



TVS CREDIT SERVICES LIMITED

7th Annual Report 2014-2015





Board of Directors

Mr. Venu Srinivasan, Chairman
Mr. Anupam Theraja, Whole Time Director
Mr. T.K. Balaji
Mr. R.Ramakrishnan
Mr. Sudarshan Venu
Mr. S. Santhanakrishnan
Mr. P. Sivaram
Mr. K.N. Radhakrishnan
Mr. V. Srinivasa Rangan
Ms. Sasikala Varadhachari

Audit Committee

Mr. S. Santhanakrishnan
Mr. R. Ramakrishnan
Mr. K.N. Radhakrishnan
Mr. V. Srinivasa Rangan

Nomination and Remuneration Committee

Mr. R. Ramakrishnan
Mr. K.N. Radhakrishnan
Mr. V. Srinivasa Rangan

Risk Management Committee

Mr. Anupam Theraja
Mr. S. Santhanakrishnan
Mr. R. Ramakrishnan

Asset Liability Committee

Mr. Anupam Theraja
Mr. R. Ramakrishnan
Mr. S. Santhanakrishnan
Mr. Sudarshan Venu
Mr. G. Venkatraman
Mr. V. Gopalakrishnan
Mr. M. Kalyanaraman

Corporate Social Responsibility Committee

Mr. Venu Srinivasan
Mr. R. Ramakrishnan
Mr. K.N. Radhakrishnan

Chief Executive Officer

Mr. G. Venkatraman

Registered Office

“Jayalakshmi Estates”
29, Haddows Road
Nungambakkam
Chennai 600 006
Phone : 91-44-28286500
Fax No. : 91-44-28286570

Auditors

Mr. V. Sankar Aiyar & Co.
Chartered Accountants
Mumbai 2-C Court Chambers,
35, New Marine Lines,
Mumbai- 400 020.

Bankers

State Bank of India
Bank of Baroda
State Bank of Mysore
Central Bank of India
UCO Bank
South Indian Bank Limited
Corporation Bank
Indian Bank
Oriental Bank of Commerce
Punjab and Sind Bank
Indusind Bank Limited
Canara Bank
Syndicate Bank
IDBI Bank Limited
Karnataka Bank Limited
DCB Bank Limited
Bank of India
Union Bank of India
Karur Vysya Bank Limited
ICICI Bank Limited
Axis Bank Limited
HDFC Bank Limited

Financial Institution

Housing Development Finance Corporation
Limited

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the seventh annual general meeting of the shareholders of the Company will be held at the Registered Office of the Company at No. 29, Haddows Road, Chennai 600 006 on Wednesday, the 29th July 2015 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS

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

“RESOLVED THAT the audited balance sheet as at 31st March, 2015, the statement of profit and loss, notes forming part thereof, the cash flow statement for the year ended on that date, together with the directors’ report and the auditors’ report thereon as circulated to the members and presented to the meeting be and the same are hereby approved and adopted.”

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

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

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

“RESOLVED THAT Mr P Sivaram (holding DIN 00002010), director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a director of the Company.”

(4) To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.

“RESOLVED THAT the re-appointment of M/s V Sankar Aiyar & Co., Chartered

Accountants, Mumbai, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office for the second year in the second term of five years from the conclusion of the ensuing annual general meeting, till the conclusion of the next annual general meeting, as recommended by the audit committee and approved by the board of directors of the Company, in terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 on such remuneration, as may be mutually agreed upon between the board of directors of the Company and the Statutory Auditors in addition to reimbursement of service tax, travelling and out-of-pocket expenses, be and is hereby ratified.”

“RESOLVED THAT the rotation of partner, namely Mr S Venkatraman, (Membership No. 34319) Partner, M/s. V Sankar Aiyar & Co., Chartered Accountants, Mumbai, statutory auditors of the Company, for auditing the accounts of the Company for three years commencing from the conclusion of the ensuing annual general meeting, during the term of the tenure of their firm, as statutory auditors of the Company, be and is hereby approved.”

SPECIAL BUSINESS

(5) To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.

“RESOLVED Mr Sudarshan Venu (holding DIN 03601690), who was appointed as an additional director and who holds office up to the date of this annual general meeting, in terms of Section 161 read with Section 149 of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, be and is hereby appointed as a non-executive and non independent director of the Company, liable to retire by rotation.”

(6) To consider and if thought fit to pass with or without modification the following resolution as a special resolution.

“RESOLVED THAT, subject to the provisions of Sections 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr S Santhanakrishnan (holding DIN 00005069), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for the second term of three consecutive years from the conclusion of this annual general meeting and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission, if any, in terms of applicable provisions of the Companies Act, 2013 as determined by the board from time to time .”

(7) To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.

“RESOLVED THAT, on the recommendation of the nomination and remuneration committee of directors and subject to the provisions of Section 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there-under, all non-executive directors (NEDs) of the Company be paid, (in addition to sitting fees for attending the meetings of the board or of a committee thereof and travelling and stay expenses) such sum as commission payable, at such intervals, for each such NED of the Company, as may be decided and determined by the board of directors of the Company, from

time to time, for each financial year, for a period of five years commencing from 1st April 2015, within the overall limit, so as not to exceed in aggregate 1% of the net profits of the Company, calculated in accordance with the provisions of section 198 of the Companies Act, 2013.”

BY ORDER OF THE BOARD

Place : Chennai

K Sridhar

Date : June 23, 2015

Company Secretary

NOTES:

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

Encl: Proxy form

Annexure to Notice dated 23rd June 2015

**EXPLANATORY STATEMENT
PURSUANT TO SECTION 102 (1) OF
THE COMPANIES ACT, 2013**

The following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying notice dated 23rd June 2015 and shall be taken as forming part of the Notice.

Item No. 5

Mr Sudarshan Venu, who was appointed as director on 31st January 2013, resigned from the board effective 27th March 2015 in compliance with the directions on age restrictions imposed by the Reserve Bank of India (RBI) through a revised regulatory framework for non-banking finance companies (NBFCs) issued vide DNBR (PD) CC.No.002/ 03.10.001/ 2014-15 dated November 10, 2014 (the Framework) Corporate Governance and Disclosure norms.

Subsequently, the RBI vide NBFCs vide its circular No. DNBR (PD) CC. No. 029/ 03.10.001/ 2014-15 dated April 10, 2015 removed such age restrictions on appointment of directors by NBFCs.

In view of this removal of age restrictions, the board decided to co-opt him as additional, non-executive and non-independent director of the Company effective 23rd June 2015, especially after considering his contributions to the growth of the Company and after the recommendation of Nomination and Remuneration Committee of Directors (NRC).

NRC also took into consideration his qualification, expertise, track record, integrity and other 'fit and proper' person criteria, besides other attributes to become a director of the Company, in terms of the relevant provisions of the Companies Act, 2013 (the Act 2013) and the guidelines of RBI.

Both the NRC and the board were of the opinion, after evaluation of his expertise in the automotive

industry, besides his experience in corporate governance issues, performance, other attributes and business practices, that his continued association would be of immense benefit to the Company and desirable to avail his services as a director.

In terms of Section 161 read with Section 152 of the Act 2013, he will vacate office at this AGM and be eligible to be appointed at this AGM, as recommended by the NRC and the board.

The Company has received from him a consent in writing to act as a Director in Form DIR-2, intimation to the effect that he is not disqualified to be appointed as a Director in other companies in Form DIR-8 and a declaration and undertaking and a deed of covenant as per the guidelines of RBI.

Accordingly, the Board recommends the resolution, as set out in item No.5, in relation to appointment of Mr Sudarshan Venu as director for approval by the shareholders of the Company.

A notice has been received from a member under Section 160 of the Act, 2013, along with a requisite deposit signifying its intention to propose the candidature of Mr Sudarshan Venu and to move the resolution set out in Item No. 5 of this notice.

Except Mr Sudarshan Venu, being the appointee and Mr Venu Srinivasan, chairman, being his relative, none of the other directors or key managerial personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item No. 5.

Item No. 6

As explained in item No.5 of the agenda, Mr S Santhanakrishnan, a non-executive and independent director (NID) of the Company also resigned from the board effective 27th March 2015, in compliance with the directions on age restrictions imposed by the Reserve Bank of India (RBI).

