional funds to satisfy the capital adequacy ratio (CAR) norms fixed by the RBI.

The funding programme of the Company would have to be structured in such a way that the borrowing tenure matches with the lending tenure and that there would be no gap, as per the Reserve Bank of India (RBI) guidelines, which mandates for a minimum CAR of 15% out of which Tier I CAR should be 10%.

Accordingly, it has now been proposed to issue and allot 1,54,32,000 (One Crore Fifty Four Lakhs Thirty Two Thousand) equity shares in one or more tranches to TVS Motor Company Limited, subject to such terms and conditions as may be decided by the Board.

## Pricing

The Company has obtained a valuation report from Mr Ganesh Natarajan, a registered valuer for determining the premium of shares at ₹152 per share as required under Section 62 read with Section 42 of the Act, 2013 and Rule 13 of the Companies (Share Capital and Debentures) Rules 2014. A copy of the report will be available for inspection by the members, free of cost, at the Registered Office of the Company, during normal business hours on any working day.

The price has been arrived at as on the date of the latest audited annual accounts for the year ended 31<sup>st</sup> March, 2021, approved by the Board at its meeting held on 26<sup>th</sup> April, 2021.

## Class of persons to whom the allotment is proposed to be made

The Company proposes to issue further equity shares to TVS Motor Company Limited.

## Intention of the Promoters / Directors / Key Management Personnel to subscribe to the Offer

The preferential issue is being made to the holding Company viz. TVS Motor Company Limited. The allottees are interested in the proposal to the extent of the equity shares to be allotted to them.

None of the other Directors / Key Managerial Personnel of the Company would be subscribing to this preferential issue of equity shares proposed to be issued by the Company.

## Shareholding Pattern of the Company before and after the proposed issue of equity shares:

S.No.	Category	Pre-Issue		Post-Issue	
		No. of Shares Held	% of Share Holding	No. of Shares Held	% of Share Holding
<b>A</b>	<b>Promoters' Holding:</b>				
1.	Indian:				
	Bodies Corporate	16,54,95,303	86.22	18,09,27,303	87.25
	Sub Total	16,54,95,303	86.22	18,09,27,303	87.25
2.	Foreign Promoters	-	-	-	-
	Sub Total (A)	<b>16,54,95,303</b>	<b>86.22</b>	<b>18,09,27,303</b>	<b>87.25</b>
<b>B</b>	<b>Non-Promoters' Holding:</b>				
1.	Institutional Investors	-	-	-	-
2.	Non-Institution:				
	Private Corporate Bodies	66,16,800	3.45	66,16,800	3.19
	Public Corporate Bodies	1,63,37,297	8.51	1,63,37,297	7.88
	Directors and Relatives	-	-	-	-
	Indian Public	-	-	-	-
	Others	34,88,300	1.82	34,88,300	1.68
	Sub Total (B)	<b>2,64,42,397</b>	<b>13.78</b>	<b>2,64,42,397</b>	<b>12.75</b>
	<b>GRAND TOTAL</b>	<b>19,19,37,700</b>	<b>100.00</b>	<b>20,73,69,700</b>	<b>100.00</b>



### Proposed Time within which Allotment will be completed

The Company will complete the issue and allotment of shares, within a period of 12 months, from the date of passing of the special resolution, by the shareholders of the Company.

Subject to the above period, the allotment of shares will be completed within a period of sixty days from the date of receipt of application money.

### Change in Control

There will be corresponding changes in the shareholding held by the holding Company consequent to preferential allotment.

### Details of Preferential Allotment made during the year 2020-21

During the year 2020-21, the Company has offered, issued and allotted securities on a preferential basis. Following are the details:

Name of the Allottee	Date of Allotment	Kind of Shares Issued	No. of Shares Allotted	Face Value of the Shares Allotted	Premium Amount (if any)	Amount Received (in ₹)
TVS Motor Company Limited	21/09/2020	Equity Shares	33,77,700	₹10/-	₹138/-	49,98,99,600/-
	29/03/2021		33,77,700		₹138/-	49,98,99,600/-

### Explanation

In terms of Section 62 of the Act, 2013, issue of equity shares on a preferential basis would require the approval of the shareholders in a general meeting by way of a special resolution.

The equity shares proposed to be issued shall rank pari passu with the existing equity shares of the Company and shall rank at par for the dividends that may be declared, if any, after allotment. The Equity Shares shall be subject to the memorandum and articles of association of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of this Notice.

### Item No. 6

The Board at its meeting held on 26<sup>th</sup> April, 2021 had approved the issue of equity shares of ₹10/- each to TVS Motor Company Limited, the holding Company.

It will be necessary to increase the authorised share capital of the Company, with the approval of the shareholders, for issuing further shares by the Company. It is suggested that the Company may increase its authorised capital to ₹ 250 Cr, for accommodating the proposed investment.

It is therefore necessary to amend the capital clause of the Memorandum and Articles of Association of the Company (MoA), for increasing the authorised share capital of the Company.

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

### Inspection of Documents

Copy of the documents referred to in this explanatory statement will be available for inspection by the members, free of cost, at the Registered Office of the Company, during normal business hours on any working day.

By the order of the Board of Directors  
For TVS Credit Services Limited

Place : Chennai  
Date : 26<sup>th</sup> April, 2021

**J Ashwin**  
Company Secretary



## TVS CREDIT SERVICES LIMITED

Registered Office: "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006  
 CIN: U65920TN2008PLC069758; Website : www.tvscredit.com ; Email ID: corpsec@sundaramclayton.com  
 Phone No.: 044-28332115, Fax : 044-28332113

### PROXY FORM

#### FORM No. : MGT 11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	: <b>U65920TN2008PLC069758</b>	E-Mail ID	:
Name of the Company	: <b>TVS Credit Services Limited</b>	Folio No.	:
Registered Office	: Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006	DP ID / Client ID	:
Name of the Member(s)	:	No. of Shares	:
Registered Address	:		

I/We being the Member(s) of TVS Credit Services Limited holding \_\_\_\_\_ Equity Shares, hereby appoint:

1. Name:	2. Name:	3. Name:
Address:	Address:	Address:
e-mail id:	e-mail id:	e-mail id:
Signature .....	Signature .....	Signature .....
Or failing him	Or failing him	Or failing him

as my/our Proxy to attend and vote (on a poll) on my/our behalf at the 13<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006 on Wednesday, 28<sup>th</sup> July, 2021 at 10.00 A.M. and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Vote	
		For	Against
<b>Ordinary Business</b>			
1.	Adoption of both standalone and consolidated audited financial statements of the Company for the financial year ended 31 <sup>st</sup> March, 2021 together with the reports of the Board of Directors' and Auditors' thereon.		
2.	Re-appointment of Mr T K Balaji as Director, who retires by rotation.		
3.	Re-appointment of Mr K N Radhakrishnan as Director, who retires by rotation.		
<b>Special Business</b>			
4.	Approving the proposal to borrow in excess of the aggregate of the paid-up capital and free reserves of the Company Approval under Section 180 (1)(a) of the Companies Act, 2013 to secure the borrowing by creating charges / mortgages over the properties of the Company		
5.	Approving the issue of equity shares on a preferential basis to TVS Motor Company Limited		
6.	Approving the Increase in Authorised Share Capital		

Signed this ..... day of ..... 2021

.....  
Signature of Member

.....  
Signature of Proxy holder

Affix  
Revenue  
Stamp of  
₹1

Notes:

1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006, not less than 48 hours before the commencement of the meeting.
2. It is optional to put a ✓ in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

The Directors have pleasure in presenting the Thirteenth Annual Report and the audited accounts for the year ended 31<sup>st</sup> March, 2021.

**1. Business and Financial Performance**

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

₹ in Crore

Particulars	Year ended	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Revenue from Operations	2,237.82	1,989.64
Other Income	3.11	10.12
<b>Total</b>	<b>2,240.93</b>	<b>1,999.76</b>
Finance Costs	729.44	699.81
Fees & Commission, Employee Benefit, Administrative & Other Operating Expenses	919.38	802.74
Impairment of Financial Instruments	466.79	258.80
Depreciation and Amortisation Expenses	19.92	20.10
<b>Total Expenses</b>	<b>2,135.53</b>	<b>1,781.45</b>
<b>Profit / (Loss) before Tax &amp; Exceptional Item</b>	<b>105.40</b>	<b>218.31</b>
Less : Exceptional item	-	8.00
<b>Profit / (Loss) before tax</b>	<b>105.40</b>	<b>210.31</b>
Less: Tax expense		
- Current Tax	46.52	60.00
- Deferred Tax	(38.10)	(0.20)
<b>Profit / (Loss) after tax</b>	<b>96.98</b>	<b>150.51</b>
Other Comprehensive Income	(5.28)	(17.65)
<b>Total Comprehensive Income</b>	<b>91.70</b>	<b>132.86</b>
Balance brought forward from Previous Year	436.68	333.92
Transfer to Statutory Reserve	(19.40)	(30.10)
<b>Surplus / (Deficit) carried to Balance Sheet</b>	<b>508.98</b>	<b>436.68</b>

**Company's Performance**

**AUM crossed the ₹10,000 Cr milestone; Disbursements increased by 13% in Fiscal 2021**

The Company crossed the milestone of having Assets Under Management (AUM) in excess of ₹10,000 Cr during fiscal 2021. The Company ended the year with AUM of around ₹11,200 Cr spread across Two-Wheeler Loans, Tractor Loans, Consumer Durable Loans, Used Commercial Vehicle Loans, Used Car Loans, Three-Wheeler Loans, Business Loans and Personal Loans. It is indeed a proud moment for us and we solicit your continued support to take the Company to even greater heights.

Pro-active steps taken by the Company in the previous years to diversify its asset base across a slew of retail-focussed products and expand its geographical presence aided the Company to mitigate the impact of the slowdown in the economy. Two-Wheeler Loans, which used to account for close to 50% of the AUM five years ago, accounted for ~37% of the AUM at the end of fiscal 2021. In a year when there was a significant contraction in growth across sectors, the Company witnessed a moderate 13% growth in disbursements to ₹8,627 Cr, backed by strong growth in Tractor Loans, Consumer Durable Loans and Business Loans.

Even while disbursements increased, the Company was cautious in extending loans, given the heightened uncertainty. Towards this end, the Company has enhanced its focus on analytics and tweaked its credit assessment engines to ensure that the customer selection is in line with the risk appetite of the Company.



The Company continued to keep a keen eye on profitability, while undertaking various initiatives like narrowing the focus on geographic presence, customer segments and brand in order to achieve optimum return on assets.

The Company also undertook a number of initiatives related to expanding the business, analytics, automation, collections and human resources, which would further enhance the efficiency and resilience of the business over the next few years.

Total income during the financial year 2020-21 increased to ₹2,240.93 Cr from ₹1,999.76 Cr, an increase of 12% over the previous year. The profit before tax and exceptional items for the year stood at ₹105.40 Cr as against ₹218.31 Cr during the previous year and the reduction is due to substantial loss of business during first quarter of the year, increase in investments on recovery related initiatives and higher level of COVID-related provisions.

The above financial performance is based on Indian Accounting Standards -(IND-AS). The Company has adopted (IND-AS) from 1<sup>st</sup> April, 2018 with effective transition date of 1<sup>st</sup> April, 2017 pursuant to MCA notification dated 31<sup>st</sup> March , 2016 and the financial statements has been prepared in accordance with Division III of Schedule III of Companies Act, 2013 notified by Ministry of Corporate Affairs (MCA) on 11<sup>th</sup> October, 2018.

### **Key Product-Wise Performance during the Financial Year**

The Company disbursed ₹2,901 Cr of Two-Wheeler Loans as against ₹3,223 Cr in the previous year, registering a de-growth of 10%. The Company continues to be the leading financier for TVS Motor Company Ltd.

The Company disbursed ₹1,958 Cr in the Tractor Loan segment as against ₹1,169 Cr in the previous year, registering a growth of 67%.

The Company disbursed ₹366 Cr of Used Car Loans as against ₹740 Cr in the previous year, since it focussed only on profitable regions.

In Consumer Durable Loans, the Company disbursed ₹1,338 Cr to 6.7 Lakh customers as against ₹1,025 Cr to 5.2 Lakh customers in the previous year.

The Company scaled up its Used Commercial Vehicle finance and disbursed ₹623 Cr during the current year as against ₹574 Cr in the previous year.

The Company also scaled up its Business Loans segment and disbursed ₹898 Cr during the current year as against ₹326 Cr in the previous year.

The Company also did Cross Selling to its existing customers to the tune of ₹536 Cr as against ₹525 Cr during the previous year.

## **2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Indian Economy demonstrated Resilience in face of Unprecedented Pain in Fiscal 2021**

The Indian economy demonstrated resilience posting gains in H2 after a trying H1, supported by a multitude of government policy interventions, in the year gone by. The financial year 2020-21 began with the nationwide 42-day lockdown, a critical response to, what we now commonly refer to as, the first wave of COVID-19. This led to GDP contraction of 23% in the first quarter. But with the easing of the active cases and recognising the need for swift policy action during this extraordinary and uncertain time, the Government and the Reserve Bank of India (RBI) undertook a number of measures to improve liquidity in the system, support credit offtake and mitigate the impact of COVID-19 on asset quality. The economic challenges did manifest themselves in the form of collections efficiency initially, but with the multiple policy interventions of the Government and leveraging of technology by the Company, these challenges were met and largely mitigated in the second half of the year. Recovery in Quarter 2 was ahead of estimates with a 7% GDP decline instead of the estimated 11% decline. The Q3 & Q4 saw the GDP return to positive territory, posting gains of 0.4% and 1.5% (estimates), bringing the full year to a 7.9% decline. CRISIL estimates that the Indian economy shrunk by 8.0% in fiscal 2021, the first such instance in over forty years.

### **Rural India Performed Much Better, Becoming Structurally Far More Resilient**

Given the headwinds due to COVID-19, the rural economy, which accounts for almost half of India's GDP, has withstood the COVID-induced shock much better than the large urban towns. This happened due to agricultural activity continuing unhindered, normal monsoons and reduced spread of COVID-19 given the lower population density in the rural areas. Also, the Government extended additional financial support through the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) and PM-Kisan Scheme, and rural India's relatively higher dependence on both manufacturing and agriculture as compared to services, helped the performance of rural India.

More importantly, rural India has become structurally far more resilient due to two consecutive years of good monsoon, increased spends under MNREGA and irrigation projects, Direct Benefit Transfer (DBT), the PM-Kisan, the PM Ujjwala Yojana for cooking gas, the PM Awas Yojana for Housing, and the Ayushman Bharat Scheme for Healthcare. Further, over the years, the rural infrastructure such as electricity and roads have also considerably improved. These steps have led to lesser leakages and higher incomes in the hands of the rural populace, thereby enhancing their ability and willingness to spend on discretionary products and services.

The RBI has also increased their thrust on digital payments in the rural economy by undertaking a number of steps such as planned issue of licences to New Umbrella Entities (NUE) to deepen the reach of digital payments, setting up a Payment Infrastructure Development Fund (PIDF) to enhance setting up of supporting infrastructure, and enhancing the functionality of e-wallets to bring them almost on par with bank accounts.

The Company's strong presence in the rural areas stood the Company in good stead. These structural changes in the rural areas have increased the resilience of the rural economy and will create more growth opportunities for the Company as it expands its distribution presence in rural areas.

### **Economy Expected to Bounce Back in Fiscal 2022**

Going forward in fiscal 2022, there is a sense of optimism with global growth picking up, gradual increase in vaccination against COVID-19, and a counter-cyclical Union Budget pushing investments. The Budget's focus on pushing investments despite walking a fiscal tightrope would create a platform for a reasonable growth. A RBI study points that an increase in capex by the central and state governments by one rupee each induces an increase in output by ₹3.25 and ₹2.0, respectively. Given that the focus of the Budget was on investment rather than consumption push, the full impact of these spends will be seen in the near term via multiplier effects, and over time, through enhancement of productive capacity. The budgetary provisions thus help raise the medium-term prospects for the economy.

The resurgence of COVID infections being witnessed around the country since March 2021 does pose a risk to growth in the current fiscal. Many states have implemented localised restrictions in the form of weekend lockdowns, restricting non-essential businesses from operating and / or night curfews to prevent the spread of the infection. Factoring in these restrictions, few agencies have downgraded their GDP growth estimates for the year by 25-100 basis points. With vaccination gaining steam and market participants learning to work around the virus, the economic impact of any fresh lockdowns would be less pronounced compared to the previous fiscal.

### **NBFCs faced Multiple Challenges in Fiscal 2021**

Over the last decade, Non-Banking Financial Companies (NBFCs) have witnessed phenomenal growth. The share of NBFCs in the overall systemic credit increased from 18% in fiscal 2015 to 23% as of fiscal 2020. NBFC credit grew at a healthy pace of ~16% CAGR over fiscals 2015 to 2019. However, a severe liquidity crisis following the debt default of IL&FS in mid-September 2018 created panic and led to investor confidence in lending to NBFCs dip. While the segment had just started to revive, COVID-19 has dealt a further blow to NBFCs, which are today facing a troika of challenges – asset quality in the wake of COVID-19, availability of funding at competitive costs, and increasing competition from banks flush with liquidity.

### **NBFCs Loan Book Flat in Fiscal 2021; Liquidity Concerns Largely Managed**

CRISIL Research estimates that the loan book of NBFCs to remain more or less flat at the previous year's levels in fiscal 2021. While economic activity is gradually picking up, prevailing uncertainty

regarding the pandemic's further impact has resulted in lenders still taking a fairly cautious view on disbursements. In fact, growth in fiscal 2021 would be optimal for many NBFCs, arising due to lending under the emergency credit line scheme to MSMEs, and slower rundown in existing book due to moratorium and restructuring of loans.

On the brighter side, proactive measures announced by the regulator, along with gradual pick-up in collections, limited disbursements made by NBFCs and funding support from banks have ensured liquidity fears that spooked the market in the immediate aftermath of COVID-19 have been largely managed.

As of fiscal 2021, NBFCs had a total loan outstanding of around ₹29 Trillion. Retail assets (including auto finance, housing finance, microfinance, gold loans, education and consumer durable loans) are estimated to account for around 45% of this amount. MSME lending accounts for another 12% of total loans of NBFCs.

### **Stronger NBFCs with Healthy Liquidity and Access to Funding to Outperform**

In fiscal 2022, with a rebound in GDP growth, we foresee disbursements of NBFCs also gaining moderate traction. CRISIL Research forecasts a ~6% growth in NBFC assets during the year, which would still be lower than nominal GDP growth, that is expected to be in the mid-teens. This is because access to funding remains a challenge, especially for smaller and mid-sized NBFCs which do not have a strong parentage and concerns linger over the impact of the pandemic on asset quality.

CRISIL Research expects the challenges being faced by NBFCs over the last 2-3 years to hasten the pace of consolidation. Large players with a better credit profile, strong parentage and access to funding are likely to outperform the industry and grow at a much higher pace. The industry will, however, continue to witness the emergence of newer equity-funded NBFCs catering to specific customer segments. The COVID-19 pandemic and consequent acceleration in both adoption of technology, change in consumer habits and increasing availability of data for credit decision-making has made it possible to build an NBFC lending business without investing large sums in having a brick-and-mortar presence on the ground.

### **Supreme Court Order Positive for Credit Culture**

The Supreme Court order, in March 2021, lifting the standstill on classification of loan accounts and its refusal to direct the Government to grant complete waiver of interest on loans during the moratorium period or increase the moratorium period would also aid lenders. As a result, banks and NBFCs will now be able to classify an account on the basis of its overdue status and the data submitted to the Credit Information Companies (CICs) will also reflect the true status of an account.

The Supreme Court ruling is a shot in the arm for lenders as it ensures that the credit culture is not vitiated. Withdrawal of the standstill on recognition of NPAs will enable lenders to enforce various legal measures and support their recovery efforts.

### **Opportunities and Challenges in Fiscal 2022**

The outlook for NBFCs is improving, but the macro-economic challenges seen over the last 2-3 years are by no means fully over. Given the Company's improving scale, diverse portfolio across various segments, and strong parentage, the Company is well placed to capitalise on the opportunities created by both economic growth and consolidation in the NBFC space. The opportunities and challenges for the Company, given the emerging milieu, are as follows:

#### **Opportunities**

- Double-digit growth in GDP expected, which should lead to increased lending opportunities across all the focus asset classes.
- Close co-ordination with TVS Motor to plan areas where disbursements can be increased by augmenting distribution and coming out with attractive schemes.
- Rural India should continue to see strong growth in agricultural incomes, especially if there is a normal monsoon for the third consecutive year.

- Strong liquidity position and continuing support from the parent company, TVS Motor, which would enable TVS Credit to both capitalise on growth opportunities and navigate any challenges in the external environment.
- Investment in strengthening the Company's sales, credit, collections and risk processes should yield strong dividends as the Company looks to further scale up the business while taking advantage of the expected pick-up in economic growth.
- Higher adoption of digital payment systems would enable the Company to streamline its collections process further and enhance efficiency.

### **Challenges**

- Need to continue to keep a keen eye on any emerging challenges due to COVID-19 and accordingly recalibrate business plans and strategy.
- Tightly monitor asset quality and take corrective action as required, given the dynamic changes in external environment and the impact on the Company's borrower segment.
- Probability of upward pressure on funding costs and interest rates, given the Central Government's large budgeted borrowing programme for fiscal 2022.

### **Focus on Enhancing Distribution, Technology and Ecosystem aided the Company**

Geographically, the Company has expanded its presence to 25 states, which has resulted in its portfolio becoming quite well diversified. The southern states of Tamil Nadu, Kerala, Karnataka, Andhra Pradesh and Telangana accounted for 38% of the Company's AUM as of March 2021.

The Company's focus on increasing distribution reach, investing in appropriate technology tools, and taking an ecosystem view has stood it in good stead in the challenging market environment. In Two-Wheeler Loans, the Company increased its penetration within the dealer and sub-dealer network. The Company has implemented the AD-Diya App, which enables self on-boarding of customers by its associate dealer partners. This has helped TVS Credit grow its network in lower penetrated areas.

Similarly, in case of other asset classes such as Tractor, Commercial Vehicle and Business Loans as well, the efforts to widen its suite of product offerings keeping in mind the customer requirements aided the Company in a difficult market environment. In tractors, for example, the Company provides finance to customers of multiple brands and also funds used tractors. The Used Commercial Vehicle Loans not only enable customers to fund their vehicle purchase but also helps them cover the operating costs incurred while plying their vehicles via the Company's ecosystem loan offerings.

### **Recovery Management**

During the year, the Company has had a relentless and sharp focus on recovery and collections. The Company also successfully touched 100% mobile application usage penetration within its collections team.

### **Usage of Analytics and Statistical Tools**

The Company's collections activities are driven by estimating probability of repayment at a customer level using a combination of On-Ups and Off-Ups attributes. With the help of analytical tools, segmentation of customers and collection agents, and optimisation of collections allocation based on such segments and local geographies have been rolled out. Statistical tools are used extensively to improve predictability in resolutions of delinquent customers and residual management to minimise loss to the Company. The Company focussed its approach based on region and pin code mapping of customers.

The Company has also invested in mitigating fraud risk with the launch of alert mechanisms to combat potential fraud at a customer, dealer or employee level.

### **Push for Digital Repayments**

The pandemic has resulted in widespread changes in customer behaviour and hastened the adoption of technology. Nowhere is this as visible as in collections, where the Company has significantly managed to increase the proportion of digital repayments from customers through continuous engagement and



providing them with the right tools. The Company is continuously investing in encouraging customers to make cashless payment through payment gateways and tying up with digital platforms for this purpose. This will continue to be a key focus area for the Company.

### **Data & Analytics**

The Company believes in leveraging data and analytical tools effectively as this will become one of the key differentiators amongst financiers in the future. The Company therefore, enhanced its focus on data and analytics through a number of focussed initiatives in this area.

### **Credit Assessment and Customer Acquisition**

The Company expanded the use of Machine Learning (ML) based decisions across its products and functions. The Company leveraged ML-based credit underwriting for Two-Wheeler and Consumer Durable Loans. These automated, algorithmic models have improved credit performance and efficiencies. The Company plans to further expand ML-based models to the Used Car and Tractor Loans business. The Company added geographic and demographic variables related to COVID-19 to refresh the algorithmic models and fine tune collections and cross-sell programmes. In addition, the Company has deployed predictive models to accelerate the growth of Cross-Sell programmes and optimise exposure to customers of Business Loans and the InstaCard pilot programme through income estimation models.

### **Internal Sales Force Management**

The Company leveraged ML engines to predict attrition and design of experiments in field personnel incentives to determine appropriate interventions. With the encouraging results of these pilots, the Company intends to launch this on a pan-India basis this year.

### **Model Monitoring and Data Management**

With a heightened focus on deploying advanced analytics including machine learning and deep learning based tools, the Company has strengthened its processes for model monitoring – both from a model performance as well as model execution perspective. There is a continued focus on data enrichment from all possible sources – internal systems, third-party sources and business operations. Further, the Company has completed the data management and governance assessment to understand areas to strengthen underlying data to further artificial intelligence and algorithmic deployments. The data lake programme has also begun in full-swing to modernise the analytics data infrastructure.

### **Information Technology**

The Company continues to focus on data privacy and information security, given their critical importance in enhancing the trust of the customers. The Company strengthened its security landscape by implementing prioritised cyber security projects focussing on access management, network security, data protection and secured development. Regulatory and compliance standards were adhered by completing IPv6 migration, applications VAPT and all mobile applications security wrapping. The Company successfully performed business continuity and disaster recovery drills at a regular frequency. The Company has implemented Web Application Firewall (WAF) to secure business critical applications and started performing continuous brand monitoring to avoid brand infringement and reputational risks. "Secure Internet on the move" was implemented for end points to connect from anywhere and on any networks. Red teaming assessment was also carried out to understand current posture of cyber security for the organisation.

### **Marketing Initiatives**

Given the unprecedented situation due to the pandemic, the Company has taken numerous initiatives to ensure that the business continued in a smooth manner. The focus was on regular engagement with customers, channel partners, and employees through digital means.

### **Regular Communication with Employees, Channel Partners and Customers**

When the pandemic struck and uncertainty was at its peak, the Company created a calendar for communication with its customers, channel partners, and employees to create awareness, engage,

and ensure business continuity. The employee communication focussed on critical elements such as general guidelines for COVID-19, precautions, and work from home guidelines. The Company proactively communicated to customers on the EMI moratorium facility and how they could make loan repayments safely through digital modes of payment in a hassle free-way.

### **New Products Offerings and Branding Initiatives**

The Company introduced the InstaCard programme, which offers customers a continuous credit line for all their instant needs. This programme allows customers to make online and offline payments across a wide range of categories such as Lifestyle, Groceries, Shopping, Health, etc. To promote adoption and usage, an omni-channel communication campaign was executed. The Company also launched a Retailer Loan product specifically targeted at small retailers. Local retailer activations were done for this to build connect with this customer segment. To build brand saliency, ambient branding was done across several Two-Wheeler and Consumer Durable dealerships.

During the year, the Company also integrated systems with select ecosystem partners to enable instant flow of leads from the partners' system to the Company's Lead Management System. The Company also started mobility solutions for Business Loans products such as Term Loans, Overdraft & Invoice Financing with speedy sanctions.

### **Focus on Digitalisation**

The Company strives to create the best-in-class user experience for its customers and channel partners through digital assets like the Saathi app, which has been made accessible in 5 regional languages. The Saathi app is available on both - the Android and iOS platform. Besides, the Company implemented WhatsApp Bot and a ChatBot on the Company's website, thus improving the self-service capabilities.

### **Human Resources**

People remain the most valuable asset for the Company. The Company has developed a robust human resource management framework to maximise the employee performance. The Company is professionally managed with the senior management team having a rich experience and long tenure with the organisation. The Company has created a succession roadmap to build a leadership pipeline and has also undertaken many initiatives to develop organisational leadership and culture. As on 31<sup>st</sup> March, 2021, the Company had 15,782 employees on its rolls.

The Human Resources team undertook several initiatives during the year.

### **Employee Well-being**

The health, safety and well-being of the employees were the topmost priorities this year. The Company has taken several steps such as setting up of regional task force in order to support employees, COVID-insurance to all the employees, emergency financial assistance, awareness creation, transport arrangements in case of medical emergencies, medical assistance for pregnant ladies/elderly parents and children, distribution of safety kits to all employees and regular disinfection of premises during the year. In order to support the families of the employees, the Company has launched a new programme called "Parivar – Employee Welfare Kitty", which will be utilised to support the families of those employees who lost their lives due to COVID-19. Keeping a people-first approach, pro-active work from home was initiated by the Company since March 2020.

### **Employee Engagement**

During these challenging times, the Company has started mandatory day offs, virtual fun sessions and psychological counselling programmes (YourDost) in order to support the employees and ensure their well-being.

### **Technology-based Initiatives and Recognition**

The Company uses contemporary technology and automation for recruitment process, training and performance monitoring to improve productivity. The Company has launched a new application called "Geo-Tagging – Employee Daily Work Management App" and Voice Bot assistance services for all the employees.

## **Talent Management and Development**

The cornerstone of the Company's people strategy is to ensure that talent development, internal mobility, promotion, rewards and performance work in a well synchronised manner to reinforce its brand values – trustworthiness, innovation, proactiveness, empathy and confidence. The Company continuously focusses on talent management and leadership development processes including having development centres, individual development plans and upskilling programmes. The Company has also launched employee recognition and training programmes to develop and motivate a talented workforce to meet day-to-day business challenges.

## **Annual Campus Engagement Programme**

The Company regularly engages with college campuses in order to enhance the visibility of the brand and to provide a platform for upcoming business leaders of tomorrow. E.P.I.C Season 2, the annual campus engagement programme, witnessed 20,000 student registrations from across 1,200+ colleges. This year's virtual edition saw the addition of the Finance Challenge along with the other 3 challenges – Strategy, IT and Analytics.

The Company duly complied with all the statutory compliances related to employment and labour laws.

## **Quality**

In the journey towards excellence, the Company continues to focus on quality. The Company carries out periodic assessment of gaps and takes immediate actions to address such identified gaps, which has resulted in strengthening the process across the Company. The Company obtained ISO Quality ISO 9001/2008 and ISMS 27001:2013 certification in 2017 for all processing hubs and central operations. ISMS 27001:2013 recertification was obtained with coverage of all hubs of the Company.

## **Community Support Initiative**

As part of the community support initiative – Saksham, the Company partnered with Yuva Parivartan to upskill 100 students in Karnataka and Maharashtra from low-income communities to revive, rebuild and reset the lives of youth affected due to the pandemic.

## **Awards and Recognition**

Over the last year, the Company has won several awards such as Best BFSI Brand by Economic Times, India's Leading BFSI & Fintech Companies 2021 by Dun & Bradstreet, Flame Awards by Rural Marketing Association of India, Content Mogul by CMS Asia, Impact Digital Power 100 Award and Most Innovative Use of HR Technology by ACEF to name a few.

## **Funding**

With equity infusion, participation from NBFCs, banks and financial institutions in the form of Tier 1 (Perpetual Debt Instrument) and Tier 2 capital (Subordinated Debt), the Company has an adequate Capital Adequacy Ratio (CAR) and Prudent Asset Liability Mix (ALM). The CAR as on 31<sup>st</sup> March, 2021 stood at 18.51%. As on 31<sup>st</sup> March, 2021, cumulative ALM mismatch (within 1 year Bucket) was positive 14.4% as against accepted mismatch of 15% as per RBI Guidelines.

During the year, the Company has obtained fresh sanctions to the tune of ₹3,906 Cr (including long & short-term borrowings) to meet its business requirement. The Company has raised maiden listed NCDs to the extent of ₹425 Cr under TLTRO and PCGS schemes. External Commercial Borrowings (ECB) to the tune of ₹722 Cr on fully hedged basis during FY21. In these challenging situations, the Company has taken various initiatives to raise funds at the cost commensurate with its rating by way of diversified funding mix with borrowings from Public sector banks, Private sector banks, Foreign Banks, Financial Institutions, ECB and Capital Markets. Besides, the Company focussed on increasing composition of fixed rate instruments with higher tenure in order to utilise benefit of the low interest environment.

All interest and principal repayments were paid on time. 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.

### Credit Ratings

Facility	Rating
Commercial Paper/STL	CRISIL/ICRA:A1+
Working Capital Demand Loans	CRISIL/BWR:AA-
Cash Credit	CRISIL/BWR:AA-
Long-Term Loans	CRISIL/BWR:AA-
Non-Convertible Debentures - Long-Term	CRISIL:AA-
Perpetual Debt	CRISIL/BWR: A+
Subordinated Debt	CRISIL/BWR:AA-

### Share Capital

During the year under review, the Board of Directors issued and allotted 67,55,400 equity shares at a face value of ₹10/- per share with premium of ₹138 per share.

The paid-up capital of the Company accordingly stood increased from ₹185.18 Cr (18,51,82,300) equity shares of ₹10/- each to ₹191.93 Cr (19,19,37,700) equity shares of ₹10/- each as on 31<sup>st</sup> March, 2021.

### Non-Convertible Debentures

During the year under review, the Company had issued Non-Convertible Debentures (NCDs) of ₹725 Cr on private placement basis. The NCDs have been listed on Wholesale Debt Market segment of National Stock Exchange of India Ltd (NSE). These NCDs have been rated as AA- by CRISIL and Brickwork Ratings India Private Limited as of 31<sup>st</sup> March, 2021.

The Company has been regular in making payments of principal and interest on all the NCDs issued by the Company on a private placement basis.

As specified in the respective offer documents, the funds raised from NCDs were utilised for various financing activities, onward lending, to repay existing indebtedness, working capital and general corporate purposes of the Company.

### Debenture Trustee:

Pursuant to Regulation 53 of the Listing Regulations, the name and contact details of the Debenture Trustee for the privately placed NCDs are given below:

1. Beacon Trusteeship Limited  
Registered Office:  
4C & D Siddhivinayak Chambers,  
Gandhi Nagar, Opp. MIG Cricket Club, Bandra (East), Mumbai – 400 051  
Email ID: compliance@beacontrustee.co.in
2. IDBI Trusteeship Services Limited  
Regd. Office:  
Asian Building, Ground Floor, 17 R Kamani Marg, Ballard Estate, Mumbai – 400 001  
Email ID: itsl@idbitrustee.co.in

### Dividend

The Directors have not proposed any dividend for the year under review, as the resources are required for future growth of business of the Company.

### Transfer to Statutory Reserves

During the year, ₹19.31 Cr were transferred to the Statutory Reserve created as required under Section 45-IC of the Reserve Bank of India Act, 1934.

### Public Deposits

The Company is a Systemically Important Non-Deposit taking Non-Banking Finance Company (NBFC-ND-SI) and has not accepted any deposits during the year under review. The Board has also passed a resolution for non-acceptance of deposits from public.



### Consolidated Financial Statements

As per SEBI circular dated: 22<sup>nd</sup> October, 2019, Companies, which have listed Commercial Papers, are required to prepare and submit financial results in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, (Listing Regulations).

