TVS CREDIT

WHEN YOU CELEBRATE DIVERSITY, EVERYONE GROWS!

ANNUAL REPORT 2018-19

A COUNTRY FULL OF DIVERSITY.
A PEOPLE FULL OF ASPIRATIONS.

Perhaps no place on earth has the sheer contrasts of India - be it diversity of landscape or language, cuisine or culture. However, there is a common emotion that unites us: the desire to excel and grow, to make a better life for ourselves. This collective ambition has made our country one of the world's fastest-growing economies. We at TVS Credit are privileged to be a part of this growth story. Every day, we help people from different regions, occupations and stages of life to flourish and prosper. Our finance offerings make the long road to their dreams a little shorter. As we present our results for the past year, we highlight the various facets of diversity that shape us. And we pledge to take forward our mission of Empowering India. One Indian at a time.

TVS CREDIT

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TVS CREDIT

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BOARD OF DIRECTORS

BOARD OF DIRECTORS
Venu Srinivasan, Chairman
R Ramakrishnan
T K Balaji
Sudarshan Venu
K N Radhakrishnan
V Srinivasa Rangan
Sasikala Varadachari

AUDIT COMMITTEE
R Ramakrishnan
V Srinivasa Rangan
K N Radhakrishnan

NOMINATION AND REMUNERATION COMMITTEE
R Ramakrishnan
V Srinivasa Rangan
K N Radhakrishnan

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE
Venu Srinivasan, Chairman
R Ramakrishnan
K N Radhakrishnan

RISK MANAGEMENT COMMITTEE
R Ramakrishnan
Sasikala Varadachari
K N Radhakrishnan

ASSET LIABILITY MANAGEMENT COMMITTEE
R Ramakrishnan
Sudarshan Venu
Sasikala Varadachari

CHIEF EXECUTIVE OFFICER
G Venkatraman

CHIEF FINANCIAL OFFICER
V Gopalakrishnan

COMPANY SECRETARY
J Ashwin

FINANCIAL INSTITUTION
Housing Development Finance Corporation Limited

STATUTORY AUDITORS
V Sankar Aiyar & Co., Chartered Accountants
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Tel.: 044 - 28272233 Fax: 044 - 28257121
CIN: U65920TN2008PLC069758
Email: corpsec@scl.co.in
Website: www.tvscredit.com

BANKERS
Axis Bank Limited
Bank of Baroda
Bank of Maharashtra
Canara Bank
Citicorp Finance India Ltd
CTBC Bank Limited
Deutsche Bank
HDFC Bank Limited
ICICI Bank Limited
Indian Bank
State Bank of India
Union Bank of India
Central Bank of India
BNP Paribas
Corporation Bank
DCB Bank Limited
Federal Bank Limited
HSBC Bank Limited
Karnataka Bank
Punjab National Bank
MUFG Bank
South Indian Bank Limited
Syndicate Bank

The Directors have pleasure in presenting the Eleventh Annual Report and the audited accounts of the Company for the year ended 31st March, 2019

1. BUSINESS AND FINANCIAL PERFORMANCE

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

(₹ in Crores)

Particulars	Year ended	
	31-03-2019 Ind-AS	31-03-2018 Ind-AS*
Revenue from Operations	1,601.32	1,252.41
Other Income	32.85	26.88
Total	**1,634.17**	**1,279.29**
Finance Costs	557.46	418.40
Fees & Commission, Employee benefit, Administrative and Operating Expenses	661.08	511.91
Depreciation and amortisation expenses	15.22	9.98
Impairment and loss on de-recognition of financial instruments	184.45	132.48
Total	**1,418.20**	**1,072.79**
Profit / (Loss) before tax	**215.97**	**206.50**
Less: Tax expense		
- Current Tax	82.39	71.67
- Deferred Tax	(14.72)	(3.52)
Profit / (Loss) after tax	148.30	138.35
Other Comprehensive Income	(0.60)	(0.73)
Total Comprehensive Income	**147.70**	**137.67**
Balance brought forward from previous year	240.65	102.99
Surplus / (Deficit) carried to Balance Sheet	**388.35**	**240.65**

*restated as per Ind-AS

The Company's overall disbursements registered a growth of 44% at ₹ 7,067 Crores as compared to ₹ 4,899 Crores in the previous year.

During the year under review, the assets under management stood at ₹ 8,335 Crores as against ₹ 6,152 Crores during the previous year registering a growth of 34%. Total income during FY19 increased to ₹ 1,634.17 Crores from ₹ 1,279.29 Crores (as per Ind-AS) during the financial year, an increase of 28% over the previous year. The profit before tax for the year has also improved and stood at ₹ 215.97 Crores as against ₹ 206.50 Crores (as per Ind-AS) during the previous year. The ratio of net non-performing assets (Stage 3 assets categorisation as per Ind-AS) to advances as on 31st March, 2019 stood at 2.06% as against 2.25% as on 31st March, 2018 based on Ind-AS restated Expected Credit Loss (ECL) provisioning norms of the Company.

Above financial performance are based on Indian Accounting Standards (Ind-AS). The Company has adopted Ind-AS from 1st April, 2018 with effective transition date of 1st April, 2017 pursuant to MCA notification dated 31st March, 2016 and financial statements has been prepared in accordance with Division III of Schedule III of Companies Act 2013 notified by MCA on 11th October, 2018. The financial statements up to year ended 31st March, 2018 were prepared in accordance with the erstwhile accounting standards notified under the Act read with Rule 7 of Companies (Accounts) Rules, 2014 (as amended) and other generally accepted accounting principles in India. Accordingly, the impact of transition has been recorded in the opening reserves as on 1st April, 2017 and the corresponding adjustments pertaining to comparative previous period have been restated / reclassified in order to conform to current period presentation.

Refer Note 39 & 40 for an explanation on the transition from erstwhile accounting standards to Ind-AS and resultant change in the Company's financial position.

Key performances during the financial year

The Company disbursed ₹ 3,265 Crores of two-wheeler loans as against ₹ 2,511 crores in the previous year, registering a growth of 30%. The Company continues to be the leading financier for TVS Motor Company Ltd.

The Company disbursed ₹ 1,123 Crores of used car loans as against ₹ 1,129 Crores in the previous year by focussing more on profitable areas.

The Company disbursed ₹ 832 Crores in overall tractor segment as against ₹ 765 Crores in the previous year, registering a growth of 9%.

In consumer durable, the Company in its first year of full operations disbursed ₹ 1,046 Crores to 5.3 lakh customers.

The Company scaled up its used commercial vehicle finance and disbursed ₹ 268 Crores during the current year.

The Company also did cross-selling business to its existing customers to the tune of ₹ 479 Crores as against ₹ 416 Crores during the previous year registering a growth of 15%.

In line with Company's long-term vision of being preferred financier with diversified and profitable portfolio, the Company added MSME financing during the year. Accordingly, the Company has started pilot of MSME financing through 2 branches in Tamilnadu and Karnataka in addition to financing through alliances programmes and creating opportunities in online marketplace to fund suppliers and traders.

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Outlook

India's real gross domestic product (GDP) is expected to grow at 7.0% in FY19 as against 7.2% in FY18. "Agriculture sector, Forestry and Fishing" sector is estimated to grow at 3.8% (Gross Value Added - GVA) in FY19 as against 3.4% in the previous year. The growth of the "Manufacturing" sector is expected to accelerate to 8.3% this fiscal, up from 5.7% in FY18. The estimated growth in GVA for the "Service" sector is placed at 7.5% per cent as against growth of 8.1% in the previous year.

Retail inflation measured by the headline Consumer Price Index (CPI) is expected to decline to 3.5% in FY19 from 3.6% in FY18, primarily due to decline in food inflation. The negative inflation in pulses, vegetables and sugar has pulled down the food inflation. RBI has cut the repo rate by 25 basis points in its first bi-monthly policy statement in April 2019 due to continuous subdued inflation and slower than expected GDP growth. This is the second consecutive rate cut by RBI. Current Account Deficit (CAD) is expected to touch 2.6% of GDP for the FY19 primarily on account of rise in services trade surplus, weakened foreign capital flows due to tightening global financial conditions and continuous depreciation of Indian currency.

Outlook - The RBI's Monetary Policy Committee has assessed the GDP growth at 7.2% in FY20 due to combination of weakening of domestic investment activity; moderation of growth in the global economy might impact India's exports and possible downside risk from monsoon, citing risk from El Nino conditions. CRISIL is expecting the food inflation to pick up and average 4% in FY20. CAD is expected to moderate to 2.4% in FY20 due to expected import growth to ease further due to lower oil prices.

The focus of the Interim Budget 2019 was on the rural sector which is a positive development as it would support rural incomes and investment, and in turn provide a further push to aggregate demand and economic activities.

Industry Developments

A) Non-Banking Finance Companies (NBFCs)

NBFCs in India have managed to witness robust credit growth in the past few years due to a) Flexible technology-driven business operations to cater to retail clients individually at the fastest turnaround time, b) Cost-efficient business model, c) Last-mile connectivity with individual retail customer which enabled them to understand precise customer needs and, d) Lower ticket size disbursements along with better underwriting practices ensured limited risk of defaults.

After witnessing healthy growth over the past few years, the non-bank credit growth had slowdown in H2 of FY19 due to brief period of liquidity challenge. NBFCs will continue to grow given their greater focus on retail segments. However, managing liquidity and prudent asset-liability management will be the focus areas in the near term.

It is expected that the retail NBFCs credit would register growth of 15% to 17% in FY20.

B) Two-Wheeler

The domestic Two-Wheeler market sales has grown by ~5% in FY19 vis-à-vis growth of 15% in FY18. The first half of the year saw a growth of 10% but on the other hand, second half saw a decline of 0.8% led by slowdown in retail demand on account of increased insurance costs, retail finance crunch and fuel price escalation. Scooter sales was flat in FY19 as compared to FY18, motorcycle grew by ~8% and moped has gained some momentum and grew by 2.4% vis-à-vis de-growth of 4% in FY18. Recent Government actions on improving income for farmers and lower middle-class can support improved consumption. Higher product costs due to safety regulation and higher year ending inventory across industry can impact the industry in the initial part of FY20. Consequently, the growth in Two-Wheeler industry is expected to be around 6% to 8% over FY19.

NBFC credit to the two-wheeler segment grew at a CAGR of 28% during April 2014-March 2018, while bank credit grew at a CAGR of 21%. Consequently, the NBFC share increased to over 69% in March 2018 from 64% in March 2014. ICRA estimates the credit penetration in this segment to have increased to over 40% at present from around 30% in March 2014 and expects the same to improve further to 45-50% over the next 2-3 years. NBFC credit to this segment is, therefore, expected to grow at ~28-30% in FY19 and FY20, supported by an increase in the loan size and improvement in financing penetration.

C) Passenger Vehicle

Passenger vehicle market has grown by 2.7 YoY bases and sold 3.4 million units in FY19. Utility vehicles registered a growth of 2.08% in FY19 compared to growth of 21% in FY18. Low growth in domestic sales of car is mainly due to dull festive season, floods in Kerala, increase in price of fuel and increase in price of car. In FY20, the growth of passenger vehicle is likely to improve and expected to grow at 5% on YoY basis. India's used car market will continue to grow ~15% in FY20. Increase in cost of new vehicle post BS-VI will lead to higher growth in the used car sales on the back of higher replacement. Share of small cars has been on an increasing trend and constitutes 46-50% of the overall used car market in value terms.

NBFC credit to the PV segment stood at ~₹ 1.17 trillion as on 31st December, 2018, registering a YoY growth of 10% (10% growth in FY18 and FY17). The growth was supported by the focus of NBFCs on semi-urban and rural borrowers and the used car segment. The used car market is estimated to grow but the finance penetration continues to be lower. The share of the used car segment in the NBFC PV portfolio increased to 26% in December 2018 from 21% in March 2015.

D) Tractor

The domestic tractor industry continues to register a healthy growth in volumes, with the overall industry volume growth at 10-12% in FY19 even though the industry volumes already touched a new peak of 7.1 lakh units in FY18 The thrust on rural spending and infrastructure creation is expected to provide support to rural incomes over the short-to-medium term. On long term, the industry is estimated to grow at a CAGR of 8-9% with the long-term industry drivers remain intact. Tractor Finance growth in FY20, is expected to be about 13-15%.

E) Consumer Durable

Consumer Durable industry is expected to increase at a 9% CAGR to reach ₹ 3.15 trillion in FY22 owing to increase in consumer spending. The replacement cycle of consumer durable market is shortening, which could drive growth in some product segments, augmenting volume growth. Rising spending habits, technology advancement and evolving lifestyles are driving demand for consumer durables in India.

F) Commercial Vehicle

Commercial vehicle market witnessed a double digit growth in two consecutive years and has registered a growth of ~18% across all categories in FY19 driven by increase in spend on capital goods and renewal of existing CV fleet. LCV segment has grown by ~20% with healthy demand from consumption-driven sectors and e-commerce logistics sector as well as the replacement cycle.

M&HCV grew by ~15% in FY19. The new CV industry is likely to grow by 10% in FY20. Industry is likely to witness advancement of demand for vehicles in H2 FY20 due to expected price increase from April 2020 due to implementation of BS-VI emission norms. Impact of implementation of scrappage policy needs to be studied. Used Vehicle market is expected to grow at a healthy pace. Used goods vehicle is expected to clock a robust 11-13% CAGR and used bus market is expected to grow at a moderate 3-5% over the next three years.

New CV AUM growth for NBFCs in FY20 is expected to be 10-12% vis-à-vis 18-20% in FY19, while Used CV AUM is expected to improve to 17-19% from 14-16% in FY19.

G) MSME

The MSME sector contributes to the country's socio-economic development by providing large employment opportunities in rural and backward areas, reducing regional imbalances, and assuring equitable distribution of national wealth and income. There are close to 51 million MSME units in the country that employ about 117 million people across various sectors, constituting 40% of the workforce. The MSME share to the total Gross Domestic Product (GDP) is about 37% and they also contribute to 43% of exports based on the data maintained by Ministry of Commerce.

SME segment lending grew 12.4% year-on-year to ₹ 15.9 trillion in fiscal 2018. Given broad macroeconomic indicators, MSME credit growth is expected to grow at a compounded annual growth rate (CAGR) of ~11% over the next 2 years.

Opportunities

Even though NBFCs have been diversifying into various lending segments – niche presence in few specific segments has remained a key success mantra for most NBFCs. With increasing presence across geographies, relatively faster turnaround time and adaption of new technology platforms, there is wider scope for NBFCs to improve their retail finance penetrations. Cross-selling of existing products, mining of existing customers and generating fee-based income has also been the emerging opportunities.

Emerging technology-driven business models provides good opportunity to transform the lending and underwriting landscape by improving productivity, lowering cost, expansion of target market segment and geographical reach.

Threats

The Central Statistics Office (CSO) recently revised its GDP growth estimate for fiscal 2019 downwards by 20 bps to 7.0% from 7.2% in fiscal 2018. However, moderation in growth in global economy, potential increase in crude prices and the rising probability of a sub-normal monsoon could pose a challenge to both growth and inflation outlook.

Due to time gap of moderation of liquidity situation in NBFCs, spreads will be under pressure from higher borrowing cost in FY20. The asset quality and earnings profile are expected to face headwinds with business growth slowing down and some key asset classes likely to witness increased credit related pressures. Operating profitability could contract, and credit cost could increase if the portfolio growth remains more moderate than in the past.

New Regulatory Framework – Reserve Bank of India

Reserve Bank of India has issued following important guidelines to NBFCs during the year:

- Master KYC directions, 2016 have been amended in accordance with changes carried out in the Prevention of Money Laundering (PML) rules vide Gazette Notification G.S.R. 538(E).
- NBFCs to classify their exposure to all MSMEs as per 180 days past due criterion, as a 'Standard' asset.
- Co-origination of loans by Banks and NBFC-ND-SIs for lending to priority sector subject to stipulated features.
- All participants, other than individuals, undertaking transactions in the markets regulated by RBI viz., Government securities markets, money markets for any instrument with a maturity of one year or less and non-derivative forex markets) shall obtain Legal Entity Identifier (LEI) codes.
- Relaxation on the guidelines to NBFCs on securitisation transactions with regard to Minimum Holding Period (MHP) requirements subject to stipulated prudential requirements.
- Guidelines on Loan system for delivery of Bank Credit – Effective 1st April, 2019, a minimum level of 'loan component' of 40% of the sanctioned fund-based working capital limits and 60% with effect from 1st July, 2019.
- Filing of Security Interest relating to Immovable (other than equitable mortgage), Movable and Intangible Assets in CERSAI.
- Ombudsman Scheme for Digital Transactions, 2019.
- External Commercial Borrowings (ECB) Policy – New ECB framework – Eligible borrowers have been expanded to include all entities to receive FDI. Accordingly, NBFCs eligible to receive FDIs included for ECBs.
- Harmonisation of different categories of NBFCs – RBI merged the three categories of NBFCs, viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC).
- Interest subvention scheme for MSMEs to the extent of 2% per annum to increase productivity and providing incentives to MSMEs for on-boarding on GST platform.
- Risk weights for exposures to NBFCs – Banks' exposures to all NBFCs excluding CICs will be risk weighted as per the ratings assigned by the rating agencies instead of 100% risk weights assigned previously.

Key initiatives during the year

a) Alternative Sourcing models and Network expansion

The Company is present in 22 States and Union Territories with 114 offices covering more than 3,000+ distribution networks. In the drive to improve the service level to its customers, digitise its service offerings and process flows, the Company uses web-based platforms, mobile applications and tablets for loan processing and collections. The Company is investing in fintech projects and data analytics which helps in faster primary decision-making at the time of customer underwriting and life cycle management thereafter.

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

- Upgraded the core Loan Origination system to current enhanced version.
- The Company has launched Tab-based applications for self on-boarding and instant processing of two-wheeler and consumer durable loans with rule engine based sanctions.
- Use of alternate data from multiple credit bureaus has been introduced for approval of loans through web-based straight through process (STP) in used car financing segment.

Also in Used Car Finance, the Company is scaling up reduction of dealer dependent model by venturing into direct sourcing model through self and digital programmes.

In the Used tractor segment, alternate channels through referral agents were scaled up for demand generation. In-house blue book credit evaluation model has been scaled up for Tractor financing.

b) Recovery Management

The Company has implemented tele-calling process based on collection score technique to improve easy self-pay method by the customers. Statistical tools are used extensively to improve predictability in resolutions of delinquent customers and residual management to minimise loss to the Company. Data analytics are being used for allocation of collectibles to the field resulting in cost optimisation and improved productivity. The Company has given alternate payment methods to encourage customers to make cashless payment through payment gateways and tie-up with other digital platforms.

The Company simplified the collection updating process by automating through Robotics Process Automation (RPA). The Company also introduced image-based ACH mandate registration process for Consumer durable financing to expedite process timelines.

c) 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 have resulted in strengthening the process across the Company. The Company obtained ISO Quality ISO 9001/2008 and ISMS 27001:2013 certification in FY17 for all processing hubs and central operations. During FY19, ISMS 27001:2013 recertification obtained with coverage of all hubs of the Company.

Information Technology

- Developing cyber security initiatives in line with its 3-year roadmap.
- Mobile application "Security testing" process implemented using new cloud security testing solutions.
- Implemented the Reserve Bank of India Information Technology framework recommendations for the NBFC sector and ensured compliance to the same.