In view of the subsequent removal of age restrictions by RBI, the board also decided to recommend his appointment as NID for the second term of three years, especially after considering his contributions to the growth of the Company and after the recommendation of Nomination and Remuneration Committee of Directors (NRC).

Both the NRC and the board were of the opinion, after evaluation of his expertise in the automotive industry, besides his experience in corporate governance issues, performance, other attributes and business practices, that his continued association would be of immense benefit to the Company and desirable to avail his services as an independent director of the Company.

NRC also took into consideration his qualification, expertise, track record, integrity and other 'fit and proper' person criteria, besides other attributes to become a director of the Company, in terms of the relevant provisions of the Act 2013 and the guidelines of RBI.

In the opinion of the Board, Mr S Santhakrishnan fulfils the conditions specified in the Act, 2013 and Rules made there-under to be appointed as an ID of the Company and is independent of the Company's Management.

The Company has received from him a consent in writing to act as Director in Form DIR-2, intimation to the effect that he is not disqualified to be appointed as a Director in other companies in Form DIR-8 and a declaration in writing to the effect that he meets the criteria of independence as provided in sub-section 6 of Section 149 of the Act, 2013, besides a declaration and undertaking and a deed of covenant as per the guidelines of RBI.

In terms of the applicable provisions of the Act 2013, the appointment of IDs of the Company will be required to be approved at a general meeting of the shareholders.

The Company will formalize his appointment as NE-ID, if appointed by the shareholders, setting

out the terms and conditions as stipulated in Schedule IV to the Act, 2013.

Such letter of appointment will also be available for inspection without any fee by the members at the Registered Office of the Company, during normal business hours on any working day, excluding Saturdays and shall also be uploaded on the website of the Company at *Website: www.tvscredit.co.in*.

A notice has been received from a member under Section 160 of the Act, 2013, along with a requisite deposit signifying its intention to propose the candidature of Mr S Santhanakrishnan and to move the resolution set out in Item No. 6 of this notice.

Accordingly, the Board recommends the special resolution, as set out in Item No. 6, in relation to appointment of Mr S Santhanakrishnan as an independent director for approval by the shareholders of the Company.

None of the directors or key managerial personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item No. 6.

Item No. 7

In terms of Section 197 of the Act 2013, the directors, who are not in the whole-time employment of the Company, (Non-executive directors (NEDs) would be eligible to receive remuneration, not exceeding 1% of the net profits of the Company, in such manner, for each such NED, as may be decided and determined by the board of directors of the Company, from time to time, for each financial year. Presently, the directors do not draw any remuneration.

The board was of the opinion that NEDs would have to be recognized and compensated for their significant contributions toward achieving the present growth of the Company, besides for the time spent by them in deliberating the operational and other issues, their increased involvement and participation in meetings of various committees

and the board for advising the managing of the Company, their increased role and functions and enhanced responsibility, consequent to the introduction of various compliance requirements under the Act 2013 and RBI regulations, from time to time, and the Company also derives substantial benefit through their expertise and advice.

Any payment by way of remuneration to NEDs would require an approval of the shareholders of the Company and such approval would be valid for a period of five years as per the provisions of the Act 2013.

The board, therefore, decided to pay remuneration by way of commission to NEDs not exceeding 1% of the net profits of the Company in such manner, as the board may determine, from time to time, for each financial year, within the overall limit approved by the shareholders.

Hence, the board, in its meeting held on 23rd June 2015, approved this proposal on the

recommendation of the Nomination and Remuneration Committee of directors (NRC) to seek the approval of the shareholders for payment of remuneration for a period of five years commencing from 1st April 2015 to such NEDs for each financial year and, therefore, recommends the ordinary resolution, as set out in Item No.7 of this Notice.

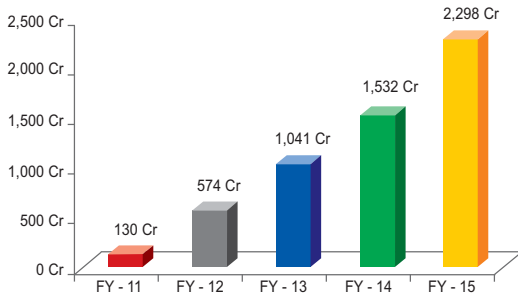
Except the non-executive directors, none of the executive directors or Key Managerial Personnel of the Company or their relatives is not concerned or interested, financially or otherwise, in the resolution set out at Item No.7 of this Notice.

By Order of the Board

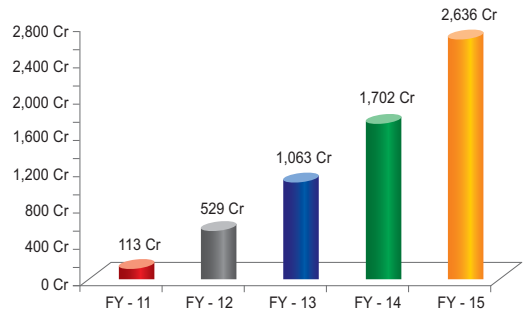
Place : Chennai
Date : June 23, 2015

K Sridhar
Company Secretary

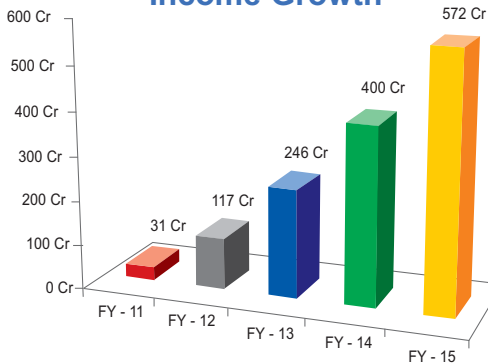
Disbursal Value



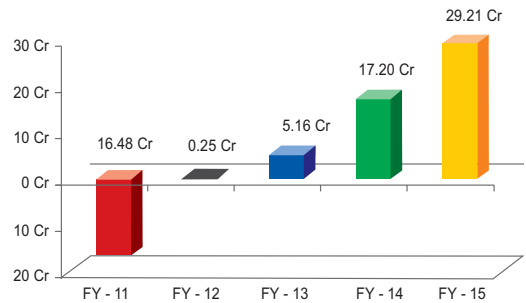
Asset under Management



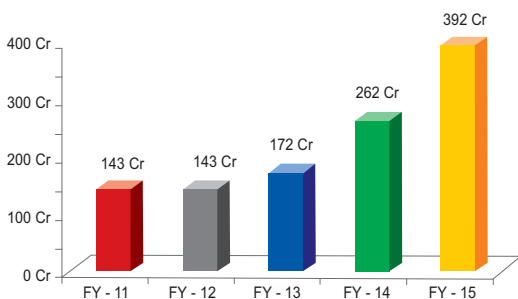
Income Growth



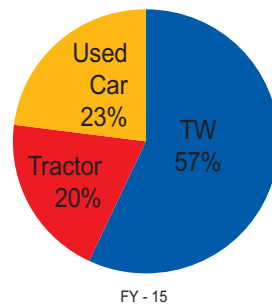
PAT Growth



Net Worth



Portfolio Mix



REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors have pleasure in presenting the Seventh Annual Report on the business and operations of the Company together with the audited accounts for the year ended March 31, 2015.

1. BUSINESS AND FINANCIAL PERFORMANCE

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

(Rs. in Crores)

Particulars	Year ended 31-03-2015	Year ended 31-03-2014
Revenue from Operations	572.03	399.45
Other Income	3.87	0.68
Total	575.90	400.13
Finance Costs	208.76	154.00
Business Origination, administrative & Other Expenses	293.52	206.83
Depreciation and amortisation expenses	7.66	5.87
Bad debts written off	11.39	7.40
Provision for bad & doubtful debts	10.55	7.91
Total	531.88	382.01
Profit / (Loss) before tax	44.02	18.12
Less: Tax expense		
- Current Tax	20.27	8.94
- Deferred Tax	(5.47)	(8.01)
Profit / (Loss) after tax	29.22	17.20
Balance brought forward from previous year	6.15	(11.05)
Surplus / (Deficit) carried to Balance sheet	35.37	6.15

The Company's overall disbursements registered a growth of 49% at Rs. 2,298 Cr as compared to Rs. 1,546 Cr in the previous year.