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

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

The consolidated Profit Before Tax of the Company and its subsidiaries amounted to ₹106.18 Cr for the financial year 2020-21 as compared to ₹211.01 Cr in the previous year.

### Subsidiary Companies

The following companies are the subsidiaries of the Company as on 31<sup>st</sup> March, 2021.

S.No.	Name of the Companies
1.	TVS Two Wheeler Mall Private Limited
2.	TVS Micro Finance Private Limited
3.	Harita ARC Private Limited
4.	Harita Collection Services Private Ltd
5.	TVS Commodity Financial Solutions Pvt Ltd
6.	TVS Housing Finance Private Limited

### Performance of Subsidiaries

A report on the performance of the subsidiary companies including the salient features of the financial statements in Form AOC-I is attached and forms part of this Report (Annexure IV).

All the subsidiaries are yet to commence its operations.

### Holding Company

TVS Motor Company Limited is the holding Company and holds 84.5% equity shares as on the date of this report.

### Corporate Governance

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

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

The Company 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 and Committees of the Board.

The Company has experts in banking industry and well-informed Board. The Board along with the Corporate Governance mechanism in place undertakes its fiduciary duties to all its stakeholders.

The Company has framed internal Corporate Governance guidelines, in compliance with the Directions issued by RBI for NBFCs, in order to enable adoption of best practices and greater transparency in the business operations. 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 as Annexure V.

## **Directors**

### **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.Venu Srinivasan is the Chairman of the Board and he is not liable to retire by rotation as per Articles of Association of the Company.

Mr.K N Radhakrishnan and Mr.T K Balaji, Non-Executive and Non-Independent Directors, who are liable to retire at the ensuing AGM and being eligible, offers themselves for re-appointment.

The NRC at their meeting held on 26<sup>th</sup> April, 2021 recommended their re-appointment after evaluating their track record, integrity and other fit and proper criteria as laid down under RBI guidelines.

### **Woman Director**

In compliance with Section 149 of the Act 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Ms.Sasikala Varadachari, is the Independent Woman Director of the Company.

### **Independent Directors**

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

The detailed terms of appointment of IDs is disclosed on the Company's website in the following link [www.tvscredit.com](http://www.tvscredit.com). All the IDs have registered with the databank of Independent Directors developed by the Indian Institute of Corporate Affairs in accordance with the provisions of Section 150 of the Act, 2013 and obtained ID registration certificate.

### **Declaration and Undertaking**

During the year, as per the directions of the 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 the RBI.

### **Separate Meeting of IDs**

During the year under review, a separate meeting of IDs was held on 23<sup>rd</sup> March, 2021. 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.

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

### **Non-Independent Directors (Non-IDs)**

IDs were accomplished with the criteria and methodology and inputs for evaluation of Non-IDs namely, Mr.Venu Srinivasan, Mr.Sudarshan Venu, Mr.T K Balaji, and Mr.K N Radhakrishnan.

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

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

### **Chairman**

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

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

Chairman was awarded with Padmashri by the President of India in 2010 for his contribution in the field of Trade and Industry, the third highest civilian award, and was conferred with the prestigious Deming 'Distinguished Service Award for Dissemination and Promotion Overseas', and becomes the First Industrialist from India to be bestowed this prestigious award for his contributions in the field of Total Quality Management (TQM).

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

IDs also recorded the growth story of the Company under the stewardship of Chairman and significant increase in turnover and profit.

### **Board**

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

The evaluation process focussed on Board dynamics. The Company has a Board with wide range of expertise in all aspects of business and outstanding diversity of the Board with the presence of varied personalities from diverse fields particularly from finance field. The Board upon evaluation concluded that it is well balanced in terms of diversity of experience with expert in each domain viz., Automotive, Leadership / Strategy, Finance, Legal & Regulatory and Governance. The Company endeavours to have a diverse Board representing a range of experience at policy-making levels in business and technology.

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

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

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

### **Quality, Quantity and Timeliness of flow of Information between the Company, Management and the Board**

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

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

### **Performance Evaluation of the Board**

In terms of Section 134 of the Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually (including Independent Directors).

The evaluation framework for assessing the performance of Directors comprises of various key areas such as attendance at Board and Committee Meetings, quality of contribution to Board discussions and decisions, strategic insights or inputs regarding future growth of the Company and its performance, understanding of industry and global trends, etc.

Evaluation framework based on well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of Company's subsidiaries, etc., and feedback by way of comments were sought from the Directors.

The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated.

Qualitative comments and suggestions of Directors were taken into consideration by the Board. The Directors have expressed their satisfaction with the evaluation process.

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

In accordance with Section 178 of the Act, 2013 the NRC 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 performance evaluation, disclosures on the remuneration of Directors, criteria of making payments to Non-Executive Directors have been disclosed as part of Corporate Governance Report attached herewith.

#### **Key Managerial Personnel**

Mr.G Venkatraman, Chief Executive Officer, Mr.V Gopalakrishnan, Chief Financial Officer and Mr. J Ashwin, 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.

#### **Chief Risk Officer (CRO)**

The Board at its meeting held on 28<sup>th</sup> July, 2020, appointed Mr. Shelvin Mathews as Chief Risk Officer (CRO) of the Company with defined roles and responsibilities, in terms of RBI circular RBI/2018-19/184 DNBR (PD) CC.NO.099/03.10.001/2018-19 dated 16<sup>th</sup> May, 2019.

#### **Statutory Auditors**

On recommendation of the Board of Directors of the Company, members of the Company appointed M/s. Raghavan Chaudhuri & Narayanan, Chartered Accountants, Bengaluru having Firm Registration No. 007761S allotted by the Institute of Chartered Accountants of India as Statutory Auditors of the Company at the 11<sup>th</sup> Annual General Meeting of the Company for a term of 5 consecutive years i.e. till the conclusion of 16<sup>th</sup> Annual General Meeting pursuant to Section 139 of the Act, 2013, at such remuneration in addition to applicable taxes, out-of-pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

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

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being Statutory Auditors of the Company for the year 2021-22.

The Auditors' Reports for the financial year 2020-21 do not contain any qualifications, reservations and adverse remarks and the same is attached with the annual financial statements.

#### **Secretarial Auditors**

Mr.T N Sridharan, Practicing Company Secretary, Chennai, was appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2020-21.

As required under Section 204 of the Act, 2013 the Secretarial Audit Report for the year 2020-21, given by him is attached as Annexure VI to this report. The Secretarial Audit Report does not contain any qualifications, reservations or other remarks.

The Board at its meeting held on 26<sup>th</sup> April, 2021 have re-appointed Mr. T N Sridharan, Practicing Company Secretary, Chennai, as Secretarial Auditor for the financial year 2021-22.

### **3. 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 31<sup>st</sup> March, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any

- b. The Directors had selected such accounting policies and applied them consistently and made judgements 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 the 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 31<sup>st</sup> March, 2021 on a going concern basis;
- 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.

#### **4. Annual Return**

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return as on 31<sup>st</sup> March, 2021 in Form No. MGT-7, (Annexure I) is available on the Company's website [www.tvscredit.com](http://www.tvscredit.com) and can be accessed at the below weblink.

<https://www.tvscredit.com/investors/investor-information#financial-details>

#### **5. Number of Meetings of the Board**

The Board met 6 (six) times during the financial year, the details of which are given in the Corporate Governance Report.

#### **6. Corporate Governance**

##### **Board Meetings**

During the year under review, the Board met six times on 27<sup>th</sup> April, 2020, 27<sup>th</sup> May, 2020, 28<sup>th</sup> July, 2020, 28<sup>th</sup> October, 2020, 22<sup>nd</sup> January, 2021 and 24<sup>th</sup> March, 2021 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 established the following Committees viz., Audit Committee: Nomination and Remuneration Committee, Corporate Social Responsibility Committee (CSR), Asset Liability Management Committee (ALCO), Risk Management Committee, Information Technology (IT) Strategy Committee, Senior Management Committee and Credit Sanction Committee.

Details of Composition of Committees, roles and responsibilities and meetings and the members' attendance are explained in the Corporate Governance Report attached with this report as Annexure – V.

##### **Nomination and Remuneration Policy**

Directors:

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

The Board has approved the payment of remuneration by way of profit-related commission to the Non-Executive Independent Directors, for the financial year 2020-21, based on the recommendation of the Nomination and Remuneration Committee. The approval of the shareholders by way of a special resolution was obtained at the twelfth Annual General Meeting held on 27<sup>th</sup> July, 2020, in terms of Sections 197 and 198 and any other applicable provisions of the Act 2013.



Commission:

The Company benefits from the expertise, advice 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 27<sup>th</sup> July, 2020, Non-Executive and Independent Directors are being paid commission, subject to the ceiling limit prescribed under the Act, 2013, for each such Director from the financial year 2020-21. Non-Executive Directors (NEDs) devote considerable time in deliberating the operational and other issues of the Company and provide valuable advice in regard to the management of the Company from time to time, and the Company also derives substantial benefit through their expertise and advice.

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 and 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.

### **Criteria for Board Membership**

Directors:

The Company will generally consider (i) Their relevant experience in Leadership/ Strategy / Finance/ Governance / Legal and Regulatory or other disciplines related to the Company's business, and (ii) Having the highest personal and professional ethics, integrity and values.

Independent Directors:

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

Related Party Transactions:

All contracts / arrangements entered by the Company during the period ended 31<sup>st</sup> March, 2021 with related parties were in the ordinary course of business and at arm's-length price in terms of Section 188 of the Act, 2013 read with the Companies (Meetings of Board and its powers) Rules, 2014.

Pursuant to the provisions of Section 134(h) of the Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's-length and are in the ordinary course of business.

Hence, no particulars are being provided in Form AOC-2. Related Party disclosures, as per IND-AS have been provided in Notes to the financial statement.

### **Risk Management Policy**

The Company, being in the business of financing of two wheelers, used cars, new tractors and used tractors, three wheelers, consumer durables, used commercial vehicles and MSMEs has to manage various risks. These risks include credit risk, liquidity risk, interest rate risk and operational risk. In order to strengthen risk management, the Company is in the process of developing robust Enterprise Risk Management Framework and risk registers.

The risk management framework is based on assessment of all risks through proper analysis and understanding of the underlying risks before undertaking any transactions and changing or implementing processes and systems. This risk management mechanism is supported by regular review, control, self-assessments and monitoring of key risk indicators.

Risk assessment reports are periodically placed before the Risk Management Committee and the Asset Liability Management Committee for reviewing and monitoring these risks at periodic intervals.

Liquidity risks and interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. Operational risks arising from inadequate or failed internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored. Standard Operating Procedures are well documented to ensure enhanced control over processes and regulatory compliance.

## **7. Internal Control Systems**

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 Board is accountable for evaluating and approving the effectiveness of the internal controls, including financial, operational and compliance controls.

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

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

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

## **8. Internal Audit**

As part of the effort to evaluate the effectiveness of the internal control systems, the Company's internal audit function reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures.

The Company's internal control system is commensurate with its size, nature and operations.

## **9. Corporate Social Responsibility initiatives**

Pursuant to Section 135 of the Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company at the Board Meeting held on 27<sup>th</sup> March, 2015 approved a policy on CSR and the policy is hosted on the website of the Company. Based on the recommendation of the CSR Committee, the Board has approved the projects / programmes carried out as CSR activities by Srinivasan Services Trust (SST), to a sum of ₹4.00 Cr constituting more than 2% of the average net profits of the Company, made during the three immediately preceding financial years, towards CSR spending for the financial year 2020-21.

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

Over 25 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

The Company is eligible to spend on their ongoing projects/programmes, falling within the CSR activities specified under the Act, 2013, as mandated by the MCA for carrying out the 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 for the financial year 2020-21 are given by way of Annexure III attached to this Report.

**10. Policy on Vigil Mechanism**

The Board has adopted a Policy on Vigil Mechanism in accordance with the provisions of the 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 policy is disclosed on the Company's website in the following link- [www.tvscredit.com](http://www.tvscredit.com).

**11. Disclosure in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

Company has in place a Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) (POSH) Act, 2013. The Company has an Internal Complaints Committee as required under POSH.

**12. Significant and Material Orders**

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.

**13. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

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 FY21 is ₹22.87 Cr (previous year ₹11.29 Cr). The Company did not have any foreign exchange earnings.

**14. Material Changes and Commitments**

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

**15. Employees' Remuneration**

Details of Employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure-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 as mentioned in the Notice of AGM and any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

**16. Details of Loans / Guarantees / Investments Made**

Furnishing the details of investments under Section 186 of the Act, 2013 for the financial year 2020-21 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.

**17. Reporting of Fraud**

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

**18. Maintenance of Cost Records**

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Act, 2013 for the business activities carried out by the Company.

**19. 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 18.51%, which is well above the prescribed minimum of 15% by RBI.

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 past experience and emerging trends. The Company has also complied with direction of RBI with regard to COVID-19 - regulatory package in terms of granting moratorium to eligible customers, asset classification and provisioning requirements.

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 NBFC 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.

**20. ACKNOWLEDGEMENT**

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

Place : Chennai  
Date : 26<sup>th</sup> April, 2021

**Venu Srinivasan**  
Chairman

**Annexure-III to Directors' Report to the Shareholders**

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

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

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

2. Composition of the CSR Committee:

S.No.	Name of the Director (M/s.)	Designation	Status
1.	Venu Srinivasan	Non-Independent Director	Chairman
2.	R Gopalan	Independent Director	Member
3.	K N Radhakrishnan	Non-Independent Director	Member

3.	Web-link where Composition of CSR Committee, Policy and Projects approved by the Board are disclosed on the website of the Company	<a href="https://www.tvscredit.com/investors">https://www.tvscredit.com/investors</a>										
4.	Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).	Not Applicable										
5.	Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any	<table border="1"> <thead> <tr> <th>S. No.</th> <th>Financial Year</th> <th>Amount available for set-off from preceding Financial Years (₹ in Cr)</th> <th>Amount required to be set-off for the Financial Year, if any (₹ in Cr)</th> </tr> </thead> <tbody> <tr> <td colspan="4" style="text-align: center;">Not Applicable</td> </tr> </tbody> </table>	S. No.	Financial Year	Amount available for set-off from preceding Financial Years (₹ in Cr)	Amount required to be set-off for the Financial Year, if any (₹ in Cr)	Not Applicable					
S. No.	Financial Year	Amount available for set-off from preceding Financial Years (₹ in Cr)	Amount required to be set-off for the Financial Year, if any (₹ in Cr)									
Not Applicable												
6.	Average net profit of the Company as per Section 135(5).	₹199.19 Cr										
7.	a. 2% of average net profit of the Company as per Section 135(5)	₹3.99 Cr										
	b. Surplus arising out of the CSR projects or programmes or activities of the previous financial years	NIL										
	c. Amount required to be set-off for the financial year, if any	NIL										
	d. Total CSR obligation for the financial year (7a+7b- 7c)	₹3.99 Cr										
8 (a)	CSR amount spent or unspent for the financial year:											



Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
₹4.00 Cr	NA	NA	NA	NA	NA

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

8 (c)	Details of CSR amount <b>spent against other than ongoing projects</b> for the financial year:	
	Name of the Project	Economic Development, Education, Environment, Health, Infrastructure and Water Conservation
	Item from the list of activities in Schedule VII to the Act	<ul style="list-style-type: none"> <li>• Eradicate poverty, promoting preventive healthcare and sanitation and making available safe drinking water</li> <li>• Promotion of education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects</li> <li>• Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups</li> <li>• Ensuring environment sustainability, ecological balance, animal welfare, agro-forestry, conservation of natural resources and maintain quality of soil, air and water</li> <li>• Rural development projects</li> </ul>
	Local area (Yes / No)	Yes
	Location of the Project (State / District)	<ul style="list-style-type: none"> <li>• Tamil Nadu - Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi, Dharmapuri, Nagapattinam, Trichy, Tiruvallur districts</li> <li>• Karnataka - Mysore, Bangalore Rural, and Chamrajanagar districts</li> <li>• Himachal Pradesh - Solan district</li> <li>• Maharashtra - Pune district – Shirur Block</li> <li>• Andhra Pradesh - Venkatagiri – Nellore district</li> </ul>
	Amount spent for the Project (in ₹)	₹19.95 Cr includes ₹4.00 Cr
	Mode of Implementation – Direct (Yes / No)	No
	Name of the Implementing Agency	<b>Srinivasan Services Trust</b> Jayalakshmi Estates, No. 29, Haddows Road, Chennai - 600 006 Tamil Nadu Phone No.: 044-28332115 Mail ID: swaran@tvssst.org
	CSR Registration No.	CSR00001508

8 (d)	Amount spent in Administrative overheads	Not Applicable
8 (e)	Amount spent on Impact Assessment, if applicable	
8 (f)	Total amount spent for the Financial Year (8b + 8c + 8d + 8e)	

8 (g)	Excess amount for set-off, if any – ₹0.01 Cr
-------	--

S.No.	Particulars	Amount (in ₹)
i.	2% of average net profit of the Company as per Section 135(5)	₹3.99 Cr
ii.	Total amount spent for the financial year	₹4.00 Cr
iii.	Excess amount spent for the financial year [ ii-i ]	₹0.01 Cr
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
v.	Amount available for set-off in succeeding financial years [iii - iv]	₹0.01 Cr

9 (a)	Details of unspent CSR amount for the preceding three Financial Years					(In ₹)	
S. No.	Preceding Financial Year	Amount transferred to unspent CSR Account under Section 135(6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding Financial Years
				Name of the Fund	Amount	Date of Transfer	
Not Applicable							

9 (b)	Details of CSR amount spent in the financial year for <b>ongoing projects</b> of the preceding financial year(s): - Not Applicable
-------	---

10.	In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year; (asset-wise details)	
	a. Date of creation or acquisition of the capital asset(s)	Not Applicable
	b. Amount of CSR spent for creation or acquisition of capital asset	
	c. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	
	d. Details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	
11.	Specify the reason(s), if the Company has failed to spend 2% of the average net profit as per Section 135(5)	
	Not Applicable	

Place : Chennai  
Date : 26<sup>th</sup> April, 2021

**Venu Srinivasan**  
Chairman & Chairman of CSR Committee



## People shouldn't have to understand technology. Technology should understand people.

In the past year, we upgraded our Saathi app to communicate in seven languages. Now, many more of our customers from across India can apply for a new loan, make EMI payments, view loan details, raise requests and lots more from wherever they are, in just a few clicks. After all, language should never be a barrier to caring.

**TVSCREDIT**



## **Our customers don't ask how many kilometres away we are. They ask, how many clicks away?**

We've ensured that customers have multiple digital options to pay their EMIs, without having to visit our offices. We also ramped up our minimum touch on-boarding process with online contracts and video personal discussion, while introducing a WhatsApp bot and a Website chatbot for self-service.



**Annexure-IV to Directors' Report to the Shareholders  
Form AOC-I**

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

**Part "A"**

Subsidiaries - Statement containing salient features of the financial statement of subsidiaries:-  
(Information in respect of each subsidiary to be presented with amounts ₹ in Lakhs)

S.No.	Particulars	Name of the Company						
1.	Name of the subsidiary	TVS Two Wheeler Mall Private Limited	TVS Micro Finance Private Limited	Harita ARC Private Limited	Harita Collection Services Private Ltd	TVS Commodity Financial Solutions Pvt Ltd	TVS Housing Finance Private Limited	
2.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	INR	INR	
4.	Share Capital / Contribution	0.25	0.25	0.25	0.25	0.25	1,200.00	
5.	Reserves & Surplus	(0.94)	(0.91)	(0.96)	(0.94)	(0.96)	171.89	
6.	Total Assets	0.24	0.24	0.24	0.25	0.24	1,372.50	
7.	Total Liabilities	0.24	0.24	0.24	0.25	0.24	1,372.50	
8.	Investments	-	-	-	-	-	-	
9.	Turnover	-	-	-	-	-	-	
10.	Profit/(Loss) before taxation	(0.29)	(0.27)	(0.31)	(0.29)	(0.31)	78.70	
11.	Provision for taxation	-	-	-	-	-	19.94	
12.	Profit/(Loss) after taxation	(0.29)	(0.27)	(0.31)	(0.29)	(0.31)	58.76	
13.	Proposed Dividend	-	-	-	-	-	-	
14.	% of shareholding	100%	100%	100%	100%	100%	100%	

As per our report annexed

**For Raghavan Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716  
26<sup>th</sup> April, 2021

For and on behalf of the Board

**G Venkatraman**  
Chief Executive Officer

**Venu Srinivasan**  
Chairman

**J Ashwin**  
Company Secretary

**V Gopalakrishnan**  
Chief Financial Officer

Place : Chennai  
Date : 26<sup>th</sup> April, 2021



### Annexure-V to Directors' Report to the Shareholders

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

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

The Company would constantly endeavour to improve on these aspects. 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:

- 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.
- The size of the Board is commensurate with the size and business of the Company. The Board as part of its succession planning exercise periodically reviews its composition to ensure that the same is closely aligned with the strategy and long-term needs of the Company. As on 31<sup>st</sup> March, 2021, the Board comprised of eight Directors, viz.,

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

All the Directors possess requisite qualifications and experience in general corporate management, banking, finance, economics, marketing, digitisation, analytics, strategy formulation and other allied fields that allow them to contribute effectively by actively participating in the Board and Committee Meetings, providing valuable guidance and expert advice to the Board and the Management and enhancing the quality of Board's decision-making process.

#### Meetings of the Board

The meetings of the Board of Directors shall be held at least four times a year, with a maximum time-gap of four months between any two consecutive meetings. During the year, the Board met 6 (Six) times on the following dates;

FY 2020-21	Date of the Meeting
April' 20 – June' 20 (Q1)	27 <sup>th</sup> April, 2020 27 <sup>th</sup> May, 2020
July' 20 – September' 20 (Q2)	28 <sup>th</sup> July, 2020
October' 20 - December' 20 (Q3)	28 <sup>th</sup> October, 2020
January' 21 - March' 21 (Q4)	22 <sup>nd</sup> January, 2021 24 <sup>th</sup> March, 2021

Necessary quorum was present at the meetings. In compliance with the applicable provisions of the Companies Act, 2013 (the Act) and the Rules made thereunder, the Company facilitates the

participation of the Directors in Board / Committee meetings through video conferencing or other audio-visual mode except in respect of such meetings/items, which are not permitted to be transacted through video conferencing as notified under the Act.

S.No.	Name of Director (M/s.)	Board Meetings		Whether present at previous AGM held on 27 <sup>th</sup> July, 2020
		Held	Attended	
1.	Venu Srinivasan	6	6	Yes
2.	T K Balaji	6	6	No
3.	Sudarshan Venu	6	6	Yes
4.	V Srinivasa Rangan	6	6	No
5.	K N Radhakrishnan	6	6	No
6.	Sasikala Varadachari	6	6	Yes
7.	R Gopalan	6	6	No
8.	B Sriram	6	6	No

### Committees of the Board

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, Corporate Social Responsibility Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Management Committee, Information Technology (IT) Strategy Committee and Credit Sanction Committee.

#### 1. Audit Committee:

The Company has in place an 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 composition of the Committee is in accordance with the requirements of Section 177 of the 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.

Brief description of terms of reference:

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

- The recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Examination of the financial statement and the auditor's report thereon.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings of assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Monitoring the end use of funds raised through public offers and related matters.
- Monitoring, reviewing, recommending and approving all related party transactions including granting omnibus approval for RPTs having value not exceeding ₹1Cr per transaction for a period of one year.

- Ratification of any RPT involving amount not exceeding ₹1Cr entered into by a Director or officer of the Company without obtaining the approval of the Audit Committee within three months from the date of the transaction.

#### Roles and Responsibilities:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are fair and transparent, sufficient and credible.
- The role of the Audit Committee would include the review and audit the working of the management of the Company in terms of the profitability, cost control and performance of credit exposures.
- Recommending the appointment of and removal of external and internal auditors, fixation of audit fee and approval for payment for any other services.
- Approval of Annual Plans before it is placed before the Board.
- Reviewing with the management the quarterly and annual financial statements before submission to the Board, focussing, primarily on the following as may be applicable.
  - i. Accounting policies and practices followed and any deviations or changes with reference to the earlier policies and practices.
  - ii. Major accounting entries based on exercise of judgement by management.
  - iii. Qualifications in draft audit report.
  - iv. Significant adjustments arising out of audit.
  - v. The going concern assumption.
  - vi. Compliance with accounting standards.
  - vii. Compliance with the legal requirements concerning financial statements.
  - viii. Any related party transaction i.e. transactions of Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.
- Reviewing with the management, reports of external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit, plan and scope of internal audit.
- Discussion with internal auditors any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud, irregularity, or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences, nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- Review of Company's asset position, realisability and other related matters in respect of collateral securities, sale of properties etc.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of dividends declared) and creditors.
- To review the quarterly and annual financial statements before submission to the Board and ensure compliance of internal control systems.
- Authority to investigate into any matter referred to it by the Board.

The Audit Committee also ensures that an Information System Audit of the internal systems and processes is conducted every year to assess operational risks faced by the Company.

During the year under review, the Committee met five times on 27<sup>th</sup> May, 2020, 28<sup>th</sup> July, 2020, 28<sup>th</sup> October, 2020, 22<sup>nd</sup> January, 2021 and 24<sup>th</sup> March, 2021.

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

Date of the Meetings	Members Present (M/s)		
	R Gopalan	V Srinivasa Rangan	K N Radhakrishnan
27 <sup>th</sup> May, 2020	✓	✓	✓
28 <sup>th</sup> July, 2020	✓	✓	✓
28 <sup>th</sup> October, 2020	✓	✓	✓
22 <sup>nd</sup> January, 2021	✓	✓	✓
24 <sup>th</sup> March, 2021	✓	✓	✓

**2. Corporate Social Responsibility Committee:**

In accordance with the provisions of Section 135 of the Companies Act, 2013 read with Rules made thereunder, the Board of Directors of the Company have constituted the Corporate Social Responsibility Committee (CSR Committee). The Committee has formulated and recommended a CSR Policy to the Board and various recommendations of the Committee including the amount of expenditure to be incurred on CSR activities are submitted to the Board for its approval. The Committee has framed a transparent monitoring mechanism for implementation of CSR projects or programmes or activities undertaken by the Company and also monitors CSR policy from time to time.

Roles and Responsibilities:

- To review, agree and establish the Company’s corporate strategy to ensure that CSR is and remains an integral part of its business strategy;
- To review the standards, policies and conduct of the Company relating to the application of CSR principles;
- To review the effectiveness of the compliance programme, including compliance with the Code of Conduct;
- To review reports of CSR progress and audits of CSR performance against key performance indicators across programme areas;
- To review an annual budget for CSR activities approved by the Board, as part of the overall budget;
- To ensure that the Company’s website communicates; and reports its CSR approach and performance in a timely, complete and coherent manner; and
- To perform such other function related or incidental to the CSR Policy of the Company, at the request of the Board.

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 ₹4.00 Cr constituting more than 2% of average net profits, for the immediate past three financial years, towards CSR spending for the financial year 2020-21.

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.

During the year under review, the Committee met on 27<sup>th</sup> May, 2020 and attendance by the members of the Committee, during the year under review, are given in the table below:

Date of the Meetings	Members Present (M/s)		
	Venu Srinivasan	R Gopalan	K N Radhakrishnan
27 <sup>th</sup> May, 2020	LOA	✓	✓

### 3. 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 reporting by various Committees set up by the Board.

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.

Brief description of terms of reference:

- 1.1 Guiding the Board of TVS Credit ("Board") to lay down the terms and conditions in relation to appointment and removal of Director(s), KMP and SMP.
- 1.2 Evaluating the performance of the Director(s) and providing necessary report to the Board for its further evaluation and consideration.
- 1.3 Recommending to the Board on remuneration payable to the Director(s), KMP and SMP of TVS Credit based on (i) TVS Credit's structure and financial performance and (ii) Remuneration trends and practices that prevail in peer companies across the automobile industry.
- 1.4 Retaining, motivating and promoting talent among the employees and ensuring long-term sustainability of talented SMP by creation of competitive advantage through a structured talent review.
- 1.5 Devise a policy on diversity in the Board.
- 1.6 Develop a succession plan for the Board and SMP.



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

Date of the Meetings	Members present (M/s)		
	K N Radhakrishnan	R Gopalan	V Srinivasa Rangan
27 <sup>th</sup> May, 2020	✓	✓	✓
28 <sup>th</sup> July, 2020	✓	✓	✓
28 <sup>th</sup> October, 2020	✓	✓	✓

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 a member.

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

**4. 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 ensures 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 mechanism.

In conformity with the Corporate Governance guidelines issued by RBI vide its circular (DNBR (PD) CC.No.053/03.10.119/2015-16) the Committee meets periodically to review the effectiveness of progressive risk management system that has been put in place, to review the risk management practices, policies and risk mitigation/minimisation plans, engagement of services of external consultant by covering gap assessment of risk practices, risk mitigation and to strengthen the existing Risk Management framework.

Roles and Responsibilities :

- To review various risks measures adopted by the Company for identification, measurement, monitoring and mitigation of risks involved in various areas of functioning.
- To approve and review various credit policies including its amendments laid down by the Company and monitor performance levels.
- To review and discuss the issues reported in Asset Liability Management Committee in relation to risk aspects.
- Monitoring risk levels and also reviews of results and progress in implementation of decisions taken in earlier meeting.
- To approve and review Enterprise Risk Management framework inter alia approving Risk rating criteria and review of key risks along with mitigants and risk register.
- To approve and review Risk Management policy and its amendments.

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

Date of the Meetings	Members Present (M/s)		
	Sasikala Varadachari	K N Radhakrishnan	V Srinivasa Rangan
29 <sup>th</sup> June, 2020	✓	✓	✓
30 <sup>th</sup> September, 2020	✓	✓	✓
14 <sup>th</sup> December, 2020	✓	✓	✓
29 <sup>th</sup> March, 2021	✓	LOA	✓

#### 5. Asset Liability Management Committee (ALCO):

The Company constituted an Asset Liability Management Committee (ALCO), in terms of Guidelines issued by RBI to NBFCs in order to manage liquidity risk, market risks, and other funding / asset related risks for effective risk management in its portfolios.

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

Date of the Meetings	Members Present (M/s)		
	B Sriram	Sudarshan Venu	Sasikala Varadachari
22 <sup>nd</sup> June, 2020	✓	✓	✓
21 <sup>st</sup> September, 2020	✓	LOA	✓
29 <sup>th</sup> December, 2020	✓	✓	✓
29 <sup>th</sup> March, 2021	✓	✓	✓

#### 6. Information Technology (IT) Strategy Committee:

In line with the information technology / information systems directions issued by RBI vide their circular dated 8<sup>th</sup> June, 2017, in addition to IT Governance, NBFCs are required to constitute an IT Strategy Committee which shall consist of an Independent Director as chairman of the Committee and Chief Information Officer (CIO) and Chief Technology Officer (CTO) shall be part of the Committee.

As per the above requirement, the Company has constituted an Information Technology Strategy Committee:

During the year under review, the Committee met two times on 29<sup>th</sup> June, 2020 and 28<sup>th</sup> December, 2020.

Composition of the IT Strategy Committee and attendance of members are as below:

Date of the Meetings	Members Present (M/s)					
	SKV	SV	KNR	GV	VGK	CA
29 <sup>th</sup> June, 2020	✓	LOA	✓	✓	✓	✓
28 <sup>th</sup> December, 2020	✓	✓	✓	✓	✓	✓

## 7. Credit Sanction Committee:

The Company constituted the Credit Sanction Committee (CSC) to consider and approve credit proposals of material nature.

During the year under review, the Committee met two times on 15<sup>th</sup> May, 2020 and 5<sup>th</sup> November, 2020.

The Committee consists of the following Directors and officials:

S.No.	Name (M/s.)	Status
1.	B Sriram	Chairman
2.	Sudarshan Venu	Member
3.	G Venkatraman	Chief Executive Officer
4.	V Gopalakrishnan	Chief Financial Officer
5.	K Gopala Desikan	Special Officer

## 8. Senior Management Committee:

The Company constituted the Senior Management Committee to ensure adherence and compliance by monitoring and controlling the outsourcing activities engaged by the Company in accordance with the requirements of RBI guidelines issued on 9<sup>th</sup> November, 2017 in this regard.

During the year under review, the Committee met four times on 29<sup>th</sup> June, 2020, 30<sup>th</sup> September, 2020, 29<sup>th</sup> December, 2020 and 31<sup>st</sup> March, 2021.

### Related Party Transactions Policy

- (i) The Company has formulated a policy on related party transactions (RPTs). The Audit Committee reviews and approves said transactions 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.
- (ii) Copy of the said policy is available in the Company's website with the following link - [www.tvscredit.com](http://www.tvscredit.com).

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.

The Company has adopted a code of conduct for employees of the Company and due care is taken that the employees adhere to it.

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, 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 Company and foster 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.

- (i) The Board of Directors of the Company reviews, records and adopts the minutes of the meetings of various Committees constituted by the Company.

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

- (ii) The Company proposes to pay commission to the Non-Executive Directors (NEDs) of the Company for the year ended 31<sup>st</sup> March, 2021. None of the NEDs holds equity shares of the Company.
- (iii) Sitting fees for attending the meetings of the Board and Committees of are paid to NEDs within the maximum prescribed limits.
- (iv) Sitting fees paid to NEDs for the meetings held during 2020-21 are as follows:-

S.No.	Name of the Directors (M/s.)	Sitting Fees (Amount in ₹)	Commission (Amount in ₹)
1	Venu Srinivasan	60,000	NA
2	Sudarshan Venu	1,10,000	NA
3	T K Balaji	60,000	NA
4	K N Radhakrishnan	2,10,000	NA
5	V Srinivasa Rangan	2,00,000	12,00,000
6	Sasikala Varadachari	1,70,000	12,00,000
7	R Gopalan	1,70,000	12,00,000
8	B Sriram	1,30,000	12,00,000

- (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.tvscredit.com](http://www.tvscredit.com).

**SECRETARIAL AUDIT REPORT OF TVS CREDIT SERVICES LIMITED**

**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2021**

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

CIN: U65920TN2008PLC069758

Authorised Capital: ₹200,00,00,000/-

Paid-up Capital: ₹191,93,77,000/-

To

The Members  
TVS CREDIT SERVICES LIMITED  
"Chaitanya", No.12, Khader Nawaz Khan Road,  
Nungambakkam,  
Chennai - 600 006

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 31<sup>st</sup> March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism 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 31<sup>st</sup> March, 2021 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- iii) The provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;
- iv) The Company has received External Commercial Borrowings of USD 97 Million from State Bank of India, London Branch in compliance with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings as applicable. Besides this, the Company has not received any Foreign Direct Investment, Overseas Direct Investment and hence the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment is not applicable;
- v) The Company being a subsidiary company of a listed company, viz. TVS Motor Company Ltd., whose income or net worth exceeds 20% of the consolidated income or net-worth respectively of the listed entity, in the immediately preceding accounting year, it will be treated as a material subsidiary of the listed entity and hence the Company has to comply with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable which it is observed the Company has complied during the year under review.
- vi) Further, during the year under review, the Company has listed its Non-Convertible Debentures with National Stock Exchange of India Ltd.