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

Marketing

The Company continues to strive to create best-in-class user experience for its customers and channel partners through digital points like Saathi app, revamping its website and conducting NPS and brand health researches. The Company also implemented innovative ambient branding among its top 100 two-wheeler dealership and focused consumer durable dealerships in order to increase brand visibility and saliency. In partnership with NGO, the Company provided vocational training to customers and their families in Tier 3/Tier 4 towns towards enriching their lives and empowering their aspirations. The Company also increased its engagement with customers through campaigns on social media channels.

Human Resources

People remain the most valuable assets of the Company. The Company has developed a robust human resource management framework to maximise employee performance. The Company is professionally managed with senior management team having rich experience and long tenure with the Company. The Company has created succession roadmap to build leadership pipeline and also has undertaken many initiatives to develop organisational leadership and culture. The Company uses contemporary technology and automation for recruitment process, training and performance monitoring to improve productivity. The Company has also launched continuous employee recognition and training programmes to develop a talented workforce to meet day-to-day business challenges. The cornerstone of our people strategy is to ensure that talent development, internal mobility, promotion, rewards and performance work in a well synchronised manner to reinforce our values - Nurturing, Innovation and Empowerment.

The Company duly complied with all the statutory compliances related to employment and labour laws. As on 31st March, 2019, the Company had 12,345 employees on its rolls.

CAUTIONARY STATEMENT

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

3. DIVIDEND

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

4. PUBLIC DEPOSITS

The Company has not accepted any deposit from the shareholders and others within the meaning of

Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31st March, 2019.

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

5. SHARE CAPITAL

During the year under review, the board of directors issued and allotted 1,13,20,000 equity shares of ₹10/- each at a premium of ₹ 96/- per share aggregating to ₹ 119.99 Crores to TVS Motor Company Limited on a preferential basis.

The paid-up capital of the Company accordingly stood increased from ₹ 166.89 Crores (16,68,85,700 equity shares of ₹ 10/- each) to ₹ 178.21 Crores (17,82,05,700 equity shares of ₹ 10/- each) as on 31st March, 2019.

6. 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 31st March, 2019 stood at 17.51%. As on 31st March, 2019, cumulative ALM mismatch (within 1 year Bucket) turned positive around 3% as against accepted mismatch of 15% as per RBI Guidelines.

The Company rating has been maintained as AA- by CRISIL for long-term loans and A1+ by CRISIL and ICRA for its short-term debt programme.

During the year, the Company borrowed ₹ 3,750 Crores (including long & short-term borrowings) to meet its business requirement. During Q3FY19, cost of funds has risen across NBFC sector with increase in market rates as well as rise in MCLR by bank due to liquidity conditions. However, the Company has taken various initiatives to raise funds at the cost commensurate with its rating by way of funding mix with borrowings from Public Sector Banks, Private Sector Banks, Financial Institutions and Capital Markets.

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.

During the year, the Company also raised ₹ 100 Crores in the form of Subordinated debt, on private placement basis to augment Tier II capital of the Company. The Subordinated debt is rated AA- by CRISIL and has a maturity period of 5 years and 6 months.

With the diversification of business into MSME loans, consumer durable, used commercial vehicles and other segments, the funding programme is managed effectively to meet the business requirements at competitive rates.

7. SUBSIDIARY COMPANIES

The following companies are the subsidiaries of the Company for the period FY 2018-19:
Subsidiaries

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

As per Section 129 of the Companies Act, 2013 read with the Companies (Accounts) Amendment Rules, 2014, an intermediate subsidiary is exempted to prepare consolidated financial statements, subject to the consent of the members of the Company for not presenting consolidated financial statements since its intermediate holding company viz., TVS Motor Company Limited would be filing consolidated financial statements with the Registrar of Companies. Hence, the Company has availed the exemption and not presented the consolidated financial statements.

8. DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts for the year ended 31st March, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made 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 this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the accounts for the financial year ended 31st March, 2019 on a going concern basis; and

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

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Declaration of independence

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

Declaration and undertaking

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

Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 11th March, 2019. All IDs were present and they were enlightened about the objectives and process involved in evaluating the performance of board, Non-IDs, Chairman and timeliness of flow of information from management.

A complete feedback on Non-Independent Directors and details of various activities undertaken by the Company were provided to them to facilitate their review / evaluation through a set of questionnaire.

The IDs were fully kept informed of the Company's activities in all its spheres.

Non-Independent Directors (Non-IDs)

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

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

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

Chairman

The IDs placed on record, their appreciation of Chairman's visionary leadership and appreciated him as a driving force for sustaining high ethical standard and transparency in boardroom discussions and actions.

They have also recorded about the growth story of the Company under the leadership of Chairman and significant increase in topline and profit in a short span of time.

Board

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

The Board upon evaluation concluded that it is well balanced in terms of diversity of experience and had an expert in each domain viz., Leadership / Strategy, Industry Experience, Finance, Governance, Legal and Regulatory. The Company endeavours to have a diverse board representing a range of experience at policy-making levels in business and technology.

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

They were satisfied with the Company's performance on 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 last year.

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

Directors liable to retire by rotation

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

Mr. Sudarshan Venu and Mr. K N Radhakrishnan, non-executive and non-independent directors, who are liable to retire at the ensuing AGM and being eligible, offer themselves for re-appointment.

The Nomination and Remuneration Committee at their meeting held on 29th April, 2019 recommended the re-appointment of Mr. Sudarshan Venu and Mr. K N Radhakrishnan as directors of the Company.

Directors and Key Managerial Personnel

During the year under review, Mr. Anupam Thareja resigned as director of the Company effective 11th October, 2018.

Mr. S Santhanakrishnan ceased to be an independent director of the Company with effect from closure of business hours of 28th July, 2018 consequent to the expiry of his second term as director.

During the year under review, Mr. S Sudarshan resigned as Company Secretary of the Company effective 31st December, 2018. Consequent to his resignation Mr. J Ashwin was appointed as Company Secretary effective 11th March, 2019.

Policy on Directors appointment and remuneration of Directors, Key Managerial Personnel

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

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 FY 2018-19, based on the recommendation of the

Nomination and Remuneration Committee. The approval of the shareholders by way of an ordinary resolution for 5 years up to 31st March, 2020 was obtained at the seventh annual general meeting held on 29th July, 2015, in terms of Sections 197 and 198 and any other applicable provisions of the Act 2013.

Commission:

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

As approved by the shareholders at the annual general meeting of the Company held on 29th July, 2015, Non-executive and Independent Directors are being paid commission, subject to a maximum, as determined by the Board, for each such director from the financial year 1st April, 2015.

A commission of ₹ 12 Lakhs per annum is payable to each such IDs, who serve as members of the audit committee as well and ₹ 9 Lakhs per annum to other IDs. The amount of commission for every financial year will be decided by the Board, as approved by the shareholders at the AGM held on 29th July, 2015, subject to the limit of 1% in the aggregate of net profits of the Company, as calculated pursuant to Section 198 of the Act 2013.

Key Managerial Personnel:

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

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification 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 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.

Key Managerial Personnel (KMP)

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.

During the year under review, Mr. K Sridhar resigned as Company Secretary of the Company effective 5th July, 2018. Consequent to his resignation, Mr. S Sudarshan was appointed as Company Secretary effective 7th August, 2018 and resigned with effect from 31st December, 2018. Subsequently, Mr. J Ashwin was appointed as Company Secretary effective 11th March, 2019.

As on 31st March, 2019, Mr. G Venkatraman, Chief Executive Officer, Mr. V Gopalakrishnan, Chief Financial Officer and Mr. J Ashwin, Company Secretary are KMPs of the Company in terms of Section 2(51) and Section 203 of the Companies Act, 2013.

Corporate Governance

Board Meetings:

During the year under review, the Board met five times on 30th April, 2018, 7th August, 2018, 22nd October, 2018, 21st January, 2019 and 11th March, 2019 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:

Audit Committee:

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

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

Mr. S Santhanakrishnan, Independent Director has completed his second term at the closure of business hours on 28th July, 2018 and thereby ceased to be a member of the Audit Committee.

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

1. Mr. R Ramakrishnan, Chairman
2. Mr. V Srinivasa Rangan, Independent Director
3. Mr. K N Radhakrishnan, Non-Executive Non-Independent Director

During the year under review, the committee met 4 times on 30th April, 2018, 7th August, 2018, 22nd October, 2018 and 21st January, 2019.

Nomination and Remuneration Committee:

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

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

1. Mr. R Ramakrishnan, Chairman
2. Mr. V Srinivasa Rangan, Independent Director
3. Mr. K N Radhakrishnan, Non-Executive Non-Independent Director

During the year under review, the committee met 3 times on 30th April, 2018, 7th August, 2018 and 11th March, 2019.

Remuneration criteria to Directors:

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

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

Corporate Social Responsibility Committee (CSR):

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

1. Mr. Venu Srinivasan, Chairman
2. Mr. R Ramakrishnan, Independent Director
3. Mr. K N Radhakrishnan, Non-Executive Non-Independent Director

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 ₹ 260 Lakhs constituting 2% of average net profits, for the immediate past three financial years, towards CSR spending for the current FY 2018-19.

SST, over 23 years of service, has played a pivotal role in changing lives of people in many villages in rural India by creating self-reliant communities that are models of sustainable development.

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

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

The committee met on 30th April, 2018 to approve the CSR Report for the FY 2017-18 and recommending the CSR spending for the FY 2018-19.

Asset Liability Management Committee (ALCO):

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

Consequent to the resignation of Mr. Anupam Thareja as director, dated 11th October, 2018, and completion of second term of Mr. Santhanakrishnan as an Independent Director at the close of business hours of 28th July 2018, they ceased to be members of ALCO. Ms. Sasikala Varadachari, Independent Director was appointed as a member of the Committee effective 22nd October, 2018.

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

1. Mr. R Ramakrishnan, Chairman
2. Mr. Sudarshan Venu, Non-Executive Non-Independent Director
3. Ms. Sasikala Varadachari, Independent Director

During the year under review, the committee met 10 times on 30th April, 2018, 7th August, 2018, 17th September, 2018, 8th October, 2018, 29th October, 2018, 23rd November, 2018, 10th December, 2018, 28th December, 2018, 7th February, 2019 and 26th February, 2019.

Risk Management Committee:

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

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

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

The Company has a robust asset-liability management model to ascertain and manage interest rate and liquidity risks are being discussed and reviewed periodically at meetings of RMC. This Committee meets periodically and oversee the risk management activities of the Company.

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

Consequent to the resignation of Mr. Anupam Thareja as director dated 11th October, 2018, Mr. K N Radhakrishnan, Director was appointed as member of the Committee effective 22nd October, 2018.

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

1. Mr. R Ramakrishnan, Chairman.
2. Ms. Sasikala Varadachari, Independent Director.
3. Mr. K N Radhakrishnan, Non-Executive Non-Independent Director.

During the year under review, the committee met 4 times on 30th April, 2018, 7th August, 2018, 22nd October, 2018 and 21st January, 2019.

Information Technology (IT) Strategy Committee:

In line with the information technology / information systems directions issued by RBI vide their circular dated 8th 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 with the following members:

Mr. R Ramakrishnan, Independent Director (Chairman)

Mr. Sudarshan Venu, Director (Member)

Mr. K N Radhakrishnan, Director (Member)

Mr. G Venkatraman, Chief Executive Officer

Mr. V Gopalakrishnan, Chief Financial Officer

Mr. C Arulanandam, Chief Technology Officer

During the year under review, the committee met 2 times on 18th June, 2018 and 19th December, 2018.

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 9th November, 2017 in this regard.

During the year under review, the committee met 4 times on 15th June, 2018, 12th September, 2018, 19th December, 2018 and 11th March, 2019.

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

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

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

11. AUDITORS

Statutory Auditors:

M/s. V Sankar Aiyar & Co., Chartered Accountants, Mumbai, having Firm Registration No.109208W allotted by the Institute of Chartered Accountants of India, who were re-appointed as statutory auditors of the Company for the second term of five consecutive years at the AGM held on 14th July, 2014, subject to ratification in every AGM, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and Auditors.

In terms of the above provisions, M/s V Sankar Aiyar & Co, Chartered Accountants, have completed their final year in the second term of five consecutive years.

The Board at its meeting held on 29th April, 2019 have appointed M/s Raghavan Chaudhuri and Narayanan, Chartered Accountants as statutory auditors for a period of five years subject to approval of the members at the ensuing general meeting of the Company.

The Company has obtained necessary certificate under Section 141 of the Act conveying their eligibility for being Statutory Auditors of the Company for FY 2019-20.

The Auditors' Report for the FY 2018-19 does not contain any qualifications, reservations and adverse remarks and the same is attached with the annual financial statements.

Secretarial Auditor:

Mr. T N Sridharan, Practicing Company Secretary, Chennai, was appointed as Secretarial Auditor for carrying out the secretarial audit for the FY 2018-19.

As required under Section 204 of the Act, 2013, the Secretarial Audit Report for the FY 2018-19, given by him is attached to this report. The Secretarial Audit Report does not contain any qualifications, reservations or other remarks.

The Board at its meeting held on 29th April, 2019 has re-appointed Mr. T N Sridharan, Practicing Company Secretary as Secretarial Auditor for FY 2019-20.

12. CORPORATE GOVERNANCE

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

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

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

13. 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 17.51% 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 Fair Practices Code and KYC norms framed by RBI seek to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency so that customers have a better understanding of what they can reasonably expect of the services being offered, encourage market forces through competition to achieve higher operating standards, promote fair and cordial relationships between customers and the finance Company and foster confidence in the housing finance system.

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

14. POLICY ON VIGIL MECHANISM

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

The policy also provides a direct access to the Chairperson of the Audit Committee to make protective disclosures to the management about grievances or violation of the Company's Code of Business Conduct and Ethics. The policy is disclosed on the Company's website in the following link https://www.tvscredit.com/

STATUTORY STATEMENTS

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

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

Foreign currency expenditure in FY 2018-19 is ₹ 15.55 Crores (previous year ₹ 14.72 Crores). The Company did not have any foreign exchange earnings.

(ii) **Material changes and commitments:**

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

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

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

(iv) **Annual Return:**

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

(v) **Employees' remuneration:**

Details of employees receiving the remuneration as prescribed under Section 197 of the Act 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure II. In terms of first proviso to Section 136(1) of the Act, 2013 the

Annual Report, excluding the aforesaid annexure is being sent to the Shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company 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.

(vi) **Details of related party transactions:**

All contracts / arrangements entered by the Company during the period ended 31st March, 2019 with related parties were in the ordinary course of business and at arm's-length price in terms of Section 188 read with the Companies (Meetings of Board and its Powers) Rules, 2014.

Pursuant to the provisions of Section 134(h) of the Companies Act 2013 (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 the Indian Accounting Standards have been provided in Note No. 41.8 to the financial statements.

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

Furnishing the details of investments under Section 186 of the Act 2013 for FY 2018-19 does not arise, since the Company has not made any investment during the year under review.

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

On loans granted to the employees, the Company has charged interest as per its remuneration policy, in compliance with Section 186 of the Act 2013.

(viii) **Reporting of fraud:**

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

(ix) **Maintenance of cost records:**

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

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

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

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

TVS CREDIT

15. ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

Place: Chennai
Date: 29th April, 2019

Venu Srinivasan
Chairman

TVS CREDIT

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March, 2019

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U65920TN2008PLC069758
ii)	Registration Date	05.11.2008
iii)	Name of the Company	TVS Credit Services Limited
iv)	Category / Sub-Category of the Company	Public Limited Company / Limited by Shares
v)	Address of the Registered Office and contact details	"Jayalakshmi Estates", No. 29, Haddows Road, Chennai - 600 006 Ph. No: 044 28272233
vi)	Whether listed Company (Yes / No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sundaram-Clayton Limited "Jayalakshmi Estates", 1st Floor, No. 29 (Old No. 8), Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959 Fax : 044 - 2825 7121

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Retail Financial Services	65921	99%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name and Address of the Company	Registered Office	CIN	Holding / Subsidiary	% of shares held	Applicable Section of the Companies Act 2013
1.	TVS Motor Services Limited	Jayalakshmi Estates", No. 29, Haddows Road, Chennai - 600 006	U50404TN2009PLC071075	Holding Company	Holds 75.61% in the Company	2(46)
2	TVS Two Wheeler Mall Private Limited		U65923TN2017PTC118211	Subsidiary Company	Holds 100%	2(87)
3	TVS Micro Finance Private Limited		U65929TN2017PTC118238			
4	Harita ARC Private Limited		U65999TN2017PTC118296			
5	Harita Collection Services Private Ltd		U65100TN2017PTC118290			
6	TVS Commodity Financial Solutions Pvt Ltd		U65929TN2017PTC118316			
7	TVS Housing Finance Private Limited		U65999TN2017PTC118512			

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2018)				No. of Shares held at the end of the year (as on 31st March, 2019)				Change in shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corp.		14,17,51,353	14,17,51,353	84.94	-	15,30,71,353	15,30,71,353	85.90	0.96
Total Shareholding of Promoter (A)		14,17,51,353	14,17,51,353	84.94	-	15,30,71,353	15,30,71,353	85.90	0.96
B. Public Shareholding									
1. Institutions									
Financial Institutions		50,00,000	50,00,000	3.00	-	50,00,000	50,00,000	2.81	(0.19)
Sub-total(B)(1)		50,00,000	50,00,000	3.00	-	50,00,000	50,00,000	2.81	(0.19)
2. Non-Institutions									
a) Bodies Corp.									
i) Indian		2,01,34,347	2,01,34,347	12.06	-	2,01,34,347	2,01,34,347	11.30	(0.76)
Sub-total (B)(2):-		2,01,34,347	2,01,34,347	12.06	-	2,01,34,347	2,01,34,347	11.30	(0.76)
Total Public Shareholding (B)=(B)(1)+ (B)(2)		2,51,34,347	2,51,34,347	15.06	-	2,51,34,347	2,51,34,347	14.10	(0.96)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**16,68,85,700**	**16,68,85,700**	**100.00**	**-**	**17,82,05,700**	**17,82,05,700**	**100.00**	**-**

(ii) Shareholding of Promoters:

Name of the Director / KMP (M/s.)	Opening Balance as on 01.04.2018 (% of the total share capital)	Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance as on 31.03.2019	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
TVS Motor Services Limited (along with its 6 nominees)	13,47,41,600 (80.74)	-	-	-	-	-	-	13,47,41,600	75.61
TVS Motor Company Limited	70,09,753	07.08.2018	Allotment	23,58,490	1.39	93,68,243	5.54	1,83,29,753	10.29
		03.10.2018		28,30,180	1.65	1,21,98,423	7.09		
		10.12.2018		33,01,880	1.88	1,55,00,303	8.84		
		11.03.2019		28,29,450	1.58	1,83,29,753	10.29		

(iii) Change in Promoters' Shareholding:

Name of the Director / KMP (M/s.)	Opening Balance as on 01.04.2018		Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance as on 31.03.2019	
	No. of share	% of the total share capital					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
TVS Motor Company Limited	70,09,753	4.20	07.08.2018	Allotment	23,58,490	1.39	93,68,243	5.54	1,83,29,753	10.29
			03.10.2018		28,30,180	1.64	1,21,98,423	7.09		
			10.12.2018		33,01,880	1.88	1,55,00,303	8.84		
			11.03.2019		28,29,450	1.58	1,83,29,753	10.29		

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

Name of the Shareholder	Opening Balance as on 01.04.2018		Cumulative		Closing Balance as on 31.03.2019	
	No. of shares	(% of the total share capital)	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Lucas-TVS Limited	1,13,37,297	6.93	-	-	1,13,37,297	6.36
Sundaram-Clayton Limited	21,80,250	1.33	-	-	21,80,250	1.22
Housing Development Finance Corporation Limited	50,00,000	3.89	-	-	50,00,000	2.81
Phi Research Private Limited	35,00,000	2.10	-	-	35,00,000	1.96
Phi Capital Services LLP	31,16,800	1.87	-	-	31,16,800	1.75

(v) Shareholding of Directors and key managerial personnel: Nil

V. INDEBTEDNESS

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

(₹ in Crores)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	4,253.80	1,222.67	5,476.47
ii) Interest accrued but not due	4.83	4.18	9.02
Total (i+ii)	**4,258.63**	**1,226.85**	**5,485.49**
Change in Indebtedness during the financial year			
Addition	3,845.34	275.72	4,121.05
Reduction	2,051.04	224.02	2,275.05
Net Change	**1,794.30**	**51.70**	**1,846.00**
Indebtedness at the end of the financial year			
i) Principal Amount	6,045.56	1,272.20	7,317.76
ii) Interest accrued but not due	7.37	6.35	13.72
Total (i+ii)	**6,052.93**	**1278.55**	**7,331.48**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

B. Remuneration to other Directors:

S. No	Particulars of Remuneration	Name of Directors				Total Amount (in ₹)
		RK	VSR	SSK*	SKV	
1.	Independent Directors' Fee for attending board / committee meetings	2,80,000	80,000	40,000	1,40,000	5,40,000
	Commission	12,00,000	12,00,000	3,91,233	9,00,000	36,91,233
	Total	**14,80,000**	**12,80,000**	**4,31,233**	**10,40,000**	**42,31,233**

		VS	TKB	AT#	SV	KNR	Total Amount (in ₹)
2.	Other Non-Executive Directors Fee for attending board / committee meetings	10,000	10,000	60,000	1,00,000	1,30,000	3,10,000
	Commission						
	Others	-	-	-	-	-	-
	Total	**10,000**	**10,000**	**60,000**	**1,00,000**	**1,30,000**	**3,10,000**
	Total Remuneration						**45,41,233**
	Overall Ceiling as per the Act	**₹ 2,201.08 Lakhs**					

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

* up to 28th July, 2018 # up to 22nd October, 2018

C. Remuneration to KMP:

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel					Total
		CEO	CFO	Company Secretary			
				K Sridhar#	S Sudarshan*	J Ashwin$	
1.	Gross salary						
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	267.59	87.99	8.06	2.46	0.57	366.67
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	0.06	-	-	-	0.06
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission						
	- as % of profit						
	- others, specify	-	-	-	-	-	-
5.	Others, Contribution to Provident and other funds	-	-	0.25	0.11	0.02	0.38
	Total	**267.59**	**88.05**	**8.31**	**2.57**	**0.59**	**367.11**

Resigned as Company Secretary w.e.f. 5th July, 2018.