In line with the diversification plans of the Company, apart from being the number one retail financier for TVS Motor Company Limited

(TVSM), it also consolidated its position as the second largest tractor financier for Tractors and Farm Equipment Limited in the geographies represented. The Company also expanded its footprint in used car financing by covering more locations and channel partners. During the year, the Company financed around 3.7 lakh two wheeler customers of TVSM as against 3.0 lakhs in the previous year. The Company financed 14,653 tractors during the year as against 9,685 in the previous year and 17,115 used cars during the year as against 7,380 in the previous year.

The Company has cumulatively financed over a million customers since its inception. During the year under review, the assets under management stood at Rs. 2,636 Cr as against Rs. 1,702 Cr during the previous year registering a growth of 55%.

The Company continues to invest substantially in technology, both for sourcing and recovery, which maintained the overall productivity and collection efficiency at higher levels. The Company's portfolio quality continues to perform well with cumulative collection efficiency of more than 98% and overdue to book at 1.22%.

Key initiatives during the financial year

During the year, the Company –

- worked closely with OEMs to launch new products
- expanded in North and East with additions of 290 new two wheeler dealer counters
- increased rural market penetration in used car segment to more than 100 locations
- leveraged on the existing network and the resources to provide stressed assets fee based collection services to banks and financial institutions
- expanded product suite by venturing into used tractor business line
- focussed on dealer management programmes across product lines to unlock channel productivity

- drove technology initiatives through robust IT network systems and point of sale solutions
- launched continuous employee recognition and training programs

Total income during the financial year 2015 increased to Rs. 575.90 Cr from Rs. 400.41 Cr during the financial year 2014, an increase of 44 % over the previous year. The profit before tax for the year has also improved and stood at Rs. 44.02 Cr as against Rs. 18.12 Cr during the previous year.

The Company continued to strengthen its provisioning standards beyond the requirement under the regulations of Reserve Bank of India (RBI) by accelerating the provisioning to an early stage of delinquency. During the year under review, it further strengthened provisioning and took an accelerated provisioning impact of Rs. 15.06 Cr.

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Outlook

The year 2014 - 15 began with several challenges on the macroeconomic front, including rising inflation and dwindling industrial output. The headline inflation measured by Wholesale Price Index moderated to 2.33% while the retail inflation measured by Consumer Price Index moderated to 5.17% up to March 2015. The fall in inflation was primarily driven by low crude oil prices and downslide in food inflation. Food prices were up 6.14% year-on-year in March 2015.

The Reserve Bank of India signalled softening of the monetary policy stance in response to gradual economic improvements and decline in inflation rates. The Reserve Bank of India reduced the benchmark repo rate by 50 bps during Q4 FY 2014-15. The Central Bank also reduced the Statutory Liquidity Ratio (SLR) by 150 bps in FY 2014-15. The Government managed to contain its fiscal deficit at 4% of the GDP as against the target of 4.1 %. The current

account deficit for 2014-15 is expected to decline below 1% of GDP due to subdued external demand and sharp corrections in the commodity prices. Overall GDP growth in the fiscal settled at around 7.4%, mostly driven by the industry and services sector.

The current economic landscape has provided a platform to implement robust fiscal & financial sector reforms to overhaul the business environment which will help to unlock the country's investment potential. The GDP is expected to grow at 7.7% in FY 2015-16. The growth will be on the back of strong domestic consumption, investment and spurt in exports. The crude prices, barring geo-political shocks, are expected to remain low over the year. With benign oil prices and weak global demand, retail inflation is likely to soften to 5% in FY 2015-16. Despite the improved outlook, weak monsoon coupled with development challenges including energy shortages and infrastructure deficits may drag the growth prospects.

Industry Developments

The two wheeler industry grew by 9% in FY 2014-15. While the first half of 2014-15 witnessed a growth of 18%, the second half grew by only 2%. This is mainly due to a lag effect of lower agricultural output and impact of unseasonal rains. Scooter as a category continued to gain share in total two wheeler industry. The share of scooters increased from 23% to 27% due to changing consumer preferences and strong urban demand. The growth in two wheeler industry in 2015-16 is expected to be flat at 9% as in 2014-15.

In used car, the organised retail market grew at ~ 4% in FY 2014-15. The first time buyers for used cars will continue to increase from 6% in FY 2011 to 14% in FY 2016. The used car market has benefitted from the entry of organised players; increasing awareness and availability of financing options. Indian used car market is expected to outpace domestic new car sales growth in the near to medium term. Tractor sales

growth abated in FY 2014-15 after seeing a robust performance during the last year. Farm incomes have been negatively impacted by decline in crop output and softening of crop prices. Industry is estimated to have a negative growth of 15% in FY 2015-16.

New Regulatory Framework

RBI, pursuant to its review of the regulatory framework for NBFCs, on November 2014, certain changes to the regulatory framework were made with a view to transitioning overtime to an activity based regulation of NBFCs, so as to harmonise and simplify regulations to facilitate a smoother compliance culture among NBFCs and strengthen governance standards.

Accordingly, for the purpose of administering prudential and other regulations for NBFC – deposit taking (NBFCs-D) and NBFC – non-deposit taking (NBFCs-NDs), the threshold for defining systemic significance for NBFCs-ND has been revised in the light of overall increase in the growth of the NBFC Sector.

NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of Rs.500 Cr and above, as per the last audited balance sheet. Hence, all NBFCs-ND with assets of Rs.500 Cr and above, irrespective of whether they have accessed public funds or not will have to comply with prudential regulations as applicable to NBFCs-ND-SI and will also have to comply with conduct of business regulations, if customer interface exists. The Company, having an asset size of more than Rs.500 Cr, would comply with all the prudential regulations applicable as per the new regulatory framework.

These changes, which have been brought out through new regulatory framework, will be implemented in a phased manner by March 31, 2018. Some of the key changes are listed below:

- Classification of loan NPAs for NBFCs has been made in line with banks;
- NPA recognition will change in a phased manner to 90 days overdue as against the

current norm of 180 days overdue for loans and 360 days for hire purchase asset;

- Increase in Tier I CAR (core CAR) will increase in a phased manner to 10% for NBFC-D and NBFC-ND-SI;
- Stringent Corporate governance and disclosure norms for better accountability and transparency;
- Standard asset provisioning will stand increased from 0.25% to 0.40%

Following this new regulatory framework announcement by RBI, the Central Government announced certain reforms for the financial sector through budget proposals for the coming fiscal and the highlights are –

- Inclusion of NBFC-NDs, with an asset size of Rs 500 crore and above, under the ambit of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and a new Bankruptcy Code to provide a boost to recovery efforts and help rein in asset quality problems over the long run;
- Setting up of autonomous bank board bureau marks the initial move towards formalising a holding company structure for public sector banks. This will improve governance, optimise capital contribution by government, and provide greater functional autonomy; and
- The new Micro Units Development Refinance Agency (MUDRA) Bank for refinancing of microfinance institutions will support micro credit.

Opportunities and Business Plans

The Indian NBFC sector is poised for growth on the back of improved macroeconomic factors. Various fiscal and policy reforms initiated to revive investment sentiments will serve to provide a much needed impetus to the Indian financial sector. Government has initiated a number of policy measures like approval of large infrastructure projects, increasing foreign

investment limits in insurance, railways, defence and aerospace. These policy efforts are expected to improve the economic activity thereby creating opportunities in trade and financing.

In two wheeler segment the Company plans to enter new locations in micro market. The Company will focus on asset quality by building support structure in quality, audit and training. During the year ahead, the Company plans to migrate from pure fund based businesses to a mix of fund and fee based business by providing various funding options to our existing borrowers through tie up with banks and financial institutions.

The Company will focus on demand creation in the used car and used tractor finance business. The Company plans to increase the finance penetration in smaller towns in rural space by expanding into new locations mostly in district headquarters. In tractor segment the focus will be to de-risk the new tractor segment by consolidating the used tractor space. The Company plans to expand into low productive areas to support the OEMs and leverage it for business growth at existing locations.