Besides this, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company 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;
  - (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, 2018.
- vii) The Company has complied with the provisions of the 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. 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, 1992;
  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; Apprentices 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. Goods and Services Tax & Rules made thereunder;
  10. Indian & State Stamp Act and Rules;
  11. Competition Act, 2002;
  12. Trade & Merchandise Marks Act, 1958;
  13. Patents Act, 1970;
  14. Copyright Act, 1957 or any licences issued thereunder.

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 has listed its Commercial papers with National Stock Exchange of India Ltd (NSE) pursuant to SEBI circular dated 22<sup>nd</sup> October, 2019. The Company has duly complied with the compliances as prescribed in the above mentioned circular.
- iii. 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 with proper balance of Non-Executive Directors and Independent Directors. 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 on 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 Corporate Social Responsibility Committee meetings, or Risk Management Committee it was observed that there was no dissenting note made by any of the member.

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;
- 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 ₹4.00 Cr, constituting more than 2% of average net profits for the immediate past three financial years, has been spent for the financial year 2020-21 on the projects / programmes that have been identified to be undertaken for this purpose through Srinivasan Services Trust (SST) / other CSR compliant institutions in line with CSR Policy of the Company.

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;

- iv. 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;
- v. 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;
- vi. Has appointed 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;
- vii. Has provided Vigil Mechanism and approved Whistle Blower Policy in terms of Section 177(9) of Companies Act, 2013;
- viii. 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 under review, the Company has:

- i. Made following Preferential allotment aggregating to 67,55,400 equity shares of ₹10/- each at a premium of ₹138/- per equity share on private placement basis, during the year, comprised in two allotments on the following dates to the allottees as given below and has complied with the provisions of the Companies Act, 2013 and the rules made thereunder.

Date of allotment	Name of the allottee	No. of Equity shares allotted	Nominal value of shares @ ₹10/- per share (₹)	Premium @ ₹138/- per equity share (₹)	Total Amount of preferential allotment (₹)
21/09/2020	TVS Motor Company Ltd.	33,77,700	3,37,77,000/-	46,61,22,600/-	49,98,99,600/-
29/03/2021	TVS Motor Company Ltd.	33,77,700	3,37,77,000/-	46,61,22,600/-	49,98,99,600/-
Total		67,55,400	6,75,54,000/-	93,22,45,200/-	99,97,99,200/-

- ii. Not done any redemption / buyback of securities;
- iii. No major decisions were taken by the members in pursuance to Section 180 of the Companies Act, 2013;
- iv. No merger/ amalgamation / reconstruction etc. took place during the year under review;
- v. Not entered into any foreign technical collaborations during the year under review.

Signature:

Place : Chennai  
Date : 16<sup>th</sup> April, 2021

Name of the Company Secretary: T N Sridharan  
Certificate of Practice No. 4191

CIN: U65920TN2008PLC069758

Authorised Capital: ₹200,00,00,000/-

Paid-up Capital: ₹191,93,77,000/-

To

The Members

TVS CREDIT SERVICES LIMITED

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

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 the 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.

Signature:

Name of the Company Secretary: T N Sridharan

Membership No. FCS 3797

Certificate of Practice No. 4191

Place : Chennai

Date : 16<sup>th</sup> April, 2021

To the Members of TVS Credit Services Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of **TVS Credit Services Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IND-AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at 31<sup>st</sup> March, 2021, the profit(financial performance including total Comprehensive Income), changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S.No.	Key Audit Matter	Auditor's Response
1	<p><b>Allowance for Impairment under IND-AS 109</b></p> <p>IND-AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life considering reasonable and supportable information about past events current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.</p> <p>In the process a significant degree of judgement has been applied by the management for:</p>	<p><b>Principal Audit Procedures</b></p> <p>Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.</p> <p>We have understood the Company's estimation of the stage allocation of the loan assets and understood the policy in place for computation of parameters required to arrive at the expected credit loss and verified for the consistency in application of the policy.</p> <p>We have performed, substantive checks on the calculation, including independent calculation of the parameters, that are estimated by the Company as part of computation of ECL. We have also conducted analytical tests including but not limited to trend analysis of the ECL number against the loan receivables in comparison to some of the other companies in the same business profile.</p>



S.No.	Key Audit Matter	Auditor's Response
	a) Grouping of borrowers based on homogeneity by using appropriate statistical techniques b) Estimation of losses for loan products with no/minimal historical defaults	Tested the periods considered for capturing underlying data as base to PD and LGD calculations applied of group of Portfolio are in line with Company's recent experience of past observed periods. Tested the ECL model including assumptions and underlying computation.

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Management and Board of Directors, for the Standalone Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IND-AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance, a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter, or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

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 the paragraphs 3 and 4 of the Order, to the extent applicable.

As required by the Section 143(3) of the Act, we report that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose our audit.
- In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with book of accounts.

- (d) In our opinion, the aforesaid standalone financial statements comply with Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014.
- (e) On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as Directors in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on the financial position in its standalone financial statements - Refer Note 39(3) to the financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, the Investor Education and Protection Fund by the Company.

for **Raghavan, Chaudhuri & Narayanan**

Chartered Accountants

FRN: 007761S

**V. Sathyanarayanan**

Partner

Membership No. 027716

Place : Bangalore

Date : 26<sup>th</sup> April, 2021

UDIN : 21027716AAAAHW5549

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- b) Fixed assets are physically verified by the management in accordance with a regular programme at reasonable intervals. In our opinion, the interval is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such verifications;
- c) The title deeds of the immovable properties of the Company are held in the name of the Company.
- ii) The Company is in the business of lending and does not carry any inventory. Hence, clause (ii) to paragraph 3 of the order does not apply;
- iii) The Company has granted loans to a party covered in the register maintained under Section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest;

The Company has granted loans to a party covered in the register maintained under Section 189 of the Act. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular;

There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under Section 189 of the Act which are overdue for more than ninety days.

- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments, as applicable. The Company has not provided any guarantees or securities;
- v) The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76. Hence, reporting under sub-clause (v) of paragraph 3 of the Order is not applicable to the Company;
- vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Act. Therefore, the provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company;
- vii) a) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, Income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax and any other material statutory dues with the appropriate authorities except for few marginal delays;
- b) According to the information and explanations given to us, following are the details of the disputed dues that were not been deposited on account of any dispute as on 31<sup>st</sup> March, 2021:

Description	31 <sup>st</sup> March, 2021 (₹ in Cr)
Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹0.29 Crores)	7.70

- viii) Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of borrowings, to financial institutions or banks and debenture holder.
- ix) In our opinion and according to the information and explanations given to us, the Company has utilised monies raised by way of term loans and issue of commercial paper for the purpose for which they have been raised. During the year, the Company has not raised money by way of initial public offer or further public offer;

- x) Based on the audit procedures adopted and the information and explanations given to us, no fraud by the Company or on the Company, by its officers or employees has been noticed or reported during the course of our audit, except for the 47 cases identified as committed upon the Company, during the year (with individual cases not exceeding ₹1 crore), in the nature of misappropriation or criminal breach of trust. The total value of such frauds committed upon the Company during the year were ₹2.77 crores of which the Company has recovered ₹1.02 Crores and appropriately provided for the balance;
- xi) In our opinion and according to the information and explanations given to us, Managerial remuneration paid/provided are in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act;
- xii) The Company is not a Nidhi Company and as such this clause of the order is not applicable;
- xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act and details of such transactions have been disclosed in standalone IND-AS financial statements as required by the applicable accounting standards;
- xiv) According to the information and explanations given to us and in our opinion, the Company has made a preferential allotment of shares during the year under review, and the requirements of Section 42 of the Act have been complied with in this regard. The amounts raised have been used for the purpose for which the funds have been raised;
- xv) According to the information and explanations given to us and in our opinion, the Company has not entered into any non-cash transactions with Directors or persons connected with them;
- xvi) The Company is registered under Section 45-IA of the Reserve Bank Act, 1934 and has obtained the certificate of registration dated 13<sup>th</sup> April, 2010.

for **Raghavan, Chaudhuri & Narayanan**

Chartered Accountants

FRN: 007761S

**V. Sathyanarayanan**

Partner

Membership No. 027716

Place : Bangalore

Date : 26<sup>th</sup> April, 2021

UDIN : 21027716AAAAHW5549



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

We have audited the internal financial controls over financial reporting of **TVS Credit Services Limited** ("the Company"), "Chaitanya", No.12, Khader Nawaz Khan Road, Chennai 600 006, as of **31<sup>st</sup> March, 2021** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's and Board of Directors Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone 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 standalone financial statements.

### Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Raghavan, Chaudhuri & Narayanan**

Chartered Accountants

FRN: 007761S

**V. Sathyanarayanan**

Partner

Membership No. 027716

Place : Bangalore

Date : 26<sup>th</sup> April, 2021

UDIN : 21027716AAAAHW5549

# BALANCE SHEET AS ON 31<sup>ST</sup> MARCH, 2021



(All amounts in ₹ Crore unless otherwise stated)

S.No.	Particulars	Note No.	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
	<b>ASSETS</b>			
<b>1</b>	<b>Financial Assets</b>			
(a)	Cash and Cash Equivalents	2	653.14	357.36
(b)	Bank balances other than (a) above	3	0.87	11.62
(c)	Derivative Financial Instruments	4	-	23.63
(d)	Receivables			
	i) Trade Receivables	5	30.80	55.20
(e)	Loans	6	11,154.95	9,455.55
(f)	Investments	7	12.01	12.01
(g)	Other Financial Assets	8	89.75	112.67
	<b>Total</b>		<b>11,941.52</b>	<b>10,028.04</b>
<b>2</b>	<b>Non-Financial Assets</b>			
(a)	Current Tax Assets (Net)	9	17.26	14.88
(b)	Deferred Tax Assets (Net)	10	115.69	75.82
(c)	Investment Property	11	85.16	85.16
(d)	Property, Plant and Equipment	12	16.53	19.09
(e)	Other Intangible Assets	12	4.04	6.17
(f)	Other Non-Financial Assets	13	45.65	54.57
	<b>Total</b>		<b>284.33</b>	<b>255.69</b>
	<b>Total Assets</b>		<b>12,225.85</b>	<b>10,283.73</b>
	<b>LIABILITIES AND EQUITY</b>			
	<b>LIABILITIES</b>			
<b>1</b>	<b>Financial Liabilities</b>			
(a)	Derivative Financial Instruments	4	14.57	-
(b)	Payables			
	I. Trade Payables			
	i) Total outstanding dues of micro enterprises and small enterprises	14	-	0.02
	ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	14	227.87	168.61
(c)	Debt Securities	15	1,170.85	496.19
(d)	Borrowings other than debt securities	16	8,041.11	7,450.59
(e)	Subordinated Liabilities	17	942.79	612.77
(f)	Other Financial Liabilities	18	207.57	129.70
	<b>Total</b>		<b>10,604.76</b>	<b>8,857.88</b>
<b>2</b>	<b>Non-Financial Liabilities</b>			
(a)	Provisions	19	33.75	36.42
(b)	Other Non-Financial Liabilities	20	23.64	17.40
	<b>Total</b>		<b>57.39</b>	<b>53.82</b>
<b>3</b>	<b>Equity</b>			
(a)	Equity Share Capital	21	191.94	185.18
(b)	Other Equity	22	1,371.76	1,186.85
	<b>Total</b>		<b>1,563.70</b>	<b>1,372.03</b>
	<b>Total Liabilities and Equity</b>		<b>12,225.85</b>	<b>10,283.73</b>
	<b>Significant Accounting Policies forming part of financial statements</b>	<b>1</b>		
	<b>Additional Notes forming part of financial statements</b>	<b>39</b>		

As per our report of even date

For and on behalf of the Board

**For Raghavan Chaudhuri & Narayanan**

Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**

Partner  
Membership No.: 027716

Place : Bengaluru  
Date : 26<sup>th</sup> April, 2021

**Venu Srinivasan**  
Chairman

**V Gopalakrishnan**  
Chief Financial Officer

**G Venkatraman**  
Chief Executive Officer

**J Ashwin**  
Company Secretary

Place : Chennai  
Date : 26<sup>th</sup> April, 2021

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021



(All amounts in ₹ Crore unless otherwise stated)

S.No.	Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
	<b>Revenue from Operations</b>			
i)	Interest Income	23	2,041.06	1,821.51
ii)	Fees and Commission Income	24	196.76	168.13
I)	<b>Total Revenue from Operations</b>		<b>2,237.82</b>	<b>1,989.64</b>
II)	Other Income	25	3.11	10.12
III)	<b>Total Income (I + II)</b>		<b>2,240.93</b>	<b>1,999.76</b>
	<b>Expenses</b>			
i)	Finance Costs	26	729.44	699.81
ii)	Fees and Commission Expenses		135.17	127.50
iii)	Impairment of Financial Instruments	27	466.79	258.80
iv)	Employee Benefit Expenses	28	584.81	477.73
v)	Depreciation, Amortisation and Impairment		19.92	20.10
vi)	Other Expenses	29	199.40	197.51
IV)	<b>Total Expenses</b>		<b>2,135.53</b>	<b>1,781.45</b>
V)	Profit / (Loss) before exceptional items and tax		<b>105.40</b>	<b>218.31</b>
VI)	Exceptional items		-	8.00
VII)	Profit / (Loss) before tax		<b>105.40</b>	<b>210.31</b>
VIII)	Tax Expenses	30		
	Current Tax		46.52	60.00
	Deferred Tax		(38.10)	(0.20)
IX)	Profit / (Loss) for the period		96.98	150.51
X)	Other Comprehensive Income	31		
A.	Items that will not be reclassified to Profit or Loss - Itemwise			
	Remeasurement of the defined benefit plans		(3.50)	(3.54)
	Income Tax relating to these items		0.88	0.89
B.	Items that will be reclassified to Profit or Loss - Itemwise			
	Fair value change on cash flow hedge		(3.55)	(20.05)
	Income Tax relating to these items		0.89	5.05
	Other Comprehensive Income (A+B)		(5.28)	(17.65)
XI)	<b>Total Comprehensive Income for the period (Comprising Profit / (Loss) and Other Comprehensive Income for the period)</b>		<b>91.70</b>	<b>132.86</b>
XII)	Earnings Per Share	32		
	Basic (₹)		5.19	8.25
	Diluted (₹)		5.19	8.25
	<b>Significant Accounting Policies forming part of financial statements</b>	<b>1</b>		
	<b>Additional Notes forming part of financial statements</b>	<b>39</b>		

As per our report of even date

For and on behalf of the Board

**For Raghavan Chaudhuri & Narayanan**

Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**

Partner  
Membership No.: 027716

Place : Bengaluru  
Date : 26<sup>th</sup> April, 2021

**Venu Srinivasan**  
Chairman

**V Gopalakrishnan**  
Chief Financial Officer

**G Venkatraman**  
Chief Executive Officer

**J Ashwin**  
Company Secretary

Place : Chennai  
Date : 26<sup>th</sup> April, 2021

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021



(All amounts in ₹ Crore unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>Cash Flow From Operating Activity</b>		
Profit Before Income Tax	105.40	210.31
<b>Adjustment For:-</b>		
Depreciation and amortisation expense	19.92	20.10
Impairment of Financial Assets	106.57	64.33
(Profit) / Loss on disposal of PPE	(0.33)	(0.01)
Finance Charges Paid	729.43	699.81
Foreign currency gain	-	(15.18)
Fair Value Losses on derivatives not designated as hedges	-	15.03
Unwinding of discount on security deposits	(2.68)	(9.71)
Remeasurement of defined benefit plans	(3.50)	(3.54)
Employee Benefit Obligations	5.77	6.38
<b>Cash generated from operations before working capital changes</b>	<b>855.18</b>	<b>777.21</b>
<b>Change in operating assets and liabilities</b>		
(Increase) / Decrease in Trade Receivables	14.94	(5.04)
(Increase) / Decrease in Loans	(1,796.96)	(1,283.72)
(Increase)/Decrease in Other Financial Assets	25.33	22.52
(Increase) / Decrease in Other Non-Financial Assets	1.56	(38.91)
Increase / (Decrease) in Trade Payables	59.24	28.75
Increase / (Decrease) in Other Financial Liabilities	0.73	22.60
Increase / (Decrease) in Other Non-Financial Liabilities	6.24	2.74
Financing Charges paid	(650.99)	(699.81)
<b>Cash used in operation</b>	<b>(1,379.32)</b>	<b>(963.36)</b>
Income taxes paid	(48.91)	(68.12)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(1,428.23)</b>	<b>(1,031.48)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and Investment Property	(8.00)	(8.77)
Proceeds from sale of property, plant and equipment and Investment Property	0.36	0.01
Decrease in Deposits with Bank	10.75	15.65
<b>Net cash inflow/(outflow) from investing activities</b>	<b>3.11</b>	<b>6.89</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of Shares	99.98	90.00
Proceeds from Issue / (Repayment) of Debt Securities	674.66	3.75
Increase in / (Repayment) of Borrowings	887.64	1,821.52
Increase in / (Repayment) of Subordinated Liabilities	330.02	(26.99)
Payment of Lease Liabilities (Refer Note 38)	(8.94)	(6.83)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>1,983.36</b>	<b>1,881.45</b>
<b>Net Increase Or (Decrease) in Cash &amp; Cash Equivalent</b>	<b>558.24</b>	<b>856.86</b>
Cash and cash equivalents at the beginning of the financial year	(62.00)	(918.86)
<b>Cash and cash equivalents at end of the year</b>	<b>496.24</b>	<b>(62.00)</b>

As per our report of even date

For and on behalf of the Board

**For Raghavan Chaudhuri & Narayanan**

Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**

Partner  
Membership No.: 027716

Place : Bengaluru  
Date : 26<sup>th</sup> April, 2021

**Venu Srinivasan**  
Chairman

**V Gopalakrishnan**  
Chief Financial Officer

**G Venkatraman**  
Chief Executive Officer

**J Ashwin**  
Company Secretary

Place : Chennai  
Date : 26<sup>th</sup> April, 2021



(All amounts in ₹ Crore unless otherwise stated)

## I) Equity Share Capital

	Notes	Amounts
Balance as at 1 <sup>st</sup> April, 2019		178.21
Changes in equity share capital during the year	21	6.97
Balance as at 31 <sup>st</sup> March, 2020		185.18
Changes in equity share capital during the year	21	6.76
<b>Balance as at 31<sup>st</sup> March, 2021</b>		<b>191.94</b>

## II) Other Equity

Reserves and Surplus						
	Notes	Securities Premium Account	Statutory Reserve	Retained earnings	Other Reserves - Hedge Reserve	Total
<b>Balance as at 1<sup>st</sup> April, 2019</b>		<b>546.39</b>	<b>90.65</b>	<b>335.85</b>	-	<b>972.89</b>
Change in accounting policy		-	-	(1.93)	-	(1.93)
Profit for the Year	22	-	-	150.51	-	150.51
Other comprehensive income	22	-	-	(2.65)	(15.00)	(17.65)
<u>Transaction in the capacity as owners</u>						
Transfer to statutory reserve	22	-	30.10	(30.10)	-	-
Issue of equity shares	22	83.02	-	-	-	83.02
<b>Balance as at 31<sup>st</sup> March, 2020</b>		<b>629.41</b>	<b>120.75</b>	<b>451.69</b>	<b>(15.00)</b>	<b>1,186.85</b>
Profit for the Year	22	-	-	96.98	-	96.98
Other comprehensive income	22	-	-	(2.62)	(2.67)	(5.29)
<u>Transaction in the capacity as owners</u>						
Transfer to statutory reserve	22	-	19.40	(19.40)	-	-
Issue of equity shares	22	93.22	-	-	-	93.22
<b>Balance as at 31<sup>st</sup> March, 2021</b>		<b>722.63</b>	<b>140.15</b>	<b>526.65</b>	<b>(17.67)</b>	<b>1,371.76</b>

As per our report of even date

For Raghavan Chaudhuri &amp; Narayanan

Chartered Accountants  
Firm Regn No.: 007761S

V Sathyanarayanan

Partner  
Membership No.: 027716

Place : Bengaluru

Date : 26<sup>th</sup> April, 2021

For and on behalf of the Board

Venu Srinivasan  
ChairmanV Gopalakrishnan  
Chief Financial OfficerG Venkatraman  
Chief Executive OfficerJ Ashwin  
Company Secretary

Place : Chennai

Date : 26<sup>th</sup> April, 2021

## 1. Significant Accounting Policies forming part of Financial Statements

### COMPANY BACKGROUND

TVS Credit Services Limited ('the Company') is a public limited company incorporated and domiciled in India. The registered office is located at "Chaitanya", No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006, Tamil Nadu, India. The Company is a subsidiary of TVS Motor Company Limited.

The Company has received Certificate of Registration dated 13<sup>th</sup> April, 2010 from Reserve Bank of India (RBI) and commenced Non-Banking Financial activity thereon. The Company is categorised 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 Automobile Financing. The Company falls under the new category of "NBFC - Investment and Credit Company (NBFC-ICC)" post RBI merger of the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) in February 2019.

### SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of preparation of accounts

The financial results of the Company have been prepared in accordance with Indian Accounting Standards (IND-AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with [Companies (Indian Accounting Standards) Rules, 2015] as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other accounting principles generally accepted in India.

The financial statements has been prepared in accordance with Division III of Schedule III of Companies Act 2013 notified by MCA on 11<sup>th</sup> October, 2018. Further, the Company follows application guidance, clarifications, circulars and directions issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFC) or other regulators, as and when they are issued and applicable.

#### b. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value as stated in notes;
- Defined benefit plans – plan assets measured at fair value.

#### c. Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

#### d. Significant estimates and judgements

The areas involving critical estimates are:

- Determining inputs into the ECL measurement model - (Refer Note 35)
- Estimation of defined benefit obligation - (Refer Note 33)

The areas involving critical judgements are:

- Classification of financial assets: Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI (Solely Payments of Principal and Interest) on the principal amount outstanding
- Derecognition of financial assets and securitisation
- Categorisation of loan portfolios

#### e. Property, Plant and Equipment (PPE)

Items of property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss during the reporting period in which they are incurred.

#### f. Depreciation

Depreciation is provided on straight-line basis over the estimated useful lives of the assets. Useful life estimated by the Company is in line with 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.

Depreciation on PPE individually costing ₹5,000/- or less is provided 100% in the year of acquisition.

An asset's carrying amount is written down immediately to its estimated recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount. Gain and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

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

#### g. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

#### h. Intangible assets

Intangible assets acquired are recorded at their acquisition cost and are amortised on straight line basis over its useful life. Software is amortised over 3 years period or the licence period whichever is lower on Straight Line basis.

#### i. Financial Assets and Financial Liabilities:

##### 1. Classification:

The Company classifies its financial assets in the following categories, those to be measured subsequently at:

- Fair value through other comprehensive income (FVOCI),
- Fair value through profit or loss (FVTPL), and
- Amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

##### Business Model Assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management.

#### Assessment of whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

#### Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

#### Financial Liabilities

The Company classifies its financial liabilities, other than fully hedged foreign currency loans, financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

## 2. Measurement:

At initial recognition, the Company measures a financial assets that are not at FVTPL at its fair value plus/ (minus), transaction costs / origination income that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

#### Debt Instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

#### i. Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

#### ii. Fair Value through Profit or Loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

## 3. Revenue Recognition:

#### i. Income from Financing Activity

1. Interest income is recognised using the Effective Interest Rate (EIR) method for all financial assets measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to its gross carrying amount. The calculation of the effective interest rate includes transaction costs and transaction income that are directly attributable to the acquisition of a financial asset.

2. For financial assets that are not Purchases Originally Credit Impaired "POCI" but have subsequently become credit-impaired (or 'stage-3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost of credit impaired asset.
3. Income by way of additional interest on account of delayed payment by the customers is recognised on realisation basis, due to uncertainty in collection.

ii. Other Revenue from Operations

1. Fees and commission income that are not integral part of the effective interest rate on the financial asset are recognised as the performance obligations are performed and there is no significant financing component of the consideration.
2. Dividend income is recognised when the right to receive income is established.
3. Incomes in the nature of bounce and related charges are recognised on realisation, due to uncertainty in collections.

4. Impairment of Financial Assets:

The Company recognises loss allowance for Expected Credit Loss "ECL" on the following financial instruments that are not measured at FVTPL:

- i. Loans
- ii. Trade receivables
- iii. Other receivables

i. Loans and Other Receivables:

The Company measures loss allowances at an amount equal to lifetime ECL, except for financial instruments whose credit risk has not increased significantly since initial recognition, for which a 12-month ECL is computed.

Life-time ECL is based on the result from all possible default events over the expected life of the financial instrument.

12-month ECL is based on the result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company categorises loan assets into stages based on the Days Past Due status:

Stage	Past due	ECL	Regulatory standards
Stage 1	30 Days Past Due	12-Month ECL	Equivalent to standard assets as per RBI
Stage 2	31-90 Days Past Due	Life-time ECL	
Stage 3	More than 90 Days Past Due	Life-time ECL	Equivalent to NPA assets as per RBI

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: As the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive);
- Financial assets that are credit-impaired at the reporting date: As the difference between the gross carrying amount and the present value of estimated future cash flow.

ii. Trade Receivables:

For trade receivables only, the Company applies the simplified approach which requires lifetime ECL to be recognised from initial recognition of the receivables.



#### Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position for financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets.

#### Collateral repossessed

The Company does the regular repossession of collateral provided against the loans in case of default in agreed payments. The Company generally sell the asset repossessed to recover the underlying loan and does not use for internal operation. As per the Company's accounting policy, collateral repossessed are not recorded on the balance sheet.

#### Write-off

Loans are written-off when there is no reasonable expectation of recovering in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### 5. Derecognition of Financial Assets and Financial Liabilities:

A financial asset is derecognised only when:

The Company has transferred the contractual rights to receive cash flows from the financial asset or the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) The consideration received (including any new asset obtained less any new liability assumed) and (ii) Any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

A financial liability is derecognised when its contractual obligations are discharged or cancelled, or expires.

### 6. Derivatives:

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company designates derivatives taken on External Commercial Borrowings (ECB) as Cashflow Hedges (hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 34. Movements in the hedging reserve in shareholders' equity are shown in Note 22.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the "other comprehensive income". The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

**7. Offsetting Financial Instruments:**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**j. Trade and other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured. They are recognised initially at their fair value and subsequently measured at amortised cost.

**k. Cash and Cash Equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the balance sheet.

**l. Taxation**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

- i. Deferred income tax provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- ii. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

**m. Employee Benefits:**

- a. Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.
- b. The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

## c. Post-employment Obligation:

The Company operates the following post-employment schemes:

- Defined benefit plans such as gratuity for its eligible employees, pension plan for its senior managers; and
- Defined contribution plans such as provident fund.

## i. Pension and Gratuity Obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

## ii. Provident Fund:

Contributions to Provident Fund made to Regional Provident Fund Commissioner in respect of Employees' Provident Fund based on the statutory provisions are charged to Statement of Profit and Loss on accrual basis.

## n. Functional Currency:

## a. Functional and Presentation Currencies:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e., in Indian rupees (INR) and all values are rounded off to nearest lakh except where otherwise indicated

## b. Transactions and Balances:

- Foreign currency transactions are translated into functional currency using exchange rates at the date of transaction.
- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

## o. Borrowings

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

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

Finance charges are expensed in the period in which they are incurred.

## p. Borrowings Cost

Borrowing costs are expensed in the period in which they are incurred.

**q. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of the transactions of non-cash nature.

**r. 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 diluted earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

**s. Impairment of Non-Financial Assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**t. Lease**

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under IND-AS 116.

The Company as a lessee, assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves:

- i. The use of an identified asset,
- ii. The right to obtain substantially all the economic benefits from use of the identified asset,
- iii. The right to direct the use of the identified asset.

The Company at the inception of the lease contract recognises a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments are discounted using the incremental borrowing rate.

For short-term leases and low value assets (assets of less than ₹ 5,00,000 in value) the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IND-AS 17.

Lease payments have been classified as cash flow used in financing activities.

**u. Segment Reporting**

There is no separate reportable segment as per IND-AS 108 on 'Operating Segments' in respect of the Company.

**v. Provisions**

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

### w. **Contingent Liabilities**

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) The amount of the obligation cannot be measured with sufficient reliability are considered as contingent liabilities. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

### x. **Share-Based Payments**

Equity-settled share-based payments for receipt of services are measured at the estimated average fair value of the equity instruments over the vesting period. The average fair value is determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

### y. **Equity**

Equity shares are classified as equity. Distributions to holders of an equity instrument are recognised by the entity directly in equity. Transaction costs of an equity transaction shall be accounted for as a deduction from equity.





## We use technology to find the best people, and then help them become even better.

We use digital platforms and automation to optimise recruitment, training and performance monitoring. With Machine Learning models, we can actually predict employee behaviour and know when to intervene and boost performance. Our new employee mobility app empowers our team members to achieve their full potential.



## To optimise our performance, we first crunch some numbers using Analytics.

Our data analytics tools help us to segment customers and optimise resource allocation, based on PIN code mapping of customers across the country. We have also developed analytical and statistical tools that allow us to predict and resolve issues of non-payment, thereby improving Collections and minimising losses to the Company.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 2 Cash and Cash Equivalents**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Cash on hand*	15.42	1.71
b)	Balance with banks - current accounts	637.72	355.65
	Total	653.14	357.36

\* Represents cash collected from borrowers as on Balance Sheet date, deposited with Bank subsequently in the process of being deposited.

**Cash and Cash Equivalents for the purpose of Cash Flow Statement**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Cash and Cash Equivalents as shown above	653.14	357.36
b)	Less: overdrafts utilised (Grouped under Borrowings (other than debt securities) - Note 16)	156.89	419.36
	Total	496.24	(62.00)

**NOTE 3 Bank Balance other than Cash and Cash Equivalents\***

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Bank Balance other than Cash and Cash Equivalents	0.87	11.62
	Total	0.87	11.62

\* Balance maintained in Fixed Deposits as Cash Collateral towards Assets transferred on assignment of receivables, lien marked favouring SPVs (represent Fixed Deposits exceeding 3 months and Less than 12 months).

**NOTE 4 Derivative Financial Instruments**

S.No.	Description	As at 31 <sup>st</sup> March, 2021		
		Notional amounts	Fair Value - Assets	Fair Value - Liabilities
a)	Other Derivatives - Cross Currency Swap Derivatives designated as hedges	1,356.55	-	14.57
	Total			14.57
S.No.	Description	As at 31 <sup>st</sup> March, 2020		
		Notional amounts	Fair Value - Assets	Fair Value - Liabilities
a)	Other Derivatives - Cross Currency Swap Derivatives designated as hedges	634.84	23.63	-
	Total		23.63	

**NOTE 5 Trade Receivables**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Receivables considered good - Unsecured	44.29	59.23
b)	Less: Impairment Loss Allowance	13.49	4.03
c)	Receivables considered good - Unsecured (Net) (a) - (b)	30.80	55.20

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 6 Loans**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
A		Amortised Cost	
a)	Bills purchased and Bills discounted	-	21.30
b)	Term Loans		
	i) Automobile Financing	9,442.57	8,278.96
	ii) Consumer Lending	1,532.76	1,138.30
	iii) Small Business Lending	469.29	209.10
c)	Total Loans - Gross (a)+(b)	11,444.62	9,647.66
d)	Less: Impairment Loss Allowance	289.67	192.11
e)	Total Loans - Net (c)-(d)	11,154.95	9,455.55
B	<b>Nature</b>		
	Secured by Tangible Assets	9,509.84	8,307.11
	Unsecured Loans	1,934.78	1,340.55
	Total Gross	11,444.62	9,647.66
	Less: Impairment Loss Allowance	289.67	192.11
	Total - Net	11,154.95	9,455.55
C i)	Loans in India		
	Public Sector	-	-
	Others	11,444.62	9,647.66
	Total Gross	11,444.62	9,647.66
	Less: Impairment Loss Allowance	289.67	192.11
	Total - Net	11,154.95	9,455.55
ii)	Loans Outside India	-	-
iii)	Total Loans (i)+(ii)	11,154.95	9,455.55

a. The stock of loan (automobile finance) includes 13,292 nos. repossessed vehicles as at Balance Sheet date. (31<sup>st</sup> March, 2020: 13,998 nos.).

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.

**c. Transferred Loans**

The carrying amounts of the automobile financing include Loans which are subject to a Securitisation arrangement. Under this arrangement, Company has transferred the relevant Loans to the Securitisation Trust in exchange for cash. However, Company has provided credit enhancements which in substance has been concluded has retention of risk and reward. The Company therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the securitisation agreement is presented as secured borrowing.

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Total transferred receivables	-	12.57
Associated Secured Borrowing (Note 16)	-	12.57



(All amounts in ₹ Crore unless otherwise stated)

**NOTE 7 Investments**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Investments		
	Equity instruments		
	<b>Subsidiaries*</b>		
i)	TVS Housing Finance Private Limited (12,000,000 equity shares @ ₹10/- each fully paid up)	12.00	12.00
ii)	TVS Two Wheeler Mall Private Ltd (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
iii)	TVS Commodity Financial Solutions Private Limited (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
iv)	Harita ARC Private Limited (2,500 equity shares @ ₹10 each fully paid up)	0.00	0.00
v)	TVS Micro Finance Private Limited (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
vi)	Harita Collection Services Private Limited (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
	Total – Gross (A)	12.01	12.01
	(i) Investments outside India	-	-
	(ii) Investments in India	12.01	12.01
	Total (B)	12.01	12.01
	Total	12.01	12.01
	Less: Allowance for Impairment Loss (C)	-	-
	<b>Total - Net (D) = (A)-(C)</b>	<b>12.01</b>	<b>12.01</b>

\* Investments in subsidiaries is carried at cost as per IND-AS 27.