* Appointed as Company Secretary w.e.f. 7th August, 2018 and resigned w.e.f. 31st December, 2018.

$ Appointed as Company Secretary w.e.f. 11th March, 2019.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: N.A.

For and on behalf of the Board

Place : Chennai
Date : 29th April, 2019

Venu Srinivasan
Chairman

Annexure - III

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

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

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

2. Overview of projects or programmes being undertaken:

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

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

4. Composition of the CSR Committee.

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

5.	Average net profit of the Company for the last three financial years	₹ 128.24 Crores
6.	Prescribed CSR Expenditure (2% of the amount as in item 5 above)	₹ 2.56 Crores
7.	Details of CSR spent during the financial year:	
	(a) Total amount spent for the financial year	₹ 2.60 Crores
	(b) Amount unspent, if any	Not Applicable

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

S. No.	Name of the Implementing Agency	Srinivasan Services Trust, Jayalakshmi Estates, No. 29, Haddows Road, Chennai - 600 006, Tamil Nadu, Phone No: 044-2833 2155 Mail ID: swaran@tvssst.org
1.	CSR project or activity identified as mentioned in Schedule VII to the Companies Act 2013	(i) Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; (ii) Promotion of Education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects;

		(iii) Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; (iv) ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and (v) rural development projects
2.	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure
3.	Areas in which Projects / Programmes undertaken:	
	Local Area / Others:	Hosur, Padavedu, Thirukkurungudi, Navatirupati and Javadhu Hills Mysore and Chamrajanagar Himachal Pradesh
	State & District:	Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts Karnataka : Mysore, Bengaluru Urban, and Chamrajanagar districts Himachal Pradesh : Solan district
	Amount outlay (budget) project or programme-wise:	₹ 1,940 Lakhs
4.	Amount spent on the projects or programmes	₹ 260 lakhs
5.	Sub-heads:	
	Direct expenses on projects / programme:	₹ 1,652.99 Lakhs (including contribution of the Company of ₹ 260 Lakhs)
	Overheads:	Nil
	Cumulative expenditure up to the reporting period:	₹ 1,652.99 Lakhs (including contribution of the Company of ₹ 260 Lakhs)

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

Not applicable

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

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

For and on behalf of the Board

Place: Chennai
Date: 29th April, 2019

Venu Srinivasan
Chairman & Chairman of CSR Committee

Annexure - IV

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 with respect of each subsidiary to be presented with amounts ₹ in Lakhs)

#	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	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019
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	(0.46)	(0.46)	(0.46)	(0.47)	(0.46)	59.84
6	Total assets	0.25	0.25	0.25	0.25	0.25	1,281.38
7	Total liabilities	0.25	0.25	0.25	0.25	0.25	1,281.38
8	Investments	-	-	-	-	-	-
9	Turnover	-	-	-	-	-	-
10	Profit/(Loss) before taxation	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	74.56
11	Provision for taxation	-	-	-	-	-	24.52
12	Profit/(Loss) after taxation	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	50.04
13	Proposed dividend	-	-	-	-	-	-
14	% of shareholding	100%	100%	100%	100%	100%	100%

Venu Srinivasan
Chairman

G.Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

Place: Chennai
Date: 29th April, 2019

As per our report of even date

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

S. Venkataraman
Partner
Membership No. 023116

DIFFERENT PEOPLE HAVE DIFFERENT NEEDS. THEY ALL FULFIL THEM THE SAME WAY.

We take pride in giving Indians from all walks of life, the freedom to pursue their dreams and acquire what they desire. For those who need wheels to experience more of the world, we offer loans for two-wheelers and cars. We keep the wheels of commerce turning for those who need help to buy a tractor or commercial vehicle. And while thousands of families have brought home that much-wanted consumer durable, others have built their own businesses with our loans.

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

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

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

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

i) The Board of Directors along with its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company.

ii) The size of the Board is commensurate with the size and business of the Company. As on 31st March, 2019, the Board comprises of seven 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.	R Ramakrishnan	Non-Executive Independent Director
6.	V Srinivasa Rangan	Non-Executive Independent Director
7.	Sasikala Varadachari	Non-Executive Independent Director

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

a. Audit Committee:

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

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

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

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

S.No.	Name of the Directors (M/s.)	Status
1.	R Ramakrishnan	Chairman
2.	V Srinivasa Rangan	Member
3.	K N Radhakrishnan	Member

b. Nomination and Remuneration Committee:

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

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

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

The performance evaluation of 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 on a continual basis.

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

S.No.	Name of the Directors (M/s.)	Status
1.	R Ramakrishnan	Chairman
2.	V Srinivasa Rangan	Member
3.	K N Radhakrishnan	Member

c. Risk Management Committee:

The Company has laid down procedures to inform 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.

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

S.No.	Name of the Directors (M/s.)	Status
1.	R Ramakrishnan	Chairman
2.	Ms Sasikala Varadachari	Member
3.	K N Radhakrishnan	Member

d. 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 ALCO consists of the following Directors:

S.No.	Name of the Directors (M/s.)	Status
1.	R Ramakrishnan	Chairman
2.	Sudarshan Venu	Member
3.	K N Radhakrishnan	Member

e. Information Technology (IT) Strategy Committee:

The Company constituted an Information Technology (IT) Strategy Committee, in accordance with the information technology / information systems directions issued by RBI vide their circular dated 8th June, 2017 to effectively identify, measure, monitor and control risks, reviewing and monitoring IT resources, risks and controls.

The IT Strategy Committee consists of the following Directors and officials:

S.No.	Name (M/s.)	Status
1.	R Ramakrishnan	Chairman
2.	Sudarshan Venu	Member
3.	K N Radhakrishnan	Member
4.	G Venkatraman	Chief Executive Officer
5.	V Gopalakrishnan	Chief Financial Officer
6.	C Arulanandam	Chief Technology Officer

f. 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 9th November, 2017 in this regard.

Related Party Transactions Policy

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.

Copy of the said policy is available in the Company's website with the following link https://www.tvscredit.com/

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

S. No.	Name of Director (M/s.)	Board Meetings		Audit Committee Meetings		Whether present at previous AGM held on 18th June, 2018
		Held	Attended	Held	Attended	
1.	Venu Srinivasan	5	1	-	-	Yes
2.	R Ramakrishnan	5	5	4	4	Yes
3.	T K Balaji	5	1	-	-	No
4.	Sudarshan Venu	5	3	-	-	No
5.	V Srinivasa Rangan	5	3	4	3	No
6.	K N Radhakrishnan	5	5	4	4	No
7.	Sasikala Varadachari	5	5	-	-	Yes

iv) Pursuant to the guidelines on 'Fair Practices Code' issued by RBI, the Company has adopted a "Code", which is posted on the website of the Company and also a regular review on the implementation of the same is conducted by the Committee members.

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

vi) The Company has fulfilled the prudential norms and standards as laid down by RBI pertaining to income recognition, provisioning of non-performing assets and capital adequacy.

The Capital adequacy ratio of the Company is well within the limit prescribed by RBI. The Fair Practices Code and KYC norms framed by the Company seek to promote good and fair practices by setting minimum standards in dealing with customers, 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.

vii) 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.

viii) The Company proposes to pay commission to the Non-executive directors (NEDs) of the Company for the year ended 31st March, 2019. None of the NEDs holds equity shares of the Company.

ix) Sitting fees for attending the meetings of the Board and Committees of the Board are paid to NEDs within the maximum prescribed limits. Sitting fees paid to NEDs for the meetings held during FY 2018-19 are as follows:-

S.No.	Name of the Directors (M/s.)	Sitting Fees (Amount in ₹)
1.	Venu Srinivasan	10,000
2.	R Ramakrishnan	2,80,000
3.	T K Balaji	10,000
4.	Sudarshan Venu	1,00,000
5.	S Santhanakrishnan	40,000
6.	Anupam Thareja	60,000
7.	V Srinivasa Rangan	80,000
8.	K N Radhakrishnan	1,30,000
9.	Sasikala Varadachari	1,40,000

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 https://www.tvscredit.com/

DIFFERENT STATES, DIFFERENT CITIES. AND ONE FRIEND WHO'S ALWAYS BY YOUR SIDE.

We realised just how vast and multi-faceted our country was, as we began expanding our operations into its many regions. Starting in the South a decade ago, we are today present all across India, in big towns and small cities alike. And even where we haven't yet reached physically, we are reachable digitally through our website and our apps like Saathi.

FORM NO. MR-3

SECRETARIAL AUDIT REPORT OF TVS CREDIT SERVICES LIMITED

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

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

To

The Members

TVS CREDIT SERVICES LIMITED,

CIN: U65920TN2008PLC069758

No. 29, Haddows Road

Chennai - 600 006

Authorised Capital: ₹ 200,00,00,000/-

Paid-up Capital: ₹ 178,20,57,000/-

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 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 31st March, 2019 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 Company being unlisted public limited company, the provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;

iv) The Company having not received any Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings is not applicable;

v) The Company being unlisted public limited company, the following Regulations and Guide lines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (f) 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; (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 are not applicable to the Company.

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

1) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;
2) 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; Apprentice Act, 1961; Employees' State Insurance Act, 1948; Payment of Wages Act, 1936; Payment of Gratuity Act, 1972 & the Payment of Gratuity (Central) Rules, 1972; Payment of Bonus Act, 1965 & the Payment of Bonus Rules, 1975 and other applicable employee welfare or labour legislations covering the Company and its establishments;
9) 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 being unlisted public limited Company, the Company, is not required to enter into Listing Agreements with any Stock Exchange(s), and hence compliance in relation thereto is not applicable.

From the verification of records and as per the information and explanation furnished to me, during the period under review, the Company, has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, wherever applicable.

I further report that:-

i) The Board of Directors of the Company is duly constituted 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 the 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 ₹ 2.60 Crores, constituting 2% of average net profits for the immediate past three financial years, has been spent for FY 2018-19 on the projects / programmes that have been identified to be undertaken for this purpose through Srinivasan Services Trust (SST), an independent Trust (NGO) in existence since 1996;

iv) Considered and recorded the Risk Management Policy followed by the Company in terms of Section 134(3)(n) of the Companies Act, 2013 including identification therein of elements of risk, if any, which in the opinion of the Board, may threaten the existence of the Company;

v) Considered and approved the "Code of Business Conduct and Ethics" of the Company framed in terms of Section 149 read with Schedule IV of the Companies Act, 2013;

vi) Constituted Asset Liability Management Committee as required to be formed as per RBI directions for Non-Banking Finance Companies as part of their overall system for effective risk management in their various portfolios;

vii) Has appointed woman director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

viii) Has provided Vigil Mechanism and approved Whistle Blower Policy in terms of Section 177(9) of Companies Act, 2013.

ix) Has complied with the provisions of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

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

i) made Preferential allotment of 1,13,20,000 equity shares of ₹ 10/- each at a premium of ₹ 96/- per equity share on private placement basis during the year to M/s. TVS Motor Company Ltd. comprised in four allotments on the following dates and has complied with the provisions of the Companies Act, 2013 and the rules made thereunder.

Date of allotment	No. of Equity shares allotted	Nominal value of shares @ ₹10/- per share (₹)	Premium @ ₹96/- per equity share (₹)	Total Amount of preferential allotment (₹)
07/08/2018	23,58,490	2,35,84,900/-	22,64,15,040/-	24,99,99,940/-
03/10/2018	28,30,180	2,83,01,800/-	27,16,97,280/-	29,99,99,080/-
10/12/2018	33,01,880	3,30,18,800/-	31,69,80,480/-	34,99,99,280/-
11/03/2019	28,29,450	2,82,94,500/-	27,16,27,200/-	29,99,21,700/-

ii) pursuant to the approval of board of directors at their meeting held on 21st January, 2019 and the approval of the shareholders at the Extra-Ordinary General Meeting held on 23rd March, 2018 and provisions of Section 39, 71 and other provisions, applicable, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 made allotment of 2,000 Nos. of 10.90% coupon, subordinated debt in the form of fully paid-up, rate, unlisted, unsecured, rated, redeemable non-convertible debentures of face value of ₹ 5,00,000/- (Rupees five lakhs only) each to M/s. Tata Capital Financial Services Limited, from whom the Company has received subscription money aggregating to ₹ 100,00,00,000 (Rupees One Hundred Crores Only) and has complied with the provisions of the Companies Act, 2013 and the rules made thereunder.

iii) not done any Redemption / Buyback of securities;

iv) no merger / amalgamation / reconstruction etc. took place during the year under review.

Place: Chennai
Date:10th April, 2019

T N Sridharan
Company Secretary
Certificate of Practice No. 4191

SECRETARIAL AUDIT REPORT

To

The Members

TVS CREDIT SERVICES LIMITED

No. 29, Haddows Road,

Chennai - 600 006

Authorised Capital: ₹ 200,00,00,000/-

Paid-up Capital: ₹ 178,20,57,000/-

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai

Date: 10th April, 2019

T N Sridharan

Company Secretary

Certificate of Practice No. 4191

OUR CUSTOMERS ARE AS DIFFERENT FROM EACH OTHER AS WE ARE FROM OTHER FINANCE COMPANIES.

What sets us apart in our industry? We believe it is our ability to adapt and mould our offerings to the needs and wants of different kinds of people. People who represent every region, occupation, value system and socio-economic class you can think of. Their diversity of aspirations inspires the best in us.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TVS CREDIT SERVICES LIMITED

Report on the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of TVS Credit Services Limited ("the Company"), which comprise the standalone balance sheet as at 31st March, 2019, the statement of profit and loss (including Other Comprehensive Income), standalone Statement of changes in Equity and statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

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 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, and its profits, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA) 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 Standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the 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.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the financial statements and our Auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting statements Ind-AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management and the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SA 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 SA, we exercise professional judgement and maintain professional skepticism 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operative effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the Directors as on 31st March, 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position as at 31st March, 2019 in its standalone financial statements – Refer Note 41.4 to the Standalone financial statements.

(ii) The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

S. Venkataraman
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

Annexure "A" to Independent Auditors' Report 31st March, 2019

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physically verifying all its fixed assets at all its locations in a phased manner over a period of 2 years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to programme, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company is in the business of lending and hence does not have physical inventories. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The Company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause (iii) of the paragraph 3 of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loan and making Investments, as applicable. The Company has not provided any guarantees or securities.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (v) of the paragraph 3 of the Order are 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 the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax and Cess and other material statutory dues with the appropriate authorities. There is no liability in respect of duty of Customs. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax and Cess were in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable.

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

Name of the Statute/ (Nature of dues)	Period of Dues	Amount (₹ in Crores)	Forum where dispute is pending
Finance Act, 1994 (Service Tax)	2011 to 2015	1.89	Central Excise and Service Tax Appellate Tribunal, Chennai
Finance Act, 1994 (Service Tax)	2015-16	1.22	Commissioner (Appeals)

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Financial Institutions, Banks and Debenture holders. There are no borrowings from Government.

(ix) In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been applied for the purpose for which they were obtained. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no material fraud by the Company and no fraud on the Company by its officers or employees, except for 53 cases of frauds (individual case not exceeding ₹ 1 Crore) in the nature of 'fraudulent encashment / manipulation of books of accounts' amounting to ₹ 2.01 Crores (since collected ₹ 0.60 Crores), on the Company have been noticed and reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has made preferential allotment of shares and the requirements of Section 42 of the Act have been complied with. Further, the amounts raised have been used for the purpose for which the funds were raised.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Act are not applicable.

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

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

S. Venkataraman
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

Annexure "B" to Independent Auditors' Report 31st March, 2019

(Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of TVS Credit Services Limited, Chennai ("the Company") as of 31st March, 2019 in conjunction with our audit of the standalone Ind-AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V. Sankar Aiyar & Co.,

Chartered Accountants

ICAI Regn. No.109208W

S. Venkataraman

Partner

Membership No. 023116

Place : Chennai

Date : 29th April, 2019

IN A COUNTRY OF DIVERSE DIALECTS, WE SPEAK THE LANGUAGE OF EMPOWERMENT.

Like the people of India, our team represents different cultures, backgrounds and stages of life. This makes it a lot easier for us to empathise with our customers' needs, relate to their aspirations and help with the means to fulfil them. Whether it's speaking their language or understanding their unique circumstances, we are well equipped to empower Indians everywhere to live a better life.