Threats

However the growth prospect might get offset by nominal growth in crop prices, unseasonal rains, stagnating rural wages and declined rabi output. Weakness in rural economy with high probability of El-nino effect can result in poor spatial and seasonal distribution of rainfall affecting kharif production. Consequently the growth in two wheeler industry in 2015-16 is expected to be flat at 9% as in 2014-15. The Government has to address numerous challenges, such as infrastructure bottlenecks. It must also focus on developing policies and initiatives which will drive economic growth balancing the macroeconomic risks.

Infrastructure & Information Technology

The Company is present in 16 States and Union Territories with 62 area offices. The Company

carries out its credit operations from six hubs in Chennai, Delhi, Pune, Indore, Jaipur and Calicut. The Company continues to invest substantially in technology, both for sourcing and recovery, which maintained the overall productivity and collection efficiency at higher levels.

The Company uses web based platforms for loan processing and collections. The Company uses handheld devices and business applications for automatic collection process. The Company has developed robust MIS and Dashboards at granular levels which serve as primary decision making tools.

Human Resources

The Company has developed a robust human resource management framework to maximise employee performance. At the macro level, the Company has undertaken many initiatives to develop organisational leadership and culture. The Company has also launched continuous employee recognition and training programs to develop a talented workforce to meet day to day business challenges.

The Company duly complied with all the statutory compliances related to employment and labour laws. As on 31st March 2015, the Company had 6,323 employees on its rolls.

CAUTIONARY STATEMENT

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

3. DIVIDEND

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

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 2015.

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. ISSUANCE OF EQUITY SHARES

During the year under review, the board of directors issued and allotted 1,98,20,800 equity shares of Rs.10/-each at a premium of Rs. 39/- per share aggregating to Rs.97.12 Cr to TVS Motor Services Limited, holding company and allotted 7,79,200 equity shares of Rs. 10/- each at a premium of Rs. 39/- per share aggregating to Rs. 3.82 Cr to PHI Capital Services LLP, in terms of Sections 42 and 62 of the Act 2013 read with the Rules made there-under, on a preferential basis.

The paid up capital of the Company accordingly stood increased from Rs. 108.10 Cr (108,100,000 equity shares of Rs.10/- each) to Rs.128.70 Cr (128,700,000 equity shares of Rs.10/- each) as on 31st March 2015.

6. FUNDING

With equity infusion of Rs. 100.94 Cr in FY 2014-15, participation from banks and financial institutions in the form of equity and Tier 2 capital (Subordinated Debt), the Company has a strong Capital Adequacy Ratio (CAR). The CAR as on 31st March 2015 stood at 16.78%.

ICRA Ltd and CRSIL Ltd have assigned ratings for the various facilities availed by the Company, details of the rating are given below:

The Company has been assigned A+ by CRISIL and ICRA for bank loans and A1+ by CRSIL and ICRA for its short term debt program.

The Company has taken various initiatives to reduce its cost of borrowings and accordingly diversified its funding mix with borrowings from Public sector banks, Private sector banks, Financial Institutions and Mutual funds. During the year the Company raised Rs. 625 crore through long term loans. No interest or principal repayment of the term loans was due and unpaid as on March 31, 2015. 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.

The Company has securitised its AAA rated tractor portfolio to the extent of Rs. 148 crore (principal outstanding) during the year under review. The Company has also sold used car portfolio of Rs. 59 crore (principal outstanding) under direct assignment route. The Company has adhered to the revised guidelines on Securitisation and Direct assignment transactions issued by RBI in August 2012.

During the year the Company also raised Rs. 50 crore in the form of Subordinated debt, on private placement basis. The Subordinated debt is rated A+ by ICRA and has a maturity period of 5 years and 6 months.

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

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts for the year ended 31st March 2015, the

- applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
 - (c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - (d) the directors had prepared the accounts for the financial year ended 31st March 2015 on a going concern basis; and
 - (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

8. DIRECTORS & KEY MANAGERIAL PERSONNEL

Appointments

During the year, M/s S Santhanakrishnan, R Ramakrishnan and V Srinivasa Rangan, were appointed as Independent Director (IDs) for the first term of five consecutive years from the conclusion of the sixth Annual General Meeting and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Act 2013 as determined by the board from time to time.

Resignations / Reappointments

Mr S Santhanakrishnan, Independent director and Mr Sudarshan Venu, non-independent director resigned from the board effective 27th March 2015, in compliance with the

directions by RBI through revised regulatory framework for NBFCs issued vide DNBR (PD) CC.No.002/ 03.10.001/ 2014-15 dated November 10, 2014 (the Framework) Corporate Governance and Disclosure norms. This framework, *inter alia*, mandated that independent / non-executive directors of an NBFC should be between 35 to 70 years of age.

However, RBI has made certain changes immediately in the directions, based on the feedback received from Industry representing that such age restrictions did not exist in the preliminary acts like Companies Act 2013 (the Act 2013) and other Securities Laws which do not impose such conditions.

The board, after considering the valuable contributions and guidance during the deliberations of the meetings of the board given by them and on the recommendation of the nomination and remuneration committee of directors, decided to appoint Mr Sudarshan Venu, as additional, non-executive and non-independent director of the Company, in order to continue to avail his services for the benefit of the Company, especially considering his expertise in the automotive industry.

Similarly, the board, keeping in view his vast expertise and knowledge and in order to continue to avail his service in the interest of the Company and on the recommendation of the nomination and remuneration committee of directors, decided to appoint Mr S Santhanakrishnan, as additional, non-executive and non-independent director of the Company, in terms of Section 161 read with Section 152 of the Act 2013 at the AGM.

At the board meeting held on 23rd June, 2015, Mr Sudarshan Venu and Mr S Santhanakrishnan were appointed as additional, non-executive and non-independent directors of the Company in terms of Section 161 read with Section 152 of the Act 2013. They will vacate office in terms of Section 161 of the Act 2013 at the AGM and, being eligible, seek themselves for re-appointment at the ensuing 7th Annual General Meeting of the Company (AGM).

The board has recommended their appointments as non-executive and non-independent directors, liable to retire by rotation, in accordance with the articles of association of the Company (AoA), at the AGM.

The board also reviewed the process of due diligence undertaken by the NRC to determine the suitability of their continuing to hold the position as director on the board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria, as per the RBI Regulations.

Notices have been received from the holding company viz., TVS Motor Services Limited, as per the provisions of Section 160 of the Act 2013, along with a requisite deposit amount signifying its intention to propose the candidatures of Mr Sudarshan Venu and Mr S Santhanakrishnan, for appointment as directors at the ensuing AGM.

Woman director

In terms of Section 149 of the Act 2013, the Company is required to have a woman director on its board.

In terms of Section 149 read with Section 178 of the Act 2013 and based on the recommendation of the nomination and remuneration committee of directors Ms Sasikala Varadachari was appointed as non-executive and independent director of the Company, at the extra-ordinary general meeting held on 30th March 2015

On appointment, each ID has acknowledged the terms of appointment as set out in their letter of appointment. The appointment letter covers, inter alia, the terms of appointment, duties, remuneration and expenses, rights of access to information, other directorships, dealing in Company's shares, disclosure of Director's interests, insurance and indemnity. The IDs are provided with copies of the Company's policies and charters of various committees of the board.

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 www.tvscredit.co.in

Declaration and undertaking

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

Directors liable to retire by rotation

In terms of the AoA and the applicable provisions of the Act 2013, M/s K N Radhakrishnan and Mr P.Sivaram, non-independent directors, who are liable to retire at the AGM and, being eligible, offer themselves for re-appointment.

The board, based on the recommendation of Nomination and Remuneration Committee (NRC), has recommended their re-appointment as directors, liable to retire by rotation, in accordance with the articles of association of the Company (AoA), at the AGM.

Separate meeting of IDs:

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

During the year under review, a separate meeting of IDs was held on 27th March, 2015 and the IDs reviewed the performance of:

- (i) non-IDs viz., M/s. Venu Srinivasan, Chairman, T K Balaji, Anupam Thareja, whole time director, P Sivaram, K N Radhakrishnan, Sudarshan Venu, directors; and
- (ii) the board as a whole.

They reviewed the performance of Chairman after taking into account the views of Executive and Non-Executive Directors. They also assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary

for the Board to effectively and reasonably perform their duties.