**NOTE 8 Other Financial Assets**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Loan to Employees	4.62	8.72
b)	Security Deposit for Leased Premises	7.49	7.54
c)	Advances to Related Parties	73.21	78.20
d)	Other Financial Assets - Related Parties	0.04	2.69
e)	Other Financial Assets - Non-Related Parties	0.00	12.17
f)	Deposit with Service Providers	4.39	3.34
	<b>Total</b>	<b>89.75</b>	<b>112.67</b>

**NOTE 9 Current Tax Assets**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Opening Balance	14.88	6.76
b)	Add: Taxes paid	48.90	68.12
c)	Less: Taxes payable	(46.52)	(60.00)
	<b>Total</b>	<b>17.26</b>	<b>14.88</b>

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 10 Deferred Tax Assets/(Liabilities)**

The balance comprises temporary differences attributable to:

S.No.	Description	As at 31 <sup>st</sup> March, 2021	Created/ (Provided) during the year	Balance as at 31 <sup>st</sup> March, 2020
	<b>Deferred Tax Assets/(Liabilities) on account of :</b>			
a)	Depreciation	5.07	0.47	4.60
b)	Provision for compensated absence	5.10	1.07	4.03
c)	Provision for expected credit loss	78.31	33.67	44.64
d)	Additional Provision	-	(2.13)	2.13
e)	Provision for gratuity	0.45	0.27	0.18
f)	Expenses Disallowed under Sec 40 (a) (ia)	6.10	1.88	4.22
g)	Provision for pension	2.93	0.11	2.82
h)	Automobile financing	8.56	3.97	4.59
i)	Advances to related parties	2.38	(0.35)	2.73
j)	Mark-to-market on derivative	5.94	0.89	5.05
k)	Lease Accounting	0.84	0.02	0.82
	<b>Total Deferred Tax Assets/(Liabilities)</b>	<b>115.69</b>	<b>39.87</b>	<b>75.82</b>

Break-up of deferred tax expense/(benefit)		
- to statement of profit and loss		38.10
- to other comprehensive income		1.77
<b>Total</b>		<b>39.87</b>

**NOTE 11 Investment Property**

Description	Land	Building	Total
Period Ended 31 <sup>st</sup> March, 2021			
Gross carrying amount	85.16	0.00	85.16
Additions	-	-	-
<b>Sub-total</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>
Disposals	-	-	-
<b>Closing gross carrying amount (A)</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>
Depreciation and amortisation	-	-	-
Opening accumulated depreciation	-	-	-
Depreciation/amortisation charge during the year	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>
Disposals	-	-	-
<b>Closing accumulated depreciation and amortisation (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2021 (A)-(B)</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2020</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>



(All amounts in ₹ Crore unless otherwise stated)

**NOTE 11 Investment Property (Contd.)**

Description	Land	Building	Total
Period Ended 31 <sup>st</sup> March, 2020			
Gross carrying amount	85.16	(0.00)	85.16
Additions	-	-	-
<b>Sub-total</b>	<b>85.16</b>	<b>(0.00)</b>	<b>85.16</b>
Disposals	(0.00)	(0.00)	(0.00)
<b>Closing gross carrying amount (A)</b>	<b>85.16</b>	<b>-</b>	<b>85.16</b>
Depreciation and amortisation	-	-	-
Opening accumulated depreciation	-	-	-
Depreciation/amortisation charge during the year	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>
Disposals	-	-	-
<b>Closing accumulated depreciation and amortisation (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2020 (A)-(B)</b>	<b>85.16</b>	<b>-</b>	<b>85.16</b>

(i) Fair value

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Investment properties	414.90	414.90

The Company have obtained independent valuations for its investment properties during 2018-19. The management is of the opinion that there is no change in the fair valuation of the aforesaid property as at 31<sup>st</sup> March, 2021.

**NOTE 12 Property, Plant and Equipment**

Description	Property, Plant and Equipment					Other Intangible Assets (Computer Software)
	Computer	Furniture & Fixtures	Office Equipment	Vehicles	Total	
Period Ended 31 <sup>st</sup> March, 2021						
Gross carrying amount as on 31 <sup>st</sup> March, 2020	20.44	11.29	11.17	0.02	42.92	14.26
Additions	3.35	0.63	2.20	-	6.18	1.82
<b>Sub-total</b>	<b>23.79</b>	<b>11.92</b>	<b>13.37</b>	<b>0.02</b>	<b>49.10</b>	<b>16.08</b>
Disposals	0.38	0.05	0.29	-	0.71	-
<b>Closing gross carrying amount (A)</b>	<b>23.41</b>	<b>11.87</b>	<b>13.08</b>	<b>0.02</b>	<b>48.39</b>	<b>16.08</b>
Depreciation and amortisation						
Opening accumulated depreciation	11.96	5.85	6.02	0.00	23.83	8.09
Depreciation/amortisation charge during the year	5.25	1.49	1.95	0.01	8.70	3.95
<b>Sub-total</b>	<b>17.21</b>	<b>7.34</b>	<b>7.97</b>	<b>0.01</b>	<b>32.53</b>	<b>12.04</b>
Disposals	0.36	0.04	0.28	-	0.67	-
<b>Closing accumulated depreciation and amortisation (B)</b>	<b>16.85</b>	<b>7.30</b>	<b>7.69</b>	<b>0.01</b>	<b>31.86</b>	<b>12.04</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2021 (A)-(B)</b>	<b>6.56</b>	<b>4.57</b>	<b>5.39</b>	<b>0.01</b>	<b>16.53</b>	<b>4.04</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2020</b>	<b>8.49</b>	<b>5.44</b>	<b>5.14</b>	<b>0.02</b>	<b>19.09</b>	<b>6.17</b>

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 12 Property, Plant and Equipment (Contd.)**

Description	Property, Plant and Equipment					Other Intangible Assets (Software)
	Computer	Furniture & Fixtures	Office Equipment	Vehicles	Total	
Period Ended 31 <sup>st</sup> March, 2020						
Gross carrying amount as on 31 <sup>st</sup> March, 2019	15.67	10.33	9.72	0.02	35.74	12.78
Additions	4.78	1.00	1.50	-	7.29	1.48
<b>Sub-total</b>	<b>20.45</b>	<b>11.33</b>	<b>11.22</b>	<b>0.02</b>	<b>43.03</b>	<b>14.26</b>
Disposals	0.01	0.05	0.05	-	0.10	-
<b>Closing gross carrying amount (A)</b>	<b>20.44</b>	<b>11.29</b>	<b>11.17</b>	<b>0.02</b>	<b>42.93</b>	<b>14.26</b>
Depreciation and amortisation						
Opening accumulated depreciation	6.65	3.95	4.10	0.00	14.71	4.32
Depreciation/amortisation charge during the year	5.31	1.94	1.97	0.00	9.21	3.77
<b>Sub-total</b>	<b>11.96</b>	<b>5.89</b>	<b>6.07</b>	<b>0.00</b>	<b>23.92</b>	<b>8.09</b>
Disposals	0.00	0.04	0.05	-	0.09	-
<b>Closing accumulated depreciation and amortisation (B)</b>	<b>11.96</b>	<b>5.85</b>	<b>6.02</b>	<b>0.00</b>	<b>23.83</b>	<b>8.09</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2020 (A)-(B)</b>	<b>8.49</b>	<b>5.44</b>	<b>5.14</b>	<b>0.02</b>	<b>19.09</b>	<b>6.17</b>

**NOTE 13 Other Non-Financial Assets**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Dealer Commission Advance	0.21	0.72
b)	Prepaid Expenses	17.65	6.05
c)	Vendor Advance	5.60	19.81
d)	Balance with GST/Service Tax Department	3.51	2.21
e)	Right-to-use asset*	18.68	25.78
	<b>Total</b>	<b>45.65</b>	<b>54.57</b>

\* Refer Note 38a

**NOTE 14 Trade Payables**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Total outstanding dues to micro enterprises and small enterprises*	-	0.02
b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	227.87	168.61
	<b>Total</b>	<b>227.87</b>	<b>168.63</b>

\* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 15 Debt Securities**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>At Amortised Cost</b>		
Commercial Paper (Unsecured)	746.11	496.19
Non-Convertible Debentures (Secured)	424.74	-
<b>Total (A)</b>	<b>1,170.85</b>	<b>496.19</b>
Debt securities in India	1,170.85	496.19
Debt securities outside India	-	-
<b>Total (B)</b>	<b>1,170.85</b>	<b>496.19</b>

**NOTE 16 Borrowings (Other Than Debt Securities)**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>At Amortised Cost</b>		
(a) Term loans		
i) from banks (Secured)	4,590.31	4,800.35
ii) from other parties (Secured)	24.59	249.78
iii) External Commercial Borrowings (Secured)	1,364.32	678.53
(b) Loans repayable on demand		
i) cash credit from banks	156.89	419.36
ii) working capital demand loan (Secured)	1,565.00	1,150.00
iii) working capital demand loan (Unsecured)	340.00	140.00
(c) Securitised trust borrowing	0.00	12.57
<b>Total (A)</b>	<b>8,041.11</b>	<b>7,450.59</b>
Borrowings in India	6,676.79	6,772.06
Borrowings outside India	1,364.32	678.53
<b>Total (B)</b>	<b>8,041.11</b>	<b>7,450.59</b>

**NOTE 17 Subordinated Liabilities**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>At Amortised Cost</b>		
Unsecured		
Perpetual Debt Instruments to the extent that do not qualify as equity	99.84	99.81
Other Subordinated Liabilities:		
From Banks	199.93	199.87
From Others	643.02	313.09
<b>Total (A)</b>	<b>942.79</b>	<b>612.77</b>
Subordinated Liabilities in India	942.79	612.77
Subordinated Liabilities outside India	-	-
<b>Total (B)</b>	<b>942.79</b>	<b>612.77</b>

Refer annexure for the terms of the debt securities, borrowings and subordinated liabilities.

(All amounts in ₹ Crore unless otherwise stated)

Annexure

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2021	Type of Security	Interest Rate	No. of Instalments remaining	Frequency	Repayable from	Repayable to
<b>Debt Securities</b>							
Commercial Paper	249.10	Unsecured	4.75%	1	Bullet	29/04/2021	29/04/2021
Commercial Paper	248.54	Unsecured	4.60%	1	Bullet	18/05/2021	18/05/2021
Commercial Paper	248.47	Unsecured	4.60%	1	Bullet	20/05/2021	20/05/2021
Non-Convertible Debenture	99.74	Secured	7.40%	1	Bullet	08/04/2022	08/04/2022
Non-Convertible Debenture	300.00	Secured	8.35%	1	Bullet	22/03/2023	22/03/2023
Non-Convertible Debenture	25.00	Secured	8.35%	1	Bullet	22/03/2023	22/03/2023
	<b>1,170.85</b>						
<b>Loans repayable on demand</b>							
	1,721.89	Secured	6.25% -	Repayable On Demand			
	340.00	Unsecured	7.50%				
	<b>2,061.89</b>						
<b>Term Loan</b>							
Bank	100.00	Secured	8.00%	1.00	Bullet	06/05/2021	06/05/2021
Bank	25.00	Secured	6.62%	1.00	Bullet	25/05/2021	25/05/2021
Bank	37.50	Secured	7.90%	1.00	Half Yearly	17/03/2020	17/09/2021
Bank	41.67	Secured	7.50%	6.00	Monthly	26/10/2018	26/09/2021
Bank	123.98	Secured	7.50%	3.00	Quarterly	28/03/2019	27/12/2021
Bank	33.33	Secured	8.00%	2.00	Half Yearly	28/06/2019	28/12/2021
Bank	59.89	Secured	7.35%	3.00	Quarterly	30/09/2019	30/12/2021
Bank	16.67	Secured	8.00%	2.00	Half Yearly	28/07/2019	28/01/2022
Bank	238.90	Secured	7.85%	4.00	Quarterly	04/11/2019	04/02/2022
Bank	39.97	Secured	7.90%	4.00	Quarterly	15/11/2019	15/02/2022
Bank	199.97	Secured	7.35%	4.00	Quarterly	27/11/2019	27/02/2022
Bank	182.56	Secured	8.57%	1.00	Bullet	29/05/2022	29/05/2022
Bank	182.56	Secured	8.57%	1.00	Bullet	10/06/2022	10/06/2022
Others	24.59	Secured	6.43%	5.00	Quarterly	10/03/2020	10/06/2022
Bank	179.97	Secured	7.35%	6.00	Quarterly	20/05/2020	20/08/2022
Bank	146.05	Secured	8.06%	1.00	Bullet	26/08/2022	26/08/2022
Bank	141.64	Secured	5.10%	17.00	Monthly	30/09/2019	30/08/2022
Bank	146.05	Secured	8.06%	1.00	Bullet	16/09/2022	16/09/2022
Bank	100.00	Secured	5.50%	18.00	Monthly	30/10/2019	30/09/2022
Bank	52.50	Secured	6.90%	7.00	Quarterly	15/07/2020	15/10/2022
Bank	199.96	Secured	7.45%	1.00	Bullet	19/11/2022	19/11/2022
Bank	100.00	Secured	7.90%	4.00	Half Yearly	18/06/2021	18/12/2022
Bank	166.63	Secured	7.50%	8.00	Quarterly	06/05/2020	06/02/2023
Bank	159.97	Secured	6.90%	8.00	Quarterly	24/11/2020	24/02/2023
Bank	333.33	Secured	5.85%	24.00	Monthly	19/04/2020	19/03/2023
Bank	199.86	Secured	7.35%	8.00	Quarterly	20/12/2020	20/03/2023
Bank	79.99	Secured	7.25%	8.00	Quarterly	31/12/2020	31/03/2023
Bank	224.89	Secured	8.00%	9.00	Quarterly	04/02/2021	04/05/2023
Bank	179.87	Secured	7.80%	9.00	Quarterly	30/03/2021	30/06/2023
Bank	363.87	Secured	6.94%	1.00	Bullet	13/07/2023	13/07/2023
Bank	241.67	Secured	5.90%	29.00	Monthly	21/09/2020	21/08/2023

(All amounts in ₹ Crore unless otherwise stated)

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2021	Type of Security	Interest Rate	No. of Instalments remaining	Frequency	Repayable from	Repayable to
Bank	130.00	Secured	6.30%	8.00	Quarterly	24/12/2020	24/09/2023
Bank	343.22	Secured	6.94%	1.00	Bullet	19/10/2023	19/10/2023
Bank	199.96	Secured	5.90%	8.00	Quarterly	18/02/2022	18/11/2023
Bank	183.33	Secured	5.00%	33.00	Monthly	31/01/2021	31/12/2023
Bank	150.00	Secured	7.40%	6.00	Half Yearly	12/08/2021	12/02/2024
Bank	250.00	Secured	7.30%	10.00	Quarterly	19/12/2021	19/03/2024
Bank	299.93	Secured	5.60%	8.00	Quarterly	29/06/2022	29/03/2024
Bank	99.95	Secured	7.40%	36.00	Monthly	30/04/2021	30/03/2024
	<b>5,979.22</b>						
<b>Subordinated Liabilities</b>							
<b>Perpetual Debt</b>	99.84	Unsecured	11.50%	1	Bullet	25/11/2027	25/11/2027
<b>Other Subordinated Liabilities</b>							
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	49.96	Unsecured	11.30%	1	Bullet	27/09/2021	27/09/2021
Bank	49.99	Unsecured	10.02%	1	Bullet	28/04/2022	28/04/2022
Others	49.98	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
Bank	25.00	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	24.97	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	49.98	Unsecured	8.70%	1	Bullet	29/05/2023	29/05/2023
Bank	50.00	Unsecured	9.76%	1	Bullet	24/07/2023	24/07/2023
Others	99.00	Unsecured	10.90%	1	Bullet	07/08/2024	07/08/2024
Others	146.62	Unsecured	9.40%	1	Bullet	10/06/2026	10/06/2026
Others	100.00	Unsecured	10.00%	1	Bullet	01/07/2026	01/07/2026
Others	122.46	Unsecured	9.40%	1	Bullet	26/08/2026	26/08/2026
Others	25.00	Unsecured	9.40%	1	Bullet	26/08/2026	26/08/2026
	<b>842.96</b>						
<b>Subordinated Liabilities Total</b>	<b>942.79</b>						

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2020	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
<b>Debt Securities</b>							
Commercial Paper	19.89	Unsecured	6.75%	1	Bullet	30/01/2020	29/04/2020
Commercial Paper	179.08	Unsecured	6.75%	1	Bullet	30/01/2020	29/04/2020
Commercial Paper	49.54	Unsecured	6.15%	1	Bullet	26/02/2020	26/05/2020
Commercial Paper	49.54	Unsecured	6.15%	1	Bullet	26/02/2020	26/05/2020
Commercial Paper	99.07	Unsecured	6.15%	1	Bullet	27/02/2020	27/05/2020
Commercial Paper	99.07	Unsecured	6.15%	1	Bullet	28/02/2020	28/05/2020
	<b>496.19</b>						

(All amounts in ₹ Crore unless otherwise stated)

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2020	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
<b>Loans repayable on demand</b>	<b>1,569.36</b>	Secured					
	<b>140.00</b>	Unsecured					
	<b>1,709.36</b>						
<b>Term Loan</b>							
Bank	150.00	Unsecured	8.35%	1.00	Bullet	19/05/2020	19/05/2020
Bank	25.00	Secured	7.99%	1.00	Bullet	01/06/2020	01/06/2020
Bank	20.00	Secured	8.40%	10.00	Quarterly	29/05/2018	29/08/2020
Bank	49.99	Secured	8.40%	2.00	2 Instalment	25/09/2019	25/09/2020
Bank	200.00	Secured	8.25%	1.00	Bullet	13/10/2020	13/10/2020
Bank	50.00	Secured	8.05%	1.00	Bullet	23/10/2020	23/10/2020
Bank	24.99	Secured	8.30%	12.00	Quarterly	16/02/2018	16/11/2020
Bank	59.96	Secured	8.95%	10.00	Quarterly	21/08/2018	21/11/2020
Bank	30.00	Secured	8.65%	10.00	Quarterly	21/09/2018	21/12/2020
Bank	74.99	Secured	9.00%	10.00	Quarterly	10/01/2019	10/03/2021
Bank	63.33	Secured	8.85%	12.00	Quarterly	23/06/2018	23/03/2021
Bank	100.00	Secured	8.20%	1.00	Bullet	06/05/2021	06/05/2021
Bank	50.00	Secured	8.40%	12.00	Quarterly	01/10/2018	01/06/2021
Bank	112.50	Secured	8.40%	4.00	Half Yearly	17/03/2020	17/09/2021
Bank	125.00	Secured	8.65%	36.00	Monthly	26/10/2018	26/09/2021
Bank	290.05	Secured	8.35%	12.00	Quarterly	28/03/2019	27/12/2021
Bank	66.66	Secured	8.40%	6.00	Half Yearly	28/06/2019	28/12/2021
Bank	139.78	Secured	9.00%	10.00	Quarterly	30/09/2019	30/12/2021
Bank	33.34	Secured	8.40%	6.00	Half Yearly	28/07/2019	28/01/2022
Bank	477.58	Secured	8.75%	10.00	Quarterly	04/11/2019	04/02/2022
Bank	79.93	Secured	9.00%	10.00	Quarterly	15/11/2019	15/02/2022
Bank	399.93	Secured	8.30%	10.00	Quarterly	27/11/2019	27/02/2022
Bank	188.48	Secured	8.63%	1.00	Bullet	29/05/2022	29/05/2022
Bank	188.48	Secured	8.63%	1.00	Bullet	10/06/2022	10/06/2022
Others	44.27	Secured	6.43%	10.00	Quarterly	10/03/2020	10/06/2022
Bank	299.95	Secured	8.40%	10.00	Quarterly	20/05/2020	20/08/2022
Bank	150.78	Secured	8.25%	1.00	Bullet	26/08/2022	26/08/2022
Bank	241.62	Secured	7.25%	36.00	Monthly	30/09/2019	30/08/2022
Bank	150.78	Secured	8.25%	1.00	Bullet	16/09/2022	16/09/2022
Bank	166.67	Secured	7.50%	36.00	Monthly	30/10/2019	30/09/2022
Bank	75.00	Secured	8.20%	10.00	Quarterly	15/07/2020	15/10/2022
Bank	199.93	Secured	8.40%	1.00	Bullet	19/11/2022	19/11/2022
Bank	100.00	Secured	8.30%	4.00	Half Yearly	18/06/2021	18/12/2022
Bank	249.95	Secured	8.35%	12.00	Quarterly	06/05/2020	06/02/2023
Bank	199.95	Secured	8.10%	10.00	Quarterly	24/11/2020	24/02/2023
Bank	500.00	Secured	7.00%	36.00	Monthly	19/04/2020	19/03/2023
Bank	249.78	Secured	8.20%	10.00	Quarterly	20/12/2020	20/03/2023
Bank	99.98	Secured	8.05%	10.00	Quarterly	31/12/2020	31/03/2023
	<b>5,728.66</b>						



(All amounts in ₹ Crore unless otherwise stated)

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2020	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
Securitized Trust Borrowings	12.57						
Subordinated Liabilities							
Perpetual Debt	99.81	Unsecured	11.50%	1	Bullet	24/11/2027	24/11/2027
Other Subordinated Liabilities							
Others	14.50	Unsecured	9.20%	1	Bullet	30/06/2020	30/06/2020
Others	49.96	Unsecured	12.25%	1	Bullet	30/09/2020	30/09/2020
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	49.92	Unsecured	11.25%	1	Bullet	27/09/2021	27/09/2021
Bank	49.96	Unsecured	10.09%	1	Bullet	28/04/2022	28/04/2022
Others	50.00	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
Bank	24.94	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	25.00	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	49.97	Unsecured	9.50%	1	Bullet	29/05/2023	29/05/2023
Bank	50.00	Unsecured	9.90%	1	Bullet	24/07/2023	24/07/2023
Others	98.71	Unsecured	10.90%	1	Bullet	07/08/2024	07/08/2024
<b>Total</b>	<b>512.96</b>						

#### Details of Security

- Term Loan received from Banks and Other Parties of ₹5,979.22 inclusive of Current and Non-Current Dues (Previous Year: ₹5,578.66 as on 31<sup>st</sup> March, 2020) is secured against hypothecation of receivables under the financing activity of the Company.
- Working Capital Demand Loan and Cash Credit of ₹1,721.88 (Previous Year: ₹1,569.36 as at 31<sup>st</sup> March, 2020) is secured by hypothecation of receivables under the financing activity of the Company.

#### External Commercial Borrowings

During the year, the Company had raised funds in the overseas market amounting to ₹721.70 crores (equivalent to USD 97 million) under External Commercial Borrowings (ECB) accessed through automatic route after receiving the Loan Registration Number from RBI as per ECB Master Directions. These are unlisted instruments, for total duration of 3 years and the loan has been fully hedged. The net proceeds from the issue of these ECB were applied for the purpose of on-lending, in accordance with the directions issued by the RBI.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 18 Other Financial Liabilities**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Interest Accrued But Not Due	76.43	37.60
b)	Employee Related Liabilities	55.66	24.05
c)	Security Deposit	53.46	39.02
d)	Lease liability*	22.02	29.03
	<b>Total</b>	<b>207.57</b>	<b>129.70</b>

\* Refer Note No. 38

**NOTE 19 Provisions**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Pension	11.68	11.22
b)	Gratuity	1.80	0.73
c)	Compensated Absences	20.27	16.02
d)	General Loss Provisions	-	8.45
	<b>Total</b>	<b>33.75</b>	<b>36.42</b>

**NOTE 20 Other Non-Financial Liabilities**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Statutory Dues	23.64	17.40
	<b>Total</b>	<b>23.64</b>	<b>17.40</b>

**NOTE 21 Equity Share Capital**

	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	<b>Authorised Share Capital:</b> 200,000,000 Equity Shares of ₹10 each (Previous Year 200,000,000 Equity Shares)	200.00	200.00
		<b>200.00</b>	<b>200.00</b>
b)	<b>Issued, Subscribed and Fully Paid-up Share Capital:</b> 191,937,700 number of Equity Shares of ₹10 each (Previous year 185,182,300 Equity Shares of ₹10 each)	191.94	185.18
c)	<b>Par Value per Share</b>	₹10 each	₹10 each
d)	<b>Number of Equity Shares at the beginning of the year</b>	185,182,300	178,205,700
	Add: Preferential Allotment made during the year	6,755,400	6,976,600
	<b>Number of Equity Shares at the end of the year</b>	<b>191,937,700</b>	<b>185,182,300</b>

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 21 Equity Share Capital (Contd.)**

e)	Equity Shares held by Holding Companies		
	Particulars	No. of Shares	No. of Shares
	Holding Company - TVS Motor Company Limited	162,224,928	155,469,528
	Sundaram Clayton Limited (Holding Company of TVS Motor Company Limited)	2,180,250	2,180,250

f)	Number of shares held by shareholders holding more than 5% of total shares as at the end of the year				
	Name of the Shareholders	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
		No. of Shares	% of Holding	No. of Shares	% of Holding
	TVS Motor Company Limited	162,224,928	84.52%	155,469,528	83.95%
	Lucas-TVS Limited	11,337,297	5.91%	11,337,297	6.12%

**NOTE 22 Other Equity**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a) Securities Premium Reserves	722.63	629.41
b) Statutory Reserve	140.15	120.75
c) Retained Earnings	526.65	451.69
d) Other Reserves	(17.67)	(15.00)
<b>Total reserves and surplus</b>	<b>1,371.76</b>	<b>1,186.85</b>

a) Securities premium reserves	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	629.41	546.39
Additions during the year	93.22	83.02
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>722.63</b>	<b>629.41</b>

b) Statutory Reserve	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	120.75	90.65
Transfer from retained earnings	19.40	30.10
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>140.15</b>	<b>120.75</b>

c) Retained earnings	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	451.69	335.85
Lease Equivalisation restatement on 1 <sup>st</sup> day of year*	-	(1.93)
Restated Opening Balance	451.69	333.92
Net profit for the period	96.98	150.51
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation net off tax	(2.62)	(2.65)
Transaction in the capacity as owners		
Statutory Reserve	(19.40)	(30.10)
<b>Closing balance</b>	<b>526.65</b>	<b>451.69</b>

\* Refer Note No. 38

d) Other Reserves - Hedge Reserve	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	(15.00)	-
Add: Change in fair value of hedging instruments, net off tax	(2.67)	(15.00)
<b>Closing balance</b>	<b>(17.67)</b>	<b>(15.00)</b>

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 22 Other Equity (Contd.)**

**Statutory Reserves**

According to Section 45 - IC of the Reserve Bank of India Act, 1934, the Company transfers a sum not less than 20% of its net profit every year as disclosed in the statement of Profit and Loss and before declaration of any dividend to the Statutory reserves.

**Securities Premium**

The reserve represents premium on issue of shares. It will be utilised in accordance with the provisions of the Companies Act, 2013.

**Retained Earnings**

Represents Company's cumulative undistributed earnings since its inception. This is available for distribution to shareholders through dividends/capitalisation.

**NOTE 23 Interest Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>On Financial assets measured at amortised cost:</b>		
Interest on Loans	2,039.16	1,820.49
Interest on Deposits with Bank	1.90	1.02
<b>Total</b>	<b>2,041.06</b>	<b>1,821.51</b>

**NOTE 24 Fees and Commission Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Fee-based Income	146.68	112.81
Commission Income	2.64	11.17
Service Income	47.44	44.14
<b>Total</b>	<b>196.76</b>	<b>168.12</b>

**NOTE 25 Other Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Unwinding of discount on security deposits and receivable for investments	2.68	9.72
Other Non-Operating Income	0.43	0.40
<b>Total</b>	<b>3.11</b>	<b>10.12</b>

**NOTE 26 Finance Costs**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>On Financial liabilities measured at amortised cost</b>		
Interest Cost		
- Interest on Borrowings	544.45	553.55
- Interest on Debt Securities	77.85	50.12
- Interest on Subordinated Liabilities	66.83	62.18
- Interest on Lease Liabilities	2.02	2.32
Other Finance Charges	38.29	31.63
<b>Total</b>	<b>729.44</b>	<b>699.81</b>

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 27 Impairment of Financial Instruments**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
On Financial Instruments measured at Amortised Cost		
Bad Debts Written off (net)	252.00	144.03
Net Loss on Sale of Repossessed Assets	108.23	50.45
Impairment Provision on Loans	89.11	61.54
Trade Receivables and Other Financial Assets	17.45	2.79
<b>Total</b>	<b>466.79</b>	<b>258.80</b>

**NOTE 28 Employee Benefit Expenses**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Salaries and Wages	537.00	427.28
Contribution to Provident and other funds	31.43	28.97
Staff Welfare	16.38	21.48
<b>Total</b>	<b>584.81</b>	<b>477.73</b>

**NOTE 29 Other Expenses**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Auditors Fees and Expenses*	0.53	0.51
Communication Costs	62.51	57.69
Directors Fees, Allowances & Expenses	0.57	0.50
Corporate Social Responsibility **	4.00	3.80
Donation	0.03	4.20
Repairs & Maintenance	2.46	2.05
Rent, Taxes and Energy Costs***	21.54	15.64
Insurance Expenses	1.37	1.80
Legal and Professional Charges	50.73	48.95
Others	13.70	15.89
Printing and Stationery	3.78	3.07
Travelling and Conveyance	38.18	43.40
<b>Total</b>	<b>199.40</b>	<b>197.51</b>

\*\*\* Refer note 38c

**\*Auditors Fees and Expenses**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Statutory Audit	0.24	0.24
Tax Audit	0.07	0.07
Certification	0.15	0.15
Reimbursement of Expenses	0.07	0.05
<b>Auditors Fees and Expenses</b>	<b>0.53</b>	<b>0.51</b>

\*\* Expenditure incurred on Corporate Social Responsibility activities:

- Gross amount required to be spent during the year is ₹3.98 crores
- Amount spent during the year - ₹4.00 crores

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 29 Other Expenses (Contd.)**

S.No.	Particulars	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
a.	Construction/acquisition of any asset	-	-
b.	Expenses incurred through trusts	4.00	3.80
c.	Donation to PM CARES Fund	-	8.00
	<b>Total</b>	<b>4.00</b>	<b>11.80</b>
	Amounts required to be spent for the year	4.00	-
	Amounts to be carried forward to subsequent years	-	-

**NOTE 30 Income Tax Expenses**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
(a) Income tax expense		
Current tax		
Current tax on profits for the year	47.05	60.00
Tax profits relating to prior period	(0.53)	-
<b>Total current tax expense</b>	<b>46.52</b>	<b>60.00</b>
Deferred tax		
Decrease/(increase) in deferred tax assets	(38.10)	(0.20)
(Decrease)/increase in deferred tax liabilities	-	-
<b>Total deferred tax expense/(benefit)</b>	<b>(38.10)</b>	<b>(0.20)</b>
Income tax expense	8.42	59.80
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	105.40	210.31
Tax at the Indian tax rate of 25.168% (PY – 25.168%)	26.53	52.93
Tax effect of amounts which are permanent differences in nature in calculation of taxable income	(18.11)	6.87
<b>Income tax expense</b>	<b>8.42</b>	<b>59.80</b>

**NOTE 31 Other Comprehensive Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of the defined benefit plans	(3.50)	(3.54)
Income tax relating to these items	0.88	0.89
<b>Items that will be reclassified to profit or loss</b>		
Fair value change on cash flow hedge	(3.55)	(20.05)
Income tax relating to these items	0.89	5.05
<b>Other Comprehensive Income</b>	<b>(5.28)</b>	<b>(17.65)</b>



(All amounts in ₹ Crore unless otherwise stated)

**NOTE 32 Earnings Per Share**

	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>(a) Basic earnings per share</b>		
Basic earnings per share attributable to the equity holders of the Company	5.19	8.25
<b>(b) Diluted earnings per share</b>		
Diluted earnings per share attributable to the equity holders of the Company	5.19	8.25
<b>(c) Reconciliations of earnings used in calculating earnings per share</b>		
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basis earnings per share	96.98	150.51
Diluted earnings per share		
Profit attributable to equity holders of the Company used in calculating basis earnings per share	96.98	150.51
<b>(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share</b>	186,986,825	182,496,787
<b>(e) Weighted average number of equity shares used as the denominator in calculating diluted earnings per share</b>	186,986,825	182,496,787

**NOTE 33 Employee Benefit Obligations**

**Defined Benefit Obligation**

The Company provides for gratuity employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to a recognised fund in India.

The Company operates defined benefit pension plan, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

Particulars	Gratuity			Pension			Compensated Absences		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
1 <sup>st</sup> April, 2019	12.15	(12.11)	0.04	10.02	-	10.02	11.53	-	11.53
Current service cost	1.90	-	1.90	-	-	-	-	-	-
Interest expense/(income)	0.93	(0.89)	0.04	0.71	-	0.71	0.82	-	0.82
<b>Total amount recognised in profit or loss</b>	<b>2.83</b>	<b>(0.89)</b>	<b>1.94</b>	<b>0.71</b>	<b>-</b>	<b>0.71</b>	<b>0.82</b>	<b>-</b>	<b>0.82</b>
Remeasurements	-	-	-	-	-	-	-	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.19	0.19	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	0.48	-	0.48	1.83	-	1.83	0.44	-	0.44
Experience (gains)/losses	2.37	-	2.37	(1.33)	-	(1.33)	4.52	-	4.52
<b>Total amount recognised in other comprehensive (income)/Losses</b>	<b>2.85</b>	<b>0.19</b>	<b>3.04</b>	<b>0.49</b>	<b>-</b>	<b>0.49</b>	<b>4.97</b>	<b>-</b>	<b>4.97</b>
Employer contributions	-	(4.30)	(4.30)	-	-	-	-	-	-
Benefit payments	(1.73)	1.73	-	-	-	-	(1.29)	-	(1.29)
31 <sup>st</sup> March, 2020	16.11	(15.38)	0.73	11.22	-	11.22	16.02	-	16.02

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 33 Employee Benefit Obligations (Contd.)**

Particulars	Gratuity			Pension			Compensated Absences		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
<b>1<sup>st</sup> April, 2020</b>	<b>16.11</b>	<b>(15.38)</b>	<b>0.73</b>	<b>11.22</b>	-	<b>11.22</b>	<b>16.02</b>	-	<b>16.02</b>
Current service cost	2.68	-	2.68	-	-	-	-	-	-
Interest expense/(income)	0.90	(0.84)	0.06	0.69	-	0.69	0.79	-	0.79
<b>Total amount recognised in profit or loss</b>	<b>3.58</b>	<b>(0.84)</b>	<b>2.74</b>	<b>0.69</b>	-	<b>0.69</b>	<b>0.79</b>	-	<b>0.79</b>
Remeasurements	-	-	-	-	-	-	-	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.03)	(0.03)	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	0.19	-	0.19	0.01	-	0.01	0.14	-	0.14
Experience (gains)/losses	3.58	-	3.58	(0.24)	-	(0.24)	7.48	-	7.48
<b>Total amount recognised in other comprehensive (income)/Losses</b>	<b>3.77</b>	<b>(0.03)</b>	<b>3.74</b>	<b>(0.23)</b>	-	<b>(0.23)</b>	<b>7.63</b>	-	<b>7.63</b>
Employer contributions	-	(5.41)	(5.41)	-	-	-	-	-	-
Benefit payments	(1.33)	1.33	0.00	-	-	-	(4.17)	-	(4.17)
<b>31<sup>st</sup> March, 2021</b>	<b>22.13</b>	<b>(20.33)</b>	<b>1.80</b>	<b>11.68</b>	-	<b>11.68</b>	<b>20.27</b>	-	<b>20.27</b>

Details	Gratuity		Pension		Compensated Absences	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Discount Rate	4.99%	5.46%	5.98%	6.32%	4.82%	5.30%
Salary Growth Rate	6.00%	6.00%	5.50%	5.50%	6.00%	6.00%
Mortality inclusive of provision for disability	100% of Indian Assured Lives Mortality (IALM)					

**(i) Sensitivity Analysis**

Particulars	Gratuity 2020-21			Pension 2020-21			Compensated Absences 2020-21		
	Change in Assumption	Due to increase in assumption	Due to decrease in assumption	Change in Assumption	Due to increase in assumption	Due to decrease in assumption	Change in Assumption	Due to increase in assumption	Due to decrease in assumption
Discount Rate	0.50%	21.85	22.40	1%	10.11	13.59	0.50%	20.05	20.50
Salary Growth Rate	0.50%	22.39	21.86	1%	13.66	1.00	0.50%	20.49	20.05
Mortality	5.00%	22.12	22.12	5%	11.58	11.78	5.00%	20.27	20.27

Particulars	Gratuity 2019-20			Pension 2019-20			Compensated Absences 2019-20		
	Change in Assumption	Due to increase in assumption	Due to decrease in assumption	Change in Assumption	Due to increase in assumption	Due to decrease in assumption	Change in Assumption	Due to increase in assumption	Due to decrease in assumption
Discount Rate	0.50%	15.91	16.31	1%	9.65	13.15	0.50%	15.85	16.20
Salary Growth Rate	0.50%	16.31	15.91	1%	13.22	9.57	0.50%	16.20	15.85
Mortality	5.00%	16.11	16.11	5%	11.13	11.31	5.00%	16.02	16.02

**(ii) The following payments are expected contributions to the defined benefit plan in future years:**

Particulars	
Within the next 12 months (next annual reporting period)	6.77
Between 2 and 5 years	14.22
Beyond 5 years	3.72
<b>Total</b>	<b>24.71</b>

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 33 Employee Benefit Obligations (Contd.)**

**(iii) Risk exposure**

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility**

The plan liabilities are calculated using a discount rate set with reference to bond yield;

**Changes in bond yields**

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

**(iv) Defined contribution plans:**

The Company's contribution to defined contribution plan viz., provident fund, of ₹ 18.75 (31<sup>st</sup> March, 2020: ₹ 17.86) has been recognised in the Statement of Profit and Loss. There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28<sup>th</sup> February, 2019 on components / allowances paid to employees that need to be taken into account while computing an employer's contribution to provident fund under the EPF Act. The Company is in the process of evaluating the method of computation of its PF contribution in relation to above judgement and would record any further effect in its financial statements, on receiving further clarification on the subject.