TVS CREDIT

BALANCE SHEET AS AT 31st March, 2019

(₹ in Crores)

S. No.	Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
	ASSETS				
1	**Financial Assets**				
(a)	Cash and Cash Equivalents	2	77.04	45.49	155.91
(b)	Bank balances other than (a) above	3	27.27	54.21	91.98
(c)	Derivative Financial Instruments	4	15.03	1.29	-
(d)	Receivables				
	i) Trade Receivables	5	52.10	21.60	16.76
(e)	Loans	6	8,224.91	6,130.35	4,926.79
(f)	Investments	7	12.01	12.01	-
(g)	Other Financial Assets	8	136.04	157.64	170.28
	Total		**8,544.40**	**6,422.59**	**5,361.72**
2	**Non-Financial Assets**				
(a)	Current Tax Assets (Net)	9	6.76	6.69	-
(b)	Deferred Tax Assets (Net)	10	68.65	53.60	49.69
(c)	Investment Property	11	85.16	85.86	37.72
(d)	Property, Plant and Equipment	12	21.04	16.85	15.78
(e)	Other Intangible Assets	12	8.46	1.94	1.73
(f)	Other Non-Financial Assets	13	15.65	18.52	9.53
	Total		**205.70**	**183.46**	**114.45**
	Total Assets		**8,750.10**	**6,606.05**	**5,476.17**
	LIABILITIES AND EQUITY				
	LIABILITIES				
1	**Financial Liabilities**				
(a)	Derivative Financial Instruments	4	-	-	17.53
(b)	Payables				
	I. Trade Payables				
	i) Total outstanding dues of creditors other than micro enterprises and small enterprises	14	139.87	137.73	178.66
(c)	Debt Securities	15	492.44	394.01	692.04
(d)	Borrowings other than debt securities	16	6,185.56	4,519.82	3,431.63
(e)	Subordinated Liabilities	17	639.76	562.63	382.57
(f)	Other financial liabilities	18	105.12	69.98	76.21
	Total		**7,562.76**	**5,684.17**	**4,778.64**
2	**Non-Financial Liabilities**				
(a)	Current tax liabilities (Net)	9		-	5.67
(b)	Provisions	19	21.59	22.26	15.39
(c)	Other Non-Financial Liabilities	20	14.65	16.20	5.70
	Total		**36.24**	**38.46**	**26.75**
3	**Equity**				
(a)	Equity Share Capital	21	178.21	166.89	157.01
(b)	Other Equity	22	972.89	716.52	513.77
	Total		**1,151.10**	**883.41**	**670.78**
	Total Liabilities and Equity		**8,750.10**	**6,606.05**	**5,476.17**

Venu Srinivasan
Chairman

G. Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

Place: Chennai
Date: 29th April, 2019

As per our report of even date

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

S. Venkataraman
Partner
Membership No. 023116

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts in ₹ Crores, unless otherwise stated)

S. No.	Particulars	Note No.	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	Revenue from Operations			
i)	Interest Income	23	1,457.43	1,137.29
ii)	Fee and Commission Income	24	143.89	115.12
I)	**Total Revenue from Operations**		**1,601.32**	**1,252.41**
II)	Other Income	25	32.85	26.88
III)	**Total Income (I + II)**		**1,634.17**	**1,279.29**
	Expenses			
i)	Finance Costs	26	557.46	418.40
ii)	Fees and commission expenses	27	80.78	58.20
iii)	Net Loss on derecognition of financial instruments under amortised cost category	28	151.19	103.89
iv)	Impairment of Financial instruments		33.25	28.60
v)	Employee Benefit expenses	29	391.95	306.73
vi)	Depreciation, amortisation and impairment		15.22	9.98
vii)	Other expenses	30	188.35	146.99
IV)	**Total Expenses**		**1,418.20**	**1,072.79**
V)	Profit/(Loss) before exceptional items and tax		**215.97**	**206.50**
VI)	Exceptional items		-	-
VII)	Profit/(Loss) before tax		**215.97**	**206.50**
VIII)	Tax Expenses			
	Current Tax		82.39	71.67
	Deferred Tax		(14.72)	(3.52)
XI)	Profit/(Loss) for the period from continuing operations		**148.30**	**138.35**
X)	Profit/(Loss) from discontinued operations		-	-
XI)	Tax expenses of discontinued operations		-	-
XII)	Profit/(Loss) from discontinued operations (After Tax)		-	-
XIII)	Profit/(Loss) for the period		148.30	138.35
XIV)	Other Comprehensive Income	32		
A)				
i)	Items that will not be reclassified to Profit or Loss - Itemwise Remeasurement of the defined benefit plans		(0.93)	(1.12)
ii)	Income Tax relating to items that will not be reclassified to Profit or Loss		0.32	0.39
B)				
i)	Items that will be reclassified to Profit or Loss - Itemwise		-	-
ii)	Income Tax relating to items that will be reclassified to Profit or Loss		-	-
B)	Other Comprehensive Income (A+B)		(0.60)	(0.73)
XV)	Total Comprehensive Income for the period (Comprising Profit/(Loss) and other comprehensive income for the period)		**147.70**	**137.63**
XVI)	Earnings Per Share	33		
	Basic ₹		8.67	8.51
	Diluted ₹		8.67	8.51

Significant Accounting Policies forming part of financial statements 1
Additional Notes forming part of financial statements

Venu Srinivasan
Chairman

G. Venkatraman
Chief Executive Officer

As per our report of even date

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

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S. Venkataraman
Partner
Membership No. 023116

Place: Chennai
Date: April 29, 2019

Cash Flow Statement for the year ended 31st March, 2019

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Cash Flow from Operating Activity		
Profit before Income Tax	215.97	206.50
Adjustment for:-		
Depreciation and amortisation expense	15.22	9.98
Impairment of Financial Assets	33.25	28.60
Profit/Loss on disposal of PPE	(0.21)	0.13
Finance Charges Paid	557.46	418.40
Foreign currency (gain)/Loss	14.55	15.06
Fair Value (gain)/loss on derivatives not designated as hedges	(13.75)	(18.82)
Unwinding of discount on security deposits and receivable for investments - (gain)/loss	(16.67)	(15.43)
Remeasurement of defined benefit plans	(0.93)	(1.12)
Employee Benefit Obligations	(0.66)	6.87
Cash generated from operations before working capital changes	588.27	443.67
Change in operating assets and liabilities		
(Increase)/Decrease in Trade Receivables	(31.54)	(4.84)
(Increase)/Decrease in Loans	(2,126.78)	(1,232.08)
(Increase) in other financial assets	38.27	28.07
(Increase)/Decrease in other Non-Financial Assets	2.87	(8.99)
Increase/(Decrease) in Trade Payables	2.14	(40.93)
Increase/(Decrease) in other financial liabilities	29.55	(5.06)
Increase/(Decrease) in other Non-Financial liabilities	(1.55)	10.50
Financing Charges paid	(551.86)	(419.58)
Cash generated from operations	**(1,834.65)**	**(1,022.72)**
Income taxes paid	(82.45)	(84.24)
Net cash inflow from operating activities	**(1,917.10)**	**(1,106.96)**

TVS CREDIT

Cash flows from investing activities		
Investment in Subsidiaries	-	(12.01)
Payments for property, plant and equipment and investment property	(26.02)	(59.39)
Proceeds from sale of property, plant and equipment and investment property	1.00	-
Increase in Deposits with Bank	26.93	37.77
Net cash outflow from investing activities	**1.92**	**(33.63)**
Cash Flows from Financing Activities		
Proceeds from issue of Shares	119.99	75.00
Proceeds from Issue/(Repayment) of Debt Securities	98.42	(298.02)
Proceeds/(Repayment) of Borrowings	1,362.82	810.32
Proceeds/(Repayment) of Subordinated Liabilities	77.13	180.06
Net cash inflow (outflow) from financing activities	**1,658.37**	**767.36**
Net increase (decrease) in cash and cash equivalents	(256.82)	(373.23)
Cash and cash equivalents at the beginning of the financial year	(1,352.72)	(979.49)
Cash and cash equivalents at the end of the year	**(1,469.54)**	**(1,352.72)**

Venu Srinivasan
Chairman

G. Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

Place: Chennai
Date: 29th April, 2019

As per our report of even date

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

S. Venkataraman
Partner
Membership No. 023116

Statement of changes in equity

(All amounts in ₹ Crores, unless otherwise stated)

I) Equity Share Capital

	Notes	Amounts
Balance as at 1st April, 2017		157.01
Changes in equity share capital during the year	21	9.87
Balance as at 1st April, 2018		166.89
Changes in equity share capital during the year	21	11.32
Balance as at 31st March, 2019		**178.21**

II) Other Equity

	Notes	Reserves and Surplus			
		Securities Premium Account	Statutory Reserve	Retained Earnings	Total
Balance as at 1st April, 2017		372.60	38.18	102.99	513.77
Profit for the Year	22	-	-	138.35	138.35
Other comprehensive income	22	-	-	(0.73)	(0.73)
<u>Transaction in the capacity as owners</u>					
Transfer to statutory reserve	22	-	22.80	(22.80)	-
Issue of equity shares	22	65.13	-	-	65.13
Balance as at 31st March, 2018		**437.72**	**60.99**	**217.81**	**716.52**
Balance as at 1st April, 2018		**437.72**	**60.99**	**217.81**	**716.52**
Profit for the Year	22	-	-	148.30	148.30
Other comprehensive income	22	-	-	(0.60)	(0.60)
<u>Transaction in the capacity as owners</u>					
Transfer to statutory reserve	22	-	29.66	(29.66)	-
Issue of equity shares	22	108.67	-	-	108.67
Balance as at 31st March, 2019		**546.39**	**90.65**	**335.85**	**972.89**

Venu Srinivasan
Chairman

G. Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

Place: Chennai
Date: 29th April, 2019

As per our report of even date

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

S. Venkataraman
Partner
Membership No. 023116

EACH ONE OF LIFE'S MILESTONES IS UNIQUE. WE HELP MAKE THEM ALL MEMORABLE.

From the phone that records a baby's first steps, to the machine that marks an entrepreneur's big leap, our loans enable so many purchases that result in cherished moments. We understand that it is this diversity of special experiences that makes every life richer. Our customers strive and dream with these milestones in mind, and we are always ready to walk alongside them.

COMPANY BACKGROUND

TVS Credit Services Limited ('the Company') is a public limited company incorporated and domiciled in India. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Nungambakkam, Chennai – 600 006, Tamil Nadu, India. The company is a subsidiary of TVS Motor Services Limited.

The Company has received Certificate of Registration dated 13th 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) during 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 relevant provisions of the Act.

The Company has adopted Ind-AS from 1st April, 2018 with effective transition date of 1st April, 2017 pursuant to MCA notification dated 31st March, 2016 and financial statements has been prepared in accordance with Division III of Schedule III of Companies Act 2013 notified by MCA on 11th October, 2018. The financial statements up to year ended 31st March, 2018 were prepared in accordance with the erstwhile accounting standards notified under the Act read with Rule 7 of Companies (Accounts) Rules, 2014 (as amended) and other generally accepted accounting principles in India. Accordingly, the impact of transition has been recorded in the opening reserves as on 1st April, 2017 and the corresponding adjustments pertaining to comparative previous period have been restated / reclassified in order to conform to current period presentation. Further, the Company follows the statutory requirements, circulars and guidelines issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFC), from time to time.

Refer note 39 & 40 for an explanation on the transition from erstwhile accounting standards to Ind-AS and resultant change in the Company's financial position and financial performance.

The Company had prepared Ind-AS compliant financial statements in the previous years beginning from 1st April, 2015 for the purpose of the holding company consolidation, instead of doing a dual transition; Company has opted to use the Ind-AS compliant financial statement provided to its holding company for transitioning to Ind-AS from 1st April, 2018. A detailed statement regarding compliance of the accounting policies is furnished in the 'notes on accounts' of the audited accounts of the Company.

The Company being an intermediate holding company which is not listed, has availed the exemption under Companies Act, 2013 and Ind-AS 110 Consolidated Financial statement for not preparing a consolidated financial statement.

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. Critical estimates and judgements

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 judgement is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates are:

- Determining inputs into the ECL measurement model - (Refer Note 36)
- Estimation of defined benefit obligation - (Refer Note 34)

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

d. 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.

Transition to Ind-AS

On transition to Ind-AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

e. 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.

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

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.

f. 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.

Transition to Ind-AS

On transition to Ind-AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at 1st April, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

g. 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 license period whichever is lower on Straight Line basis.

Transition to Ind-AS

On transition to Ind-AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1st April, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

h. Financial Assets and financial liabilities:

1) Classification

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

1. Fair value through other comprehensive income (FVOCI),
2. Fair value through profit or loss (FVTPL), and
3. 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 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 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 fair value through profit or loss 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 fair value through profit or loss are expensed in profit or loss.

Debt Instruments:

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

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 de-recognised 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.

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 and interest recognised is net of expected credit loss provision.
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. Fee 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. There is no significant financing component the consideration.
2. Dividend income is recognised when the right to receive income is established.
3. Income in the nature of bounce and related charges are recognised on realisation, due to uncertainty in collection.

4) Impairment of financial assets:

The Company recognised 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	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 are 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 life-time 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.

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) De-recognition 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.

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.

i. 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.

j. 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.

k. Taxation

(i) 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 on substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax 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.

l. 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 ₹ 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.

m. 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 lakhs 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.

n. Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred.

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

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

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

o. Borrowings cost:

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

p. 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.

q. Earnings Per Share

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

r. Impairment of 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.

s. Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating lease are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

t. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

u. 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.

v. Contingent liabilities

Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

w. 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.

x. 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.

y. Accounting pronouncements issued yet not effective

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 (the 'Rules') on 30th March, 2019 The rules Ind-AS e new lease standard Ind Ind-AS 116, Leases and also brings in amendments to existing Ind AS. The rules shall be effective from reporting periods beginning on or after 1st April, 2019 and cannot be early adopted.

1. Ind-AS 116, Leases

Ind-AS 116 requires the lessee to recognise a 'right-of-use asset' and a 'lease liability' for almost all leasing arrangements. The lessee will no longer be required to classify a lease as operating or financial.

The new standard requires entities to make more judgements and estimates in determining when a customer has the right to direct the use of an identified asset and the incremental rate of borrowing and make more disclosures (e.g., discount rate, weighted average lease term, other qualitative and quantitative information). In the capacity of a lessee, most companies will have a significant impact on their balance sheets along with ancillary impacts on their financial metrics.

The new standard is mandatory for financial years commencing on or after 1st April, 2019 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

2. Amendments to Ind-AS 12, Income Taxes

(i) Appendix C to Ind-AS 12, Income Taxes has been inserted. The appendix provides accounting for uncertainty over income tax treatments. The appendix corresponds to IFRIC 23, Uncertainty over Income Tax Treatments issued by the IFRS Interpretations Committee.

(ii) New paragraph 57A has been added to Ind-AS 12 to clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. Impact: The Company is in the process of assessing the detailed impact above amendment.

3. Amendment to Ind-AS 19, Employee Benefits

Amendment to Ind-AS 19, Employee Benefits requires an entity to: (i) use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and (ii) recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Impact: Management has assessed the effects of the above amendment and concluded that the same has no impact on the Company.

4. Amendment to Ind-AS 23, Borrowing Costs.

Amendment to Ind-AS 23, Borrowing Costs clarifies that if a specific borrowing remains outstanding after a qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Impact: Management has assessed the effects of the above amendment and concluded that the same has no impact on the Company.

5. Amendment to Ind-AS 28, Investments in Associates and Joint Venture

Amendment to Ind-AS 28, Investments in Associates and Joint Ventures states that Investors could have long-term interests (for example, preference shares or long-term loans) in an associate or joint venture that form part of the net investment in the associate or joint venture. The amendment clarifies that these long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for using Ind-AS 109, Financial Instruments. The requirements of Ind-AS 109 are applied to long-term interests before applying the loss allocation and impairment requirements of Ind-AS 28.

Impact: Management has assessed the effects of the above amendment and concluded that the same has no impact on the Company.

6. Amendments to Ind-AS 103, Business Combinations and Ind-AS 111, Joint Arrangements

This amendment clarifies measurement of previously held interest in obtaining control / joint control over a joint operation as follows: (i) On obtaining control of a business that is a joint operation, previously held interest in joint operation is remeasured at fair value at the acquisition date; (ii) A party obtaining joint control of a business that is joint operation should not remeasure its previously held interest in the joint operation.

Impact: Management has assessed the effects of the above amendment and concluded that the same has no impact on the Company.

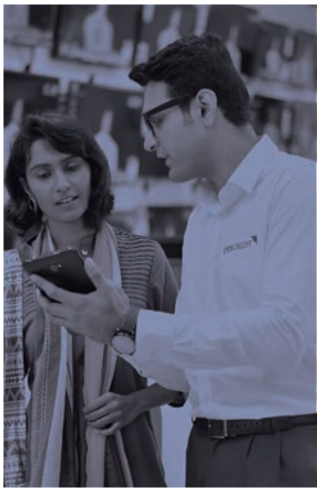
7. Amendment to Ind-AS 109, Financial Instruments

Amendment to Ind-AS 109 to enable an entity to measure at amortised cost some prepayable financial assets with negative compensation.

Impact: Management has assessed the effects of the above amendment and concluded that the same has no impact on the Company.






EVERYONE IN OUR TEAM LOOKS DIFFERENT, BUT WE MAKE SURE INDIA SEES US AS ONE.

The family we call TVS Credit is a microcosm of the bigger one called India. Over 12,300 strong, the members of our family come from all walks of life, bringing to the table different kinds of expertise, varied strengths, but one common purpose: to do everything in their power to make the lives of our customers more fulfilling.

Note 2 Cash and Cash Equivalents

S. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Cash on hand*	31.47	27.87	4.19
b)	Balance with banks			
	- current accounts	45.57	17.62	151.73
	Total	**77.04**	**45.49**	**155.91**

* Represents cash collected from borrowers as on Balance Sheet date, deposited with Bank subsequently.

Cash and Cash Equivalents for the purpose of cash flow statement

S. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Cash and cash equivalents as shown above	77.04	45.49	155.91
b)	Less: Overdrafts utilised	1,686.58	1,398.21	1,135.40
	(Grouped under Borrowings (other than debt securities)- Note 16)			
	Total	**(1,609.54)**	**(1,352.72)**	**(979.49)**

Note 3 Bank Balance other than Cash and Cash Equivalents*

S. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Bank Balance other than Cash and Cash Equivalents	27.27	54.21	91.98
	Total	**27.27**	**54.21**	**91.98**

* Represents ₹ 0.80 Crore (31st March, 2018: Nil, 1st April, 2017: Nil) , maintained with SBI and balance being Cash Collateral towards transferred loans in the form of fixed deposits, which has lien marking favouring SPVs.

Note 4 Derivative Financial Instruments

S. No.	Description	As at 31st March, 2019		
		Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
a)	Other Derivatives - Cross Currency Interest Rate Swap			
	Derivatives not designated as hedges	237.50	15.03	-
	Total	**-**	**15.03**	**-**

S. No.	Description	As at 31st March, 2018		
		Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
a)	Other Derivatives - Cross Currency Interest Rate Swap Derivatives not designated as hedges	325.00	1.29	-
	Total	**-**	**1.29**	**-**

S. No.	Description	As at 01st April, 2017		
		Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
a)	Forward Contracts Derivatives not designated as hedges	300.00	-	17.53
	Total	**-**	**-**	**17.53**

* Refer Note No. 37(a) for risk arising from derivatives.