Number of board meetings held during the year

During the year under review, the board met four times on 12th June 2014, 11th August 2014, 3rd December 2014 and 27th March 2015 and the gap between two meetings did not exceed one hundred and twenty days.

Key Managerial Personnel (KMPs)

At the board meeting held on 18th March 2014 and 12th June 2014, Mr Anupam Thareja, Whole Time Director, Mr G Venkatraman, Chief Executive Officer, Mr V Gopalakrishnan, Chief Financial Officer and Mr K Sridhar Company Secretary were designated as 'Key Managerial Personnel' of the Company in terms of Section 203 of the Act 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

During the year, the current term of office of Mr Anupam Thareja, as Whole Time Director of the Company (WTD) ceased effective 2nd May 2015. The board, at its meeting held on 3rd December, 2014, decided to appoint him for a further period of five years effective 3rd May 2015, subject to the approval of the shareholders of the Company, in terms of section 196/197 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 and Schedule V of the Companies Act, 2013 (the Act 2013).

The said re-appointment was also recommended by the Nomination and Remuneration Committee of directors (NRC), after noting the justification, ascertaining the fulfilment of the 'fit and proper criteria' and obtaining the declaration and undertakings, on the lines of the Guidelines prescribed as per the Revised Regulatory Framework for Non-Banking Finance Company (NBFC) vis-à-vis other parameters, as laid down under the 'Nomination and Remuneration Policy' of the Company, in terms of Sec 178 of the Act, 2013.

The board also decided not to recommend any remuneration, during the period of his tenure, in view of the subsisting tripartite arrangement by way of an alliance agreement entered on 16th April 2010, among the holding company, namely TVS Motor Services Limited (TVS MS) and Phi Research Private Limited (PHI).

Accordingly, the board recommended the said reappointment for a further period of five years, considering his vast expertise and exposure in NBFC industry for more than a decade by the approval of the shareholders. The shareholders also approved the terms of appointment of Mr Anupam Thareja at the extra-ordinary general meeting held on 30th March 2015.

Evaluation of the board, committees and directors

In terms of Section 134 of the Act 2013, the board reviewed and evaluated its own performance from the perspectives of Company Performance, Strategy and Implementation, Risk Management, Corporate ethics, based on the evaluation criteria laid down by the Nomination and Remuneration Committee.

The board discussed and assessed its own composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, quality of information and the performance and reporting by the Committees viz., Audit Committee, Nomination and Remuneration Committee (NRC) and Corporate Social Responsibility Committee (CSR).

The board upon evaluation concluded that it is well balanced in terms of diversity of experience encompassing all the activities of the Company. It is the endeavour of the Company to have a diverse board representing a range of experience at policy-making levels in business.

The performance of individual directors including all Independent directors assessed against a range of criteria such as contribution to the development of business strategy and

performance of the Company, understanding the major risks affecting the Company, clear direction to the management, contribution to the board cohesion. The performance evaluation has been done by the entire board of directors, except the Director concerned being evaluated. The board noted that all directors have understood the opportunities and risks to the Company's strategy and are supportive of the direction articulated by the management team towards consistent improvement.

The board also noted that corporate responsibility, ethics and compliance are taken seriously, and there is a good balance between the core values of the Company and the interests of stakeholders. The board satisfied with the Company's performance in all fronts viz., operations, marketing, finance management, employee relations and compliance with statutory / regulatory requirements and finally concluded that the board operates effectively and is closely aligned to the culture of the business.

The performance of each committee was evaluated by the board after seeking inputs from its members on the basis of the criteria such as matters assessed against terms of reference, time spent by the committees in considering matters, quality of information received, work of each committee, overall effectiveness and decision making and compliance with the corporate governance requirements and concluded that all the committees continued to function effectively, with full participation by all its members and the executive management of the Company.

The board reviewed each committee's terms of reference to ensure that the Company's existing practices remain appropriate. Recommendations from each committee are considered and approved by the board prior to implementation.

Nomination and Remuneration Policy

The Nomination and Remuneration Committee (NRC) reviews the composition of the board, to

ensure that there is an appropriate mix of abilities, experience and diversity to serve the interests of all shareholders and the Company.

During the year, in accordance with the requirements under Section 178 of the Act 2013, the Committee formulated a Nomination and Remuneration Policy to govern the terms of nomination / appointment and remuneration of (i) directors, (ii) Key Managerial Personnel (KMPs) and (iii) Senior Management Personnel (SMPs) of the Company. The same was approved by the board at its meeting held on 27th March 2015.

The Committee also reviews succession planning of both SMPs and board. The Company's approach in recent years is to have a greater component of performance linked remuneration for SMPs. The process of appointing a director / KMPs / SMPs, is that when a vacancy exists, or is expected, the NRC will identify, ascertain the integrity, qualification with the appropriate expertise and experience having regard to the skills that the candidate will bring to the board / company and the balance of skills with that of the existing members hold.

The NRC will review the profile of persons and the most suitable person is either recommended for appointment by the board or is recommended to shareholders for election. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

NRC will ensure that any person(s) who is / are appointed or continues in the employment of the Company as its executive chairman, managing director, whole time director should comply with the conditions as laid out under Part I of Schedule V of the Act. NRC will ensure that any appointment of a person as an independent Director of the Company will be made in accordance with the provisions of Section 149 read with Schedule IV of the Act.

Criteria for performance evaluation, disclosures on the remuneration of directors, criteria of making payments to non-executive directors have been disclosed as part of Corporate Governance report attached herewith.

9. COMMITTEES OF THE BOARD

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

The Board has currently established the following committees:

Audit Committee

As required under Section 177 of the Companies Act, 2013, the Company has constituted an independent audit committee which acts as a link between the statutory and the internal auditors and the board of directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters.

As on date, the Audit Committee was re-constituted with the following directors as its members, M/s. R Ramakrishnan, K N Radhakrishnan and V Srinivasa Rangan.

The Committee meets periodically to discuss and review such matters as required in terms of Section 177 of the Act 2013.

Asset Liability Management Committee

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

The Asset Liability Committee consists of M/s. Anupam Thareja, Whole Time Director, R Ramakrishnan, Director, G Venkatraman,

Chief Executive Officer, V Gopalakrishnan, Chief Financial Officer and M Kalyanaraman, Chief Operating Officer as its members.

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 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.

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

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

Corporate Social Responsibility Committee

During the year, the board of directors constituted a Corporate Social Responsibility Committee (CSR Committee) with three directors viz., Mr Venu Srinivasan, chairman, Mr Sudarshan Venu and Mr S Santhanakrishnan on 18th March 2014.

Subsequently, the CSR Committee was re-constituted in line with the provisions of Section 135 of the Act 2013 with Mr Venu Srinivasan, chairman, Mr K N Radhakrishnan, director and Mr R Ramakrishnan, independent director, as its members of the Committee, on 27th March 2015.

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

SST, the CSR arm of the Company, was established in 1996. Over 19 years of service, SST 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 / programs, falling within the CSR activities specified under the Act 2013, as mandated by the Ministry of Corporate Affairs for carrying out the CSR activities.

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

Based on the recommendations of the CSR Committee, the board has approved the projects / programs carried out as CSR activities by the following non-profitable organizations having a track record of more than the prescribed years in undertaking similar programmes / projects, constituting more than 2% of average net profits, for the immediate past three financial years, towards CSR spending for the current financial year 2014-2015.

Accordingly, the annual report on CSR containing all the prescribed projects / programmes approved and recommended by CSR Committee and approved by the board and implemented for the year under review are given by way of note attached (**Annexure IV**) to this Report.

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

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

The Auditors' Report for the financial year 2014-15 does not contain any qualification, reservation or adverse remark and the same is attached with the annual report.

The Company has obtained necessary certificate under Section 141 of the Act conveying their eligibility for being statutory auditors of the Company for the year 2015-16.

Rotation of partners of the statutory auditors audit firm

In terms of RBI Master Circular No.RBI/2014-15/632 No.DNBR (PD) CC No.040/03.01.011/2014-2015 dated 3rd June 2015 regarding 'Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015, it has been made mandatory for any NBFC with asset size of Rs.500 Cr is required to rotate the partner/s of the Chartered Accountant firm conducting the audit every three years so that the same partner does not conduct audit of the company continuously for more than a period of three years.