**NOTE 34 Fair Value Measurements**

**Financial instruments by category**

	Measurement Level	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Financial assets carried at amortised cost</b>			
Loans	Level 3	11,154.95	9,455.55
Trade Receivables	Level 3	30.80	55.20
Cash and Cash Equivalents		653.14	357.36
Other bank balances	Level 3	0.87	11.62
Loan to Employees	Level 3	4.62	8.72
Advances to Related Parties	Level 3	73.21	78.20
Other Financial Assets - Related Parties	Level 3	0.04	2.69
Other Financial Assets - Non-Related Parties	Level 3	0.00	12.17
Security deposit for leased premises	Level 3	7.49	7.54
Deposit with Service Providers	Level 3	4.39	3.34
<b>Financial assets carried at Fair Value through Other Comprehensive Income</b>			
Derivative Financial Instruments	Level 2	-	23.63
<b>Total financial assets</b>		<b>11,929.51</b>	<b>10,016.03</b>
<b>Financial liabilities carried at amortised cost</b>			
Trade Payables	Level 3	227.87	168.63
Debt Securities	Level 3	1,170.85	496.19
Borrowings other than Debt Securities	Level 3	8,041.11	7,450.59
Subordinated Liabilities	Level 3	942.79	612.77
Security Deposit Received	Level 3	53.46	39.02
Other Financial Liabilities	Level 3	154.11	90.68
<b>Financial Liabilities carried at Fair Value through Other Comprehensive Income</b>			
Derivative Financial Instruments	Level 2	14.57	-
<b>Total financial liabilities</b>		<b>10,604.76</b>	<b>8,857.88</b>

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 34 Fair Value Measurements (Contd.)**

**i. Fair value hierarchy**

IND-AS 113, 'Fair Value Measurement' requires classification of the valuation method of financial instruments measured at fair value in the Statement of Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). Fair value of derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves. The three levels of the fair-value-hierarchy under IND-AS 113 are described below:

Financial assets and liabilities measured at fair value - recurring fair value measurements (Level 2)	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Financial assets</b>		
Derivative Financial Instruments	-	23.63
<b>Total financial assets</b>	-	<b>23.63</b>
<b>Financial liabilities</b>		
Derivative Financial Instruments	14.57	-
<b>Total financial assets</b>	<b>14.57</b>	-

Fair value of Financial assets and liabilities carried at amortised cost (Level - 3)	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Financial assets</b>		
Loan to Employees	4.62	8.72
Advances to Related Parties	59.39	76.53
Security deposit for leased premises	7.49	7.54
<b>Total financial assets</b>	<b>71.50</b>	<b>92.79</b>

There were no transfers between any levels during the year.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes publicly traded derivatives and mutual funds that have a quoted price. The quoted market price used for financial assets held by the Company is the current bid price.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**ii. Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the fair value of forward foreign exchange contracts and cross currency interest rate swaps (CCIRS) is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis

All of the resulting fair value estimates are included in level 3 where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

**iii. Valuation process**

Discount rates are determined using a market interest rate for a similar asset adjusted to the risk specific to the asset.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 34 Fair Value Measurements (Contd.)**

**iv. Fair value of financial assets and liabilities measured at amortised cost**

31 <sup>st</sup> March, 2021	Carrying amount	Fair value
<b>Financial assets</b>		
Loan to Employees	4.62	4.62
Advances to Related Parties	73.21	59.39
Security Deposit for Leased Premises	7.49	7.49
<b>Total financial assets</b>	<b>85.32</b>	<b>71.50</b>
31 <sup>st</sup> March, 2020	Carrying amount	Fair value
Loan to Employees	8.72	8.72
Advances to Related Parties	78.20	76.53
Security Deposit for Leased Premises	7.54	7.54
<b>Total financial assets</b>	<b>94.46</b>	<b>92.79</b>

The fair values for advance to related parties and rent advance were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The majority of borrowings are floating rate borrowings, the carrying value is representative of the fair value.

**NOTE 35 Financial Risk Management**

**(A) Credit Risk**

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored to determine significant increase in credit risk. The Company monitors the credit assessment on a portfolio basis, assesses all credit exposures in excess of designated limits. The Company does a risk grading based upon the credit worthiness of the borrowers. All these factors are taken into consideration for computation of ECL.

**Other Financial Assets**

Credit risk with respect to other financial assets are extremely low. Based on the credit assessment, the historical trend of low default is expected to continue. No provision for Expected Credit Loss (ECL) has been created for Other Financial Assets.

**Loans**

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on Number of Days past due information. The amount represents gross carrying amount.

Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Gross Carrying value of Loans		
Stage-1 (Less than 30 Days)	9,539.60	8,407.16
Stage-2 (30-90 Days)	1,481.27	869.84
Stage-3 (More than 90 Days)	423.75	370.66
<b>Total Gross Carrying Value on Reporting Date</b>	<b>11,444.62</b>	<b>9,647.66</b>

**Credit Quality**

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow-ups and legal recourse.

**Inputs considered in the ECL model**

In assessing the impairment of loans assets under ECL model, the loan assets have been segmented into three stages.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 35 Financial Risk Management (Contd.)**

The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The Company categorises loan assets into stages based on the Days Past Due status:

- Stage 1: 30 Days Past Due
- Stage 2: 31-90 Days Past Due
- Stage 3: More than 90 Days Past Due

**Assumptions considered in the ECL model**

The financial services business has made the following assumptions in the ECL Model:

- “Loss given default” (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. EIR has been taken as discount rate for all loans.

**Estimation Technique**

The financial services business has applied the following estimation technique in its ECL model :

- “Probability of default” (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.
- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining tenor.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals. There is no change in estimation techniques or significant assumptions during the reporting period.

**Assessment of significant increase in credit risk**

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analysis based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27<sup>th</sup> March, 2020 and 17<sup>th</sup> April, 2020 relating to ‘COVID-19 – Regulatory Package’, the Company has offered moratorium up to six months on the payment of instalments falling due between 1<sup>st</sup> March, 2020 and 31<sup>st</sup> August, 2020 to all eligible borrowers. The Company has extended One-Time Resolution framework as for COVID-19-related stress to eligible customers as per applicable RBI guidelines and as per the policy of the Company. The staging classification under ECL computation has been done based on the performance of the restructured accounts as per the revised term and conditions and credit risk assessment by the Company.

COVID-19 (including second wave) has severe impact on global as well as domestic macro and micro economies, businesses and consumers. Due to this uncertainty, Company’s assessments of impairment loss allowance on its loans are subject to a number of management judgements and estimates. Since the Company’s impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates.

**Definition of default**

The Company considers a financial instrument is in default, when the borrower becomes 90 days past due on its contractual payments. The financial services business considers Loans under default as ‘credit impaired’ and classified as Stage-3.



(All amounts in ₹ Crore unless otherwise stated)

**NOTE 35 Financial Risk Management (Contd.)**

**Impairment loss**

The expected credit loss allowance provision is determined as follows:

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31 <sup>st</sup> March, 2021	9,539.60	1,481.27	423.75	11,444.62
Expected Credit Loss	81.90	42.34	165.43	289.67
Expected Credit Loss Rate	0.86%	2.86%	39.04%	2.53%
Net of Impairment Provision	9,457.70	1,438.93	258.32	11,154.95

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31 <sup>st</sup> March, 2020	8,407.16	869.84	370.66	9,647.66
Expected Credit Loss	39.23	9.50	143.38	192.11
Expected Credit Loss Rate	0.47%	1.09%	38.68%	1.99%
Net of Impairment Provision	8,367.93	860.34	227.28	9,455.55

**Reconciliation of Expected Credit Loss**

Particulars	Stage-1	Stage-2	Stage-3	Grand Total
<b>Balance as at 1<sup>st</sup> April, 2019</b>	<b>30.99</b>	<b>3.43</b>	<b>104.61</b>	<b>139.03</b>
Transfer to Stage 1	(4.92)	3.27	1.66	-
Transfer to Stage 2	0.28	(1.90)	1.61	-
Transfer to Stage 3	0.71	1.33	(2.04)	-
Loans that have derecognised during the period	(6.58)	(0.72)	(25.18)	(32.49)
New Loans originated during the year	25.12	3.91	12.98	42.02
Net Remeasurement of Loss Allowance	(6.37)	0.18	49.74	43.55
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>39.23</b>	<b>9.50</b>	<b>143.38</b>	<b>192.11</b>
Transfer to Stage 1	(9.66)	7.54	2.11	-
Transfer to Stage 2	2.44	(4.61)	2.17	-
Transfer to Stage 3	0.99	0.45	(1.43)	-
Loan that have derecognised during the period	(8.35)	(1.43)	(41.06)	(50.85)
New Loans originated during the year	33.56	4.26	14.78	52.61
Net Remeasurement of Loss Allowance	23.70	26.62	45.49	95.80
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>81.90</b>	<b>42.34</b>	<b>165.43</b>	<b>289.67</b>

**Concentration of Credit Risk**

The business manages concentration of risk primarily by geographical region. The following details show the geographical concentrations of the loans at the year end:

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Carrying value		
Concentration by geographical region in India		
South	4,426.79	3,812.55
West	3,123.68	2,670.40
East	2,042.22	1,701.66
North	1,851.93	1,463.05
<b>Total Loans as at reporting period</b>	<b>11,444.62</b>	<b>9,647.66</b>

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 35 Financial Risk Management (Contd.)**

**(B) Liquidity Risk**

The liquidity risk is a risk that an entity will encounter difficulty in meeting Financial obligations.

As per Company's policy, management ensures availability of sufficient fund either through Instalment receivables/ sourcing through debts at each point of time. The Fund requirement ascertained at the beginning of the period by taking into consideration Instalment receivable, likely disbursement, Loan instalment payment & other operational expenses. The Company is continuously getting good support from Bankers & Financial Institutions at the time of need.

**i. Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Floating rate</b>		
Expiring within one year (bank overdraft and other facilities)	227.23	332.04
Expiring beyond one year (bank loans)	-	-
	227.23	332.04

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

**ii. Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- All non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
<b>31<sup>st</sup> March, 2021</b>						
<b>Non-derivatives</b>						
Borrowings	1,386.89	694.91	3,161.99	4,417.06	493.90	10,154.75
Security Deposit	29.41	19.61	4.44	-	-	53.46
Trade Payables	94.40	70.13	55.54	7.80	-	227.87
Other Financial Liabilities	79.14	2.10	56.76	17.10	2.27	157.37
<b>Total non-derivative liabilities</b>	<b>1,589.85</b>	<b>786.75</b>	<b>3,278.73</b>	<b>4,441.96</b>	<b>496.17</b>	<b>10,593.45</b>

Contractual maturities of financial liabilities	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
<b>31<sup>st</sup> March, 2020</b>						
<b>Non-derivatives</b>						
Borrowings	956.35	582.44	3,187.76	3,733.20	99.81	8,559.56
Security Deposit	-	17.78	21.24	-	-	39.02
Trade Payables	13.55	120.47	34.61	-	-	168.63
Other Financial Liabilities	40.62	1.76	25.32	20.11	9.34	97.15
<b>Total non-derivative liabilities</b>	<b>1,010.52</b>	<b>722.45</b>	<b>3,268.93</b>	<b>3,753.31</b>	<b>109.15</b>	<b>8,864.36</b>

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 36 Financial Risk Management**

**(a) Foreign currency risk exposure:**

Foreign exchange risk arises on financial instruments being denominated in a currency that is not the functional currency of the entity. The Company is exposed to foreign exchange risk due to continuous fluctuation in the foreign currency (USD) of the loan originated. The Company has entered into cross currency swaps (CCS) /forward contracts/ Interest rate swap to fully hedge all foreign currency exchange risk on the principal and interest amount payable on borrowings.

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Financial liabilities</b>		
Variable Foreign Currency Borrowings (USD 187 million) (PY USD 90 million)	1,356.55	634.84
<b>Derivative liabilities</b>		
Hedged through forward contracts	1,356.55	634.84
Hedged through CCS		
<b>Net exposure to foreign currency risk (liabilities)</b>	-	-

**(b) Sensitivity analysis:**

The Company has hedged all its foreign currency exposures by entering into CCS/Forwards contracts, it shall not be subject to any sensitivity on settlement due to the movements in foreign exchanges i.e. USD. Forward Contract & Cross Currency Swap are to buy USD for Hedging Foreign Currency Loan.

Impact on profit after tax		
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
USD sensitivity		
INR/USD Increases by 5%	-	-
INR/USD Decreases by 5%	-	-

**(i) Cash flow and fair value interest rate risk**

The Company's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Company to cash flow interest rate risk. During 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020, the Company's borrowings at variable rate were mainly denominated in INR, USD.

The Company's floating rate borrowings are carried at amortised cost. For a NBFC business loan is the major source for running the business. In India, loans are mostly available at Floating Rate Interest. And there are no such option available to obtain an option for swapping the Floating Rate Interest linked to respective bank MCLR with Fixed Interest. Hence, except foreign currency loans, other loans are not hedged. The Company has increased the component of fixed rate borrowings compared to last year (more than 10%).

**(a) Interest rate risk exposure**

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Variable rate borrowings	7,126.66	7,173.54
<b>Total borrowings</b>	<b>10,154.75</b>	<b>8,559.56</b>

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 36 Financial Risk Management (Contd.)**

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

31 <sup>st</sup> March, 2021			
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	7.04%	7,126.66	70.18%

31 <sup>st</sup> March, 2020			
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	8.30%	7,173.54	83.81%

An analysis by maturities is provided in note 35 B (ii) above.

**(b) Sensitivity**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

Impact on profit after tax		
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Interest rates – increase by 50 basis points (50 bps) *	38.00	32.03
Interest rates – decrease by 50 basis points (50 bps) *	(38.00)	(32.03)

\* Holding all other variables constant

**NOTE 37 Capital Management**

**(a) Risk management**

The Risk Management policy includes identification of element of risks, including those which in the opinion of Board may lead to Company not meeting its financial objectives. The risk management process has been established across the Company and designs to identify, access & frame a response to threat that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolve around the goals and objectives of the Company.

Maintaining optimal capital to debt is one such measure to ensure healthy returns to the shareholders. Company envisages maintaining gearing ratio of maximum 7 times to the total equity, the Company monitors the ratio as below:

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Net debt (total borrowings, less cash and cash equivalents)	9,501.62	8,202.20
Total Equity (as shown in the balance sheet)	1,563.70	1,372.03
<b>Net debt to equity ratio</b>	<b>6.08</b>	<b>5.98</b>

**(b) Externally imposed capital restrictions**

- 1) As per RBI requirements, Capital Adequacy Ratio should be minimum 15%, not meeting RBI requirements will lead to cancellation of NBFC licences issued by RBI.
- 2) As per various lending arrangements with banks TOL (Total Outside Liability) to TNW (Total Net Worth) ratio should be less than 8, not meeting the said requirements may lead to higher interest rates.

The Company has complied with these covenants throughout the reporting period.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 38 Leases**

**a. Lease Disclosures pertaining to Right-to-use Asset**

Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Building</b>		
Gross Block		
Opening/(On transition to IND-AS 116)	25.78	21.93
Revaluation due to change in future lease rentals	(3.70)	-
Additions during the year	3.88	10.97
(Deletions during the year)	-	-
Closing Balance during the year	25.96	32.90
<i>Amortisation</i>		
Additions	-	-
Amortisation for the year	7.28	7.12
<b>Closing Balance during the year</b>	<b>18.68</b>	<b>25.78</b>

- b. The Company has offices across the country with varied lease period. The lease term considered for arriving at the Right-to-use Asset and Lease liabilities are based on the non-cancellable period of the respective agreements.
- c. Company has exercised the option of short-term leases and low value asset exemption.

**Lease Disclosures pertaining to Statement of Profit & Loss**

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Finance charges</b>		
Interest expense	2.02	2.32
<b>Depreciation</b>		
Amortisation of Right-to-use asset	7.28	7.12
<b>Other expenses</b>		
Rent expenses		
Expense relating to short-term leases (included in other expenses)	10.77	8.33
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)	-	-
Expense relating to variable lease payments not included in the measurement of lease liabilities	-	-
<b>Total</b>	<b>20.07</b>	<b>17.77</b>

**d. Lease disclosures in cash flow statement**

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Cash flow financing activities		
Principal repayments related to lease liabilities	6.92	6.83
Interest payments related to lease liabilities	2.02	2.32

(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021**

**1. Capital Commitments**

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Estimated amount of contracts remaining to be executed on Capital Account not provided for	2.52	2.18

**2. Other Commitments**

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Undrawn Loans sanctioned to borrowers	22.89	1.99

**3. Contingent Liabilities not provided for**


Claims against the Company not acknowledged as debts.

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Disputed Income Tax Demand (adjusted out of refunds)	-	1.06
Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹ 0.29 Cr)	7.70	7.70
Legal cases filed by borrowers against the Company	1.23	1.64

The Company's pending litigations comprise of claims against the Company and proceedings pending with Statutory Authorities. The future cash flows on the above items are determinable only on receipt of decisions / judgements that are pending at various forums/authorities. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

4. Pursuant to a Business Transfer Agreement (BTA) entered into with TVS Finance and Services Limited (TVSFS) on 21<sup>st</sup> 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 ₹50.75 crores and liabilities (comprising of borrowings from Banks and Institution, current liabilities and provisions) of ₹298.75 crores. TVSFS issued Unsecured Redeemable Bonds to the Company, for the excess of liabilities over assets of ₹248 crores. The bonds are redeemable between 7<sup>th</sup> and 12<sup>th</sup> 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. The advance from TVSMS to the Company pertaining to this transaction stands at ₹73.21 crores as at 31<sup>st</sup> March, 2021 as per IND-AS fair valuation. Advance is partly secured to the extent of ₹52.15 crores and balance portion of ₹21.06 crores is unsecured. Considering the intrinsic value of land lying with TVSMS and equity shares held by TVSMS in the Company, the unsecured advance is considered good and recoverable.
5. Pursuant to para 2 of general instructions for preparation of financial statements of a NBFC as mentioned in Division III of Schedule III of The Companies Act, 2013, the current and non-current classification has not been provided.





## **With technology at their fingertips, our teams are always equipped to lend a helping hand.**

Our employees are empowered with hand-held devices that help them serve customers faster and more efficiently, thereby earning trust and confidence. These tools enable spot decision-making and quick loan approval, while at the same time ensuring minimal documentation, leading to an enhanced customer experience.



## We make robots work hard, so that people can work happy.

Using Robotic Process Automation across many of our functions, we have reduced turnaround time, brought down costs, scaled up and ensured round-the-clock process continuity with minimal human intervention. Without compromising on customer service, this has enabled our people to improve their productivity while cutting down stress levels.

(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**6. Related Party Disclosure**

Disclosure in respect of Related Parties and their relationship where transaction exists

Nature of Relationship	Parties Name
Reporting Enterprise	TVS Credit Services Limited
Holding Company	TVS Motor Company Limited Sundaram-Clayton Limited
Ultimate Holding Company	TV Sundram Iyengar & Sons Private Limited
Subsidiaries	TVS Housing Finance Private Limited Harita ARC Private Limited TVS Two Wheeler Mall Private Limited TVS Micro Finance Private Limited Harita Collection Services Private Limited TVS Commodity Financial Solutions Private Limited
Fellow Subsidiary	TVS Motor Services Limited Sundaram Auto Components Limited TVS Automobile Solutions Private Limited
Associate of Holding Company	Emerald Haven Realty Limited

**Transactions with Related Parties and Balance Outstanding as at the end of the year**

S.No.	Name of the Related Party	Nature of Transactions	Amount 2020-21	Amount 2019-20	
1	TVS Motor Services Limited	Advance received	6.37	41.33	
		Unwinding of advance	1.38	9.36	
		Balance outstanding (Dr)	73.21	80.86	
2	TVS Motor Company Limited	Contribution towards Equity Share Capital	6.78	3.49	
		Contribution towards Security Premium	93.22	41.51	
		Services Rendered	21.55	42.51	
		Availing of Services	6.96	5.76	
		Balance outstanding (Dr)	8.49	18.92	
3	Sundaram Clayton Limited	EMI Payment	0.10	0.10	
		Availing of Services	3.08	4.23	
		Balance outstanding (Dr)	0.03	0.16	
4	Sundaram Auto Components Limited	EMI Payment	0.11	0.10	
		Balance outstanding (Dr)	0.15	0.26	
5	Harita ARC Private Limited**	Investments in Equity	-	-	
		Pre-operative Expenses	-	-	
		Balance outstanding (Dr)	-	-	
6	TVS Commodity Financial Solutions Private Limited**	Investments in Equity	-	-	
		Pre-operative Expenses	-	-	
		Balance outstanding (Dr)	-	-	
7	TVS Two Wheeler Mall Private Limited**	Investments in Equity	-	-	
		Pre operative Expenses	-	-	
		Balance outstanding (Dr)	-	-	
8	TVS Micro Finance Private Limited**	Investments in Equity	-	-	
		Pre-operative Expenses	-	-	
		Balance outstanding (Dr)	-	-	
9	Harita Collection Services Private Limited**	Investments in Equity	-	-	
		Pre-operative Expenses	-	-	
		Balance outstanding (Dr)	-	-	
10	TVS Housing Finance Private Limited	Investments in Equity	-	-	
		Advance Repaid	-	0.16	
		Pre-operative Expenses	-	-	
		Balance outstanding (Dr)	-	-	
11	Emerald Haven Realty Limited	EMI Payment	-	0.47	
		Balance outstanding (Dr)	-	-	
12	TVS Automobile Solutions Private Limited (TASL)	Working Capital Financing	-	45.78	
		Receivable Financing to Franchisees of TASL	-	13.68	
		Balance outstanding (Dr)	-	2.06	

\*\* Transaction value and balance outstanding is below the rounding off norms of the Company, wherever applicable.

(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**7. Segment Reporting**

There is no separate reportable segment as per IND-AS 108 on 'Operating Segments' in respect of the Company.

8. The Company has the process, whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, Company has reviewed and ensured that adequate provision as required under any law/ accounting standard for material foreseeable losses on such long-term contracts have been made in the books of account.

**9.1 Disclosure pursuant to Reserve Bank of India Notification DBNS.193DG (VL) – 2007 dated 22<sup>nd</sup> February, 2007**

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

S.No.	Description	Amount Outstanding	Amount Overdue
		as at 31 <sup>st</sup> March, 2021	
	<b>Liabilities</b>		
(1)	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>		
A	Debentures	-	-
	- Secured	449.03	-
	- Unsecured (other than falling within the meaning of public deposits)	103.57	-
B	Deferred Credits	-	-
C	Term Loans (including Sub-Ordinated Debt)	8,775.58	-
D	Inter-corporate loans and borrowings	-	-
E	Commercial paper	746.11	-
F	Other loans:		-
	i. Cash Credit	156.89	-
	ii. Securitised Trust Borrowing	-	-
	<b>Total</b>	<b>10,231.18</b>	-

	Assets	Amount Outstanding	Amount Outstanding
		as at 31 <sup>st</sup> March, 2021	as at 31 <sup>st</sup> March, 2020
	<b>Assets</b>		
(2)	<b>Break-up of Loans and Advances including bills receivable (other than those included in (4) below) :</b>		
(a)	Secured	9,509.85	8,307.11
(b)	Unsecured considered good	1,934.77	1,340.55
(3)	<b>Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities:</b>		
	(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	-	-
	<b>Total</b>	<b>11,444.62</b>	<b>9,647.66</b>



(All amounts in ₹ Crore unless otherwise stated)

39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)

S.No.	Description	Amount Outstanding	Amount Overdue
		as at 31 <sup>st</sup> March, 2021	
<b>4.</b>	<b>Current Investments:</b>		
	1. Quoted :		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	<b>Long-term Investments:</b>		
	1. Quoted :		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted:		
	(i) Shares: (a) Equity	12.01	12.01
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Pass-through Certificates - Securitisation)	-	-
	<b>Total</b>	-	-

(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	0.46	-	0.46
	(c) Other related parties	-	-	-
	2. Other than related parties	9,386.30	1,874.47	11,260.77
	<b>Total</b>	<b>9,386.76</b>	<b>1,874.47</b>	<b>11,261.23</b>

(All amounts in ₹ Crore unless otherwise stated)

39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)

(6) Investor groupwise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)			
	Category	Market value / Breakup or fair value of NAV	Book value (Net of provisions)
1	Related parties		
	(a) Subsidiaries	12.01	12.01
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2	Other than related parties	-	-

(7) Other Information		Amount
(i)	Gross Non-performing assets	
	(a) Related Parties	-
	(b) Other than related parties	567.10
(ii)	Net Non-performing assets	
	(a) Related Parties	-
	(b) Other than related parties	383.70
(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 10<sup>th</sup> November, 2014)

Capital Adequacy Ratio

Description	2020-21	2019-20
Tier I Capital	1,543.83	1,401.89
Tier II Capital	580.67	265.72
<b>Total Capital</b>	<b>2,124.50</b>	<b>1,667.61</b>
<b>Total Risk Weighted Assets</b>	<b>11,480.43</b>	<b>9,813.40</b>
<b>Amount of Subordinated Debt as Tier II Capital (Discounted Value)</b>	530.00	220.00
<b>Capital Ratios</b>		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	13.45%	14.29%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	5.06%	2.71%
<b>Total (%)</b>	<b>18.51%</b>	<b>17.00%</b>
Amount of perpetual debt raised and qualifying as Tier I capital during the year	-	-
Amount of subordinated debt raised and qualifying as Tier II capital during the year	400.00	-



(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**a. Investments**

S.No.	Description	2020-21	2019-20
<b>1.</b>	<b>Value of Investments</b>		
	i) Gross Value of Investments		
	a) In India	12.01	12.01
	b) Outside India	-	-
	ii) Provision for Depreciation		
	a) In India	-	-
	b) Outside India	-	-
	iii) Net Value of Investments		
	a) In India	12.01	12.01
	b) Outside India	-	-
<b>2.</b>	<b>Movement of Provisions held towards depreciation on Investments</b>		
	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	-	-

**b. Exposure to Real Estate sector, both Direct and Indirect**

Description	2020-21	2019-20
<b>(a) Direct/Indirect Exposure (Net of Advances from Customers)</b>		
<b>(i) Residential Mortgages -</b>		
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 ₹15 Lakhs		
- Individual housing loans more than ₹15 Lakhs	-	-
<b>(ii) Commercial Real Estate -</b>	-	-
Lending secured by mortgages on commercial real estates (office building, retail space, 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	-	-
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other Securitised exposures -</b>	-	-
a. Residential	-	-
b. Commercial Real Estate	-	-
Fund-based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFC's)	12.00	12.00

Note: The above summary is prepared based on the information available with the Company and relied upon by the auditors.

(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**c. Exposure to Capital Market**

S.No.	Description	2020-21	2019-20
1.	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.	-	-
2.	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.	-	-
3.	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken a primary security.	-	-
4.	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.	-	-
5.	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	-	-
6.	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.	-	-
7.	Bridge loans to companies against expected equity flows/issues.	-	-
8.	All exposures to Venture Capital Funds (both registered and unregistered)	-	-

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

Time Bucket	As at 31st March, 2021					
	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Up to 1 month	-	742.50	-	307.99	-	-
Over 1 month up to 2 months	-	628.61	-	864.23	-	-
Over 2 months up to 3 months	-	710.00	-	214.67	-	-
Over 3 months up to 6 months	-	1,475.40	-	694.91	-	-
Over 6 months up to 1 year	0.87	2,362.36	-	3,161.99	-	-
Over 1 year up to 3 years	-	4,345.23	-	2,953.44	-	1,364.32
Over 3 years up to 5 years	-	960.11	-	99.00	-	-
Over 5 years	-	37.02	12.01	493.90	-	-
<b>Grand Total</b>	<b>0.87</b>	<b>11,261.23</b>	<b>12.01</b>	<b>8,790.44</b>	<b>-</b>	<b>1,364.32</b>

(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

- e. **Category-wise classification of frauds reported during the year vide DNBS.PPD.01/66.15.001/2016-17 dtd 29<sup>th</sup> September, 2016**

Category	Less than ₹ 1 Lakh		₹ 1 Lakh- ₹ 25 Lakhs		₹ 25 Lakhs and above		Total	
	Count	Value	Count	Value	Count	Value	Count	Value
<b>A Person Involved</b>								
Staff	27	0.11	10	0.22	-	-	37	0.33
Staff & Others	-	-	6	0.72	4	1.72	10	2.44
Others	4	0.02	9	0.68	4	4.15	17	4.85
<b>Staff and Customers</b>	<b>31</b>	<b>0.13</b>	<b>25</b>	<b>1.62</b>	<b>8</b>	<b>5.87</b>	<b>64</b>	<b>7.62</b>
<b>B Type of Fraud</b>								
Misappropriation and Criminal breach of trust	29	0.12	18	0.78	1	0.25	48	1.15
Fraudulent encashment / manipulation of books of accounts	-	-	-	-	-	-	-	-
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Cheating and Forgery	2	0.01	7	0.84	7	5.62	16	6.47
<b>Total</b>	<b>31</b>	<b>0.13</b>	<b>25</b>	<b>1.62</b>	<b>8</b>	<b>5.87</b>	<b>64</b>	<b>7.62</b>

**Note:**

Out of the above, ₹1.02 crore has been recovered and the Company has made adequate provision for the balance recoverable. The above information is prepared based on the information available with the Company and relied upon by the auditors.

**9.2 Note on Securitisation**

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

During the year, the Company has without recourse securitised on 'at Par' basis through Pass-Through Certificate (PTC) route, and derecognised the said loan receivables from the books. In terms of the accounting policy stated in Note No.1 (g), securitisation income is recognised as per RBI guidelines dated 21<sup>st</sup> August, 2012.

S.No.	Description	2020-21	2019-20
1.	No. of SPVs sponsored by the NBFC for securitisation transactions	-	1 no.
2.	Total amount of securitised assets as per books of the SPVs sponsored by NBFC's	-	12.31
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)	-	7.54
	- Second Loss	-	2.08
	- Others	-	-

(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

S.No.	Description	2020-21	2019-20
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 "unrealised gain" on securitisation transactions undertaken in terms of guidelines on securitisation transaction issued by Reserve Bank of India on 21<sup>st</sup> August, 2012 are given below:

S.No.	Description	2020-21		2019-20	
		Non-Current	Current	Non-Current	Current
1	Excess Interest Spread receivable	-	-	0.88	0.18
2	Unrealised gain on Securitisation Transactions	-	-	0.88	0.18

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

Description	2020-21	2019-20
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**

Description	2020-21	2019-20
No. of Accounts	-	-
Aggregate value (net of Provisions) of accounts sold	-	-
Aggregate Consideration	-	-
Additional Consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate Gain/Loss over net book value	-	-

(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**9.3 a. Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.0029/03.10.001/2014-15 dated 10<sup>th</sup> April, 2015**

S.No.	Movement of NPA	2020-21	2019-20
(I)	Net NPA to Net advances (%)	3.41%	2.39%
(II)	<b>Movement of gross NPA*</b>		
	a. Opening Balance	370.66	274.69
	b. Additions during the year	614.12	361.34
	c. Reductions during the year	152.10	109.77
	d. Write off during the year	265.58	155.60
	e. Closing Balance	567.10	370.66
(III)	<b>Movement of Net NPA</b>		
	a. Opening Balance	227.28	170.08
	b. Additions during the year	357.87	179.13
	c. Reductions during the year	114.75	77.47
	d. Write off during the year	86.70	44.46
	e. Closing Balance	383.70	227.28
(IV)	<b>Movement of Provision for NPAs**</b>		
	a. Opening Balance	143.38	104.61
	b. Provisions made during the Year	137.66	83.54
	c. Reductions/Write off during the year	97.64	44.77
	d. Closing Balance	183.40	143.38

\* NPA figures includes provision on assets taken over from Chennai Business Consulting Services Limited (erstwhile TVS Finance and Services Limited) vide BTA dated 21<sup>st</sup> April, 2010)

\*\* NPA figures mentioned above includes restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7<sup>th</sup> June, 2019.