Note 5 Trade Receivables

S. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Receivables considered good - Unsecured	53.34	21.60	16.76
b)	Less: Impairment Loss Allowance	1.24	-	-
c)	**Receivables considered good - Unsecured (Net)(a) - (b)**	**52.10**	**21.60**	**16.76**

Note 6 Loans

S. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
		Amortised Cost		
A a)	Bills Purchased and Bills Discounted	0.80	-	-
b)	Term Loans			
	i) Automobile Financing	7,157.67	5,693.61	4,654.47
	ii) Consumer Lending	1,075.95	474.21	278.08
	iii) Small Business Lending	129.52	67.31	66.38
c)	Total Loans - Gross (a) + (b)	8,363.94	6,235.13	4,998.94
d)	Less: Impairment Loss Allowance	139.03	104.78	72.15
e)	**Total Loans - Net (c) - (d)**	**8,224.91**	**6,130.35**	**4,926.79**

B		**Nature**			
		Secured by Tangible Assets	7,157.67	5,693.61	4,654.47
		Unsecured Loans	1,206.27	541.52	344.46
		Total Gross	8,363.94	6,235.13	4,998.94
		Less: Impairment Loss Allowance	139.03	104.78	72.15
		Total - Net	**8,224.91**	**6,130.35**	**4,926.79**
C	i)	**Loans in India**			
		Public Sector	-	-	-
		Others	8,363.94	6,235.13	4,998.94
		Total Gross	8,363.94	6,235.13	4,998.94
		Less: Impairment Loss Allowance	139.03	104.78	72.15
		Total - Net	**8,224.91**	**6,130.35**	**4,926.79**
	ii)	Loans Outside India	-	-	-
	iii)	Total Loans(i) +(ii)	8,224.91	6,130.35	4,926.79

a) The stock of loan (automobile finance) includes 11,526 nos (31st March, 2018 : 11,455 nos., 1st April, 2017 : 11,097 nos.) repossessed vehicles as at Balance Sheet date.

b) Automobile financing is secured by hypothecation of vehicles supported by Registration Certificate book issued by Regional Transport Officer and undertaking given by the borrower to register the vehicle with RTO.

Details of Registration is in process or Registration No. not available

Product	31st March, 2019		31st March, 2018		01st April, 2017	
	Nos.	Value	Nos.	Value	Nos.	Value
Two-Wheeler	507,109	1,978.48	195,335	676.78	125,292	396.92
Used Car	4,412	132.76	6,755	215.08	2,462	75.10
Tractor	4,964	172.42	5,679	183.23	4,581	151.57

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.

Sr. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
	Total transferred receivables	62.86	158.12	230.80
	Associated secured borrowing (Note 16)	62.86	158.12	230.80

Note 7 Investments

S No	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Investments Equity instruments Subsidiaries*			
i)	TVS Housing Finance Private Limited (1,20,00,000 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)	-	-	-
	Total - Net (D) = (A) - (C)	**12.01**	**12.01**	**-**

*Investments in subsidiaries is carried at cost as per Ind-AS 27

Note 8 Other Financial Assets

Sr. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Loan to Employees	7.03	5.76	2.56
b)	Security deposit for Leased Premises	6.60	6.04	4.55
c)	Advances to Related Parties	110.17	135.32	161.83

d)	Other Financial Assets - Related Parties	2.85	2.78	-
e)	Other Financial Assets - Non-Related Parties	6.48	6.18	0.09
f)	Deposit with Service Providers	2.91	1.55	1.25
	Total	**136.04**	**157.64**	**170.28**

Note 9 Current Tax Assets

Sr. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Opening Balance	6.69	(5.67)	(282.35)
b)	Add: Taxes paid	82.46	84.03	331.85
c)	Less: Taxes Payable	(82.39)	(71.67)	(55.16)
	Total	**6.76**	**6.69**	**(5.67)**

Note 10 Deferred Tax Assets / (liabilities)

The balance comprises temporary differences attributable to:

S. No	Description	As at 31-03-2019	Created/ (Provided) during the year	As at 31-03-2018	Created/ (Provided) during the year	As at 01-04-2017
	Deferred tax assets/ (Liabilities) on account of :					
a)	Depreciation	5.97	1.51	4.46	1.21	3.25
b)	Provision for compensated absence	3.48	0.79	2.69	0.92	1.77
c)	Provision for expected credit loss	35.47	11.70	23.78	10.55	13.22
d)	Provision for gratuity	0.01	0.01	-	-	-
e)	Expenses disallowed under Sec 40(a)(ia)	5.37	5.37	-		-
f)	Provision for pension	3.50	-	3.50	0.33	3.17
g)	Investment property	3.51	0.35	3.16	0.38	2.78
h)	Automobile financing	4.22	0.69	3.53	(3.09)	6.62
i)	Other Receivables from holding company	7.06	(5.65)	12.71	(5.08)	17.79
i)	Mark-to-market on derivative	0.05	0.28	(0.23)	(1.30)	1.08
	Total deferred tax Assets / (liabilities)	**68.65**	**15.05**	**53.60**	**3.91**	**49.69**

	Break-up of deferred tax expense/(benefit) - to statement of profit and loss - to other comprehensive income	(14.72) (0.32)		(3.52) (0.39)	
	Total	**15.05**		**3.91**	

Note 11 Investment Property

Description	Land	Building	Total
Period Ended 31st March, 2019			
Deemed Cost as at 01st April, 2017	85.47	0.40	85.86
Additions	-	-	-
Sub-total	85.47	0.40	85.86
Disposals	0.30	0.40	0.70
Closing gross carrying amount (A)	**85.16**	**0.00**	**85.16**
Depreciation and amortisation			
Up to 31st March, 2018 (Refer note below)	-	-	-
Depreciation/amortisation charge during the year	-		-
Sub-total	**-**	**-**	**-**
Disposals	-	-	-
Closing accumulated depreciation and amortisation (B)	**-**	**-**	**-**
Net Carrying value as at 31-03-2019 (A)-(B)	**85.16**	**0.00**	**85.16**
Net Carrying value as at 31-03-2018	**85.47**	**0.40**	**85.86**
Period Ended 31st March, 2018			
Gross carrying amount (Refer note below)	37.32	0.40	37.72
Additions	48.15	-	48.15
Sub-total	**85.47**	**0.40**	**85.87**
Disposals	-	-	-

Closing gross carrying amount (A)	**85.47**	**0.40**	**85.87**
Depreciation and amortisation			
Opening accumulated depreciation	-	-	
Depreciation/amortisation charge during the year	-	0.01	0.01
Sub-total	**-**	**0.01**	**0.01**
Disposals	-	-	-
Closing accumulated depreciation and amortisation (B)	-	0.01	0.01
Net Carrying value as at 31st March, 2018 (A)-(B)	**85.47**	**0.40**	**85.86**

(i) Fair value

Description	As at 31-03-2019	As at 31-03-2018	As at 31-03-2017
Investment properties Note : Investment property have been carried at deemed cost as at 1st April, 2017 i.e., measured at carrying value as per previous GAAP (Refer Note 40).	414.90	415.90	251.00

Note 12 Property, Plant and Equipment

Description	Property, Plant and Equipment					Other
	Computer	Furniture & fixtures	Office equipment	Vehicles	Total	Intangible Assets (Computer Software)
Period Ended 31st March, 2019						
Gross carrying amount (Refer note below)	8.10	7.33	6.92	0.02	22.37	3.17
Additions	9.07	3.37	4.01	-	16.45	9.61
Sub-total	**17.17**	**10.70**	**10.92**	**0.02**	**38.82**	**12.78**
Disposals	1.50	0.37	1.20	-	3.07	-

Closing gross carrying amount (A)	**15.67**	**10.33**	**9.72**	**0.02**	**35.75**	**12.78**
Depreciation and amortisation						
Opening Accumulated Depreciation	1.81	1.86	1.85	0.00	5.52	1.23
Depreciation/ amortisation charge during the year	4.96	2.14	5.03	0.00	12.12	3.09
Sub-total	**6.77**	**4.00**	**6.87**	**0.00**	**17.64**	**4.32**
Disposals	0.12	0.04	2.77	(0.00)	2.93	-
Closing accumulated depreciation and amortisation (B)	**6.65**	**3.95**	**4.10**	**0.00**	**14.71**	**4.32**
Net Carrying value as at 31-03-2019 (A)-(B)	**9.02**	**6.38**	**5.62**	**0.02**	**21.04**	**8.46**
Net Carrying value as at 31-03-2018	**6.29**	**5.47**	**5.07**	**0.02**	**16.85**	**1.94**

Description	Property, Plant and Equipment					Other Intangible Assets (Computer Software)
	Computer	Furniture & fixtures	Office equipment	Vehicles	Total	
Period Ended 31st March, 2018 Deemed Cost as at 1st April, 2017	6.83	5.50	3.43	0.02	15.78	1.73
Additions	3.75	1.90	4.30	-	9.95	1.44
Sub-total	**10.58**	**7.40**	**7.73**	**0.02**	**25.73**	**3.17**
Disposals	2.48	0.07	0.81	-	3.36	-
Closing gross carrying amount (A)	**8.10**	**7.33**	**6.92**	**0.02**	**22.37**	**3.17**

Depreciation and amortisation Depreciation / amortisation charge during the year	4.29	1.90	2.54	0.00	8.73	1.23
Sub-total	**4.29**	**1.90**	**2.54**	**0.00**	**8.73**	**1.23**
Disposals	2.48	0.04	0.69	-	3.21	-
Closing accumulated depreciation and amortisation (B)	**1.81**	**1.86**	**1.85**	**0.00**	**5.52**	**1.23**
Net Carrying value as at 31-03-2018 (A)-(B)	**6.29**	**5.47**	**5.07**	**0.02**	**16.85**	**1.94**

Note : Property, plant and equipment and intangible assets have been carried at deemed cost as at 1st April, 2017 i.e., measured at carrying value as per previous GAAP (Refer Note 40).

Note 13 Other Non-Financial Assets

Sr. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Dealer Commission Advance	0.41	0.17	0.09
b)	Prepaid Expenses	11.10	8.92	8.00
c)	Vendor Advance	0.69	2.90	0.84
d)	Balance with GST / Service Tax Department	3.46	6.53	0.60
	Total	**15.65**	**18.52**	**9.53**

Note 14 Trade Payables

Sr. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Total outstanding dues of creditors other than micro enterprises and small enterprises	139.87	137.73	178.66
	Total	**139.87**	**137.73**	**178.66**

The Company has not received any memorandum (as required to be filed by the supplier with the notified authorities under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro or small enterprises. Accordingly, amount paid / payable to these parties is considered to be ₹ Nil.

Note 15 Debt Securities

Sr. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
	At Amortised Cost			
	Others			
	Commercial Paper	492.44	394.01	692.04
	Total (A)	**492.44**	**394.01**	**692.04**
	Debt Securities in India	492.44	394.01	692.04
	Debt securities outside India	-	-	-
	Total (B)	**492.44**	**394.01**	**692.04**

Note 16 Borrowings (Other Than Debt Securities)

Sr. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
	At Amortised Cost			
(a)	Term loans			
	(i) from banks	4,436.11	2,963.49	2,047.09
	(ii) from other parties	-	-	18.33
(b)	Loans repayable on demand			
	(i) from banks	1,686.58	1,339.71	1,135.40
	(ii) from other parties	-	58.50	-
(c)	Securitised trust borrowing	62.86	158.12	230.80
	Total (A)	**6,185.56**	**4,519.82**	**3,431.63**
	Borrowings in India	6,185.56	4,519.82	3,431.63
	Borrowings outside India	-	-	-
	Total (B)	**6,185.56**	**4,519.82**	**3,431.63**

Note 17 Subordinated Liabilities

Sr. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
	At Amortised Cost			
	Perpetual Debt Instruments to the extent that do not qualify as equity	99.79	99.76	-

	Other Subordinated Liabilities From Banks From Others	 261.22 278.76	 169.18 293.69	 74.87 307.70
	Total (A)	**639.76**	**562.63**	**382.57**
	Subordinated Liabilities in India Subordinated Liabilities outside India	639.76 -	562.63 -	382.57 -
	Total (B)	**639.76**	**562.63**	**382.57**

Annexure

Institution	Amount outstanding as on 31st March, 2019	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
Loans repayable on demand	1,686.58			Repayable on Demand			
Term Loan							
Bank	10.08	Secured	8.75%	4	Quarterly	01/06/2019	01/03/2020
Bank	30.31	Secured	8.65%	2	Quarterly	01/06/2019	01/09/2019
Bank	8.38	Secured	8.40%	1	Quarterly	01/06/2019	30/06/2019
Bank	0.00	Secured	8.70%	1	Quarterly	30/06/2018	31/03/2019
Bank	25.00	Secured	8.76%	1	Bullet	11/12/2018	07/06/2019
Bank	10.00	Secured	8.95%	2	Quarterly	01/04/2019	01/07/2019
Bank	12.50	Secured	9.15%	1	Half Yearly	01/08/2019	01/08/2019
Bank	50.00	Secured	9.10%	1	Bullet	25/09/2018	25/09/2019
Bank	8.33	Secured	8.95%	2	Quarterly	01/06/2019	01/09/2019
Bank	28.66	Secured	8.50%	9	Monthly	01/04/2019	01/01/2020
Bank	24.99	Secured	8.35%	3	Quarterly	01/06/2019	01/12/2019
Bank	75.57	Secured	8.95%	3	Quarterly	01/06/2019	01/12/2019
Bank	39.99	Secured	8.65%	4	Quarterly	01/06/2019	01/03/2020
Bank	16.67	Secured	8.55%	4	Quarterly	01/06/2019	01/03/2020
Bank	12.50	Secured	8.55%	1	Quarterly	01/06/2019	01/06/2019
Bank	37.50	Secured	8.60%	3	Quarterly	01/06/2019	01/12/2019
Bank	60.00	Secured	8.85%	6	Quarterly	01/05/2019	01/08/2020
Bank	39.67	Secured	8.15%	3	Quarterly	01/06/2019	01/12/2019
Bank	99.98	Secured	9.61%	2	Bullet	01/09/2019	01/09/2020
Bank	199.98	Secured	7.95%	2	Bullet	30/10/2017	30/10/2019
Bank	58.32	Secured	8.70%	7	Quarterly	01/05/2019	01/11/2020
Bank	70.00	Secured	9.10%	7	Quarterly	01/06/2019	01/12/2020
Bank	140.95	Secured	8.75%	7	Quarterly	01/05/2019	01/11/2020
Bank	126.67	Secured	8.40%	8	Quarterly	01/06/2019	01/03/2021
Bank	100.00	Secured	9.10%	1	Quarterly	18/05/2018	01/05/2021
Bank	83.33	Secured	8.85%	10	Quarterly	01/04/2019	01/06/2021
Bank	150.00	Secured	8.40%	4	Half Yearly	01/03/2020	01/09/2021
Bank	208.32	Secured	8.80%	30	Monthly	01/04/2019	01/09/2021

Bank	136.00	Secured	8.80%	9	Quarterly	01/04/2019	01/03/2021
Bank	209.69	Secured	9.50%	8	Quarterly	01/07/2019	01/04/2021
Bank	140.00	Secured	9.80%	8	Quarterly	01/08/2019	01/05/2021
Bank	201.34	Secured	9.75%	10	Quarterly	01/09/2019	01/12/2021
Bank	150.00	Secured	9.40%	6	Half Yearly	01/06/2019	01/12/2021
Bank	456.12	Secured	9.50%	11	Quarterly	01/06/2019	01/12/2021
Bank	99.89	Secured	9.10%	10	Quarterly	01/11/2019	01/02/2022
Bank	499.89	Secured	8.80%	10	Quarterly	01/11/2019	01/02/2022
Bank	601.06	Secured	9.40%	10	Quarterly	01/11/2019	01/02/2022
Bank	214.43	Secured	8.90%	1	Bullet	29/01/2018	29/11/2019
	4,436.11						
Securitised Trust Borrowings	62.86						
Subordinated Liabilities							
Perpetual Debt	99.79	Unsecured	11.50%	1	Bullet	24/11/2017	01/11/2027
Bank	25.00	Unsecured	9.70%	1	Bullet	20/03/2018	01/09/2022
Bank	12.50	Unsecured	9.75%	2	Annual	01/06/2019	01/06/2020
Bank	24.92	Unsecured	9.70%	1	Bullet	20/03/2018	01/09/2022
Bank	50.39	Unsecured	10.05%	1		27/11/2013	01/05/2023
Bank	50.00	Unsecured	10.39%	1	Bullet	24/01/2018	01/07/2023
Bank	98.41	Unsecured	10.90%	1	Annual	01/08/2024	01/08/2024
Others	29.00	Unsecured	9.30%	2	Annual	01/06/2019	01/06/2020
Others	49.94	Unsecured	12.25%	1	Bullet	01/09/2020	01/09/2020
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	49.88	Unsecured	11.30%	1	Bullet	01/09/2021	01/09/2021
Others	49.94	Unsecured	10.02%	1	Bullet	01/04/2022	01/04/2022
Others	50.00	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
	639.76						

Institution	Amount outstanding as on 31st March, 2018		Interest Rate	No. of Instalments	Frequency	From	To
Loans repayable on demand	1,398.21	Secured			On Demand		
Term Loan							
From bank	20.00	Secured	8.75%	8	Quarterly	01/06/2018	01/03/2020
From bank	90.73	Secured	8.40%	6	Quarterly	01/06/2018	01/09/2019
From bank	21.21	Secured	8.80%	7	Monthly	01/04/2018	01/10/2018
From bank	33.34	Secured	8.80%	2	Quarterly	01/06/2018	01/09/2018
From bank	20.19	Secured	8.45%	2	Quarterly	01/06/2018	01/09/2018
From bank	8.33	Secured	8.50%	2	Quarterly	01/06/2018	01/09/2018
From bank	40.29	Secured	8.40%	2	Quarterly	01/05/2018	01/08/2018
From bank	15.00	Secured	8.10%	3	Quarterly	01/05/2018	01/11/2018
From bank	75.44	Secured	8.35%	3	Quarterly	01/05/2018	01/11/2018
From bank	41.97	Secured	8.40%	5	Quarterly	01/06/2018	30/06/2019
From bank	40.37	Secured	8.70%	4	Quarterly	30/06/2018	31/03/2019
From bank	25.00	Secured	8.00%	1	Bullet	15/12/2017	13/06/2018
From bank	30.00	Secured	8.50%	6	Quarterly	01/04/2018	01/07/2019
From bank	37.78	Secured	8.90%	3	Half Yearly	01/08/2018	01/08/2019
From bank	50.00	Secured	8.25%	1	Bullet	04/09/2017	04/09/2018
From bank	25.00	Secured	8.50%	6	Quarterly	01/06/2018	01/09/2019
From bank	64.67	Secured	8.45%	21	Monthly	01/04/2018	01/01/2020
From bank	58.33	Secured	8.35%	7	Quarterly	01/06/2018	01/12/2019
From bank	50.00	Secured	8.30%	4	Quarterly	01/04/2018	01/01/2019
From bank	176.21	Secured	8.35%	7	Quarterly	01/06/2018	01/12/2019
From bank	80.00	Secured	8.45%	8	Quarterly	01/06/2018	01/03/2020
From bank	33.33	Secured	8.35%	8	Quarterly	01/06/2018	01/03/2020
From bank	62.50	Secured	8.30%	5	Quarterly	01/06/2018	01/06/2019
From bank	87.50	Secured	8.40%	7	Quarterly	01/06/2018	01/12/2019
From bank	38.23	Secured	8.55%	4	Quarterly	01/06/2018	01/03/2019
From bank	100.00	Secured	8.40%	10	Quarterly	01/05/2018	01/08/2020
From bank	87.05	Secured	8.15%	7	Quarterly	01/06/2018	01/12/2019
From bank	100.00	Secured	8.25%	2	Bullet	01/09/2019	01/09/2020