However, the partner so rotated will be eligible for conducting the audit of NBFC after an interval of three years. It has also been mandated that the NBFC is also required to incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

Mr S Venkatraman, Partner in Chennai, M/s V Sankar Aiyar & Co, Chartered Accountants, Mumbai of the Company has already completed three years of audit. Therefore, Mr S Venkatraman, their other partner in Mumbai will audit the accounts of the Company for the financial year commencing from 2015-2016, subject to their reappointment of their firms at the annual general meeting.

Secretarial Auditor

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

Accordingly, Mr T N Sridharan, Company Secretary in practice, Chennai has been appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2015-16.

As required by Section 204 of the Act, 2013, the Secretarial Audit Report for the year 2014-15,

given by Mr T N Sridharan, Company Secretary in practice, Chennai for auditing the secretarial and related records is attached to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

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 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 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 nonperforming assets and capital adequacy. The capital adequacy ratio of the Company is 16.78% which is well above the prescribed minimum of 15% by RBI.

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

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

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

14. POLICY ON VIGIL MECHANISM

The Board at its meeting held on 27th March 2015, 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 www.tvscredit.co.in.

15. DISCLOSURES

(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 2014-15 is Nil (previous year Rs. 1.13 lakhs). The Company did not have any foreign exchange earnings.

(ii) Annual Return

Extract of Annual Return in the prescribed form is given as **Annexure I** to this report.

(iii) Employees' remuneration

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

(iv) Details of related party transactions

Details of material related party transactions under Section 188 of the Act 2013 are given in **Annexure III** to this report in the prescribed form.

(v) Details of loans / guarantees / investments made

Furnishing the details of investments under Section 186 of the Act 2013 for the financial year 2014-2015 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.

(vi) Other laws

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

16. ACKNOWLEDGEMENT

The directors gratefully acknowledge the continued support and co-operation received from the holding company, namely TVS Motor

Services Limited and other investors. The directors thank the bankers, investing institution, customers and dealers of TVS Motor Company Limited and TAFE 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 of Directors

Place : Chennai
Date: June 23, 2015

Venu Srinivasan
Chairman

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2015 TO THE MEMBERS OF TVS CREDIT SERVICES LIMITED

Report on the Standalone Financial Statements as at 31st March 2015.

1. We have audited the accompanying financial statements of TVS Credit Services Limited ('the Company'), which comprises the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

4. Our responsibility is to express an opinion on these Standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order.
9. As required by section 143(3) of the Act, we report that:
- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid 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 written representations received from the directors as on 31 March 2015, and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2015, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations give to us:
 - i. The company has disclosed the impact of pending litigation on its financial position in its financial statement – Refer Note No.22.3 to the financial statement.
 - ii. The Company did not have any long term contracts including derivative contracts for which there where any material foreseeable losses – Refer Note No.32 to the financial statement.
 - 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 Reg. No. 109208W

S. Venkatraman
Partner
M. No. 34319

Place: Chennai
Date: June 23, 2015

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in our report of even date)

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
b. We are informed by the Management that the Fixed Assets have been physically verified by them during the year and no material discrepancies were noticed
2. As the Company is a Non-Banking Finance Company it does not hold any inventories. Hence reporting under para 3(b) of the Order does not arise.
3. The company has neither taken or nor granted any loan to/ from companies, firms and other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Hence clauses (a), (b), of Para 3 (iii) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. The activities of the Company do not involve purchase or inventory and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. 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 para 3 of the Order are not applicable to the Company.
6. The Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013.
7. a. According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues of Provident Fund, Employees' State Insurance, Income tax, Service Tax and Cess. There is no liability in respect of duty of Customs, duty of Excise, Wealth Tax, Sales tax. There are no arrears of Provident Fund, Employees' State Insurance, Income tax, Service Tax and Cess outstanding as at 31st March 2015 for a period of more than six months from the date it becomes payable.
b. According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Service Tax, duty of Customs, duty of Excise, which have not been deposited on account of any dispute.
c. Based on the information and explanations obtained, the company has no liability or requirement to transfer any amount to Investor Education & Protection Fund in accordance with the relevant provisions of the Companies Act, 1956/2013 and the Rules thereunder.
8. The Company has no accumulated losses at the end of the year and has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
9. The company has not defaulted in repayment of dues to the Bank from whom loan was borrowed.

10. The Company has not given any guarantees for loans taken by others from banks and financial institutions during the year. Hence, the requirement to report under para 3(x) does not arise.
11. In our opinion, the term loans taken during the year have, prima facie, been applied for the purpose for which they were obtained.
12. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no material fraud on the Company or by the Company has been noticed or reported during the year except for 31 cases of frauds on the Company amounting to Rs. 32.03 lakhs (Refer Additional Note no. 20.d to the financial statements) detected and are being dealt with by the management.

Place: Chennai
Date: June 23, 2015

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

S. Venkatraman
Partner
M. No. 34319

BALANCE SHEET AS AT MARCH 31, 2015

(Rs. In Lakhs)

Particulars	Note No.	As at 31st March 2015	As at 31st March 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	12,870.00	10,810.00
Reserves and Surplus	3	26,355.94	15,400.50
		<u>39,225.94</u>	<u>26,210.50</u>
Non-Current Liabilities			
Long Term Borrowings	4	72,063.63	57,719.22
Other Long Term Liabilities	5	8,534.38	6,863.64
Long Term Provisions	6	2,116.42	1,489.32
		<u>82,714.43</u>	<u>66,072.18</u>
Current Liabilities			
Short Term Borrowings	4	117,933.29	92,565.05
Trade payables	8	1,548.43	2,034.00
Other Current Liabilities	9	59,744.92	34,188.10
Short-term Provisions	6	3,972.11	3,245.83
		<u>183,198.75</u>	<u>132,032.98</u>
Total		<u>305,139.12</u>	<u>224,315.66</u>
ASSETS			
Non-current Assets			
Fixed Assets			
(i) Tangible assets	10	3,660.28	3,301.02
(ii) Intangible assets	10	111.60	189.89
		<u>3,771.88</u>	<u>3,490.91</u>
Long term loans and advances	11	1,631.43	889.32
Other Non Current Asset (Vide Additional Note No. 22.5)	12	22,017.00	22,017.00
Receivable from Financing Activities	13	112,973.63	68,075.14
		<u>136,622.06</u>	<u>90,981.46</u>
Deferred Tax Asset (net) - (Vide Additional Note No. 22.6)		1,382.49	835.29
Current Assets			
Trade receivables	14	171.83	172.61
Cash and cash equivalents	15	15,420.68	17,994.55
Short-term loans and advances	11	2,576.70	1,207.06
Receivable from Financing Activities	13	144,992.89	109,633.78
Other current assets	16	200.59	—
		<u>163,362.69</u>	<u>129,008.00</u>
Total		<u>305,139.12</u>	<u>224,315.66</u>
Significant Accounting Policies forming part of financial statements	1		
Additional Notes forming part of financial statements	22		

As per our report of even date

For and on behalf of the Board

For V. SANKAR AIYAR & CO.

 Chartered Accountants
 ICAI Regn No. 109208W

 S. VENKATARAMAN
 Partner
 Membership No. 34319

 VENU SRINIVASAN
 Chairman

 ANUPAM THAREJA
 Wholetime Director

 Chennai
 June 23, 2015

 K. SRIDHAR
 Company Secretary

 G. VENKATRAMAN
 Chief Executive Officer

 V. GOPALAKRISHNAN
 Chief Financial Officer

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2015 (Rs. In Lakhs)

Particulars	Note No.	For the year ended 31st March 2015	For the year ended 31st March 2014
INCOME			
Revenue from operations	17	57,203.09	39,945.20
Other Income	18	387.26	68.17
Total		57,590.35	40,013.37
EXPENSES			
Finance costs	19	20,875.86	15,399.65
Business origination and Recovery Cost		7,866.94	4,944.51
Employee benefits expense	20	14,461.72	11,153.75
Depreciation and amortization expense	10	766.33	586.99
Other expenses	21	7,023.80	4,584.47
Bad debts Written Off		1,139.38	739.63
Provision for bad and doubtful debts	7	1,054.74	792.38
Total		53,188.77	38,201.38
Profit before tax		4,401.58	1,811.99
Tax expense:			
Current Tax		2,027.33	706.77
MAT Credit Entitlement		—	136.69
MAT Credit adjusted		—	50.27
Deferred Tax Liability/(Asset)		(547.20)	(801.38)
Profit after tax for the year		2,921.45	1,719.64
Earning per equity share:			
Basic Earnings per Share in Rs		2.57	1.85
Diluted Earnings per Share in Rs.		2.57	1.85
Significant Accounting Policies forming part of financial statements	1		
Additional Notes forming part of financial statements	22		

As per our report of even date

For and on behalf of the Board

For V. SANKAR AIYAR & CO.