**b. Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated 6<sup>th</sup> August, 2020 are given below:**

	(A)	(B)	(C)	(D)	(E)
Type of Borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
Personal Loans	50,956	327.38	-	-	36.06
Corporate persons	0	0.00	-	-	0.00
Of which, MSMEs	0	0.00	-	-	0.00
Others	0	0.00	-	-	0.00
<b>Total</b>	<b>50,956</b>	<b>327.38</b>	<b>-</b>	<b>-</b>	<b>36.06</b>

**c. Disclosure pursuant to RBI notification - RBI/2020-21/17/DRO.NO.BP.BC/3/21.04.048/2020-21 dated 6<sup>th</sup> August, 2020 (for restricting of account of account micro, small & medium enterprises (MSME) sector-restructuring of advances having exposure less than or equal to ₹25 crores.**

Type of Borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan
MSMEs	141	14.61

(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**d. Disclosure on Restructured Accounts**

Particulars*	Amount	
Restructured loans as 1 <sup>st</sup> April, 2020	Amount Outstanding	-
	Provision thereon	-
Fresh restructuring during the year	Amount Outstanding	180.66
	Provision thereon	29.63
Upgradations to restructured category	Amount Outstanding	-
	Provision thereon	-
Restructured loans ceases to attract higher provision or additional risk weight at the end of year	Amount Outstanding	-
	Provision thereon	-
Downgrade of restructured accounts during the year	Amount Outstanding	-
	Provision thereon	-
Write-off of restructured accounts during the year	Amount Outstanding	-
	Provision thereon	-
Restructured loans as on 31 <sup>st</sup> March, 2021	Amount Outstanding	180.66
	Provision thereon	29.63

\* Restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7<sup>th</sup> June, 2019.

e. As per RBI notification dated 7<sup>th</sup> April, 2021, all the lending institution shall refund/adjust 'interest on interest' charged to borrowers during moratorium period. As required by the RBI notification, the methodology for calculation of such interest on interest has been circulated by the Indian Banks' Association. Accordingly, the Company has estimated the amount of ₹6.9 Cr based on proforma calculation and reversed the income in the financial statement.

**f. Provisions and Contingencies**

**Break-up of 'Provisions and Contingencies' shown under the Head Expenditure in Statement of Profit and Loss**

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Provision for Depreciation on Investments	-	-
Provision/Impairment allowance towards NPA (Net)	40.02	38.77
Provision/Impairment allowance towards Standard Assets	57.54	14.32
Provision for General Loss	(8.45)	8.45
Provision/Impairment allowance on Trade Receivables & Other Financial Assets	17.45	2.79
Provision made towards Income Tax	46.52	60.00
	<b>153.08</b>	<b>124.33</b>



(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**9.4 Disclosure as required by DOR (NBFC).CC.PD.No.109/22.10.106/2019-20**

Asset Classification as per RBI Norms	Asset classification as per IND-AS 109	Gross Carrying Amount as per IND-AS 109	Loss Allowances (Provisions) as required under IND-AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between IND-AS 109 provisions and IRACP norms
<b>Performing Assets</b>						
Standard	Stage 1	9,538.49	81.90	9,456.60	59.45	22.44
	Stage 2	1,482.38	42.34	1,440.04	16.70	25.65
Subtotal		11,020.87	124.24	10,896.63	76.15	48.09
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	351.29	118.50	232.79	99.43	19.07
Doubtful - up to 1 year	Stage 3	40.23	17.23	23.00	13.53	3.70
1 to 3 years	Stage 3	4.71	2.85	1.87	2.16	0.69
More than 3 years	Stage 3	2.04	1.38	0.66	1.34	0.04
Subtotal for doubtful		46.98	21.46	25.52	17.03	4.42
Loss	Stage 3	25.48	25.48	-	25.48	-
Subtotal for NPA		423.75	165.43	258.32	141.94	23.49
<b>Total</b>	<b>Stage 1</b>	<b>9,538.49</b>	<b>81.90</b>	<b>9,456.59</b>	<b>59.45</b>	<b>22.44</b>
	<b>Stage 2</b>	<b>1,482.38</b>	<b>42.34</b>	<b>1,440.04</b>	<b>16.70</b>	<b>25.65</b>
	<b>Stage 3</b>	<b>423.75</b>	<b>165.43</b>	<b>258.32</b>	<b>141.94</b>	<b>23.49</b>
	<b>Total</b>	<b>11,444.62</b>	<b>289.67</b>	<b>11,154.95</b>	<b>218.09</b>	<b>71.58</b>

In terms of the above notification on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under IND-AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under IND-AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning), as at 31<sup>st</sup> March, 2021 and accordingly, no amount is required to be transferred to impairment reserve.

**9.5 Disclosure on Asset Classification under the prudential norms on Income Recognition, Asset Classification as required by circular DOR.No.BP.BC.63/21.04.048/2019-20 dated 17<sup>th</sup> April, 2020**

Particulars	Amount
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraphs 2 and 3 of the circular (as of 29 <sup>th</sup> February, 2020)	2,241.30
Respective amount where asset classification benefit is extended *	457.15
Provisions made in terms of para 5 of the circular	45.71
Provisions adjusted against slippages in terms of paragraph 6 of the circular	6.34
Provisions adjusted against provision required under resolution framework in terms of paragraph 6 of the circular	16.44
Residual provisions written back as on 31 <sup>st</sup> March, 2021 in terms of paragraph 6 of the circular	22.94

\* as on 31<sup>st</sup> March, 2021 in respect of such accounts.

(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**9.6 Concentration of Advances, Exposures & NPAs (Stage 3 Assets)**

**a) Concentration of Advances**

Description	2019-20	2018-19
Total Advances to Twenty Largest Borrowers	110.79	72.90
Percentage of advances to twenty largest borrowers to Total Advances	0.97%	0.76%

**b) Concentration of Exposures**

Description	2020-21	2019-20
Total Exposures to Twenty Largest Borrowers/Customers	110.79	72.90
Percentage of exposures to twenty largest borrowers to Total Advances	0.97%	0.76%

**c) Concentration of NPAs**

Description	2020-21	2019-20
Total Exposure to Top Four NPA Accounts	2.14	1.09

**d) Sector-wise distribution of NPA's**

S.No.	Sector	Percentage of NPA's to Total Advances in that Sector	
		2020-21	2019-20
1	Agriculture and Allied Activities	5.90%	3.87%
2	MSME	-	-
3	Corporate Borrowers	1.60%	0.20%
4	Services	-	-
5	Unsecured Personal Loans	6.61%	8.47%
6	Auto Loans (includes assets taken over from Chennai Business Consulting Services Limited)	4.89%	3.90%
7	Others	2.93%	2.37%

**9.7 Customer Complaints**

Description	2020-21 (Nos.)	2019-20 (Nos.)
No. of Complaints pending at the beginning of the year	61	19
No. of Complaints received during the year	2,295	2,389
No. of Complaints redressed during the year	2,313	2,347
No. of Complaints pending at the end of the year	43	61

**9.8 Details of Non-Performing Financial Assets Purchased/Sold**

Description	2020-21	2019-20
No. of Accounts	-	62
Aggregate Outstanding	-	0.06
Aggregate Consideration Received	-	0.02

(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**9.9 Registration under Other Regulators**

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

**9.10 Penalties imposed by RBI and Other Regulators**

No penalties have been imposed by RBI and other regulators during FY 2020-21 and FY 2019-20.

**9.11 Details of Financing of Parent Company Products**

During the year, the Company has financed 4,53,202 nos. of two-wheelers and 214 nos. of three-wheelers of TVS Motor Company Limited as against 5,70,679 nos. of two-wheelers and 2,329 nos. of three-wheelers in the previous year.

**9.12 Ratings assigned by Credit Rating Agencies**

Description	2020-21	2019-20
Commercial Paper/STL	CRISIL/ICRA:A1+	CRISIL/ICRA:A1+
Working Capital Demand Loans	CRISIL/BWR:AA-	CRISIL/BWR:AA-
Cash Credit	CRISIL/BWR:AA-	CRISIL/BWR:AA-
Bank Term Loans	CRISIL/BWR:AA-	CRISIL/BWR:AA-
Non-Convertible Debentures - Long-Term	CRISIL:AA-	CRISIL:AA-
Perpetual Debt	CRISIL/BWR: A+	CRISIL/BWR: A+
Subordinated Debt	CRISIL/BWR: AA-	CRISIL:AA-

**9.13 Directors' Sitting Fees and Commission**

S.No.	Name of the Director	Nature	2020-21 <sup>#</sup>	2019-20 <sup>#</sup>
1	Mr. Venu Srinivasan	Sitting Fees*	0.01	0.00
		Commission	-	-
2	Mr. T.K.Balaji	Sitting Fees*	0.01	0.00
		Commission	-	-
3	Mr. R.Ramakrishnan	Sitting Fees	-	0.01
		Commission	0.03	0.13
4	Mr. Sudarshan Venu	Sitting Fees	0.01	0.01
		Commission	-	-
5	Mr. S.Sanathanakrishnan	Sitting Fees*	-	-
		Commission	-	0.04
6	Mr. K.N.Radhakrishnan	Sitting Fees	0.02	0.02
		Commission	-	-
7	Mr. V.Srinivasa Rangan	Sitting Fees	0.02	0.02
		Commission	0.13	0.13
8	Ms. Sasikala Varadhachari	Sitting Fees	0.02	0.01
		Commission	0.13	0.10
9	Mr. Balasubramanyam Sriram	Sitting Fees	0.02	0.01
		Commission	0.06	-
10	Mr. R. Gopalan	Sitting Fees	0.02	0.01
		Commission	0.09	-
	<b>Total</b>		<b>0.57</b>	<b>0.50</b>

\* The amounts mentioned are below the rounding off norms of the Company.

<sup>#</sup> Based on payment made during the respective financial year.

(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**9.14 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.

**9.15 Advance against Intangible Securities**

Company has not given any loans against intangible securities.

**9.16 Derivatives**

**1. Forward Rate Agreement/Interest Rate Swap**

S.No.	Description	2020-21	2019-20
1.	Notional principal of swap agreements	1,356.55	634.84
2.	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
3.	Collateral required by the NBFC upon entering into swaps	-	-
4.	Concentration of credit risk arising from the swaps	-	-
5.	Fair value of the swap books	1,341.97	658.47

**2. Exchange Traded Interest Rate (IR) Derivatives**

S.No.	Description	Amount
1.	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-
2.	Notional principal amount of exchange traded IR derivatives outstanding as on 31 <sup>st</sup> March, 2020 (instrument-wise)	-
3.	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-
4.	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-

**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.

S.No.	Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
i)	Outstanding Derivatives		
	For Hedging (Currency/Interest Rate Derivatives)	1,341.97	658.47
ii)	Marked to Market Positions		
	a) Asset (+)		23.63
	b) Liability (-)	14.57	
iii)	Credit Exposure	1,356.55	634.84
iv)	Unhedged Exposures	-	-

**9.17 Overseas assets (for those with JV and Subsidiaries abroad)**

There are no overseas assets owned by the Company.

**9.18 Drawdown from Reserves**

No draw down from reserves existed for the year.

**9.19 Off balance sheet SPV sponsored**

There are no SPVs which are required to be consolidated.

**9.20 There are no prior period items accounted during the year.**

(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

9.21 There are no circumstances in which revenue recognition postponed pending the resolution of significant uncertainties.

9.22 Disclosures as required for liquidity risk as required by Circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4<sup>th</sup> November, 2019

**(i) Funding Concentration based on significant counterparty (both deposits and borrowings)**

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Number of significant counter parties*	19	21
Amount (₹ In Cr)	9,587.59	8,128.76
Percentage of funding concentration to total deposits	NA	NA
Percentage of funding concentration to total liabilities**	89.92%	91.21%

\* Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4<sup>th</sup> November, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

\*\* Total Liabilities has been computed as Total Assets less Equity Share Capital less Reserves & Surplus and computed basis extant regulatory ALM guidelines.

**(ii) Top 20 large deposits (amount in ₹ Cr and % of total deposits) - NA**

**(iii) Top 10 borrowings (amount in ₹ Cr and % of total borrowings)**

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Total amount of top 10 borrowings	3,311.69	3,461.85
Percentage of amount of top 10 borrowings to total borrowings	32.61%	40.44%

**(iv) Funding Concentration based on significant instrument/product\***

Particulars	As at 31 <sup>st</sup> March, 2021	Percentage of total liabilities	As at 31 <sup>st</sup> March, 2020	Percentage of total liabilities
Loans from Bank	6,676.79	62.62%	6,759.50	75.85%
External Commercial Borrowings	1,364.32	12.80%	678.53	7.61%
Sub-ordinated Debts	842.96	7.91%	512.96	5.76%
Perpetual Debt Instrument	-	-	99.81	1.12%
Commercial Paper	746.11	7.00%	496.19	5.57%
Non-Convertible Debentures	424.74	3.98%	-	-

\* Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4<sup>th</sup> November, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**(v) Stock Ratios**

S.No.	Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
1.	Commercial papers as a % of total public funds**	7.35%	5.80%
2.	Commercial papers as a % of total liabilities	7.00%	5.57%
3.	Commercial papers as a % of total assets	6.10%	4.83%
4.	Non-convertible debentures (original maturity of less than one year) as a % of total public funds	NA	NA
5.	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	NA	NA
6.	Non-convertible debentures (original maturity of less than one year) as a % of total assets	NA	NA
7.	Other short-term liabilities* as a % of total public funds	48.73%	58.29%
8.	Other short-term liabilities* as a % of total liabilities	46.41%	55.99%
9.	Other short-term liabilities* as a % of total assets	40.48%	48.52%

\* Other Short-term liabilities is computed as current maturities of long-term debt, short-term bank borrowings including outstanding CC/WCDL and other short-term liabilities has been considered, but excludes commercial paper and non-convertible debentures (original maturity of less than one year).

\*\* Public funds are as defined in Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016

**(vi) Institutional set-up for liquidity risk management**

The Company constituted an Asset Liability Management Committee as guideline issued by RBI to NBFCs. ALCO consists of members having requisite skill set and expertise of the business and sector of the Company. ALCO monitors asset liability mismatches to ensure that there are no excessive imbalances on either side of the balance sheet and also reviews Asset Liability Management strategy. ALCO also reviews the liquidity risk of the Company at regular intervals. The Company is maintaining adequate liquidity to manage its commitments.

The Company has taken various initiatives to raise funds at the cost commensurate with its rating by way of diversified funding mix with borrowings from Public sector banks, Private sector banks, Foreign Banks, Financial Institutions, ECB and Capital Markets. The Company has raised maiden listed NCDs to the extent of ₹425 crores under TLTRO and PCGS schemes and External Commercial Borrowings (ECB) to the tune of ₹722 crores on fully hedged basis during FY21. Besides, the Company focussed on increasing composition of fixed rate instruments with higher tenor in order to utilise benefit of the low interest environment.



(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**(vii) Disclosure on Liquidity Coverage Ratio**

**Appendix 1**

Sl No	LCR Disclosure Template	Total Unweighted Value (average) (i)	Total Weighted Value (average) (ii)
	<b>High Quality Liquid Assets</b>		
1.	Total High Quality Liquid Assets (HQLA)	653.14	653.14
	<b>Cash Outflows</b>		
2.	Deposits (for deposit-taking companies)	-	-
3.	Unsecured wholesale funding (iii)	499.10	573.97
4.	Secured wholesale funding (iv)	58.89	67.72
5.	Additional requirements, of which	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	-	-
6.	Other contractual funding obligations	187.33	215.43
7.	Other contingent funding obligations	-	-
8.	<b>TOTAL CASH OUTFLOWS</b>	<b>745.32</b>	<b>857.12</b>
	<b>Cash Inflows</b>		
9.	Secured lending	524.26	393.20
10.	Inflows from fully performing exposures	190.02	142.52
11.	Other cash inflows	8.19	6.14
12.	<b>TOTAL CASH INFLOWS</b>	<b>722.47</b>	<b>541.86</b>
			<b>Total Adjusted Value</b>
	<b>TOTAL HQLA</b>		<b>653.14</b>
	<b>TOTAL NET CASH OUTFLOWS</b> (Weighted Value of Total Cash Outflows – Minimum of (Weighted Value of Total Cash Inflows, 75% of Weighted Value of Total Cash Outflows))		<b>315.26</b>
	<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>207%</b>

(i) Unweighted values calculated as outstanding balances maturing within one month (for inflows and outflows).

(ii) Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow (75%) and outflow (115%).

(iii) Unsecured wholesale funding includes cash outflow on account of Commercial Paper and other unsecured borrowing repayments.

(iv) Secured wholesale funding includes all secured borrowing repayments.

(All amounts in ₹ Crore unless otherwise stated)

**39. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**9.23 Summary of total borrowings, receivables and provision**

Category-wise breakup	2020-21	2019-20
Secured:		
Term Loan from Banks	5,979.22	5,578.67
Working Capital Demand Loan	1,721.88	1,569.36
Non-Convertible Debentures	424.74	-
Securitized Trust Borrowing	-	12.57
Unsecured:		
Term Loan from Banks	-	150.00
Working Capital Demand Loan	340.00	140.00
Commercial Paper	746.11	496.19
Subordinated Debts	842.96	512.96
Perpetual Debt	99.84	99.81
<b>Total</b>	<b>10,154.75</b>	<b>8,559.56</b>

**Total Loans**

Description	2020-21	2019-20
<b>Category-wise breakup</b>		
Secured Loans	9,509.84	8,307.11
Unsecured Loans	1,934.78	1,340.55
Total Loans	11,444.62	9,647.66
Less: Impairment Allowance	289.67	192.11
Net Loans	11,154.95	9,455.55

**Total Assets Provisions**

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Provision for Depreciation on Investments	-	-
Provision/Impairment allowance towards NPA	183.40	143.38
Provision/Impairment allowance towards Standard Assets	106.27	48.73
Provision/Impairment allowance for Trade Receivables and other Financial Assets	21.49	4.03
Provision for General Loss	-	8.45
	<b>311.16</b>	<b>104.77</b>

As per our report of even date

**For Raghavan Chaudhuri & Narayanan**

Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**

Partner  
Membership No.: 027716

Place : Bengaluru

Date : 26<sup>th</sup> April, 2021

For and on behalf of the Board

**Venu Srinivasan**  
Chairman

**V Gopalakrishnan**  
Chief Financial Officer

**G Venkatraman**  
Chief Executive Officer

**J Ashwin**  
Company Secretary

Place : Chennai

Date : 26<sup>th</sup> April, 2021

---

---

# Consolidated Financial Statements

## 2020-21

---

---

To the members of TVS Credit Services Limited

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of TVS Credit Services Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March, 2021, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act 2013, ('the Act') in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('IND-AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2021, the consolidated profit (consolidated financial performance including other comprehensive income), total comprehensive Income, consolidated changes in equity and its consolidated cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India (ICAI), together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013 and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion on the consolidated financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of the most significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response
1	<p><b>Allowance for Impairment under IND-AS 109</b></p> <p>IND-AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life considering reasonable and supportable information about past events current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.</p>	<p><b>Principal Audit Procedures</b></p> <p>Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.</p> <p>We have understood the Company's estimation of the stage allocation of the loan assets and understood the policy in place for computation of parameters required to arrive at the expected credit loss and verified for the consistency in application of the policy.</p> <p>We have performed, substantive checks on the calculation, including independent calculation of the parameters, that are estimated by the Company as part of computation of ECL. We have also conducted analytical tests including but not limited to trend analysis of the ECL number against the loan receivables in comparison to some of the other companies in the same business profile.</p>

S.No.	Key Audit Matter	Auditor's Response
	In the process a significant degree of judgement has been applied by the management for: a) Grouping of borrowers based on homogeneity by using appropriate statistical techniques b) Estimation of losses for loan products with no/minimal historical defaults	Tested the periods considered for capturing underlying data as base to PD and LGD calculations applied of group of Portfolio are in line with Company's recent experience of past observed periods. Tested the ECL model including assumptions and underlying computation.

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report. Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Board of Directors, for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation Of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group, in accordance with the IND-AS and other accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of each of the companies in the Group, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group, are responsible for overseeing the financial reporting process of each of the companies in the Group.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company, its subsidiary companies which are companies incorporated in India has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the companies in the Group, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.



- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the Directors of the Holding Company as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors of the Holding Company none of the Directors of the Group companies, is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a Director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group consisting of subsidiaries, which are all incorporated in India, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. - Refer Note 38(3) to the consolidated financial statements.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies.

for **Raghavan, Chaudhuri & Narayanan**

Chartered Accountants

FRN: 007761S

**V. Sathyanarayanan**

Partner

Membership No. 027716

Place : Bangalore

Date : 26<sup>th</sup> April, 2021

UDIN : 21027716AAAAHX6979

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2021, we have audited the internal financial controls over financial reporting of **TVS Credit Services Limited** (hereinafter referred to as the 'Holding Company'), "Chaitanya", No.12, Khader Nawaz Khan Road, Chennai 600 006, and its subsidiaries.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company, its subsidiaries, which are companies incorporated in India.

**Meaning of Internal Financial Controls Over Financial Reporting**

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

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies which are all incorporated in India, have, 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 31<sup>st</sup> March, 2021, based on internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by Institute of Chartered Accountants of India.

for **Raghavan, Chaudhuri & Narayanan**

Chartered Accountants

FRN: 007761S

**V. Sathyanarayanan**

Partner

Membership No. 027716

Place : Bangalore

Date : 26<sup>th</sup> April, 2021

UDIN : 21027716AAAAHX6979

# CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2021



(All amounts in ₹ Crore unless otherwise stated)

Particulars		Note No.	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>ASSETS</b>				
<b>1</b>	<b>Financial Assets</b>			
(a)	Cash and Cash Equivalents	2	653.44	357.74
(b)	Bank balances other than (a) above	3	14.30	24.37
(c)	Derivative Financial Instruments	4	-	23.63
(d)	Receivables			
	i) Trade Receivables	5	30.80	55.20
(e)	Loans	6	11,154.95	9,455.55
(f)	Other Financial Assets	7	89.70	112.63
	<b>Total</b>		<b>11,943.19</b>	<b>10,029.12</b>
<b>2</b>	<b>Non-Financial Assets</b>			
(a)	Current Tax Assets (Net)	8	17.26	14.88
(b)	Deferred Tax Assets (Net)	9	115.69	75.82
(c)	Investment Property	10	85.16	85.16
(d)	Property, Plant and Equipment	11	16.53	19.09
(e)	Other Intangible Assets	11	4.04	6.17
(f)	Other Non-Financial Assets	12	45.65	54.57
	<b>Total</b>		<b>284.33</b>	<b>255.69</b>
	<b>Total Assets</b>		<b>12,227.52</b>	<b>10,284.81</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>1</b>	<b>Financial Liabilities</b>			
(a)	Derivative Financial Instruments	4	14.57	-
(b)	Payables			
	I. Trade Payables			
	i) Total outstanding dues of micro enterprises and small enterprises	13	-	0.02
	ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	227.87	168.61
(c)	Debt Securities	14	1,170.85	496.19
(d)	Borrowings other than Debt Securities	15	8,041.11	7,450.59
(e)	Subordinated Liabilities	16	942.79	612.77
(f)	Other Financial Liabilities	17	207.57	129.69
	<b>Total</b>		<b>10,604.76</b>	<b>8,857.87</b>
<b>2</b>	<b>Non-Financial Liabilities</b>			
(a)	Provisions	18	33.74	36.42
(b)	Other Non-Financial Liabilities	19	23.64	17.40
	<b>Total</b>		<b>57.38</b>	<b>53.82</b>
<b>3</b>	<b>Equity</b>			
(a)	Equity Share Capital	20	191.94	185.18
(b)	Other Equity	21	1,373.44	1,187.94
	<b>Total</b>		<b>1,565.38</b>	<b>1,373.12</b>
	<b>Total Liabilities and Equity</b>		<b>12,227.52</b>	<b>10,284.81</b>
	Significant Accounting Policies forming part of financial statements	1		
	Additional Notes forming part of financial statements	38		

As per our report of even date

For and on behalf of the Board

**For Raghavan Chaudhuri & Narayanan**

Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**

Partner  
Membership No.: 027716

Place : Bengaluru  
Date : 26<sup>th</sup> April, 2021

**Venu Srinivasan**  
Chairman

**V Gopalakrishnan**  
Chief Financial Officer

**G Venkatraman**  
Chief Executive Officer

**J Ashwin**  
Company Secretary

Place : Chennai  
Date : 26<sup>th</sup> April, 2021

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021



(All amounts in ₹ Crore unless otherwise stated)

Particulars		Note No.	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Revenue from Operations</b>				
i)	Interest income	22	2,041.85	1,822.23
ii)	Fee and Commission Income	23	196.76	168.13
I)	<b>Total Revenue from Operations</b>		<b>2,238.61</b>	<b>1,990.36</b>
II)	Other Income	24	3.11	10.12
III)	<b>Total Income (I + II)</b>		<b>2,241.72</b>	<b>2,000.48</b>
<b>Expenses</b>				
i)	Finance Costs	25	729.44	699.81
ii)	Fees and Commission Expenses		135.17	127.50
iii)	Impairment of Financial Instruments	26	466.79	258.80
iv)	Employee Benefit Expenses	27	584.81	477.73
v)	Depreciation, Amortisation and Impairment		19.92	20.10
vi)	Other Expenses	28	199.42	197.52
IV)	<b>Total Expenses</b>		<b>2,135.55</b>	<b>1,781.46</b>
V)	Profit/(Loss) before exceptional items and tax		<b>106.17</b>	<b>219.02</b>
VI)	Exceptional items		-	8.00
VII)	Profit/(Loss) before tax		<b>106.17</b>	<b>211.02</b>
VIII)	Tax Expenses	29		
	Current Tax		46.72	60.18
	Deferred Tax		(38.10)	(0.20)
IX)	Profit/(Loss) for the period		97.55	151.04
X)	Other Comprehensive Income	30		
A.	Items that will not be reclassified to Profit or Loss - Itemwise			
	Remeasurement of the defined benefit plans		(3.50)	(3.54)
	Income Tax relating to these items		0.88	0.89
B.	Items that will be reclassified to Profit or Loss - Itemwise			
	Fair value change on cash flow hedge		(3.55)	(20.05)
	Income Tax relating to these items		0.89	5.05
	Other Comprehensive Income (A+B)		(5.28)	(17.65)
XI)	<b>Total Comprehensive Income for the period (Comprising Profit/(Loss) and other comprehensive income for the period)</b>		<b>92.27</b>	<b>133.39</b>
XII)	Earnings Per Share	31		
	Basic (₹)		5.22	8.28
	Diluted (₹)		5.22	8.28
<b>Significant Accounting Policies forming part of financial statements</b>		<b>1</b>		
<b>Additional Notes forming part of financial statements</b>		<b>38</b>		

As per our report of even date

For and on behalf of the Board

**For Raghavan Chaudhuri & Narayanan**

Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**

Partner  
Membership No.: 027716

Place : Bengaluru  
Date : 26<sup>th</sup> April, 2021

**Venu Srinivasan**  
Chairman

**V Gopalakrishnan**  
Chief Financial Officer

**G Venkatraman**  
Chief Executive Officer

**J Ashwin**  
Company Secretary

Place : Chennai  
Date : 26<sup>th</sup> April, 2021

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021



(All amounts in ₹ Crore unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>Cash Flow From Operating Activity</b>		
Profit Before Income Tax	106.17	211.02
<b>Adjustment For:-</b>		
Depreciation and amortisation expense	19.92	20.10
Impairment of Financial Assets	106.57	64.33
(Profit)/Loss on disposal of PPE	(0.33)	(0.01)
Finance Charges Paid	729.43	699.81
Foreign currency gain	-	(15.18)
Fair Value Losses on derivatives not designated as hedges	-	15.03
Unwinding of discount on security deposits	(2.68)	(9.71)
Remeasurement of defined benefit plans	(3.50)	(3.54)
Employee Benefit Obligations	5.77	6.38
<b>Cash generated from operations before working capital changes</b>	<b>855.18</b>	<b>777.21</b>
<b>Change in operating assets and liabilities</b>		
(Increase)/Decrease in Trade Receivables	14.94	(5.04)
(Increase)/Decrease in Loans	(1,796.96)	(1,283.72)
(Increase)/Decrease in Other Financial Assets	25.34	22.36
(Increase)/Decrease in Other Non-Financial Assets	1.54	(38.91)
Increase/(Decrease) in Trade Payables	59.24	28.75
Increase/(Decrease) in Other Financial Liabilities	0.73	22.60
Increase/(Decrease) in Other Non-Financial Liabilities	6.24	2.74
Financing Charges paid	(650.99)	(699.81)
<b>Cash used in operations</b>	<b>(1,378.55)</b>	<b>(962.80)</b>
Income taxes paid	(49.09)	(68.36)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(1,427.64)</b>	<b>(1,031.16)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and investment property	(8.00)	(8.77)
Proceeds from sale of property, plant and equipment and Investment Property	0.36	0.01
Decrease in Deposits with Bank	10.07	15.06
<b>Net cash inflow/(outflow) from investing activities</b>	<b>2.43</b>	<b>6.30</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of Shares	99.98	90.00
Proceeds from Issue/(Repayment) of Debt Securities	674.66	3.75
Proceeds/(Repayment) of Borrowings	887.64	1,821.52
Proceeds/(Repayment) of Subordinated Liabilities	330.02	(26.99)
Payment of Lease Liabilities	(8.94)	(6.83)
<b>Net cash inflow (outflow) from financing activities</b>	<b>1,983.36</b>	<b>1,881.45</b>
<b>Net Increase Or (Decrease) in Cash &amp; Cash equivalent</b>	<b>558.16</b>	<b>856.59</b>
Cash and cash equivalents at the beginning of the financial year	(61.62)	(918.21)
<b>Cash and cash equivalents at end of the year</b>	<b>496.55</b>	<b>(61.62)</b>

As per our report of even date

**For Raghavan Chaudhuri & Narayanan**

Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**

Partner  
Membership No.: 027716

Place : Bengaluru  
Date : 26<sup>th</sup> April, 2021

For and on behalf of the Board

**Venu Srinivasan**  
Chairman

**V Gopalakrishnan**  
Chief Financial Officer

**G Venkatraman**  
Chief Executive Officer

**J Ashwin**  
Company Secretary

Place : Chennai  
Date : 26<sup>th</sup> April, 2021



(All amounts in ₹ Crore unless otherwise stated)

1. Equity Share Capital

	Notes	Amounts
Balance as at 1 <sup>st</sup> April, 2019		178.21
Changes in equity share capital during the year	20	6.97
Balance as at 31 <sup>st</sup> March, 2020		185.18
Changes in equity share capital during the year	20	6.76
<b>Balance as at 31<sup>st</sup> March, 2021</b>		<b>191.94</b>

2. Other Equity

	Notes	Reserves and Surplus				Total
		Securities Premium Account	Statutory Reserves	Retained earnings	Other Reserves - Hedge Reserve	
<b>Balance as at 1<sup>st</sup> April, 2019</b>		<b>546.39</b>	<b>90.65</b>	<b>336.45</b>	-	<b>973.49</b>
Change in accounting policy		-	-	(1.93)	-	(1.93)
Profit for the year	21	-	-	151.04	-	151.04
Other comprehensive income	21	-	-	(2.65)	(15.00)	(17.65)
<u>Transaction in the capacity as owners</u>						
Transfer to statutory reserve	21	-	30.10	(30.10)	-	-
Issue of equity shares	21	83.02	-	-	-	83.02
<b>Balance as at 31<sup>st</sup> March, 2020</b>		<b>629.41</b>	<b>120.75</b>	<b>452.78</b>	<b>(15.00)</b>	<b>1,187.94</b>
Profit for the year	21	-	-	97.55	-	97.55
Other comprehensive income	21	-	-	(2.62)	(2.66)	(5.28)
<u>Transaction in the capacity as owners</u>						
Transfer to statutory reserve	21	-	19.40	(19.40)	-	-
Issue of equity shares	21	93.23	-	-	-	93.23
<b>Balance as at 31<sup>st</sup> March, 2021</b>		<b>722.64</b>	<b>140.15</b>	<b>528.31</b>	<b>(17.66)</b>	<b>1,373.44</b>

As per our report of even date

For and on behalf of the Board

**For Raghavan Chaudhuri & Narayanan**

Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**

Partner  
Membership No.: 027716

Place : Bengaluru  
Date : 26<sup>th</sup> April, 2021

**Venu Srinivasan**  
Chairman

**V Gopalakrishnan**  
Chief Financial Officer

**G Venkatraman**  
Chief Executive Officer

**J Ashwin**  
Company Secretary

Place : Chennai  
Date : 26<sup>th</sup> April, 2021

## 1. Significant Accounting Policies forming part of Financial Statements

### BRIEF DESCRIPTION OF THE GROUP

TVS Credit Services Limited ('the Company') is a public limited company incorporated and domiciled in India. The registered office is located at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006, Tamil Nadu, India. The Company with its subsidiaries is collectively referred to as a Group.

The Company has received Certificate of Registration dated 13<sup>th</sup> April, 2010 from Reserve Bank of India (RBI) and commenced Non-Banking Financial activity there on. The Company is categorised 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 Automobile Financing. The Company falls under the new category of "NBFC - Investment and Credit Company (NBFC-ICC)" post RBI merger of the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) in February 2019.

### SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of Preparation of Accounts:

The financial results of the Company have been prepared in accordance with Indian Accounting Standards (IND-AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with [Companies (Indian Accounting Standards) Rules, 2015] as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other accounting principles generally accepted in India.

The financial statements has been prepared in accordance with Division III of Schedule III of Companies Act 2013 notified by MCA on 11<sup>th</sup> October, 2018. Further, the Company follows application guidance, clarifications, circulars and directions issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFC) or other regulators, as and when they are issued and applicable.

#### Principles of Consolidation

##### Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

The subsidiary companies considered in consolidated financial statements are:

S.No.	Name of the Subsidiary	Proportion of Ownership (Interest/voting power -%)		Reporting Date
		2020-21	2019-20	
1	Haritha ARC Services Private Limited	100%	100%	31-03-2021
2	Haritha Collection Services Private Limited	100%	100%	31-03-2021
3	TVS Commodity Financial Solutions Private Limited	100%	100%	31-03-2021
4	TVS Housing Finance Private Limited	100%	100%	31-03-2021
5	TVS Micro Finance Private Limited	100%	100%	31-03-2021
6	TVS Two Wheeler Mall Private Limited	100%	100%	31-03-2021

All the subsidiaries are incorporated in India

#### b. Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value as stated in notes;
- Defined benefit plans – plan assets measured at fair value.

**c. Use of Estimates**

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period. This note provides an overview of the areas that involved a higher degree of judgements or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

**d. Significant Estimates and Judgements**

The areas involving critical estimates are:

- Determining inputs into the ECL measurement model - (Refer Note 34)
- Estimation of defined benefit obligation - (Refer Note 32)

The areas involving critical judgements are:

- Classification of financial assets: Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI (Solely Payments of Principal and Interest) on the principal amount outstanding
- Derecognition of financial assets and securitisation
- Categorisation of loan portfolios

**e. Property, Plant and Equipment (PPE)**

Items of property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss during the reporting period in which they are incurred.

**f. Depreciation**

Depreciation is provided on straight-line basis over the estimated useful lives of the assets. Useful life estimated by the Company is in line with 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.

Depreciation on PPE individually costing ₹5,000/- or less is provided 100% in the year of acquisition.

An asset's carrying amount is written down immediately to its estimated recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount. Gain and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

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

**g. Investment Property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

**h. Intangible Assets**

Intangible assets acquired are recorded at their acquisition cost and are amortised on straight-line basis over its useful life. Software is amortised over 3 years period or the licence period whichever is lower on straight-line basis.