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From bank	200.00	Secured	8.30%	2	Bullet	30/10/2017	30/10/2019
From bank	91.67	Secured	8.10%	11	Quarterly	01/05/2018	01/11/2020
From bank	100.00	Secured	8.10%	10	Quarterly	01/09/2018	01/12/2020
From bank	201.38	Secured	8.15%	10	Quarterly	01/08/2018	01/11/2020
From bank	190.00	Secured	8.40%	12	Quarterly	01/06/2018	01/03/2021
From bank	100.15	Secured	8.25%	1	Bullet	26/03/2018	15/06/2018
From bank	100.02	Secured	8.05%	1	Bullet	23/03/2018	21/06/2018
From bank	201.77	Secured	7.95%	1	Bullet	29/01/2018	29/11/2019
From bank	20.00	Unsecured	7.90%	1	Bullet	28/02/2018	29/05/2018
From bank	95.00	Unsecured	8.35%	1	Bullet	28/03/2018	26/06/2018
From bank	151.02	Unsecured	8.00%	1	Bullet	01/03/2018	01/06/2018
	2,963.49						
Securitised Trust Borrowings	158.12						
Subordinated Liabilities							
Perpetual Debt	99.76	Unsecured	11.50%	1	Bullet	24/11/2017	01/11/2027
Bank	25.08	Unsecured	9.70%	1	Bullet	20/03/2018	01/09/2022
Bank	18.75	Unsecured	10.10%	3	Annual	01/06/2018	01/06/2020
Bank	25.00	Unsecured	9.70%	1	Bullet	20/03/2018	01/09/2022
Bank	50.35	Unsecured	9.50%	1	Bullet	27/11/2013	01/05/2023
Bank	50.00	Unsecured	9.25%	1	Bullet	24/01/2018	01/07/2023
Others	43.50	Unsecured	8.01%	3	Annual	01/06/2018	01/01/2020
Others	50.00	Unsecured	11.50%	1	Bullet	01/09/2020	01/09/2020
Others	50.00	Unsecured	11.00%	1	Bullet	01/07/2021	01/07/2021
Others	50.00	Unsecured	10.80%	1	Bullet	01/09/2021	01/09/2021
Others	50.27	Unsecured	10.02%	1	Bullet	01/04/2022	01/04/2022
Others	49.92	Unsecured	10.50%	1	Bullet	01/05/2022	01/05/2022
	562.63						

Institution	Amount outstanding as on 1st April, 2017		Interest Rate	No. of Instalments	Frequency	From	To
Loans repayable on demand	1,135.40				On Demand		
Term Loans							
From Banks	16.75	Secured	9.72%	1	Annual		30/06/2017
From Banks	25.01	Secured	8.75%	10	Quarterly	01/06/2017	01/12/2019
From Banks	151.21	Secured	9.50%	10	Quarterly	01/06/2017	01/09/2019
From Banks	57.58	Secured	9.55%	19	Monthly	01/04/2017	01/10/2018
From Banks	4.13	Secured	9.15%	1	Quarterly		19/09/2017
From Banks	0.08	Secured	9.72%	1	Annual		30/06/2017
From Banks	100.03	Secured	9.60%	6	Quarterly	01/06/2017	01/09/2018
From Banks	20.00	Secured	9.80%	6	Monthly	01/04/2017	01/09/2017
From Banks	8.33	Secured	10.30%	6	Monthly	01/04/2017	01/09/2017
From Banks	3.33	Secured	9.35%	4	Quarterly	01/05/2017	01/02/2018
From Banks	40.00	Secured	9.55%	4	Quarterly	01/06/2017	01/03/2018
From Banks	7.50	Secured	9.55%	9	Monthly	01/04/2017	31/12/2017
From Banks	60.56	Secured	9.70%	6	Quarterly	25/06/2017	01/09/2018
From Banks	25.00	Secured	9.35%	6	Quarterly	01/06/2017	01/09/2018
From Banks	120.00	Secured	9.35%	6	Quarterly	28/05/2017	01/08/2018
From Banks	35.00	Secured	9.95%	7	Quarterly	01/05/2017	01/11/2018
From Banks	47.73	Secured	9.30%	1	Half Yearly		10/07/2017
From Banks	18.75	Secured	9.35%	3	Quarterly	01/06/2017	01/12/2017
From Banks	174.77	Secured	9.55%	7	Quarterly	01/05/2017	01/11/2018
From Banks	74.98	Secured	9.00%	9	Quarterly	30/06/2017	30/06/2019
From Banks	80.00	Secured	9.65%	8	Quarterly	30/06/2017	31/03/2019
From Banks	30.00	Secured	8.30%	2	Quarterly	05/12/2016	03/06/2017
From Banks	50.00	Secured	9.30%	10	Quarterly	01/04/2017	01/07/2019
From Banks	50.40	Secured	9.52%	4	Half Yearly	01/02/2018	01/08/2019
From Banks	50.00	Secured	8.75%	1	Annual	02/09/2016	02/09/2017
From Banks	41.67	Secured	9.30%	10	Quarterly	01/06/2017	01/09/2019
From Banks	75.00	Secured	9.49%	8	Quarterly	01/06/2017	01/03/2019
From Banks	190.14	Secured	9.15%	4	Quarterly	30/11/2017	21/02/2018
From Banks	10.00	Secured	9.35%	30	Monthly	01/07/2017	01/12/2019
From Banks	91.67	Secured	8.40%	11	Quarterly	01/06/2017	01/12/2019

From Banks	47.71	Secured	9.00%	4	Quarterly	01/06/2017	01/03/2018
From Banks	100.00	Secured	8.35%	8	Quarterly	01/04/2017	01/01/2019
From Banks	99.77	Secured	8.50%	10	Quarterly	01/12/2017	01/03/2020
From Banks	50.00	Secured	8.45%	10	Quarterly	01/12/2017	01/03/2020
From Banks	50.00	Secured	8.35%	12	Quarterly	01/06/2017	01/03/2020
From Banks	20.00	Unsecured	8.05%	1	Bullet	27/02/2017	26/05/2017
From Banks	20.00	Unsecured	8.05%	1	Bullet	30/03/2017	28/06/2017
From Others	3.33	Secured	10.30%	1	Half Yearly		10/07/2017
From Others	15.00	Secured	10.75%	2	Quarterly	01/07/2017	01/10/2017
	2,065.43						
Securitised Trust Borrowings	230.80						
Subordinated Liabilities							
Bank	25.00	Unsecured	10.35%	4	Annual	01/06/2017	01/06/2020
Bank	49.87	Unsecured	9.70%	1	Bullet	20/03/2017	01/09/2022
Others	58.00	Unsecured	8.72%	4	Annual	01/06/2017	01/06/2020
Others	50.00	Unsecured	11.50%	1	Bullet	01/09/2020	01/09/2020
Others	50.00	Unsecured	11.00%	1	Bullet	01/07/2021	01/07/2021
Others	50.00	Unsecured	10.80%	1	Bullet	01/09/2021	01/09/2021
Others	49.80	Unsecured	10.49%	1	Bullet	01/04/2022	01/04/2022
Others	49.90	Unsecured	10.50%	1	Bullet	01/05/2022	01/05/2022
	382.57						

Details of Security

(a) Holding Company has given guarantee in the form of Put option amounting to ₹ 12. 50 Crores (Previous Years: 18.75 Crores as at 31st March, 2018, 25.00 Crores as at 1st April, 2017) towards Subordinated Debt.

(b) Term Loan received from Banks and Other Parties of ₹ 4436.11 Crores inclusive of Current and Non-Current Dues (Previous Years: 2,697.47 Crores as on 31st March, 2018 & ₹ 2,003. 46 Crores as at 1st April, 2017) is secured against hypothecation of receivables under the financing activity of the Company.

(C) Working Capital Demand Loan and Cash Credit of ₹ 1,546.58 crores (Previous Years: ₹ 1,398.21 Crores as at 31st March, 2018 & ₹ 1135.40 Crores as at 1st April, 2017) is secured by hypothecation of receivables under the financing activity of the Company.

Note 18 Other Financial Liabilities

S. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Interest Accrued But Not Due	13.72	9.02	10.20
b)	Employee Related Liabilities	38.05	31.55	40.58
c)	Security Deposit	48.04	26.42	20.86
d)	Delinquency Fund	5.31	2.99	4.57
	Total	**105.12**	**69.98**	**76.21**

Note 19 Provisions

S. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Pension	10.02	10.02	9.16
b)	Gratuity	0.04	3.59	1.02
c)	Compensated Absences	11.53	8.65	5.20
	Total	**21.59**	**22.26**	**15.39**

Note 20 Other Non-Financial Liabilities

S. No.	Description	31-Mar-19	31-Mar-18	1-Apr-17
	Others			
a)	Statutory Dues	14.65	16.20	5.70
	Total	**14.65**	**16.20**	**5.70**

Note 21 Equity Share Capital

S. No.	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a	**Authorised Share Capital: 200,000,000 Equity Shares of 10 each (Previous Year 20,00,00,000 Equity Shares)**	200.00	200.00	200.00
		200.00	200.00	200.00
b	**Issued, Subscribed and Fully Paid-up Share Capital:**			

	178,205,700 number of Equity Shares of 10 each (Previous year 166,855,700 Equity Shares of 10 each)	178.21	166.89	157.01
c	**Par Value per Share**	10 each	10 each	10 each
d	**Number of Equity Shares at the beginning of the year**	166,885,700	157,014,100	144,800,000
	Add: Preferential Allotment made during the year	11,320,000	9,871,600	12,214,100
	Number of Equity Shares at the end of the year	178,205,700	166,885,700	157,014,100

e Equity Shares held by Holding Companies:

Particulars	No. of Shares	No. of Shares	No. of Shares
Holding Company - TVS Motor Services Limited (including nominees)	134,741,600	134,741,600	134,741,600
TVS Motor Company Limited (Holding Company of TVS Motor Services Limited effective 7th September, 2017)	18,329,753	7,009,753	-
Sundaram Clayton Limited (Holding Company of TVS Motor Company Limited)	2,180,250	2,180,250	-

f Number of shares held by Shareholders more 5% of total shares

Particulars	As at 31 March, 2019		As at 31 March, 2018		As at 01 April, 2017	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
TVS Motor Services Limited	134,741,600	75.61	134,741,600	80.74	134,741,600	85.81
TVS Motor Company Limited, Holding Company of TVS Motor Services Limited	18,329,753	10.29	7,009,753	4.20	10,655,700	6.79
Lucas-TVS Limited	11,337,297	6.36	11,337,297	6.79	-	-

g Terms/Rights attached to Equity Shares:

a) Every Shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013. There are no restrictions attached to equity shares.

b) Pursuant to MoU dated 16th April, 2010 entered into by the Company with PHI Capital Services Private Limited (converted into PHI Capital Services LLP) and PHI Research Private Limited (PR), PR has assigned its responsibility towards providing strategic and operational advisory service in connection with the NBFC business of the Company, to PHI Capital Services LLP. In consideration thereto, the Company has agreed to allot shares to PHI Capital Services LLP, on achieving certain levels of PBT, from the financial year commencing from FY 2014-15 to FY 2016-17 (wherein financial year is to be reckoned as that beginning from 1st October to 30th September).

c) 35,00,000 number of fully paid-up equity shares allotted to PHI Research Private Limited in FY 2010-11 (having a lock-in period of 5 years from the date of allotment) and the shares allotted to PHI Capital Services LLP viz., 7,79,200 numbers of fully paid-up equity shares allotted in FY 2014-15 (having a lock-in period of 3 years from the date of allotment), 7,79,200 number of fully paid-up equity shares allotted in FY 2015-16 (having a lock-in period of 2 years from the date of allotment) and 15,58,400 number of fully paid-up equity shares allotted in FY 2016-17 (having a lock-in period of 1 year) as per the alliance agreement dated 16th April, 2010 entered into with them, have been made for a consideration received other than cash.

Note 22 Other Equity

Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Securities premium reserves	546.39	437.72	372.60
Statutory reserve	90.65	60.99	38.18
Retained earnings	335.85	217.81	102.99
Total reserves and surplus	**972.89**	**716.52**	**513.77**

a) Securities premium reserves	As at 31st March, 2019	As at 31st March, 2018
Opening balance	437.72	372.60
Additions during the year	108.67	65.13
Deductions/Adjustments during the year	-	-
Closing balance	**546.39**	**437.72**

b) Statutory Reserve	As at 31st March, 2019	As at 31st March, 2018
Opening balance	60.99	38.18
Transfer from retained earnings	29.66	22.80
Deductions / Adjustments during the year		
Closing balance	**90.65**	**60.99**

c) Retained earnings	As at 31st March, 2019	As at 31st March, 2018
Opening balance	217.81	102.99
Net profit for the period	148.30	138.35
Items of other comprehensive income recognised directly in retained earnings		
Remeasurements of post Employment benefit obligation, net of tax	(0.60)	(0.73)
Transaction in the capacity as owners		
Statutory Reserve	(29.66)	(22.80)
Closing balance	**335.85**	**217.81**

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 surplus i.e balance of the relevant column in the statement of changes in equity. This is available for distribution to shareholders through dividends/ capitalization.

Note 23 Interest Income

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
On Financial assets measured at amortised cost:		
Interest on Loans	1,454.17	1,133.08
Other Interest Income	-	-
Interest on Deposits with Bank	3.27	4.21
Total	**1,457.43**	**1,137.29**

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Note 24 Fees And Commission Income

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Fee-based Income	88.36	64.35
Commission Income	15.31	15.90
Service Income	40.22	34.86
Total	**143.89**	**115.12**

Note 25 Other Income

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Bad Debts Recovered	9.16	7.63
Other Non-Operating Income	7.02	3.81
Unwinding of discount on security deposits and receivable	16.67	15.43
Total	**32.85**	**26.88**

Note 26 Finance Costs

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
On Financial liabilities measured at amortised cost:		
Interest on Borrowings	425.24	302.88
Interest on Debt Securities	71.30	55.52
Interest on Subordinated Liabilities	38.60	31.08
Other Finance Charges	22.31	28.92
Other Interest Expenses		
Total	**557.46**	**418.40**

Note 27 Fee and Commission Expenses

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Business Promotion and Recovery Cost	80.78	58.20
Total	**80.78**	**58.20**

Note 28 Net Loss on derecognition of financial instruments under amortised cost category

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Loss on Sale of Repossessed Assets	74.37	49.72
Bad Debts Written Off	76.82	54.16
Total	**151.19**	**103.89**

Note 29 Employee Benefit Expenses

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Salaries and Wages	352.97	271.32
Contribution to Provident and other funds	18.52	20.97
Staff Welfare	20.47	14.44
Total	**391.95**	**306.73**

Note 30 Other Expenses

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Auditors Fees and Expenses*	0.45	0.39
Communication Costs	42.91	34.17
Directors Fees, Allowances & Expenses	0.56	0.59
Corporate Social Responsibility**	2.60	1.75
Donation	6.42	2.81
Repairs & Maintenance	1.40	1.21
Rent, Taxes and Energy Costs	23.54	22.96
Insurance Expenses	1.46	2.04
Legal and Professional Charges	44.27	39.49
Others	12.65	10.96
Printing and Stationery	2.82	3.97
Travelling and Conveyance	49.27	26.66
Total	**188.35**	**146.99**

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Auditors Fees and Expenses*

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Statutory Audit	0.25	0.25
Tax Audit	0.07	0.07
Certification	0.10	0.05
Reimbursement of Expenses	0.03	0.02
Auditors Fees and Expenses	**0.45**	**0.39**

** Expenditure incurred on Corporate Social Responsibility activities:

a. Gross amount required to be spent during the year is ₹ 256 Lakhs.

b. Amount spent during the year.

Sr. No	Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
a.	Construction/acquisition of any asset	-	-
b.	Expenses incurred through trusts	2.60	1.75

Note 31 Income tax expense

Sr. No	Description	Year ended 31st March, 2019	Year ended 31st March, 2018
a	Income tax expense:		
	Current tax		
	Current tax on profits for the year	82.39	71.67
	Tax profits relating to prior period	-	-
	Total current tax expense	**82.39**	**71.67**
	Deferred tax		
	Decrease (increase) in deferred tax assets	(14.72)	(3.57)
	(Decrease) increase in deferred tax liabilities	-	-
	Total deferred tax expense/(benefit)	**(14.72)**	**(3.57)**
	Income tax expense	67.67	68.10
b	Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
	Profit before income tax expense	215.97	206.50

	Tax at the Indian tax rate of 34.944% (FY 2017-18 – 34.61%)	75.47	71.47
	Tax effect of amounts which are permanent differences in nature in calculation of taxable income	7.80	3.31
	Income tax expense	**67.67**	**68.15**

Note 32 Other Comprehensive Income

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Items that will not be reclassified to profit or loss:		
Remeasurement of the defined benefit plans	0.93	1.12
Income tax relating to these items	(0.32)	(0.39)
Other Comprehensive Income	**0.60**	**0.73**

Note 33 Earnings per Share

Sr. No	Description	Year ended 31st March, 2019	Year ended 31st March, 2018
a	**Basic earnings per share**		
	Basic earnings per share attributable to the equity holders of the Company	8.67	8.51
b	**Diluted earnings per share**		
	Diluted earnings per share attributable to the equity holders of the Company	8.67	8.51
c	**Reconciliations of earnings used in calculating earnings per share**		
	Basic earnings per share:		
	Profit attributable to equity holders of the Company used in calculating basis earnings per share	148.30	138.35
	Diluted earnings per share:		
	Profit attributable to equity holders of the Company		

Sr. No	Description	Year ended 31st March, 2019	Year ended 31st March, 2018
	- used in calculating basic earnings per share	148.30	138.35
(d)	**Weighted average number of equity shares used as the denominator in calculating basic earnings per share**	170,988,778	162,591,134
	Adjustments for calculation of diluted earnings per share:		
	Weighted average number of Equity shares that could arise on issue of shares to PHI Capital Services LLP under Alliance agreement	-	-
	Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	170,988,778	162,591,134

Note 34 Employee Benefit Obligations

Defined Benefit Obligation:

(i) Gratuity

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
1st April, 2017	**6.99**	**(5.97)**	**1.02**	**9.16**	**-**	**9.16**	**5.20**	**-**	**5.20**
Current service cost	1.44		1.44	0.54		0.54	0.19		0.19
Interest expense/(income)	0.49	(0.42)	0.07	0.32		0.32	0.36		0.36
Total amount recognised in profit or loss	**1.93**	**(0.42)**	**1.51**	**0.86**	**-**	**0.86**	**0.55**	**-**	**0.55**
Remeasurements									

Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.06)	(0.06)	-	-	-			-
(Gain)/loss from change in financial assumptions	0.03		0.03	-	-	-	0.02		0.02
Experience (gains)/losses	1.09		1.09	-	-	-	3.83		3.83
Total amount recognised in other comprehensive (income)/Losses	**1.12**	**(0.06)**	**1.06**	**-**	**-**	**-**	**3.85**	**-**	**3.85**
Employer contributions		-	-	-	-	-			-
Benefit payments	-	-	-			-	(0.96)		(0.96)
31st March, 2018	**10.03**	**(6.44)**	**3.59**	**10.02**	**-**	**10.02**	**8.65**	**-**	**8.65**
1st April, 2018	**10.03**	**(6.44)**	**3.59**	**10.02**	**-**	**10.02**	**8.65**	**-**	**8.65**
Current service cost	1.48		1.48	0.18	-	0.18	-		-
Interest expense/(income)	0.66	(0.62)	0.04		-	-	0.54		0.54
Total amount recognised in profit or loss	**2.14**	**(0.62)**	**1.52**	**0.18**	**-**	**0.18**	**0.54**	**-**	**0.54**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)		0.01	0.01			-			-
(Gain)/loss from change in financial assumptions	0.04		0.04	0.21		0.21	0.05		0.05
Experience (gains)/losses	0.91		0.91	(0.39)		(0.39)	3.88		3.88
Total amount recognised in other comprehensive (income)/Losses	**0.95**	**0.01**	**0.96**	**(0.18)**	**-**	**(0.18)**	**3.93**	**-**	**3.93**
Employer contributions	-	(6.02)	(6.02)	-	-	-	-	-	-
Benefit payments	(0.96)	0.96	(0.00)			-	(1.59)		(1.59)
31st March, 2019	**12.15**	**(12.11)**	**0.04**	**10.02**	**-**	**10.02**	**11.53**	**-**	**11.53**

The Company provides gratuity for 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.