 Chartered Accountants
 ICAI Regn No. 109208W

 S. VENKATARAMAN
 Partner
 Membership No. 34319

 Chennai
 June 23, 2015

 K. SRIDHAR
 Company Secretary

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 Chairman

 G. VENKATRAMAN
 Chief Executive Officer

 ANUPAM THAREJA
 Wholetime Director

 V. GOPALAKRISHNAN
 Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015 (Rs. In Lakhs)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
Cash flow from Operations		
Profit before tax	4,401.58	1,811.99
Adjustments for		
Depreciation	766.34	586.99
Provision for bad and doubtful debts	1,054.74	792.38
Bad Debts Written Off	1,139.40	739.63
Loss on Sale of Foreclosures	494.41	291.95
Provision for Doubtful Assets no longer required and written back	(20.69)	(5.18)
Loss on sale of Assets	—	(0.21)
Discard of Fixed Assets	4.79	82.18
Provision for Employee Related Expenses	318.09	881.01
Financing Charges	20,875.85	15,427.70
Interest received	(263.97)	(61.69)
	24,368.95	18,734.76
Operating Profit Before Working Capital changes	28,770.54	20,546.75
Adjustments for		
(Increase)/Decrease in Receivables under financial activities (NBFC)	(81,890.15)	(67,096.17)
(Increase)/Decrease in Trade Receivables	0.77	(73.60)
(Increase)/Decrease in Loans & Advances	(2,179.69)	(1,369.53)
Increase/(Decrease) in Trade payables & Other Liabilities	27,254.16	23,823.96
	(56,814.91)	(44,715.34)
Financing Charges paid	(21,388.04)	(14,946.49)
Income Tax Paid	(1,959.39)	(167.99)
	(23,347.43)	(15,114.48)
Net Cash used in Operation - (A)	(51,391.80)	(39,283.07)

CASH FLOW STATEMENT (Contd.)

(Rs. In Lakhs)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
Cashflow from investing activity		
(Increase)/Decrease in Bank deposit	(3,113.16)	924.22
Purchase of Fixed Assets	(1,052.12)	(720.94)
Proceeds from Sale of Fixed Assets	–	0.62
Interest received	63.37	61.68
Net Cash (used in) Investing Activity - (B)	(4,101.92)	265.58
Cashflow from financing activity		
Proceeds from issue of Share Capital	2,060.00	1,958.85
Share Premium Received	8,034.00	5,288.90
Proceeds/(Repayment) of Term Loan from Bank	14,344.41	32,248.86
Increase/(Decrease) in Short term Borrowings	25,368.24	1,896.00
Net Cash from financing activity - (C)	49,806.65	41,392.61
Net Increase/(Decrease) in Cash and cash equivalents (A+B+C)	(5,687.07)	2,375.12
Cash and cash equivalents at the beginning of the year	16,806.76	14,431.64
Cash and cash equivalents at the end of the year	11,119.73	16,806.76
	(5,687.07)	2,375.12
Note:		
Cash and cash equivalents at the end of the year	15,420.68	17,994.55
Less: Bank Deposits under Lien	4,300.95	1,187.79
	11,119.73	16,806.76

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

 As per our report of even date
 For V. SANKAR AIYAR & CO.
 Chartered Accountants
 ICAI Regn No. 109208W

 S. VENKATARAMAN
 Partner
 Membership No. 34319
 Chennai
 June 23, 2015

 K. SRIDHAR
 Company Secretary

 VENU SRINIVASAN
 Chairman

 G. VENKATRAMAN
 Chief Executive Officer

For and on behalf of the Board

 ANUPAM THAREJA
 Wholetime Director

 V. GOPALAKRISHNAN
 Chief Financial Officer

1. Significant Accounting Policies forming part of Financial Statements

COMPANY BACKGROUND

The Company received Certificate of Registration dated 13th April, 2010 from Reserve Bank of India and commenced Non-Banking Financial activity there on. The company is categorized as Non-Banking Finance Company (Non-Deposit Accepting and Systemically Important) and is engaged predominantly in financing of vehicles. The Company falls under the category of Loan Company.

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of accounts:

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

All assets & liabilities are classified as Current and Non Current based on the operating cycles which have been estimated to be 12 months and which are expected to be realized and settled within a period of 12 months from the date of the Balance Sheet.

b. Use of Estimates

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

c. Fixed assets and depreciation:

Fixed Assets:

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties less Excise duty and Service Tax as permitted under relevant Statute. Residual value has been estimated to be Nil at the end of the useful life of the all assets. The assets taken over under the Business Transfer Agreement (BTA) are at the net depreciated block value of the transferor on the date of said transfer.

Depreciation:

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

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

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

1. Significant Accounting Policies (Contd.)

d. Intangible Assets

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

e. Revenue Recognition

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

f. Financing Activities

i. Receivables from Financing Activities

The loans to borrowers are stated at the contract value after netting off un-matured Income, wherever applicable and installments appropriated up to the year end.

ii. Prudential Norms – Application & Provisioning for financing activities.

The company has followed the directives of the Reserve Bank of India (RBI) on Prudential Norms on Income recognition, Asset classification, Provisioning requirement etc. issued from time to time. Accordingly, as required in the said directions, the Company has not accrued income in respect of Loan Assets, which are Non Performing. In addition, on assets which are past due between 90 to 180 days provision is created as per the provisioning norms approved by the Board for each type of lending activity which is based on internal estimates, past experience and other relevant factors, on the outstanding amount.

g. Securitization of Receivables

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

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

1. Significant Accounting Policies (Contd.)

h. Taxation

- i. Provision for current tax is made on the basis of taxable income for the current accounting year in accordance with the Income Tax Act, 1961.
- ii. The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

i. Employee Benefits:

i. Provident Fund:

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

ii. Gratuity

The Company makes contribution to a Gratuity fund administered by trustees and managed by LIC based on actuarial valuation determined every year by LIC/ independent actuary.

iii. Compensated Absences

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

iv. Pension

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

j. Service Tax Input Credit

Service Tax input credit is accounted as receivable when the underlying service is received, as per the Service Tax Rules applicable to Non-Banking Financial activities.

k. Prepaid Expenses

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

l. Provisions & Contingencies

Provision

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

1. Significant Accounting Policies *(Contd.)*

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.

m. Business originating and recovery cost:

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

n. Cash Flow Statement

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

o. 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.

p. Impairment

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

q. Lease

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

2. SHARE CAPITAL

(Rs. In Lakhs)