**i. Financial Assets and Financial Liabilities:**

**1. Classification**

The Company classifies its financial assets in the following categories, those to be measured subsequently at:

- a. Fair value through other comprehensive income (FVOCI),
- b. Fair value through profit or loss (FVTPL), and
- c. Amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Business Model Assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Financial Liabilities

The Company classifies its financial liabilities, other than fully hedged foreign currency loans, financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

**2. Measurement**

At initial recognition, the Company measures a financial asset that are not at FVTPL at its fair value plus/ (minus), transaction costs / origination income that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

**1. Amortised Cost:**

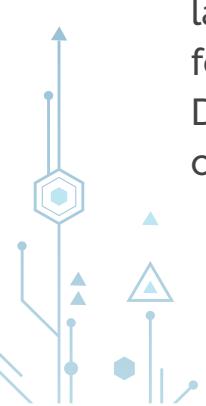
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.



## **Just serving our customers digitally isn't enough. Protecting them is just as important.**

Keeping our customers' identities and data secure and confidential is a top priority for us. We are consistently strengthening our security landscape by planning and implementing cyber-security initiatives focussing on Identity and Access Management, Network Security, Data Security and Secure Software Development. Regulatory and compliance standards are strictly adhered to, while we have also built a robust system for business continuity and disaster recovery.







## Our customers' needs are constantly evolving. So is our capability to predict them.

We believe that every new customer is a potential customer for life. And that's why, we apply advanced Machine Learning algorithms to assess creditworthiness of customers, and predict what product they will need from us next. Among other benefits, this has helped us to accelerate the growth of cross-sell programmes, while at the same time optimising our risk exposure.



2. Fair Value through Profit or Loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

**3. Revenue Recognition**

i. Income from Financing Activity

1. Interest income is recognised using the Effective Interest Rate (EIR) method for all financial assets measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to its gross carrying amount. The calculation of the effective interest rate includes transaction costs and transaction income that are directly attributable to the acquisition of a financial asset.
2. For financial assets that are not Purchases Originally Credit Impaired "POCI" but have subsequently become credit-impaired (or 'stage-3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost of credit impaired asset.
3. Income by way of additional interest on account of delayed payment by the customers is recognised on realisation basis, due to uncertainty in collections.

ii. Other Revenue from Operations

1. Fees and commission income that are not integral part of the effective interest rate on the financial asset are recognised as the performance obligations are performed and there is no significant financing component of the consideration.
2. Dividend income is recognised when the right to receive income is established.
3. Incomes in the nature of bounce and related charges are recognised on realisation, due to uncertainty in collections.

**4. Impairment of Financial Assets**

The Company recognises loss allowance for Expected Credit Loss "ECL" on the following financials instruments that are not measured at FVTPL:

- i. Loans
- ii. Trade receivables
- iii. Other receivables

i. Loans and Other Receivables

The Company measures loss allowances at an amount equal to lifetime ECL, except for financial instruments whose credit risk has not increased significantly since initial recognition, for which a 12-month ECL is computed.

Life-time ECL is based on the result from all possible default events over the expected life of the financial instrument.

12-month ECL is based on the result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company categorises loan assets into stages based on the Days Past Due status:

Stage	Past due	ECL	Regulatory standards
Stage 1	30 Days Past Due	12-Month ECL	Equivalent to standard assets as per RBI
Stage 2	31-90 Days Past Due	Lifetime ECL	
Stage 3	More than 90 Days Past Due	Lifetime ECL	Equivalent to NPA assets as per RBI

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: As the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive);
- Financial assets that are credit-impaired at the reporting date: As the difference between the gross carrying amount and the present value of estimated future cash flows.

ii. Trade Receivables:

For trade receivables only, the Company applies the simplified approach which requires lifetime ECL to be recognised from initial recognition of the receivables.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position for financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets.

Collateral repossessed

The Company does the regular repossession of collateral provided against the loans in case of default in agreed payments. The Company generally sell the asset repossessed to recover the underlying loan and does not use for internal operation. As per the Company's accounting policy, collateral repossessed are not recorded on the balance sheet.

Write-off

Loans are written-off when there is no reasonable expectation of recovering in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**5. Derecognition of Financial Assets and Financial Liabilities:**

A financial asset is derecognised only when:

The Company has transferred the contractual rights to receive cash flows from the financial asset or the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) The consideration received (including any new asset obtained less any new liability assumed) and (ii) Any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

A financial liability is derecognised when its contractual obligations are discharged or cancelled, or expires.

**6. Derivatives**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company designates derivatives taken on External Commercial Borrowings (ECB) as Cashflow Hedges (hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 33. Movements in the hedging reserve in shareholders' equity are shown in Note 21.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the "other comprehensive income". The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

#### **7. Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously

#### **j. Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured. They are recognised initially at their fair value and subsequently measured at amortised cost.

#### **k. Cash and Cash Equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the balance sheet.

#### **l. Taxation**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

- i. Deferred income tax provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- ii. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

**m. Employee Benefits:**

- a) Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.
- b) The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.
- c) Post-Employment Obligation:

The Company operates the following post-employment schemes:

- Defined benefit plans such as gratuity for its eligible employees, pension plan for its senior managers; and
- Defined contribution plans such as provident fund.

i. Pension and Gratuity Obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

ii. Provident Fund:

Contributions to Provident Fund made to Regional Provident Fund Commissioner in respect of Employees' Provident Fund based on the statutory provisions are charged to Statement of Profit and Loss on accrual basis.

**n. Functional Currency:**

a) Functional and presentation currencies:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency') i.e., in Indian rupees (INR) and all values are rounded off to nearest lakh except where otherwise indicated.

b) Transactions and balances:

- Foreign currency transactions are translated into functional currency using exchange rates at the date of transaction.
- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

**o. Borrowings**

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

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

Finance charges are expensed in the period in which they are incurred.

**p. Borrowings Cost**

Borrowing costs are expensed in the period in which they are incurred.

**q. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of the transactions of non-cash nature.

**r. 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 diluted earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

**s. Impairment of Non-Financial Assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**t. Lease**

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under IND-AS 116.

The Company as a lessee, assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves:

- (a) The use of an identified asset,
- (b) The right to obtain substantially all the economic benefits from use of the identified asset,
- (c) The right to direct the use of the identified asset.

The Company at the inception of the lease contract recognises a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments are discounted using the incremental borrowing rate.

For short-term leases and low value assets (assets of less than ₹5,00,000 in value), the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IND-AS 17.

Lease payments have been classified as Cash flow used in financing activities.

**u. Segment Reporting**

There is no separate reportable segment as per IND-AS 108 on 'Operating Segments' in respect of the Company.

**v. Provisions**

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

**w. Contingent Liabilities**

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) The amount of the obligation cannot be measured with sufficient reliability are considered as contingent liabilities. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

**x. Share-Based Payments**

Equity-settled share-based payments for receipt of services are measured at the estimated average fair value of the equity instruments over the vesting period. The average fair value is determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

**y. Equity**

Equity shares are classified as equity. Distributions to holders of an equity instrument are recognised by the entity directly in equity. Transaction costs of an equity transaction shall be accounted for as a deduction from equity.



(All amounts in ₹ Crore unless otherwise stated)

**NOTE 2 Cash and Cash Equivalents**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Cash on hand*	15.42	2.09
b)	Balance with banks - current accounts	638.02	355.65
	<b>Total</b>	<b>653.44</b>	<b>357.74</b>

\* Represents cash collected from borrowers as on Balance Sheet date, deposited with Bank subsequently in the process of being deposited.

**Cash and Cash Equivalents for the purpose of Cash Flow Statement**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Cash and Cash Equivalents as shown above	653.44	357.74
b)	Less: Overdrafts utilised (Grouped under Borrowings (other than debt securities) - Note 15)	156.89	419.36
	<b>Total</b>	<b>496.55</b>	<b>(61.62)</b>

**NOTE 3 Bank Balance other than Cash and Cash Equivalents\***

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Bank Balance other than Cash and Cash Equivalents	14.30	24.37
	<b>Total</b>	<b>14.30</b>	<b>24.37</b>

\* Balance maintained in Fixed Deposits as Cash Collateral towards Assets transferred on assignment of receivables, lien marked favouring SPVs (represent Fixed Deposits exceeding 3 months and Less than 12 months)

**NOTE 4 Derivative Financial Instruments**

S.No.	Description	As at 31 <sup>st</sup> March, 2021		
		Notional amounts	Fair Value - Assets	Fair Value - Liabilities
a)	Other Derivatives - Cross Currency Swap Derivatives designated as hedges	1,356.55	-	14.57
	<b>Total</b>	<b>1,356.55</b>	<b>-</b>	<b>14.57</b>
S.No.	Description	As at 31 <sup>st</sup> March, 2020		
		Notional amounts	Fair Value - Assets	Fair Value - Liabilities
b)	Other Derivatives - Cross Currency Swap Derivatives designated as hedges	634.84	23.63	-
	<b>Total</b>	<b>634.84</b>	<b>23.63</b>	<b>-</b>

**NOTE 5 Trade Receivables**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Receivables considered good - Unsecured	44.29	59.23
b)	Less: Impairment Loss Allowance	13.49	4.03
c)	Receivables considered good - Unsecured (Net) (a) - (b)	30.80	55.20

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 6 Loans**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
		Amortised Cost	
<b>A</b>	a) Bills Purchased and Bills discounted	-	21.30
	b) Term Loans		
	i) Automobile Financing	9,442.57	8,278.96
	ii) Consumer Lending	1,532.76	1,138.30
	iii) Small Business Lending	469.29	209.10
	c) Total Loans - Gross (a)+(b)	11,444.62	9,647.66
	d) Less: Impairment Loss Allowance	289.67	192.11
	e) Total Loans - Net (c)-(d)	11,154.95	9,455.55
<b>B</b>	<b>Nature</b>		
	Secured by Tangible Assets	9,509.84	8,307.11
	Unsecured Loans	1,934.78	1,340.55
	Total Gross	11,444.62	9,647.66
	Less: Impairment Loss Allowance	289.67	192.11
	Total - Net	11,154.95	9,455.55
<b>C</b>	i) Loans in India		
	Public Sector	-	-
	Others	11,444.62	9,647.66
	Total Gross	11,444.62	9,647.66
	Less: Impairment Loss Allowance	289.67	192.11
	Total - Net	11,154.95	9,455.55
	ii) Loans Outside India	-	-
	iii) Total Loans (i)+(ii)	11,154.95	9,455.55

- a. The stock of loan (automobile finance) includes 13,292 nos. repossessed vehicles as at Balance Sheet date. 31<sup>st</sup> March, 2020: 13,998 nos.)
- 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.
- c. **Transferred Loans**

The carrying amounts of the automobile financing include Loans which are subject to a Securitisation arrangement. Under this arrangement, Company has transferred the relevant Loans to the Securitisation Trust in exchange for cash. However, Company has provided credit enhancements which in substance has been concluded has retention of risk and reward. The Company therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the securitisation agreement is presented as secured borrowing.

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Total transferred receivables	-	12.57
Associated Secured Borrowing (Note 15)	-	12.57

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 7 Other Financial Assets**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Loan to Employees	4.62	8.72
b)	Security deposit for leased premises	7.49	7.54
c)	Advances to Related Parties	73.21	78.20
d)	Other Financial Assets - Related Parties	-	2.66
e)	Other Financial Assets - Non-Related Parties	0.00	12.17
f)	Deposit with Service Providers	4.38	3.34
	<b>Total</b>	<b>89.70</b>	<b>112.63</b>

**NOTE 8 Current Tax Assets**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Opening Balance	14.88	6.76
b)	Add: Taxes paid	49.10	68.12
c)	Less: Taxes Payable	(46.72)	(60.00)
	<b>Total</b>	<b>17.26</b>	<b>14.88</b>

**NOTE 9 Deferred Tax Assets/(liabilities)**

The balance comprises temporary differences attributable to:

S.No.	Description	As at 31 <sup>st</sup> March, 2021	Created/ (Provided) during the year	As at 31 <sup>st</sup> March, 2020
	<b>Deferred Tax Assets/(Liabilities) on account of:</b>			
a)	Depreciation	5.07	0.47	4.60
b)	Provision for compensated absence	5.10	1.07	4.03
c)	Provision for expected credit loss	78.31	33.67	44.64
d)	Additional Provision	-	(2.13)	2.13
e)	Provision for gratuity	0.45	0.27	0.18
f)	Expenses Disallowed under Sec 40 (a) (ia)	6.10	1.88	4.22
g)	Provision for pension	2.93	0.11	2.82
h)	Automobile financing	8.56	3.97	4.59
i)	Advances to related parties	2.38	(0.35)	2.73
j)	Mark-to-market on derivative	5.94	0.89	5.05
k)	Lease Accounting	0.84	0.02	0.82
	<b>Total Deferred Tax Assets/(Liabilities)</b>	<b>115.69</b>	<b>39.87</b>	<b>75.82</b>

**Break-up of deferred tax expense/(benefit)**

- to statement of profit and loss	38.10
- to other comprehensive income	1.77
<b>Total</b>	<b>39.87</b>

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 10 Investment Property**

Description	Land	Building	Total
Period Ended 31 <sup>st</sup> March, 2021			
Gross carrying amount	85.16	0.00	85.16
Additions	-	-	-
<b>Sub-total</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>
Disposals	-	-	-
<b>Closing gross carrying amount (A)</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>
Depreciation and amortisation	-	-	-
Opening accumulated depreciation	-	-	-
Depreciation/amortisation charge during the year	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>
Disposals	-	-	-
<b>Closing accumulated depreciation and amortisation (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2021 (A)-(B)</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2020</b>	<b>85.16</b>	<b>0.00</b>	<b>85.16</b>

Description	Land	Building	Total
Period Ended 31 <sup>st</sup> March, 2020			
Gross carrying amount	85.16	0	85.16
Additions	-	-	-
<b>Sub-total</b>	<b>85.16</b>	<b>0</b>	<b>85.16</b>
Disposals	0	0	0
<b>Closing gross carrying amount (A)</b>	<b>85.16</b>	<b>-</b>	<b>85.16</b>
Depreciation and amortisation	-	-	-
Opening accumulated depreciation	-	-	-
Depreciation/amortisation charge during the year	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>
Disposals	-	-	-
<b>Closing accumulated depreciation and amortisation (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2020 (A)-(B)</b>	<b>85.16</b>	<b>-</b>	<b>85.16</b>

(i) Fair value

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Investment properties	414.90	414.90

The Company had obtained independent valuations for its investment properties during 2018-19. The management is of the opinion that there is no change in the fair valuation of the aforesaid property as at 31<sup>st</sup> March, 2021.

(All amounts in ₹ Crore unless otherwise stated)

NOTE 11 Property, Plant and Equipment

Description	Property, Plant and Equipment					Other Intangible Assets (Computer Software)
	Computer	Furniture & Fixtures	Office Equipment	Vehicles	Total	
Period Ended 31 <sup>st</sup> March, 2021						
Gross carrying amount as on 31 <sup>st</sup> March, 2020	20.44	11.29	11.17	0.02	42.92	14.26
Additions	3.35	0.63	2.20	-	6.18	1.82
<b>Sub-total</b>	<b>23.79</b>	<b>11.92</b>	<b>13.37</b>	<b>0.02</b>	<b>49.10</b>	<b>16.08</b>
Disposals	0.38	0.05	0.29	-	0.71	-
<b>Closing gross carrying amount (A)</b>	<b>23.41</b>	<b>11.88</b>	<b>13.08</b>	<b>0.02</b>	<b>48.39</b>	16.08
Depreciation and amortisation						
Opening accumulated depreciation	11.96	5.85	6.02	0.00	23.83	8.09
Depreciation/amortisation charge during the year	5.25	1.49	1.95	0.01	8.70	3.95
<b>Sub-total</b>	<b>17.21</b>	<b>7.34</b>	<b>7.97</b>	<b>0.01</b>	<b>32.53</b>	<b>12.04</b>
Disposals	0.36	0.04	0.28	-	0.67	-
<b>Closing accumulated depreciation and amortisation (B)</b>	<b>16.85</b>	<b>7.30</b>	<b>7.69</b>	<b>0.01</b>	<b>31.86</b>	12.04
<b>Net Carrying value as at 31<sup>st</sup> March, 2021 (A)-(B)</b>	<b>6.56</b>	<b>4.58</b>	<b>5.39</b>	<b>0.01</b>	<b>16.53</b>	<b>4.04</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2020</b>	<b>8.49</b>	<b>5.44</b>	<b>5.14</b>	<b>0.02</b>	<b>19.09</b>	<b>6.17</b>

Description	Property, Plant and Equipment					Other Intangible Assets (Software)
	Computer	Furniture & Fixtures	Office Equipment	Vehicles	Total	
Period Ended 31 <sup>st</sup> March, 2020						
Gross carrying amount as on 31 <sup>st</sup> March, 2019	15.67	10.33	9.72	0.02	35.74	12.78
Additions	4.78	1.00	1.50	-	7.29	1.48
<b>Sub-total</b>	<b>20.45</b>	<b>11.33</b>	<b>11.22</b>	<b>0.02</b>	<b>43.03</b>	<b>14.26</b>
Disposals	0.01	0.05	0.05	-	0.10	-
<b>Closing gross carrying amount (A)</b>	<b>20.44</b>	<b>11.29</b>	<b>11.17</b>	<b>0.02</b>	<b>42.93</b>	<b>14.26</b>
Depreciation and amortisation						
Opening accumulated depreciation	6.65	3.95	4.10	0.00	14.71	4.32
Depreciation/amortisation charge during the year	5.31	1.94	1.97	0.00	9.21	3.77
<b>Sub-total</b>	<b>11.96</b>	<b>5.89</b>	<b>6.07</b>	<b>0.00</b>	<b>23.92</b>	<b>8.09</b>
Disposals	0.00	0.04	0.05	-	0.09	-
<b>Closing accumulated depreciation and amortisation (B)</b>	<b>11.96</b>	<b>5.85</b>	<b>6.02</b>	<b>0.00</b>	<b>23.83</b>	<b>8.09</b>
<b>Net Carrying value as at 31<sup>st</sup> March, 2020 (A)-(B)</b>	<b>8.49</b>	<b>5.44</b>	<b>5.14</b>	<b>0.02</b>	<b>19.09</b>	<b>6.17</b>

NOTE 12 Other Non-Financial Assets

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Dealer Commission Advance	0.21	0.72
b)	Prepaid Expenses	17.65	6.05
c)	Vendor Advance	5.60	19.81
d)	Balance with GST/Service Tax Department	3.51	2.21
e)	Right-to-use asset*	18.68	25.78
	<b>Total</b>	<b>45.65</b>	<b>54.57</b>

\* Refer Note 37a

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 13 Trade Payables**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Total outstanding dues to micro enterprises and small enterprises*	-	0.02
b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	227.87	168.61
	<b>Total</b>	<b>227.87</b>	<b>168.63</b>

\* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

**NOTE 14 Debt Securities**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>At Amortised Cost</b>		
Commercial Paper (Unsecured)	746.11	496.19
Non-Convertible Debentures (Secured)	424.74	-
<b>Total (A)</b>	<b>1,170.85</b>	<b>496.19</b>
Debt securities in India	1,170.85	496.19
Debt securities outside India	-	-
<b>Total (B)</b>	<b>1,170.85</b>	<b>496.19</b>

**NOTE 15 Borrowings (Other Than Debt Securities)**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>At Amortised Cost</b>		
(a) Term loans		
i) from banks (Secured)	4,590.31	4,800.35
ii) from other parties (Secured)	24.59	249.78
iii) External Commercial Borrowings (Secured)	1,364.32	678.53
(b) Loans repayable on demand		
i) cash credit from banks	156.89	419.36
ii) working capital demand loan (Secured)	1,565.00	1,150.00
iii) working capital demand loan (Unsecured)	340.00	140.00
(c) Securitised Trust borrowing	0.00	12.57
<b>Total (A)</b>	<b>8,041.11</b>	<b>7,450.59</b>
Borrowings in India	6,676.79	6,772.06
Borrowings outside India	1,364.32	678.53
<b>Total (B)</b>	<b>8,041.11</b>	<b>7,450.59</b>

**NOTE 16 Subordinated Liabilities**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>At Amortised Cost</b>		
Unsecured		
Perpetual Debt Instruments to the extent that do not qualify as equity	99.84	99.81
Other Subordinated Liabilities:		
From Banks	199.93	199.87
From Others	643.02	313.09
<b>Total (A)</b>	<b>942.79</b>	<b>612.77</b>
Subordinated Liabilities in India	942.79	612.77
Subordinated Liabilities outside India	-	-
<b>Total (B)</b>	<b>942.79</b>	<b>612.77</b>

Refer annexure for the terms of the debt securities, borrowings and subordinated liabilities.



(All amounts in ₹ Crore unless otherwise stated)

Annexure

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2021	Type of Security	Interest Rate	No. of Instalments remaining	Frequency	Repayable from	Repayable to
<b>Debt Securities</b>							
Commercial Paper	249.10	Unsecured	4.75%	1	Bullet	29/04/2021	29/04/2021
Commercial Paper	248.54	Unsecured	4.60%	1	Bullet	18/05/2021	18/05/2021
Commercial Paper	248.47	Unsecured	4.60%	1	Bullet	20/05/2021	20/05/2021
Non-Convertible Debentures	99.74	Secured	7.40%	1	Bullet	08/04/2022	08/04/2022
Non-Convertible Debentures	300.00	Secured	8.35%	1	Bullet	22/03/2023	22/03/2023
Non-Convertible Debentures	25.00	Secured	8.35%	1	Bullet	22/03/2023	22/03/2023
	<b>1,170.85</b>						
<b>Loans repayable on demand</b>							
	1,721.89	Secured	6.25% -	Repayable On Demand			
	340.00	Unsecured	7.50%				
	<b>2,061.89</b>						
<b>Term Loan</b>							
Bank	100.00	Secured	8.00%	1.00	Bullet	06/05/2021	06/05/2021
Bank	25.00	Secured	6.62%	1.00	Bullet	25/05/2021	25/05/2021
Bank	37.50	Secured	7.90%	1.00	Half Yearly	17/03/2020	17/09/2021
Bank	41.67	Secured	7.50%	6.00	Monthly	26/10/2018	26/09/2021
Bank	123.98	Secured	7.50%	3.00	Quarterly	28/03/2019	27/12/2021
Bank	33.33	Secured	8.00%	2.00	Half Yearly	28/06/2019	28/12/2021
Bank	59.89	Secured	7.35%	3.00	Quarterly	30/09/2019	30/12/2021
Bank	16.67	Secured	8.00%	2.00	Half Yearly	28/07/2019	28/01/2022
Bank	238.90	Secured	7.85%	4.00	Quarterly	04/11/2019	04/02/2022
Bank	39.97	Secured	7.90%	4.00	Quarterly	15/11/2019	15/02/2022
Bank	199.97	Secured	7.35%	4.00	Quarterly	27/11/2019	27/02/2022
Bank	182.56	Secured	8.57%	1.00	Bullet	29/05/2022	29/05/2022
Bank	182.56	Secured	8.57%	1.00	Bullet	10/06/2022	10/06/2022
Others	24.59	Secured	6.43%	5.00	Quarterly	10/03/2020	10/06/2022
Bank	179.97	Secured	7.35%	6.00	Quarterly	20/05/2020	20/08/2022
Bank	146.05	Secured	8.06%	1.00	Bullet	26/08/2022	26/08/2022
Bank	141.64	Secured	5.10%	17.00	Monthly	30/09/2019	30/08/2022
Bank	146.05	Secured	8.06%	1.00	Bullet	16/09/2022	16/09/2022
Bank	100.00	Secured	5.50%	18.00	Monthly	30/10/2019	30/09/2022
Bank	52.50	Secured	6.90%	7.00	Quarterly	15/07/2020	15/10/2022
Bank	199.96	Secured	7.45%	1.00	Bullet	19/11/2022	19/11/2022
Bank	100.00	Secured	7.90%	4.00	Half Yearly	18/06/2021	18/12/2022
Bank	166.63	Secured	7.50%	8.00	Quarterly	06/05/2020	06/02/2023
Bank	159.97	Secured	6.90%	8.00	Quarterly	24/11/2020	24/02/2023
Bank	333.33	Secured	5.85%	24.00	Monthly	19/04/2020	19/03/2023
Bank	199.86	Secured	7.35%	8.00	Quarterly	20/12/2020	20/03/2023
Bank	79.99	Secured	7.25%	8.00	Quarterly	31/12/2020	31/03/2023
Bank	224.89	Secured	8.00%	9.00	Quarterly	04/02/2021	04/05/2023
Bank	179.87	Secured	7.80%	9.00	Quarterly	30/03/2021	30/06/2023
Bank	363.87	Secured	6.94%	1.00	Bullet	13/07/2023	13/07/2023
Bank	241.67	Secured	5.90%	29.00	Monthly	21/09/2020	21/08/2023

(All amounts in ₹ Crore unless otherwise stated)

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2021	Type of Security	Interest Rate	No. of Instalments remaining	Frequency	Repayable from	Repayable to
Bank	130.00	Secured	6.30%	8.00	Quarterly	24/12/2020	24/09/2023
Bank	343.22	Secured	6.94%	1.00	Bullet	19/10/2023	19/10/2023
Bank	199.96	Secured	5.90%	8.00	Quarterly	18/02/2022	18/11/2023
Bank	183.33	Secured	5.00%	33.00	Monthly	31/01/2021	31/12/2023
Bank	150.00	Secured	7.40%	6.00	Half Yearly	12/08/2021	12/02/2024
Bank	250.00	Secured	7.30%	10.00	Quarterly	19/12/2021	19/03/2024
Bank	299.93	Secured	5.60%	8.00	Quarterly	29/06/2022	29/03/2024
Bank	99.95	Secured	7.40%	36.00	Monthly	30/04/2021	30/03/2024
	<b>5,979.22</b>						
<b>Subordinated Liabilities</b>							
<b>Perpetual Debt</b>	99.84	Unsecured	11.50%	1	Bullet	25/11/2027	25/11/2027
<b>Other Subordinated Liabilities</b>							
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	49.96	Unsecured	11.30%	1	Bullet	27/09/2021	27/09/2021
Bank	49.99	Unsecured	10.02%	1	Bullet	28/04/2022	28/04/2022
Others	49.98	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
Bank	25.00	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	24.97	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	49.98	Unsecured	8.70%	1	Bullet	29/05/2023	29/05/2023
Bank	50.00	Unsecured	9.76%	1	Bullet	24/07/2023	24/07/2023
Others	99.00	Unsecured	10.90%	1	Bullet	07/08/2024	07/08/2024
Others	146.62	Unsecured	9.40%	1	Bullet	10/06/2026	10/06/2026
Others	100.00	Unsecured	10.00%	1	Bullet	01/07/2026	01/07/2026
Others	122.46	Unsecured	9.40%	1	Bullet	26/08/2026	26/08/2026
Others	25.00	Unsecured	9.40%	1	Bullet	26/08/2026	26/08/2026
	<b>842.96</b>						
<b>Subordinated Liabilities Total</b>	<b>942.79</b>						

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2020	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
<b>Debt Securities</b>							
Commercial Paper	19.89	Unsecured	6.75%	1	Bullet	30/01/2020	29/04/2020
Commercial Paper	179.08	Unsecured	6.75%	1	Bullet	30/01/2020	29/04/2020
Commercial Paper	49.54	Unsecured	6.15%	1	Bullet	26/02/2020	26/05/2020
Commercial Paper	49.54	Unsecured	6.15%	1	Bullet	26/02/2020	26/05/2020
Commercial Paper	99.07	Unsecured	6.15%	1	Bullet	27/02/2020	27/05/2020
Commercial Paper	99.07	Unsecured	6.15%	1	Bullet	28/02/2020	28/05/2020
	<b>496.19</b>						

(All amounts in ₹ Crore unless otherwise stated)

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2020	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
<b>Loans repayable on demand</b>	<b>1,569.36</b>	Secured					
	<b>140.00</b>	Unsecured					
	<b>1,709.36</b>						
<b>Term Loan</b>							
Bank	150.00	Unsecured	8.35%	1.00	Bullet	19/05/2020	19/05/2020
Bank	25.00	Secured	7.99%	1.00	Bullet	01/06/2020	01/06/2020
Bank	20.00	Secured	8.40%	10.00	Quarterly	29/05/2018	29/08/2020
Bank	49.99	Secured	8.40%	2.00	2 Instalment	25/09/2019	25/09/2020
Bank	200.00	Secured	8.25%	1.00	Bullet	13/10/2020	13/10/2020
Bank	50.00	Secured	8.05%	1.00	Bullet	23/10/2020	23/10/2020
Bank	24.99	Secured	8.30%	12.00	Quarterly	16/02/2018	16/11/2020
Bank	59.96	Secured	8.95%	10.00	Quarterly	21/08/2018	21/11/2020
Bank	30.00	Secured	8.65%	10.00	Quarterly	21/09/2018	21/12/2020
Bank	74.99	Secured	9.00%	10.00	Quarterly	10/01/2019	10/03/2021
Bank	63.33	Secured	8.85%	12.00	Quarterly	23/06/2018	23/03/2021
Bank	100.00	Secured	8.20%	1.00	Bullet	06/05/2021	06/05/2021
Bank	50.00	Secured	8.40%	12.00	Quarterly	01/10/2018	01/06/2021
Bank	112.50	Secured	8.40%	4.00	Half Yearly	17/03/2020	17/09/2021
Bank	125.00	Secured	8.65%	36.00	Monthly	26/10/2018	26/09/2021
Bank	290.05	Secured	8.35%	12.00	Quarterly	28/03/2019	27/12/2021
Bank	66.66	Secured	8.40%	6.00	Half Yearly	28/06/2019	28/12/2021
Bank	139.78	Secured	9.00%	10.00	Quarterly	30/09/2019	30/12/2021
Bank	33.34	Secured	8.40%	6.00	Half Yearly	28/07/2019	28/01/2022
Bank	477.58	Secured	8.75%	10.00	Quarterly	04/11/2019	04/02/2022
Bank	79.93	Secured	9.00%	10.00	Quarterly	15/11/2019	15/02/2022
Bank	399.93	Secured	8.30%	10.00	Quarterly	27/11/2019	27/02/2022
Bank	188.48	Secured	8.63%	1.00	Bullet	29/05/2022	29/05/2022
Bank	188.48	Secured	8.63%	1.00	Bullet	10/06/2022	10/06/2022
Others	44.27	Secured	6.43%	10.00	Quarterly	10/03/2020	10/06/2022
Bank	299.95	Secured	8.40%	10.00	Quarterly	20/05/2020	20/08/2022
Bank	150.78	Secured	8.25%	1.00	Bullet	26/08/2022	26/08/2022
Bank	241.62	Secured	7.25%	36.00	Monthly	30/09/2019	30/08/2022
Bank	150.78	Secured	8.25%	1.00	Bullet	16/09/2022	16/09/2022
Bank	166.67	Secured	7.50%	36.00	Monthly	30/10/2019	30/09/2022
Bank	75.00	Secured	8.20%	10.00	Quarterly	15/07/2020	15/10/2022
Bank	199.93	Secured	8.40%	1.00	Bullet	19/11/2022	19/11/2022
Bank	100.00	Secured	8.30%	4.00	Half Yearly	18/06/2021	18/12/2022
Bank	249.95	Secured	8.35%	12.00	Quarterly	06/05/2020	06/02/2023
Bank	199.95	Secured	8.10%	10.00	Quarterly	24/11/2020	24/02/2023
Bank	500.00	Secured	7.00%	36.00	Monthly	19/04/2020	19/03/2023
Bank	249.78	Secured	8.20%	10.00	Quarterly	20/12/2020	20/03/2023
Bank	99.98	Secured	8.05%	10.00	Quarterly	31/12/2020	31/03/2023
	<b>5,728.66</b>						

(All amounts in ₹ Crore unless otherwise stated)

Institution	Amount outstanding as on 31 <sup>st</sup> March, 2020	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
Securitized Trust Borrowings	12.57						
Subordinated Liabilities							
Perpetual Debt	99.81	Unsecured	11.50%	1	Bullet	24/11/2027	24/11/2027
Other Subordinated Liabilities							
Others	14.50	Unsecured	9.20%	1	Bullet	30/06/2020	30/06/2020
Others	49.96	Unsecured	12.25%	1	Bullet	30/09/2020	30/09/2020
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	49.92	Unsecured	11.25%	1	Bullet	27/09/2021	27/09/2021
Bank	49.96	Unsecured	10.09%	1	Bullet	28/04/2022	28/04/2022
Others	50.00	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
Bank	24.94	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	25.00	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	49.97	Unsecured	9.50%	1	Bullet	29/05/2023	29/05/2023
Bank	50.00	Unsecured	9.90%	1	Bullet	24/07/2023	24/07/2023
Others	98.71	Unsecured	10.90%	1	Bullet	07/08/2024	07/08/2024
<b>Total</b>	<b>512.96</b>						

#### Details of Security

- Term Loan received from Banks and Other Parties of ₹5,979.22 inclusive of Current and Non-Current Dues (Previous Year: ₹5,578.66 as on 31<sup>st</sup> March, 2020) is secured against hypothecation of receivables under the financing activity of the Company.
- Working Capital Demand Loan and Cash Credit of ₹1,721.88 (Previous Year: ₹1,569.36 as at 31<sup>st</sup> March, 2020) is secured by hypothecation of receivables under the financing activity of the Company.

#### External Commercial Borrowings

During the year, the Company had raised funds in the overseas market amounting to ₹721.70 crores (equivalent to USD 97 million) under External Commercial Borrowings (ECB) accessed through automatic route after receiving the Loan Registration Number from RBI as per ECB Master Directions. These are unlisted instruments, for total duration of 3 years and the loan has been fully hedged. The net proceeds from the issue of these ECB were applied for the purpose of on-lending, in accordance with the directions issued by the RBI.