Details	Gratuity			Pension			Leave		
	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2019	March 31, 2018	March 31, 2017
Discount rate	6.72%	6.88%	7.00%	7.27%	7.00%	7.00%	6.68%	6.88%	7.00%
Salary growth rate	6.00%	6.00%	6.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
Mortality rates inclusive of provision for disability	100% of Indian Assured Lives Mortality (IALM)								

(i) Sensitivity analysis

Particulars	Gratuity 2018-19			Pension 2018-19			Leave 2018-19		
	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
Details									
Discount rate	0.50%	12.02	12.30	1.00%	8.45	11.57	0.50%	11.41	11.65
Salary growth rate	0.50%	12.29	12.02	1.00%	11.65	8.38	0.50%	11.65	11.41
Mortality	5.00%	12.15	12.15	5.00%	9.79	9.92	5.00%	11.53	11.53

Particulars	Gratuity 2017-18			Pension 2017-18			Leave 2017-18		
	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
Details									
Discount rate 0.50%	9.92	10.15	1.00%	9.02	10.47	0.50%	8.56	8.74	
Salary growth rate	0.50%	10.14	9.92	1.00%	10.02	9.40	0.50%	8.74	8.56
Mortality 5.00%	10.03	10.03	5.00%	9.58	9.71	5.00%	8.65	8.65	

(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)	3.95
Between 2 and 5 years	8.12
Beyond 5 years	2.05
Total	**14.12**

(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 ₹ 10.56 (March 31, 2018: ₹ 8.26, 01 April, 2017: 7.88) has been recognised in the Statement of Profit and Loss.

There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated February 28, 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 35 Fair value measurements

Financial instruments by category				
	Measurement	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Financial assets carried at amortised cost:				
Loans	Level - 3	8,224.91	6,130.35	4,926.79
Trade Receivables	Level - 3	52.10	21.60	16.76
Cash and Cash Equivalents	Level - 3	77.04	45.49	155.91
Other Bank Balances	Level - 3	27.27	54.21	91.98
Loan to Employees	Level - 3	7.03	5.76	2.56
Advances to Related Parties	Level - 3	110.17	135.32	161.83
Other Financial Assets - Related Parties	Level - 3	2.85	2.78	-
Other Financial Assets - Non Related Parties	Level - 3	6.48	6.18	0.09
Security Deposit for Leased Premises	Level - 3	6.60	6.04	4.55
Deposit with Service providers	Level - 3	2.91	1.55	1.25
Financial assets carried at fair value through profit and loss:				
Cross currency swap	Level - 2	15.03	1.29	-
Total financial assets		**8,532.39**	**6,410.57**	**5,361.72**

	Measurement	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Financial liabilities carried at amortised cost:				
Trade Payables	Level - 3	139.87	137.73	178.66
Debt Securities	Level - 3	492.44	394.01	692.04
Borrowings other than Debt Securities	Level - 3	6,185.56	4,519.82	3,431.63
Subordinated Liabilities	Level - 3	639.76	562.63	382.57
Security Deposit Received	Level - 3	48.04	26.42	20.86
Other Financial Liabilities	Level - 3	57.09	43.56	55.35
Financial Liabilities carried at fair value through Profit and Loss:				
Cross Currency Swap	Level - 2	-	-	17.53
Total Financial Liabilities		**7,562.76**	**5,684.17**	**4,778.65**

(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 un-observable inputs (Level 3 re-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)	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Financial assets			
Derivative Financial Instruments	15.03	1.29	-
Total Financial Assets	**15.03**	**1.29**	**-**

Financial Liabilities			
Derivative Financial Instruments	-	-	17.53
Total Financial Liabilities	**-**	**-**	**17.53**

Fair value of financial assets and liabilities carried at amortised cost (Level 3)	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Financial Assets			
Loan to Employees	7.03	5.76	2.56
Advances to Related Parties	114.35	133.57	158.76
Security Deposit for Leased Premises	6.60	6.04	4.55
Total Financial Assets	**127.98**	**145.37**	**165.87**

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 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

As at 31st March, 2019	Carrying amount	Fair value
Financial assets		
Loan to Employees	7.03	7.03
Advances to Related Parties	110.17	114.35
Security Deposit for Leased Premises	6.60	6.60
Total financial assets	**123.80**	**127.98**
As at 31st March, 2018	**Carrying amount**	**Fair value**
Loan to Employees	5.76	5.76
Advances to Related Parties	135.32	133.57
Security Deposit for Leased Premises	6.04	6.04
Total financial assets	**147.13**	**145.37**
As at1st April, 2017	**Carrying amount**	**Fair value**
Loan to Employees	2.56	2.56
Advances to Related Parties	161.83	158.76
Security Deposit for Leased Premises	4.55	4.55
Total financial assets	**168.94**	**165.87**

The fair values for receivable from holding Company 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 36 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	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Gross Carrying value of Loans:			
Stage-1 (0-30 Days)	7,767.27	5,820.03	4,663.26
Stage-2 (31-90 Days)	321.98	194.00	180.20
Stage-3 (More than 90 Days)	274.69	221.09	155.08
Total Gross Carrying value on Reporting Date	**8,363.94**	**6,235.13**	**4,998.94**

Credit Quality

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

Inputs considered in the ECL model

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

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

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

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

Assumptions considered in the ECL model

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

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

Estimation Technique

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

- "Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.
- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining tenor.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals.

There is no change in estimation techniques or significant assumptions during the reporting period.

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.

Definition of default

The definition of default used for internal credit risk management purposes is based on RBI Guidelines. Under Ind AS, financial asset to be in default when it is more than 90 days past due. The financial services business considers a financial asset under default as 'credit impaired'.

Impairment Loss

The expected credit loss allowance provision is determined as follows:

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31st March, 2019	7,767.27	321.98	274.69	8,363.94
Expected Credit Loss	30.99	3.42	104.61	139.02
Expected Credit Loss Rate	0.40%	1.06%	38.08%	1.66%
Net of Impairment Provision	7,736.28	318.55	170.08	8,224.92

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31st March, 2018	5,820.03	194.00	221.09	6,235.13
Expected Credit Loss	19.75	2.08	82.94	104.77
Expected Credit Loss Rate	0.34%	1.07%	37.52%	1.68%
Net of Impairment Provision	5,800.28	191.93	138.14	6,130.35

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31st March, 2017	4,663.26	180.20	155.08	4,998.54
Expected Credit Loss	13.62	2.64	55.89	72.14
Expected Credit Loss Rate	0.29%	1.46%	36.04%	1.44%
Net of Impairment Provision	4,649.64	177.56	99.19	4,926.40

Reconciliation of Expected Credit Loss

Particulars	Stage-1	Stage-2	Stage-3	Grand Total
Balance as at 1st April, 2017	**13.51**	**2.64**	**56.00**	**72.14**
Transfer from Stage 1	(1.94)	0.80	1.13	-
Transfer from Stage 2	0.42	(1.81)	1.39	-
Transfer from Stage 3	3.09	0.55	(3.64)	-
Loans that have derecognised during the period	(3.00)	(0.52)	(9.00)	(12.52)
New Loans originated during the year	14.31	0.78	7.42	22.51
Net Remeasurement of Loss Allowance	(6.64)	(0.37)	29.64	22.63
Balance as at 31st March, 2018	**19.75**	**2.08**	**82.94**	**104.77**
Transfer from Stage 1	(2.14)	1.06	1.08	-
Transfer from Stage 2	0.21	(1.18)	0.98	-
Transfer from Stage 3	1.34	0.63	(1.97)	-
Loan that have derecognised during the period	(4.32)	(0.60)	(25.43)	(30.36)
New Loans originated during the year	22.44	1.47	13.25	37.16
Net Remeasurement of Loss Allowance	(6.28)	(0.02)	33.75	27.45
Balance as at 31st March, 2019	**30.99**	**3.42**	**104.61**	**139.02**

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 :

	31st March, 2019	31st March, 2018	1st April, 2017
Carrying value			
Concentration by geographical region in India			
South	3,356.79	2,512.85	2,096.10
West	1,999.24	1,548.67	1,210.60
East	1,227.55	784.53	575.81
North	1,780.37	1,389.07	1,116.22
Total loans as at reporting period	**8,363.94**	**6,235.12**	**4,998.74**

(B) Liquidity Risk

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

As per companies policy, management ensures availability of sufficient fund either through installment receivables / sourcing through debts at each point of time. The Fund requirement ascertain at the begining of the period by taking into consideration instalment receivable, likely disbursement, loan instalment payment and 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:

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Floating rate			
Expiring within one year (bank overdraft and other facilities)	653.09	196.40	158.87
Expiring beyond one year (bank loans)	-	-	365.00
	653.09	**196.40**	**523.17**

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:

a. all non-derivative financial liabilities, and

b. net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

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 31st March, 2019	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives						
Borrowings	834.56	385.10	3,060.77	2,839.14	198.20	7,317.76
Security deposit received	-	22.27	22.48	3.29	-	48.04
Trade payables	8.78	93.89	37.21	-	-	139.87
Other financial liabilities	16.70	0.91	39.48	-	-	57.09
Total non-derivative liabilities	**860.03**	**502.16**	**3,159.94**	**2,842.43**	**198.20**	**7,562.76**
Derivative liabilities						
Forward Contracts	-	-	-	-	-	-
Total derivative liabilities	**-**	**-**	**-**	**-**	**-**	**-**

Contractual maturities of financial liabilities 31st March, 2019	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives						
Borrowings	318.00	727.83	2,582.19	1,648.73	199.71	5,476.47
Security deposit received	-	-	26.42	-	-	26.42
Trade payables	45.17	40.62	46.93	5.02	-	137.73

Other financial liabilities	11.63	8.67	23.27	-	-	43.56
Total non-derivative liabilities	**374.80**	**777.12**	**2,678.81**	**1,653.75**	**199.71**	**5,684.18**
Derivative liabilities						
Forward Contracts	-	-	-	-		-
Total derivative liabilities	**-**	**-**	**-**	**-**	**-**	**-**

Contractual maturities of financial liabilities 1st April, 2017	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives						
Borrowings	170.54	624.88	2,159.86	1,400.97	150.00	4,506.24
Security deposit received	-	-	17.43	3.43	-	20.86
Trade payables	72.41	64.76	12.75	28.74	-	178.66
Other financial liabilities	43.25	3.70	8.40	-	-	55.35
Total non-derivative liabilities	**286.19**	**693.34**	**2,198.45**	**1,433.13**	**150.00**	**4,761.11**
Derivative liabilities						
Forward Contracts	0.73	3.65	13.15	-	-	17.53
Total derivative liabilities	**0.73**	**3.65**	**13.15**	**-**	**-**	**17.53**

Note 37 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 hedge all the foreign currency exchange risk on the principal and interest amount payable on borrowings.

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Financial liabilities			
Variable Foreign Currency Borrowings	252.68	325.64	285.88

Derivative liabilities Hedged through forward contracts Hedged through CCS	257.59	331.95	303.43
Net exposure to foreign currency risk (liabilities)	**(4.90)**	**(6.31)**	**(17.55)**

(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 foreign currency fluctuation (USD). Forward Contract & Cross Currency Swap are to buy USD for Hedging Foreign Currency Loan. The Company has opted to accounting of the derivatives through FVTPL.

Impact on profit after tax

USD sensitivity	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
₹/USD Increases by 5% (31st March, 2016 - 5%)	(0.16)	(0.21)	(0.57)
₹/USD Decreases by 5%	0.16	0.21	0.57

(i) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rate, which expose the Company to cash flow interest rate risk. During 31st March, 2019 and 31st March, 2018 and 1st April, 2017, 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 with Fixed Interest. Hence, except foreign currency loans, other interest risk on floating rate INR loans are not hedged.

(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:

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Variable rate borrowings	6,324.62	4,497.52	3,297.82
Total borrowings	**7,317.76**	**5,476.47**	**4,506.24**

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

(₹ in Crores)

	31st March, 2019		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	9.12%	6,324.62	86.43%

	31st March, 2018		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	8.43%	4,497.52	82.12%

	31st March, 2017		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	9.11%	3,297.82	73.18%

Net exposure to cash flow interest rate risk

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		
	31st March, 2019	31st March, 2018	01st April, 2017
Interest rates – increase by 50 basis points (50 bps) *	23.93	17.91	14.73
Interest rates – decrease by 50 basis points (50 bps) *	(23.93)	(17.91)	(14.73)

* Holding all other variables constant

Note 38 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 and 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 6 times to the total equity, the Company monitors the ratio as below:

Net Debt divided by total equity

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Net Debt (total borrowings, less cash and cash equivalents)	7,240.72	5,430.98	4,350.33
Total Equity (as shown in the balance sheet)	1,151.09	883.41	670.78
Net debt to equity ratio	**6.29**	**6.15**	**6.49**

(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 licenses 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.

Note 39 Reconciliations between previous GAAP and Ind AS

I) Reconciliation of total equity as at 31st March, 2018 and 1st April, 2017

	Notes	31-Mar-18	1-Apr-17
Total equity (shareholders' funds) as per previous GAAP		**892.18**	**703.16**
Adjustments			
Upfront cash flow, processing income and expenses on loan given amortisation over the period	D1	(30.68)	(28.63)
Recognition of Interest Income on Stage-3 loans	D2	20.57	9.50
Provision as per expected credit loss model	D3	27.73	20.01
Fair valuation of security deposit	D4	(0.11)	(0.08)
Hedge accounting impact	D5	0.65	(3.11)
Fair valuation of other receivables	D6	(36.4)	(51.4)
Deferred tax impact on the above	D9	9.47	21.35
Total adjustments		**(8.77)**	**(32.37)**
Total equity as per Ind AS		**883.41**	**670.78**

II) Reconciliation of total comprehensive income for the year ended 31st March, 2018

		31-Mar-18
Profit after tax as per previous GAAP		114.02
Adjustments		
Upfront cash flow, processing income & expenses on loan given amortisation over the period	D1	(2.04)
Provision as per expected credit loss	D3	7.72
Fair valuation of security deposit	D4	(0.03)
Recognition of Interest Income on Stage-3 loans	D2	11.07
Remeasurement of employee benefit plans	D7	1.12
Hedge accounting impact	D5	3.76
Fair valuation of other receivables	D6	15.03
Deferred tax impact on the above	D9	(12.30)
Total adjustments		**24.33**
Profit after tax as per Ind AS		138.35
Other comprehensive income	D7	(0.73)
Total comprehensive income as per Ind AS		**137.63**

Note 40 Notes to first-time adoption

A. Exemptions and exceptions availed

In preparing the first Ind AS financial statements in accordance with Ind AS 101 First-time adoption of Indian Accounting Standards, the Company has applied the relevant mandatory exceptions and certain optional exemptions from full retrospective application of Ind AS.

B. Ind AS optional exemptions

B1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-comissioning liabilities. The exemption can also be used for intangible assets covered by Ind AS 38, Intangible assets and investment property covered by Ind AS 40, Investment properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

B2 Revenue from contracts with customers

A first-time adopter is not required to restate contracts that were completed before the earliest period presented. A completed contract is a contract for which the entity has transferred all of the goods or services identified in accordance with previous GAAP.

Accordingly, the Company has not restated the contracts completed in accordance with previous GAAP as at the transition date.

B3 Adoption of Ind AS later than the parent company

Ind AS 101 permits a first-time adopter, being a subsidiary to an already Ind AS compliant parent, to measure its assets and liabilities in its financial statements, at either the carrying amounts that would be included in the parent's consolidated financial statements, based on parent's date of transition to Ind AS, or at carrying amounts required by the rest of the Ind AS, based on the subsidiary's date of transition to Ind AS.

Accordingly, the Company has elected to measure its assets and liabilities at the carrying amounts deteremined based on the parent's date of transition to Ind AS.

C. Ind AS mandatory exceptions

C1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1st April, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP.

The Company made estimates for the impairment of financial assets based on the expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

C2 Classification and measurements of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

D. Reconciliations between previous GAAP and Ind AS

D1 Amortisation of upfront income, expense over the loan period

Ind AS 109 requires upfront processing fees earned and transaction costs incurred towards origination of loan receivable to be deducted/added to the carrying amount of loans receivable on initial recognition. These income/costs are recognised in the profit or loss over the tenure of the loans as part of the interest income by applying the effective interest rate method.

Under the previous GAAP, upfront income and expense were recognised as and when it is received or expensed. Under Ind AS, all items of income and expense are adjusted against the loans receivables and are amortised over the period of the loan.

Accordingly, loans receivable as at 31st March, 2018 have been reduced by ₹ 30.68 (01st April, 2017 – ₹ 28.63) with a corresponding adjustment in statement of profit & loss to the extent of 2.04 for the period ended 31st March, 2018. The total equity decreased by an equivalent amount.

Under previous GAAP, securitisation of automobiles financing in exchange for cash were derecognised on meeting criteria set by RBI. However, Company has provided credit enhancements which as per Ind AS 109 has been concluded as 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.

D2 Recognition of interest on Stage-3 loans

Under the previous GAAP, interest for Stage-3 loans (NPA receivables as per RBI guidelines) were recognised only on receipt basis. Under Ind AS, revenue is recognised as interest net of provision for expected credit loss in the statement of profit and loss. Consequently, the comprehensive income and the equity has increased by ₹ 20.57 for 31st March, 2018 (₹ 9.50 - 1st April, 2017).

D3 Impairment under Expected Credit Loss model

Company was providing for provision for bad and doubtful debts as per RBI norms and in addition to that was making incremental provision for loans that were due for more than 90 days.

Under Ind AS, impairment is computed using the expected credit loss model. Consequently, provisions decreased by ₹ 27.73 for 31st March, 2018 (1st April, 2017 - ₹ 20.01), compared to Company norms, loans receivables increased by ₹ 27.73 for 31st March, 2018 (1st April, 2017 - ₹ 20.01) and consequently the comprehensive income for the period has increased by ₹ 7.72 for the year ended 31st March, 2018.

D4 Fair valuation of security deposits

Under the previous GAAP, interest-free lease deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and the transaction value of the security deposits has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 0.11 as at March, 2018 (₹ 0.08 - 1st April, 2017). The prepaid rent decreased by ₹ 0.03 for the year ended 31st March, 2018.

D5 Derivatives not designated as hedging instruments

Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in profit or gain. The fair valuation of derivatives resulted in a gain of ₹ 3.76 for the year ended 31st March, 2018 and a consequent increase to the equity of the same amount.

D6 Fair valuation of receivables from holding company

Under the previous GAAP, interest-free loan receivable from holding company were recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued the receivable. Difference between the fair value and the transaction value of ₹ 51.40 is recognised in the retained earnings at 1st April, 2017. Interest income is recognised over the period of repayment. Consequently, receivables has increased by ₹ 36.40. as at March 2018. Total profit has increased by ₹ 15.03 for the year ended 31st March, 2018 and a consequent increased to equity of the same amount.

D7 Remeasurements of post-employment benefit obligations

Under Ind AS 19, Employee benefits, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the statement of profit and loss for the year. Consequently, the profit for the year ended 31st March, 2018 increased by ₹ 1.12 and corresponding decrease in Other Comprehensive Income along with deferred tax effect by ₹ 0.73.

D8 Investment property

Under the previous GAAP, investment properties were presented as part of Fixed assets. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

D9 Deferred tax

Deferred tax have been recognised on the adjustments made on transition to Ind AS.