#### NOTE 17 Other Financial Liabilities

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Interest Accrued But Not Due	76.43	37.60
b)	Employee Related Liabilities	55.66	24.05
c)	Security Deposit	53.46	39.02
d)	Lease Liability*	22.02	29.03
	<b>Total</b>	<b>207.57</b>	<b>129.70</b>

\* Refer Note No. 37

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 18 Provisions**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Pension	11.68	11.22
b)	Gratuity	1.80	0.73
c)	Compensated Absences	20.26	16.02
d)	General Loss Provisions	-	8.45
	<b>Total</b>	<b>33.74</b>	<b>36.42</b>

**NOTE 19 Other Non-Financial Liabilities**

S.No.	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	Statutory Dues	23.64	17.40
	<b>Total</b>	<b>23.64</b>	<b>17.40</b>

**NOTE 20 Equity Share Capital**

	Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a)	<b>Authorised Share Capital:</b> 200,000,000 Equity Shares of ₹10 each (Previous Year 200,000,000 Equity Shares)	200.00	200.00
		<b>200.00</b>	<b>200.00</b>
b)	<b>Issued, Subscribed and Fully Paid-up Share Capital:</b> 191,937,700 of Equity Shares of ₹10 each (Previous year 185,182,300 Equity Shares of ₹10 each)	191.94	185.18
c)	<b>Par Value per Share</b>	₹10 each	₹10 each
d)	<b>Number of Equity Shares at the beginning of the year</b>	185,182,300	178,205,700
	Add: Preferential Allotment made during the year	6,755,400	6,976,600
	<b>Number of Equity Shares at the end of the year</b>	<b>191,937,700</b>	<b>185,182,300</b>

e)	<b>Equity Shares held by Holding Companies</b>		
	Particulars	No. of Shares	No. of Shares
	Holding Company - TVS Motor Company Limited	162,224,928	155,469,528
	Sundaram-Clayton Limited (Holding Company of TVS Motor Company Limited)	2,180,250	2,180,250

f)	<b>Number of shares held by shareholders holding more than 5% of total shares as at the end of the year</b>				
	Name of the Shareholders	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
		No. of Shares	% of Holding	No. of Shares	% of Holding
	TVS Motor Company Limited	162,224,928	84.52%	155,469,528	83.95%
	Lucas-TVS Limited	11,337,297	5.91%	11,337,297	6.12%

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 21 Other Equity**

Description	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Securities Premium Reserves	722.64	629.41
Statutory Reserve	140.15	120.75
Retained Earnings	528.31	452.78
Other Reserves	(17.66)	(15.00)
<b>Total reserves and surplus</b>	<b>1,373.44</b>	<b>1,187.94</b>

a) Securities premium reserves	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	629.41	546.39
Additions during the year	93.23	83.02
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>722.64</b>	<b>629.41</b>

b) Statutory reserve	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	120.75	90.65
Transfer from retained earnings	19.40	30.10
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>140.15</b>	<b>120.75</b>

c) Retained earnings	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	452.78	336.45
Lease Equivalisation restatement on 1 <sup>st</sup> day of year*	-	(1.93)
Restated Opening Balance	452.78	334.52
Net profit for the period	97.55	151.04
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation net off tax	(2.62)	(2.65)
Transaction in the capacity as owners		
Statutory Reserve	(19.40)	(30.10)
<b>Closing balance</b>	<b>528.31</b>	<b>452.78</b>

\*Refer Note 37

d) Other Reserves - Hedging Reserve	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	(15.00)	-
Add: Change in fair value of hedging instruments, net off tax	(2.66)	(15.00)
<b>Closing balance</b>	<b>(17.66)</b>	<b>(15.00)</b>

**Statutory Reserves:**

According to Section 45 - IC of the Reserve Bank of India Act, 1934, the Company transfers a sum not less than 20% of its net profit every year as disclosed in the statement of Profit and Loss and before declaration of any dividend to the Statutory reserves.

**Securities Premium**

The reserve represents premium on issue of shares. It will be utilised in accordance with the provisions of the Companies Act, 2013.

**Retained Earnings**

Represents Company's cumulative undistributed earnings since its inception. This is available for distribution to shareholders through dividends/capitalisation.



(All amounts in ₹ Crore unless otherwise stated)

**NOTE 22 Interest Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>On Financial assets measured at amortised cost:</b>		
Interest on Loans	2,039.16	1,820.49
Interest on Deposits with Bank	2.69	1.74
<b>Total</b>	<b>2,041.85</b>	<b>1,822.23</b>

**NOTE 23 Fees and Commission Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Fee-based Income	146.68	112.81
Commission Income	2.64	11.17
Service Income	47.44	44.14
<b>Total</b>	<b>196.76</b>	<b>168.12</b>

**NOTE 24 Other Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Unwinding of discount on security deposits and receivable for investments	2.68	9.72
Other Non-Operating Income	0.43	0.40
<b>Total</b>	<b>3.11</b>	<b>10.12</b>

**NOTE 25 Finance Costs**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>On Financial liabilities measured at amortised cost</b>		
Interest Cost		
- Interest on Borrowings	544.45	553.55
- Interest on Debt Securities	77.85	50.12
- Interest on Subordinated Liabilities	66.83	62.18
- Interest on Lease Liabilities	2.02	2.32
Other Finance Charges	38.29	31.63
<b>Total</b>	<b>729.44</b>	<b>699.81</b>

**NOTE 26 Impairment of Financial Instruments**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>On Financial Instruments measured at Amortised Cost</b>		
Bad Debts Written off (net)	252.00	144.03
Net Loss on Sale of Repossessed Assets	108.23	50.45
Impairment Provision on Loans	89.11	61.54
Trade Receivables and Other Financial Assets	17.45	2.79
<b>Total</b>	<b>466.79</b>	<b>258.80</b>

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 27 Employee Benefit Expenses**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Salaries and Wages	537.00	427.28
Contribution to Provident and other funds	31.43	28.97
Staff Welfare	16.38	21.48
<b>Total</b>	<b>584.81</b>	<b>477.73</b>

**NOTE 28 Other Expenses**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Auditors Fees and Expenses*	0.53	0.52
Communication Costs	62.50	57.69
Director's Fees, Allowances & expenses	0.57	0.50
Corporate Social Responsibility **	4.00	3.80
Donation	0.03	4.20
Repairs & Maintenance	2.47	2.05
Rent, Taxes and Energy Costs***	21.54	15.64
Insurance Expenses	1.37	1.80
Legal and Prof Charges	50.73	48.95
Others	13.72	15.90
Printing and Stationery	3.78	3.07
Travelling and Conveyance	38.18	43.40
<b>Total</b>	<b>199.42</b>	<b>197.52</b>

\*\*\* Refer note 37c

**Auditors Fees and Expenses\***

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Statutory Audit	0.24	0.24
Tax Audit	0.07	0.07
Certification	0.15	0.15
Reimbursement of Expenses	0.07	0.05
<b>Auditors Fees and Expenses</b>	<b>0.53</b>	<b>0.51</b>

\*\* Expenditure incurred on Corporate Social Responsibility activities:

- Gross amount required to be spent during the year is ₹3.98 crores
- Amount spent during the year - ₹4.00 crores

S.No.	Particulars	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
a.	Construction/acquisition of any asset	-	-
b.	Expenses incurred through Trusts	4.00	3.80
c.	Donation to PM CARES Fund	-	8.00
	<b>Total</b>	<b>4.00</b>	<b>11.80</b>
	Amounts required to be spent for the year	4.00	-
	Amounts to be carried forward to subsequent years	-	-

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 29 Income Tax Expenses**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
a. Income tax expense		
Current tax		
Current tax on profits for the year	47.25	60.18
Tax profits relating to prior period	(0.53)	-
<b>Total current tax expense</b>	<b>46.72</b>	<b>60.18</b>
Deferred tax		
Decrease/(increase) in deferred tax assets	(38.10)	(0.20)
(Decrease)/increase in deferred tax liabilities	-	-
<b>Total deferred tax expense/(benefit)</b>	<b>(38.10)</b>	<b>(0.20)</b>
Income tax expense	8.62	59.98
b. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	106.17	211.02
Tax at the Indian tax rate of 25.168% (PY – 25.168%)	26.72	53.11
Tax effect of amounts which are permanent differences in nature in calculation of taxable income	(18.10)	6.87
Income tax expense	8.62	59.98

**NOTE 30 Other Comprehensive Income**

Description	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of the defined benefit plans	(3.50)	(3.54)
Income tax relating to these items	0.88	0.89
<b>Items that will be reclassified to profit or loss</b>		
Fair value change on cash flow hedge	(3.55)	(20.05)
Income tax relating to these items	0.89	5.05
<b>Other Comprehensive Income</b>	<b>(5.28)</b>	<b>(17.65)</b>

**NOTE 31 Earnings Per Share**

	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
<b>a. Basic earnings per share</b>		
Basic earnings per share attributable to the equity holders of the Company	5.22	8.28
<b>b. Diluted earnings per share</b>		
Diluted earnings per share attributable to the equity holders of the Company	5.22	8.28
<b>c. Reconciliations of earnings used in calculating earnings per share</b>		
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basis earnings per share	97.55	151.04
Diluted earnings per share		
Profit attributable to equity holders of the Company used in calculating basis earnings per share	97.55	151.04
<b>d. Weighted average number of equity shares used as the denominator in calculating basic earnings per share</b>	186,986,825	182,496,787
<b>e. Weighted average number of equity shares used as the denominator in calculating diluted earnings per share</b>	186,986,825	182,496,787

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 32 Employee Benefit Obligations**

**Defined Benefit Obligation**

The Company provides for gratuity employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised fund in India.

The Company operates defined benefit pension plan, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

Particulars	Gratuity			Pension			Compensated Absences		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
<b>1<sup>st</sup> April, 2019</b>	<b>12.15</b>	<b>(12.11)</b>	<b>0.04</b>	<b>10.02</b>	-	<b>10.02</b>	<b>11.53</b>	-	<b>11.53</b>
Current service cost	1.90	-	1.90	-	-	-	-	-	-
Interest expense/(income)	0.93	(0.89)	0.04	0.71	-	0.71	0.82	-	0.82
<b>Total amount recognised in profit or loss</b>	<b>2.83</b>	<b>(0.89)</b>	<b>1.94</b>	<b>0.71</b>	-	<b>0.71</b>	<b>0.82</b>	-	<b>0.82</b>
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.19	0.19	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	0.48	-	0.48	1.83	-	1.83	0.44	-	0.44
Experience (gains)/losses	2.37	-	2.37	(1.33)	-	(1.33)	4.52	-	4.52
<b>Total amount recognised in other comprehensive (income)/Losses</b>	<b>2.85</b>	<b>0.19</b>	<b>3.04</b>	<b>0.49</b>	-	<b>0.49</b>	<b>4.97</b>	-	<b>4.97</b>
Employer contributions	-	(4.30)	(4.30)	-	-	-	-	-	-
Benefit payments	(1.73)	1.73	-	-	-	-	(1.29)	-	(1.29)
<b>31<sup>st</sup> March, 2020</b>	<b>16.11</b>	<b>(15.38)</b>	<b>0.73</b>	<b>11.22</b>	-	<b>11.22</b>	<b>16.02</b>	-	<b>16.02</b>
<b>April, 2020</b>	<b>16.11</b>	<b>(15.38)</b>	<b>0.73</b>	<b>11.22</b>	-	<b>11.22</b>	<b>16.02</b>	-	<b>16.02</b>
Current service cost	2.68	-	2.68	-	-	-	-	-	-
Interest expense/(income)	0.90	(0.84)	0.06	0.69	-	0.69	0.79	-	0.79
<b>Total amount recognised in profit or loss</b>	<b>3.58</b>	<b>(0.84)</b>	<b>2.74</b>	<b>0.69</b>	-	<b>0.69</b>	<b>0.79</b>	-	<b>0.79</b>
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.03)	(0.03)	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	0.19	-	0.19	0.01	-	0.01	0.14	-	0.14
Experience (gains)/losses	3.58	-	3.58	(0.24)	-	(0.24)	7.48	-	7.48
<b>Total amount recognised in other comprehensive (income)/Losses</b>	<b>3.77</b>	<b>(0.03)</b>	<b>3.74</b>	<b>(0.23)</b>	-	<b>(0.23)</b>	<b>7.63</b>	-	<b>7.63</b>
Employer contributions	-	(5.41)	(5.41)	-	-	-	-	-	-
Benefit payments	(1.33)	1.33	0.00	-	-	-	(4.17)	-	(4.17)
<b>31<sup>st</sup> March, 2021</b>	<b>22.13</b>	<b>(20.33)</b>	<b>1.80</b>	<b>11.68</b>	-	<b>11.68</b>	<b>20.27</b>	-	<b>20.27</b>

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 32 Employee Benefit Obligations (Contd.)**

Details	Gratuity		Pension		Compensated Absences	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Discount Rate	4.99%	5.46%	5.98%	6.32%	4.82%	5.30%
Salary Growth Rate	6.00%	6.00%	5.50%	5.50%	6.00%	6.00%
Mortality inclusive of provision for disability	100% of Indian Assured Lives Mortality (IALM)					

**(i) Sensitivity Analysis**

Particulars	Gratuity 2020-21			Pension 2020-21			Compensated Absences 2020-21		
	Change in assumption	Due to increase in assumption	Due to decrease in assumption	Change in assumption	Due to increase in assumption	Due to decrease in assumption	Change in assumption	Due to increase in assumption	Due to decrease in assumption
Discount Rate	0.50%	21.85	22.40	1%	10.11	13.59	0.50%	20.05	20.50
Salary Growth Rate	0.50%	22.39	21.86	1%	13.66	1.00	0.50%	20.49	20.05
Mortality	5.00%	22.12	22.12	5%	11.58	11.78	5.00%	20.27	20.27

Particulars	Gratuity 2019-20			Pension 2019-20			Compensated Absences 2019-20		
	Change in assumption	Due to increase in assumption	Due to decrease in assumption	Change in assumption	Due to increase in assumption	Due to decrease in assumption	Change in assumption	Due to increase in assumption	Due to decrease in assumption
Discount Rate	0.50%	15.91	16.31	1%	9.65	13.15	0.50%	15.85	16.20
Salary Growth Rate	0.50%	16.31	15.91	1%	13.22	9.57	0.50%	16.20	15.85
Mortality	5.00%	16.11	16.11	5%	11.13	11.31	5.00%	16.02	16.02

**(ii) The following payments are expected contributions to the defined benefit plan in future years:**

Particulars	
Within the next 12 months (next annual reporting period)	6.77
Between 2 and 5 years	14.22
Beyond 5 years	3.72
<b>Total</b>	<b>24.71</b>

**(iii) Risk exposure**

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility**

The plan liabilities are calculated using a discount rate set with reference to bond yield;

**Changes in bond yields**

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings

**(iv) Defined contribution plans:**

The Company's contribution to defined contribution plan viz., provident fund, of ₹18.75 (March 31, 2020: ₹17.86) has been recognised in the Statement of Profit and Loss. There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28<sup>th</sup> February, 2019 on components / allowances paid to employees that need to be taken into account while computing an employer's contribution to provident fund under the EPF Act. The Company is in the process of evaluating the method of computation of its PF contribution in relation to above judgement and would record any further effect in its financial statements, on receiving further clarification on the subject.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 33 Fair Value Measurements**

**Financial instruments by category**

	Measurement Level	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Financial assets carried at amortised cost</b>			
Loans	Level 3	11,154.95	9,455.55
Trade Receivables	Level 3	30.80	55.20
Cash and Cash Equivalents		653.44	357.74
Other bank balances	Level 3	14.30	24.37
Loan to Employees	Level 3	4.62	8.72
Advances to Related Parties	Level 3	73.21	78.20
Other Financial Assets - Related Parties	Level 3	-	2.66
Other Financial Assets - Non-Related Parties	Level 3	0.00	12.17
Security deposit for leased premises	Level 3	7.49	7.54
Deposit with Service Providers	Level 3	4.38	3.34
<b>Financial assets carried at fair value through Other Comprehensive Income</b>			
Derivative Financial Instruments	Level 2	-	23.63
<b>Total financial assets</b>		<b>11,943.19</b>	<b>10,029.13</b>
<b>Financial liabilities carried at amortised cost</b>			
Trade Payables	Level 3	227.87	168.63
Debt Securities	Level 3	1,170.85	496.19
Borrowings other than debt securities	Level 3	8,041.11	7,450.59
Subordinated Liabilities	Level 3	942.79	612.77
Security Deposit Received	Level 3	53.46	39.02
Other financial liabilities	Level 3	154.11	90.68
<b>Financial Liabilities carried at fair value through Other Comprehensive Income</b>			
Derivative Financial Instruments	Level 2	14.57	-
<b>Total financial Liabilities</b>		<b>10,604.76</b>	<b>8,857.88</b>

**(i) Fair value hierarchy**

IND-AS 113, 'Fair Value Measurement' requires classification of the valuation method of financial instruments measured at fair value in the Statement of Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). Fair value of derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves. The three levels of the fair-value-hierarchy under IND-AS 113 are described below:

Financial assets and liabilities measured at fair value - recurring fair value measurements (Level 2)	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Financial assets</b>		
Derivative Financial Instruments	-	23.63
Total financial assets	-	23.63
<b>Financial liabilities</b>		
Derivative Financial Instruments	14.57	-
Total financial assets	14.57	-
<b>Fair value of Financial assets and liabilities carried at amortised cost (Level 3)</b>	<b>31<sup>st</sup> March, 2021</b>	<b>31<sup>st</sup> March, 2020</b>
<b>Financial assets</b>		
Loan to Employees	4.62	8.72
Advances to Related Parties	59.39	76.53
Security Deposit for Leased Premises	7.49	7.54
<b>Total financial assets</b>	<b>71.50</b>	<b>92.79</b>

There were no transfers between any levels during the year.



(All amounts in ₹ Crore unless otherwise stated)

**NOTE 33 Fair Value Measurements (Contd.)**

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes publicly traded derivatives and mutual funds that have a quoted price. The quoted market price used for financial assets held by the Company is the current bid price.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the fair value of forward foreign exchange contracts and cross currency interest rate swaps (CCIRS) is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis

All of the resulting fair value estimates are included in level 3 where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

**(iii) Valuation process**

Discount rates are determined using a market interest rate for a similar asset adjusted to the risk specific to the asset.

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

31 <sup>st</sup> March, 2021	Carrying amount	Fair value
<b>Financial assets</b>		
Loan to Employees	4.62	4.62
Advances to Related Parties	73.21	59.39
Security Deposit for Leased Premises	7.49	7.49
<b>Total financial assets</b>	<b>85.32</b>	<b>71.50</b>
31 <sup>st</sup> March, 2020	Carrying amount	Fair value
Loan to Employees	8.72	8.72
Advances to Related Parties	78.20	76.53
Security Deposit for Leased Premises	7.54	7.54
<b>Total financial assets</b>	<b>94.46</b>	<b>92.79</b>

The fair values for advance to related parties and rent advance were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The majority of borrowings are floating rate borrowings, the carrying value is representative of the fair value.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 34 Financial Risk Management**

**(A) Credit Risk**

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored to determine significant increase in credit risk. The Company monitors the credit assessment on a portfolio basis, assesses all credit exposures in excess of designated limits. The Company does a risk grading based upon the credit worthiness of the borrowers. All these factors are taken into consideration for computation of ECL.

**Other Financial Assets**

Credit risk with respect to other financial assets are extremely low. Based on the credit assessment, the historical trend of low default is expected to continue. No provision for Expected Credit Loss (ECL) has been created for Other Financial Assets.

**Loans**

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on Number of Days past due information. The amount represents gross carrying amount.

Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Gross Carrying value of Loans		
Stage-1 (Less than 30 Days)	9,539.60	8,407.16
Stage-2 (30-90 Days)	1,481.27	869.84
Stage-3 (More than 90 Days)	423.75	370.66
<b>Total Gross Carrying value on Reporting Date</b>	<b>11,444.62</b>	<b>9,647.66</b>

**Credit Quality**

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow-ups and legal recourse.

**Inputs considered in the ECL model**

In assessing the impairment of loan assets under ECL model, the loan assets have been segmented into three stages.

The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The Company categorises loan assets into stages based on the Days Past Due status:

- Stage 1: 30 Days Past Due
- Stage 2: 31-90 Days Past Due
- Stage 3: More than 90 Days Past Due

**Assumptions considered in the ECL model**

The financial services business has made the following assumptions in the ECL Model:

- “Loss given default” (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. EIR has been taken as discount rate for all loans.

**Estimation Technique**

The financial services business has applied the following estimation technique in its ECL model:

- “Probability of default” (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 34 Financial Risk Management (Contd.)**

- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining tenor.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals.

There is no change in estimation techniques or significant assumptions during the reporting period.

**Assessment of significant increase in credit risk**

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analysis based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27<sup>th</sup> March, 2020 and 17<sup>th</sup> April, 2020 relating to 'COVID-19 – Regulatory Package', the Company has offered moratorium up to six months on the payment of instalments falling due between 1<sup>st</sup> March, 2020 and 31<sup>st</sup> August, 2020 to all eligible borrowers. The Company has extended One-Time Resolution framework as for COVID-19-related stress to eligible customers as per applicable RBI guidelines and as per the policy of the Company. The staging classification under ECL computation has been done based on the performance of the restructured accounts as per the revised terms and conditions and credit risk assessment by the Company.

COVID-19 (including second wave) has severe impact on global as well as domestic macro and micro economies, businesses and consumers. Due to this uncertainty, Company's assessments of impairment loss allowance on its loans are subject to a number of management judgements and estimates. Since the Company's impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates.

**Definition of default**

The Company considers a financial instrument is in default when the borrower becomes 90 days past due on its contractual payments. The financial services business considers Loans under default as 'credit impaired' and classified as Stage-3.

**Impairment loss**

The expected credit loss allowance provision is determined as follows:

	Stage-1	Stage-2	Stage-3	Grand Total
Gross Balance as at 31 <sup>st</sup> March, 2021	9,539.60	1,481.27	423.75	11,444.62
Expected Credit Loss	81.90	42.34	165.43	289.67
Expected Credit Loss Rate	0.86%	2.86%	39.04%	2.53%
Net of Impairment Provision	9,457.70	1,438.93	258.32	11,154.95

	Stage-1	Stage-2	Stage-3	Grand Total
Gross Balance as at 31 <sup>st</sup> March, 2020	8,407.16	869.84	370.66	9,647.66
Expected Credit Loss	39.23	9.50	143.38	192.11
Expected Credit Loss Rate	0.47%	1.09%	38.68%	1.99%
Net of Impairment Provision	8,367.93	860.34	227.28	9,455.55

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 34 Financial Risk Management (Contd.)**

**Reconciliation of Expected Credit Loss**

Particulars	Stage-1	Stage-2	Stage-3	Grand Total
<b>Balance as at 1<sup>st</sup> April, 2019</b>	<b>30.99</b>	<b>3.43</b>	<b>104.61</b>	<b>139.03</b>
Transfer from Stage 1	(4.92)	3.27	1.66	-
Transfer from Stage 2	0.28	(1.90)	1.61	-
Transfer from Stage 3	0.71	1.33	(2.04)	-
Loans that have derecognised during the period	(6.58)	(0.72)	(25.18)	<b>(32.49)</b>
New Loans originated during the year	25.12	3.91	12.98	<b>42.02</b>
Net Remeasurement of Loss Allowance	(6.37)	0.18	49.74	<b>43.55</b>
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>39.23</b>	<b>9.50</b>	<b>143.38</b>	<b>192.11</b>
Transfer from Stage 1	(9.66)	7.54	2.11	-
Transfer from Stage 2	2.44	(4.61)	2.16	-
Transfer from Stage 3	0.99	0.45	(1.43)	-
Loan that have derecognised during the period	(8.35)	(1.43)	(41.06)	<b>(50.85)</b>
New Loans originated during the year	33.56	4.26	14.78	<b>52.61</b>
Net Remeasurement of Loss Allowance	23.70	26.62	45.59	<b>95.80</b>
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>81.90</b>	<b>42.34</b>	<b>165.43</b>	<b>289.67</b>

**Concentration of Credit Risk**

The business manages concentration of risk primarily by geographical region. The following details show the geographical concentrations of the loans at the year end:

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Carrying value		
Concentration by geographical region in India		
South	4,426.79	3,812.55
West	3,123.68	2,670.40
East	2,042.22	1,701.66
North	1,851.93	1,463.05
<b>Total Loans as at reporting period</b>	<b>11,444.62</b>	<b>9,647.66</b>

**(B) Liquidity Risk**

The liquidity risk is a risk that an entity will encounter difficulty in meeting financial obligations.

As per Company's policy, management ensures availability of sufficient fund either through Instalment receivables/ sourcing through debts at each point of time. The Fund requirement ascertained at the beginning of the period by taking into consideration Instalment receivable, likely disbursement, Loan instalment payment & other operational expenses. The Company is continuously getting good supports from Bankers & Financial Institutions at the time of need.

**(i) Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Floating rate</b>		
Expiring within one year (bank overdraft and other facilities)	227.23	332.04
Expiring beyond one year (bank loans)	-	-
	<b>227.23</b>	<b>332.04</b>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 34 Financial Risk Management (Contd.)**

**(ii) Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
<b>31<sup>st</sup> March, 2021</b>						
<b>Non-derivatives</b>						
Borrowings	1,386.89	694.91	3,161.99	4,417.06	493.90	10,154.75
Security Deposit	29.41	19.61	4.44	-	-	53.46
Trade Payables	94.40	70.13	55.54	7.80	-	227.87
Other Financial Liabilities	79.14	2.10	56.76	17.10	2.27	157.37
<b>Total non-derivative liabilities</b>	<b>1,589.84</b>	<b>786.75</b>	<b>3,278.73</b>	<b>4,441.96</b>	<b>496.17</b>	<b>10,593.45</b>

Contractual maturities of financial liabilities	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
<b>31<sup>st</sup> March, 2020</b>						
<b>Non-derivatives</b>						
Borrowings	956.35	582.44	3,187.76	3,733.20	99.81	8,559.56
Security Deposit	-	17.78	21.24	-	-	39.02
Trade Payables	13.55	120.47	34.61	-	-	168.63
Other Financial Liabilities	40.62	1.76	25.32	20.11	9.34	97.15
<b>Total non-derivative liabilities</b>	<b>1,010.52</b>	<b>722.45</b>	<b>3,268.93</b>	<b>3,753.31</b>	<b>109.15</b>	<b>8,864.36</b>

**NOTE 35 Financial Risk Management**

**(a) Foreign currency risk exposure:**

Foreign exchange risk arises on financial instruments being denominated in a currency that is not the functional currency of the entity. The Company is exposed to foreign exchange risk due to continuous fluctuation in the foreign currency (USD) of the loan originated. The Company has entered into cross currency swaps (CCS) /forward contracts/ Interest rate swap to fully hedge all foreign currency exchange risk on the principal and interest amount payable on borrowings.

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Financial liabilities</b>		
Variable Foreign Currency Borrowings (USD 187 million) (PY USD 90 million)	1,356.55	634.84
<b>Derivative liabilities</b>		
Hedged through forward contracts	1,356.55	634.84
Hedged through CCS	-	-
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>-</b>	<b>-</b>

**(b) Sensitivity analysis:**

The Company has hedged all its foreign currency exposures by entering into CCS / Forwards contracts, it shall not be subject to any sensitivity on settlement due to the movements in foreign exchanges i.e. USD. Forward Contract & Cross Currency Swap are to buy USD for Hedging Foreign Currency Loan.

Impact on profit after tax		
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
USD sensitivity		
INR/USD Increases by 5%	-	-
INR/USD Decreases by 5%	-	-

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 35 Financial Risk Management (Contd.)**

**(i) Cash flow and fair value interest rate risk**

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2020, the Company's borrowings at variable rate were mainly denominated in INR, USD.

The Company's floating rate borrowings are carried at amortised cost. For NBFC business loan is the major source for running the business. In India, loans are mostly available at Floating Rate Interest. And there are no such option available to obtain an option for swapping the Floating Rate Interest linked to respective bank MCLR with Fixed Interest. Hence, except foreign currency loans, other loans are not hedged. The Company has increased the component of fixed rate borrowings compared to last year (more than 10%).

**(a) Interest rate risk exposure**

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Variable rate borrowings	7,126.66	7,173.54
<b>Total borrowings</b>	<b>10,154.75</b>	<b>8,559.56</b>

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

	31 <sup>st</sup> March, 2021		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	7.04%	7,126.66	70.18%
	31 <sup>st</sup> March, 2020		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	8.30%	7,173.54	83.81%

An analysis by maturities is provided in Note 34 B (ii) above.

**(b) Sensitivity**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

	Impact on profit after tax	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Interest rates – increase by 50 basis points (50 bps)*	38.00	32.03
Interest rates – decrease by 50 basis points (50 bps)*	(38.00)	(32.03)

\* Holding all other variables constant.



(All amounts in ₹ Crore unless otherwise stated)

**NOTE 36 Capital Management**

**a. Risk management**

The Risk Management policy includes identification of element of risks, including those which in the opinion of Board may lead to Company not meeting its financial objectives. The risk management process has been established across the Company and design to identify, access & frame a response to threat that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolve around the goals and objectives of the Company.

Maintaining optimal capital to debt is one such measure to ensure healthy returns to the shareholders. Company envisages maintaining gearing ratio of maximum 7 times to the total equity, the Company monitors the ratio as below:

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Net debt (total borrowings, less cash and cash equivalents)	9,501.31	8,201.82
Total Equity (as shown in the balance sheet)	1,565.38	1,373.12
<b>Net debt to equity ratio</b>	<b>6.07</b>	<b>5.97</b>

**b. Externally imposed capital restrictions**

- 1) As per RBI requirements, Capital Adequacy Ratio should be minimum 15%, not meeting RBI requirements will lead to cancellation of NBFC licences issued by RBI.
- 2) As per the various lending arrangements with banks TOL (Total Outside Liability) to TNW (Total Net Worth) ratio should be less than 8, not meeting the said requirements may lead to higher interest rates.

The Company has complied with these covenants throughout the reporting period.

**NOTE 37 Leases**

**a. Lease Disclosures pertaining to Right-to-use Asset**

Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Building</b>		
Gross Block	25.78	21.93
Opening/(On transition to IND-AS 116)	(3.70)	-
Revaluation due to change in future lease rentals	3.88	10.97
Additions during the year	-	-
(Deletions during the year)		
Closing Balance during the year	25.96	32.90
Amortisation		
Additions	-	-
Amortisation for the year	7.28	7.12
<b>Closing Balance during the year</b>	<b>18.68</b>	<b>25.78</b>

b. The Company has offices across the country with varied lease period. The lease term considered for arriving at the Right-to-use Asset and Lease liabilities are based on the non-cancellable period of the respective agreements.

c. Company has exercised the option of short-term leases and low value asset exemption.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 37 Leases (Contd.)**

**Lease Disclosures pertaining to Statement of Profit & Loss**

Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Finance charges</b>		
Interest expense	2.02	2.32
<b>Depreciation</b>		
Amortisation of Right-to-use asset	7.28	7.12
<b>Other expenses</b>		
Rent expenses		
Expense relating to short-term leases (included in other expenses)	10.77	8.33
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)	-	-
Expense relating to variable lease payments not included in the measurement of lease liabilities	-	-
<b>Total</b>	<b>20.07</b>	<b>17.77</b>

**d. Lease Disclosures pertaining to Cash Flow Statement**

Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Cash flow from financing activities		
Principal repayments related to lease liabilities	6.92	6.83
Interest payments related to lease liabilities	2.02	2.32

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021**

**1. Capital Commitments**

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Estimated amount of contracts remaining to be executed on Capital Account not provided for	2.52	2.18

**2. Other Commitments**

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Undrawn Loans sanctioned to borrowers	22.89	1.99

**3. Contingent Liabilities not provided for:**

Claims against the Company not acknowledged as debts.

Description	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Disputed Income Tax Demand (adjusted out of refunds)	-	1.06
Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹0.29 crore)	7.70	7.70
Legal cases filed by borrowers against the Company	1.23	1.64

The Company's pending litigations comprise of claims against the Company and proceedings pending with Statutory Authorities. The future cash flows on the above items are determinable only on receipt of decisions/judgements that are pending at various forums/authorities. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

4. Pursuant to a Business Transfer Agreement (BTA) entered into with TVS Finance and Services Limited (TVSFS) on 21<sup>st</sup> 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 ₹50.75 crores and liabilities (comprising of borrowings from Banks and Institution, current liabilities and provisions) of ₹298.75 crores. TVSFS issued Unsecured Redeemable Bonds to the Company, for the excess of liabilities over assets of ₹248 crore. The bonds are redeemable between 7<sup>th</sup> and 12<sup>th</sup> 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. The advance from TVSMS to the Company pertaining to this transaction stands at ₹73.21 crores as at 31<sup>st</sup> March, 2021 as per IND-AS fair valuation. Advance is partly secured to the extent of ₹52.15 crores and balance portion of ₹21.06 crores is unsecured. Considering the intrinsic value of land lying with TVSMS and equity shares held by TVSMS in the Company, the unsecured advance is considered good and recoverable.
5. Pursuant to para 2 of general instructions for preparation of financial statements of a NBFC as mentioned in Division III of Schedule III of The Companies Act, 2013, the current and non-current classification has not been provided.

**6. Related Party Disclosures**

Disclosures in respect of Related Parties and their Relationship where transaction exists:

Nature of Relationship	Parties Name
Reporting Enterprise	TVS Credit Services Limited
Holding Company	TVS Motor Company Limited Sundaram-Clayton Limited
Ultimate Holding Company	TV Sundram Iyengar & Sons Private Limited
Subsidiaries	TVS Housing Finance Private Limited Harita ARC Private Limited TVS Two Wheeler Mall Private Limited TVS Micro Finance Private Limited Harita Collection Services Private Limited TVS Commodity Financial Solutions Private Limited
Fellow Subsidiary	TVS Motor Services Limited Sundaram Auto Components Limited TVS Automobile Solutions Private Limited
Associate of Holding Company	Emerald Haven Realty Limited

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2021 (Contd.)**

**Transactions with Related Parties and Balance Outstanding as at the end of the year**

S.No.	Name of the Related Party	Nature of Transactions	Amount 2020-21	Amount 2019-20
1	TVS Motor Services Limited	Advance received	6.37	41.33
		Unwinding of advance	1.38	9.36
		Balance outstanding (Dr)	73.21	80.86
2	TVS Motor Company Limited	Contribution towards Equity Share Capital	6.78	3.49
		Contribution towards Security Premium	93.22	41.51
		Services Rendered	21.55	42.51
		Availing of Services	6.96	5.76
		Balance outstanding (Dr)	8.49	18.92
3	Sundaram Clayton Limited	EMI Payment	0.10	0.10
		Availing of Services	3.08	4.23
		Balance outstanding (Cr)	0.03	0.16
4	Sundaram Auto Components Limited	EMI Payment	0.11	0.10
		Balance outstanding (Dr)	0.15	0.26
5	Emerald Haven Realty Limited	EMI Payment	-	0.47
		Balance outstanding (Dr)	-	-
6	TVS Automobile Solutions Private Limited (TASL)	Working Capital Financing	-	45.78
		Receivable Financing to Franchisees of TASL	-	13.68
		Balance outstanding (Dr)	-	2.06

As per our report of even date

**For Raghavan Chaudhuri & Narayanan**

Chartered Accountants  
Firm Regn No.: 007761S

**V Sathyanarayanan**

Partner  
Membership No.: 027716

Place : Bengaluru

Date : 26<sup>th</sup> April, 2021

For and on behalf of the Board

**Venu Srinivasan**  
Chairman

**V Gopalakrishnan**  
Chief Financial Officer

**G Venkatraman**  
Chief Executive Officer

**J Ashwin**  
Company Secretary

Place : Chennai

Date : 26<sup>th</sup> April, 2021





**Registered Office:**

Chaitanya, No. 12, Khader Nawaz Khan Road,  
Nungambakkam, Chennai – 600006.

 [www.tvscredit.com](http://www.tvscredit.com)