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SO IS THE JOY WE ADD TO THEM.

In our country, festivals are a lot more than just dates marked in red on a calendar. They're the red-letter days that are considered lucky and auspicious to make the important purchases, invest in the long-anticipated acquisitions that mean so much. We make these days even more joyous, by offering attractive schemes and discounts to leave our customers more to celebrate with.

(All amounts in ₹ Crores, unless otherwise stated)

1. Capital Commitments:

Description	March 31, 2019	March 31, 2018	April 1, 2017
Estimated amount of contracts remaining to be executed on Capital Account not provided for	2.58	1.47	0.04

2. Other Commitments:

Description	March 31, 2019	March 31, 2018	April 1, 2017
Undrawn Loans sanctioned to borrowers	29.58	36.09	3.43

3. Operating Leases:

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

Description	March 31, 2019	March 31, 2018	April 1, 2017
Less than 1 year	13.61	5.93	9.50
Between 1 year and 5 years	23.48	15.97	19.00
More than 5 years	10.61	24.66	0.57

4. Contingent Liabilities not provided for:

Claims against the Company not acknowledged as debts.

Description	March 31, 2019	March 31, 2018	April 1, 2017
Disputed Income Tax Demand (adjusted out of refunds)	1.06	1.06	1.06
Disputed Service Tax Demand inclusive of Penalty - Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹ 0.25 Crore)	6.72	4.08	4.08
Legal cases filed by borrowers against the Company	1.29	1.30	1.96

The Company's pending litigations comprise 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.

5. Pursuant to a Business Transfer Agreement (BTA) entered into with TVS Finance and Services Limited (TVSFS) on 21st April, 2010, the Company acquired the retail finance business of TVSFS as a going concern along with the related assets (comprising fixed assets, receivables, loans and advances and Bank balances) of ₹ 50.75 Crores and liabilities (comprising 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 7th and 12th year from the date of allotment. The said bonds have been purchased by TVS Motor Services Limited (TVSMS), the Holding Company, during FY 2010-11 at book value and the same is repayable by TVSMS in 6 years. ₹ 41.33 Crores is instalment due in FY 2018-19, which has been paid on the due date. Accordingly, the advance from TVSMS to the Company stands at ₹ 110.17 Crores as at 31st March, 2019 as per Ind AS fair valuation. Advance is partly secured to the extent of ₹ 52.15 Crores and 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.

6. 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.

7. As at the balance sheet date, the Company has received dues of ₹ 0.38 crores (PY – ₹ 1.74 Crores) included under bank balances, arising out of the assigned asset and the same is held as "payable to the Bank" and shown under payables (Note No. 14).

8. Related Party Disclsoure

Nature of Relationship	Parties name
Holding Company	TVS Motor Services Limited TVS Motor Company Limited Sundaram Clayton Limited
Ultimate Holding Company	TVS Sundaram 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 Subsidiaries	Sundaram Auto Components Limited

S. No.	Name of the Related Party	Nature of Transactions	Amount 2018-19	Amount 2017-18	Amount 01-Apr.17
1	TVS Motor Services Ltd	Advance received	25.16	443.31	-
		Unwinding of advance	16.18	15.03	-
		Balance outstanding (Dr)	**112.84**	**137.99**	**161.83**
2	TVS Motor Company Limited	Contribution towards Equity Share Capital	11.32	9.87	-
		Contribution towards Security Premium	108.67	65.13	-

		Services Rendered	19.33	5.48	-
		Availing of Services	4.79	8.41	-
		Balance outstanding (Dr)	**16.66**	**3.96**	**4.79**
3	Sundaram Clayton Limited	EMI Payment	0.11	0.02	-
		Services Rendered	3.98	2.72	-
		Balance outstanding (Dr)	**0.43**	**0.54**	**-**
4	Sundaram Auto Components Limited	EMI Payment	0.10	0.07	-
		Balance outstanding (Dr)	**0.38**	**0.48**	**-**
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	-	12.00	-
		Pre-operative Expenses	0.05	0.11	-
		Balance outstanding (Dr)	**0.16**	**0.11**	**-**
11	Emerald Haven Realty Limited	EMI Payment	0.18	0.18	-
		Balance outstanding (Dr)	**0.47**	**0.66**	**-**

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

9. Segment Reporting

The Company is in the business of financing activity. The Board of Directors has been identified as Chief operating decision maker (CODM), CODM of the Company evaluates the Company performance, allocates resources based on the analysis of various performance indicators of the Company as a single unit. Therefore, there is no separate reportable segment for the Company. The Company is domiciled in India.

10. 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 accounts.

11.1 Disclosure pursuant to Reserve Bank of India Notification DBNS.193DG (VL) – 2007 dated 22nd 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 31st March, 2019	
	Liabilities		
(1)	**Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**		
a	Debentures	-	-
	- Secured	-	-
	- Unsecured (other than falling within the meaning of public deposits)	99.79	-
b	Deferred Credits	-	-
c	Term Loans (including Sub-Ordinated Debt)	5,116.09	-
d	Inter-corporate loans and borrowings	-	-
e	Commercial paper	492.44	-
f	Other loans:		-
	i. Cash Credit	1,546.58	
	ii. Securitised Trust Borrowing	62.86	
	Total	**7,317.76**	**-**

	Assets		
(2)	**Break-up of Loans and Advances including bills receivable (other than those included in (4) below)**		
(a)	Secured	7,058.34	-
(b)	Unsecured considered good	1,166.57	-

(3)	**Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities:**		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed assets	-	-
	(iii) Other Loan counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
	Total		

S.No.	Description	Amount Outstanding	Amount Overdue
		as at 31st March, 2019	
4.	**Current Investments:**		
	1. Quoted :		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (Please specify)	-	-
	2. Unquoted:		
	(i) Shares:(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Please specify)	-	-
	Long-term Investments:		
	1. Quoted :		
	(i) Shares: (a) Equity	-	-

	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Please specify)	-	-
	2. Unquoted:		
	(i) Shares:(a) Equity	12.01	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Pass through Certificates - Securitisation)	-	-
	Total	**-**	**-**

(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	0.63	-	0.63
	(c)Other related parties			-
2.	Other than related parties	7,057.71	1,166.57	8,224.28
	Total	**7,058.34**	**1,166.57**	**8,224.91**

(6)	**Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)**		
	Category	**Market value / Break-up or fair value of NAV**	**Book value (Net of provisions)**
1	Related Parties		
	(a) Subsidiaries	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	274.69
(ii)	Net - Non-Performing assets	
	(a) Related Parties	-
	(b) Other than related parties	170.08
(iii)	Assets acquired in satisfaction of debt	-

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

Capital Adequacy Ratio

Description	2018-19	2017-18
Tier I Capital	1,142.42	825.02
Tier II Capital	357.14	358.24
Total Capital	**1499.56**	**1,183.26**
Total Risk Weighted Assets	**8,566.28**	**6,406.61**
Amount of Subordinated Debt as Tier II Capital (Discounted Value)	**322.73**	**313.02**
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	13.34%	12.88%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	4.17%	5.59%
Total (%)	**17.51%**	**18.47%**
Amount of perpetual debt raised and qualifying as Tier I capital during the year	99.79	76.37
Amount of sub-ordinated debt raised and qualifying as Tier II capital during the year	98.41	123.74

a. Investments

S.No.	Description	2018-19	2017-18
1	**Value of Investments**		
	(i) Gross Value of Investments		
	(a) In India	12.01	12.01
	(b) Outside India	-	-

TVS CREDIT

	(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	-	-
2	**Movement of Provisions held towards depreciation on Investments**		
	(i) Opening Balance	-	-
	(ii) Add: Provisions made during the year	-	-
	(iii) Less: Write off/write back of excess provisions during the year	-	-
	(iv) Closing Balance	-	-

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

Description	2018-19	2017-18
(a) Direct/Indirect Exposure (Net of Advances from Customers)		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
- individual housing loans up to ₹ 15 Lakhs		
- individual housing loans more than ₹ 15 Lakhs	-	-
(ii) Commercial Real Estate -	-	-
Lending secured by mortgages on commercial real estates (office building, retails 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	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other -	-	-
Securitised exposures -	-	-
(a) Residential	-	-
(b) Commercial Real Estate	-	-
Fund-based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies(HFC's)	12.00	12.00

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

c. Exposure to Capital Market

	Description	2018-19	2017-18
(i)	Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
(ii)	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	-	-
(iii)	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	-	-
(iv)	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers	-	-
(vi)	Loans sanctioned to corporates against the security of shares /bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii)	Bridge loans to companies against expected equity flows / issues	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-

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

Time Bucket	As at 31st March, 2019					
	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Up to 1 month	0.81	693.58	-	42.49	-	-
Over 1 month up to 2 months	-	432.39	-	197.24	-	-
Over 2 months up to 3 months	-	464.13	-	569.22	-	12.50
Over 3 months up to 6 months	-	1,122.01	-	571.92	-	12.50

Over 6 months up to 1 year	26.46	1,735.21	-	2,657.43	-	214.64
Over 1 year up to 3 years	-	3,152.86	-	2,404.84	-	-
Over 3 years up to 5 years	-	623.99	-	435.00	-	-
Over 5 years	-	139.77	12.01	200.00	-	-
Grand Total	**27.27**	**8,363.94**	**12.01**	**7,078.12**	**-**	**239.64**

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

(₹ in Crores)

	Category	Less than ₹ 1 Lakh		₹ 1 Lakh- ₹ 25 Lakhs		Total	
		Count	Value	Count	Value	Count	Value
A	**Person Involved**						
	Staff	20	0.08	13	0.52	33	0.60
	Customers/Showroom Managers	-	-	-	-	-	-
	Others	-	-	6	0.35	6	0.35
	Staff, Customers & Others	**20**	**0.08**	**19**	**0.87**	**39**	**0.95**
B	**Type of Fraud**						
	Misappropriation and Criminal breach of trust	20	0.08	14	0.59	34	0.67
	Fraudulent encashment / manipulation of books of accounts	-	-	-	-	-	-
	Unauthorised credit facility extended	-	-	-	-	-	-
	Cheating and Forgery	-	-	5	0.28	5	0.28
	Total	**20**	**0.08**	**19**	**0.87**	**39**	**0.95**

Note :

Out of the above, ₹ 0.33 Crores 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.

11.2 Note on Securitisation

a. Disclosure pursuant to Reserve Bank of India Notification DNBS.PD.No.301/3.10.01/2012-13 dated 21st August, 2012 and DNBR (PD) CC.No.0029/03.10.001/2014-15 dated 10th 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), securitised income is recognised as per RBI guidelines dated 21st August, 2012.

S. No.	Description	2018-19	2017-18
1	No. of SPVs sponsored by the NBFC for securitisation transactions	3 nos.	6 nos.
2	Total amount of securitised assets as per books of the SPVs sponsored by NBFC's	54.16	156.10
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	- First loss (cash collateral term deposits with banks) (refer Note No. 3)	19.08	37.75
	- Second loss	6.37	15.89
	- Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	- 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 21st August, 2012 are given below:

S.No.	Description	2018-19		2017-18	
		Non-Current	Current	Non-Current	Current
1	Excess Interest Spread receivable	1.40	3.99	12.67	6.40
2	Unrealised gain on Securitisation Transactions	1.40	3.99	12.67	6.40

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

Description	2018-19	2017-18
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	2018-19	2017-18
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	-	-

11.3 Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.0029/03.10.001/2014-15 dated 10th April, 2015

S.No.	NPA {Stage 3 : >90 dpd} Movement	2018-19	2017-18
(I)	Net NPA to Net advances (%)	2.06%	2.25%
(II)	Movement of NPA (gross)*		
	(a) Opening Balance	221.09	153.74
	(b) Additions during the year	235.34	189.23
	(c) Reductions during the year	181.75	121.88
	(d) Closing Balance	274.69	221.09
(III)	Movement of NPA (net)		
	(a) Opening Balance	138.14	98.51

	(b) Additions during the year	134.42	107.67
	(c) Reductions during the year	102.48	68.04
	(d) Closing Balance	170.08	138.14
(IV)	Movement of Provision for NPA*		
	(a) Opening Balance	82.94	55.89
	(b) Provisions made during the Year	59.78	44.91
	(c) Write-off/ Write-back of excess provisions	38.11	17.85
	(d) Closing Balance	104.61	82.94

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

a. Movement of Contingent Standard Assets Provision

S.No.	Description	31st March, 2019	31st March, 2018
(i)	Movement of Contingent Provision against Standard Assets (Stage 1 & Stage 2)		
	(a) Opening Balance	21.83	16.15
	(b) Additions during the year	17.51	9.20
	(c) Reductions during the year	4.93	3.52
	(d) Closing Balance	34.41	21.83

b. Provisions and Contingencies

Break-up of 'Provisions and Contingencies' shown under the Head Expenditure in Statement of Profit and Loss

Description	31st March, 2019	31st March, 2018
Provision for Depreciation on Investments	-	-
Provision/Impairment allowance towards NPA (Stage 3 Assets) (Net)	19.43	23.03
Provision/Impairment allowance towards Standard Assets (Stage 1 & 2 Assets)	12.58	5.57
Provision/Impairment allowance for trade receivables	1.24	-
Provision made towards Income Tax	82.39	71.67
	114.09	**100.27**

11.4 Concentration of Advances, Exposures & NPAs (Stage 3 Assets)

a) Concentration of Advances

Description	2018-19	2017-18
Total Advances to Twenty Largest Borrowers	13.29	8.96
Percentage of advances to twenty largest borrowers to Total Advances	0.16%	0.14%

b) Concentration of Exposures

Description	2018-19	2017-18
Total Exposures to Twenty Largest Borrowers / Customers	13.29	8.96
Percentage of Exposures to twenty largest borrowers to Total Advances	0.16%	0.14%

c) Concentration of NPAs

Description	2018-19	2017-18
Total Exposure to Top Four NPA Accounts	1.05	1.54

d) Sector-wise distribution of NPA's

S. No.	Sector	Percentage of NPA's to Total Advances in that Sector	
		2018-19	2017-18
1	Agriculture and Allied Activities	3.71%	4.44%
2	MSME	-	-
3	Corporate Borrowers	2.13%	3.24%
4	Services	-	-
5	Unsecured Personal Loans	15.08%	7.48%
6	Auto Loans (includes assets taken over from Chennai Business Consulting Services Limited)	3.36%	3.48%
7	Others	-	-

11.5 Customer Complaints

Description	2018-19 (Nos.)	2017-18 (Nos.)
No. of Complaints pending at the beginning of the year	79	73
No. of Complaints received during the year	1,690	2,304
No. of Complaints redressed during the year	1,750	2,298
No. of Complaints pending at the end of the year	19	79

11.6 Details of non-performing financial assets purchased / sold

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

11.7 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

11.8 Penalties imposed by RBI and Other Regulators

No penalties have been imposed by RBI and other regulators during FY19 and FY18.

11.9 Details of Financing of Parent Company Products

During the year, the Company has financed 6,53,690 nos. of two-wheelers and 2,387 nos. of three-wheelers of TVS Motor Company Limited as against 5,83,913 nos. of two-wheelers and 2,495 nos. of three-wheelers in the previous year.

11.10 Ratings assigned by Credit Rating Agencies

Description	2018-19	2017-18
Commercial Paper	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	BWR:AA-	BWR:AA-

11.11 Directors' Sitting Fees and Commission

S.No.	Name of the Director	Nature	2018-19	2017-18
1	Mr. Venu Srinivasan	Sitting Fees*	0.00	0.00
		Commission	-	-
2	Mr. T. K. Balaji	Sitting Fees*	0.00	0.00
		Commission	-	-
3	Mr. R. Ramakrishnan	Sitting Fees	0.02	0.02
		Commission	0.12	0.12

4	Mr. Sudarshan Venu	Sitting Fees	0.01	0.01
		Commission	-	-
5	Mr. S. Santhanakrishnan	Sitting Fees*	0.00	0.02
		Commission	0.12	0.12
6	Mr. K. N. Radhakrishnan	Sitting Fees	0.01	0.01
		Commission	-	-
7	Mr. V. Srinivasa Rangan	Sitting Fees	0.01	0.01
		Commission	0.12	0.12
8	Mr. Anupam Thareja	Sitting Fees*	0.00	0.01
		Commission	-	-
9	Ms. Sasikala Varadhachari	Sitting Fees	0.01	0.01
		Commission	0.09	0.09
	Total		**0.52**	**0.53**

* The amounts mentioned are below the rounding off norms of the Company.

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

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

11.13 Advance against Intangible Securities

Company has not given any loans against intangible securities.

11.14 Derivatives

1. Forward Rate Agreement/Interest Rate Swap

S. No.	Description	2018-19	2017-18
(i)	The notional principal of swap agreements	237.50	325.00
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii)	Collateral required by the NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of the swap books	252.68	326.28

2. Exchange Traded Interest Rate (IR) Derivatives

S. No.	Description	Amount
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March, 2018	

	(instrument-wise)	-
(iii)	Notional principal amount of exchange traded IRderivatives outstanding and not "highly effective" (instrument-wise)	-
(iv)	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 currency risks and cross currency interest rate swap.

S No.	Description	31st March, 2019	31st March, 2018
(i)	Outstanding Derivatives		
	For Hedging (Currency/Interest Rate Derivatives)	252.53	326.29
(ii)	Mark-to-Market Positions		
	(a) Asset (+)	15.03	1.29
	(b) Liability (-)		
(iii)	Credit Exposure	237.50	325.00
(iv)	Unhedged Exposures	-	-

11.15 Overseas assets (for those with JV and Subsidiaries abroad)

There are no overseas assets owned by the Company.

11.16 Drawdown from Reserves

No drawdown from reserve existed for the year.

11.17 Off balance sheet SPV sponsored

There are no SPVs which are required to be consolidated.

11.18 There are no prior period items accounted during the year.

11.19 There are no circumstances in which revenue recognition postponed pending the resolution of significant uncertainties

11.20 Summary of total borrowings, receivables and provision

Total Borrowings

Category-wise breakup	2018-19	2017-18
Secured:		
Term Loan from Banks	4,436.11	2,697.47
Working Capital Demand Loan	1,546.58	1,398.21
Securitised Trust Borrowing	62.86	158.12
Unsecured:		
Term Loan from Banks	140.00	266.02
Commercial Paper	492.44	394.01
Subordinated Debts	539.97	462.87
Perpetual Debt	99.79	99.76
	7,317.75	**5,476.46**

Total Loans

Description	2018-19	2017-18
Category-wise breakup		
Secured Loans	7,157.67	5,693.61
Unsecured Loans	1,206.27	541.52
Total Loans	8,363.94	6,235.13
Less: Impairment Allowance	139.03	104.77
Net Loans	**8,224.91**	**6,130.35**

Total Assets Provisions

Description	31st March, 2019	31st March, 2018
Provision for Depreciation on Investments	-	-
Provision / Impairment allowance towards NPA (Stage 3 Assets)	104.61	82.94
Provision / Impairment allowance towards Standard Assets (Stage 1 & 2 Assets)	34.41	21.83
Provision/Impairment allowance for trade receivables	1.24	-
	140.26	**104.77**

TVS CREDIT

Venu Srinivasan	G. Venkatraman	As per our report of even date
Chairman	Chief Executive Officer	For V. SANKAR AIYAR & CO. Chartered Accountants ICAI Regn No. 109208W
V Gopalakrishnan Chief Financial Officer	J Ashwin Company Secretary	S. Venkataraman Partner Membership No. 023116

Place : Chennai

Date : 29th April, 2019

TVS CREDIT

REGISTERED OFFICE:
Chaitanya, No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai – 600006.