Sl. No.	Description	As at 31 st March 2015		As at 31 st March 2014	
a	Authorised Share Capital: 15,00,00,000 Equity shares of Rs.10 each 5,00,00,000 Unclassified Shares of Rs.10 each	15,000.00		15,000.00	
		5,000.00		5,000.00	
		<u>20,000.00</u>		<u>20,000.00</u>	
b	Issued, Subscribed and Fully Paid up Share Capital: 12,87,00,000 number of Equity shares of Rs.10 each (Previous year 10,81,00,000 Equity Shares of Rs .10 each)	12,870.00		10,810.00	
c	Par Value per Share	Rs.10 each		Rs.10 each	
d	Number of equity shares at the beginning of the year	10,81,00,000		8,85,11,500	
	Add: Preferential Allotment made during the year	2,06,00,000		1,95,88,500	
	Number of equity shares at the end of the year	12,87,00,000		10,81,00,000	
e	Equity Shares held by Holding Company and its associates				
	Particulars	No. of Shares	% of Shares	No. of Shares	% of Shares
	Holding Company - TVS Motor Services Limited	11,94,20,740	92.79	9,95,99,940	92.14
f	Number of shares held by share holders more 5% of total shares				
	TVS Motor Services Limited	11,94,20,740	92.79	9,95,99,940	92.14
	Housing Development Finance Corporation Limited	50,00,000	3.88	50,00,000	4.62
	PHI Research Private Limited	35,00,000	2.72	35,00,000	3.24
	PHI Capital Services LLP	7,79,200	0.61	—	—
g	Terms/Rights attached to equity shares				
	a) The Company has two classes of equity shares at of Rs.10/- per share. One class of equity shares has a right to participate in general meeting and is eligible for one vote per share held.				
	b) The shares allotted to PHI Research Private Limited have a lock in period of 5 years from the date of allotment as per the share subscription agreement entered into with them.				
	c) Pursuant to MOU entered into 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 NBFC business, in consideration the company has agreed to allot shares, on achieving certain levels of PBT, from financial year commencing from 2013-14 up to 2014-15 (or as deferred)(wherein financial year to be is to be reckoned as that beginning from 1st October to 30th September).				

3. RESERVES AND SURPLUS

(Rs. In Lakhs)

Sl. No.	Description	As at 31 March 2015		As at 31 March 2014	
		Amount	Amount	Amount	Amount
a	Share Premium Reserve				
	As per Last Balance Sheet	14,785.33		9,496.43	
	Add: Premium received on Preferential Allotment	8,034.00		5,288.90	
	Closing balance		22,819.33		14,785.33
b	Statutory Reserve u/s 45-1(c) of Reserve Bank India Act, 1934				
	As per Last Balance Sheet	470.55		108.15	
	Add: Additions During the year	584.29		362.40	
	Closing balance		1,054.84		470.55
c	Surplus/(Deficit) from Profit & Loss Account				
	As per Last Balance Sheet	144.62		(1,212.62)	
	Add: Net Profit for the year	2,921.44		1,719.64	
	Less: Transfer to Statutory Reserve - Current Year	584.29		362.40	
	Closing balance		2,481.77		144.62
			26,355.94		15,400.50

4. BORROWINGS

(Rs. In Lakhs)

Sl. No.	Description	NON-CURRENT		CURRENT	
		As at 31 st March 2015	As at 31 st March 2014	As at 31 st March 2015	As at 31 st March 2014
	LONG TERM BORROWINGS				
	TERM LOAN				
a.	From Bank				
	Sub Ordinated Debt	5,000.00	5,000.00	–	–
	Term Loans	46,663.63	41,894.22	40,479.27	22,620.55
b.	From Other Parties				
	Senior Debt	829.50	1,248.25	418.75	418.75
	Sub Ordinated Debt	10,800.00	5,800.00	–	–
	Term Loans	8,770.50	3,776.75	4,172.92	1,256.25
		72,063.63	57,719.22	45,070.94	24,295.55
	The above amount includes				
	Secured Borrowings	55,434.13	45,670.97	44,652.19	23,876.80
	Unsecured Borrowings	16,629.50	12,048.25	418.75	418.75
	Amount disclosed under the head "Other Current Liabilities"	–	–	(45,070.94)	(24,295.55)
		72,063.63	57,719.22	–	–
	SHORT TERM BORROWINGS				
	Working Capital Demand Loan and Cash Credit Loan repayable on Demand				
	- From Banks	–	–	1,08,433.29	81,565.05
	- From Other Parties	–	–	5,000.00	11,000.00
	Term Loan from Bank	–	–	2,000.00	–
	Commercial Papers	–	–	2,500.00	–
		–	–	1,17,933.29	92,565.05
	The above amount includes				
	Secured Borrowings	–	–	1,13,433.29	92,565.05
	Unsecured Borrowings	–	–	4,500.00	–
		–	–	1,17,933.29	92,565.05
1	Security				
a	Holding Company and an affiliate Company have given guarantee in the form of Put Option amounting to Rs.5,000 lakhs (Previous Year Rs.5,000 lakhs) towards Sub-Ordinated Debt.				
b	An affiliate company has given guarantee to Other Parties for Senior Debt amounting to Rs.1,248.25 lakhs inclusive of Current and Non Current dues (Previous Year Rs.1,667 lakhs).				
c	Term loan received from Other Parties, Rs.3,776.75 lakhs inclusive of Current and Non Current Dues (Previous Year Rs.5,033 lakhs) is secured by way of first and exclusive charge on the assets of the Company and further secured by equitable mortgage of portion of land of Holding Company.				
d	Term loan received from Banks and Other Parties of Rs.96,309.57 lakhs inclusive of Current and Non Current Dues (Previous Year Rs.64,514.77 Lakhs) is secured against hypothecation of receivables under the financing activity of the Company.				
e	Working Capital Demand Loan and Cash credit of Rs.1,13,433.29 lakhs inclusive of Current and Non Current Dues (Previous Year Rs.92,565.05 lakhs) is secured by hypothecation of receivables under the financing activity of the Company.				

4. BORROWINGS (Contd.)
2 Repayment Terms

Institution	Amount outstanding as on 31st March 2015	No. of Instalments	Frequency	Amount of Instalments	Repayable	
	Rs. In Lakhs			Rs. In Lakhs	From	To
Sub-Ordinated Debt						
From Other Parties	5,800.00	4	Annual	1,450.00	Jun-17	Jun-20
From Other Parties	5,000.00	1	Bullet Payment	5,000.00	Sep-20	–
From Bank	2,500.00	4	Annual	625.00	Feb-17	Feb-20
From Bank	2,500.00	1	Bullet Payment	2,500.00	Jul-17	–
Senior Debt						
From Other Parties	5,025.00	3	Annual	418.75	Jun-15	Jun-17
Term Loan						
From Bank	3,333.33	20	Monthly	166.67	Apr-15	Nov-16
From Bank	5,000.00	6	Quarterly	833.33	Jun-15	Sep-16
From Bank	5,000.00	5	Quarterly	1,000.00	Jun-15	Jun-16
From Bank	6,000.00	6	Quarterly	1,000.00	Jun-15	Sep-16
From Bank	1,727.27	12	Monthly	151.52	Apr-15	Mar-16
From Bank	6,000.00	6	Quarterly	1,000.00	Jun-15	Sep-16
From Bank	3,748.97	9	Quarterly	417.00	Jun-15	Sep-17
From Bank	7,000.00	7	Quarterly	1,000.00	Jun-15	Dec-16
From Bank	10,000.00	8	Quarterly	1,250.00	Jun-15	Mar-17
From Bank	9,666.67	29	Monthly	333.33	May-15	Sep-17
From Bank	4,166.67	30	Monthly	138.89	Apr-15	Sep-17
From Bank	2,000.00	8	Quarterly	250.00	May-15	Feb-17
From Bank	1,000.00	12	Quarterly	83.33	May-15	Feb-18
From Bank	20,000.00	12	Quarterly	1,666.67	Dec-15	Sep-18
From Bank	2,500.00	30	Monthly	83.33	Jul-15	Dec-17
From Other Parties	7,500.00	10	Quarterly	750.00	Jul-15	Oct-17
From Other Parties	1,666.67	5	Half Yearly	333.33	Jul-15	Jul-17
From Bank	2,000.00	1	Bullet Payment	2,000.00	Aug-15	–

5. OTHER LONG TERM LIABILITIES

(Rs. In Lakhs)

Description	As at 31 st March 2015	As at 31 st March 2014
- Security Deposit ¹	377.54	324.85
- Income received in Advance	162.49	156.60
- Advance received from Borrowers	6,372.31	5,793.48
- Advance Insurance premium collected from Borrowers ²	658.60	217.68
- Unrealised Gain on Loan Transfer (Refer Note No. 22.9)	963.44	371.03
	8,534.38	6,863.64

¹ Security Deposit includes Interest accrued, wherever applicable.

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

6. PROVISION

(Rs. In Lakhs)

Description	LONG TERM		SHORT TERM	
	As at 31 st March 2015	As at 31 st March 2014	As at 31 st March 2015	As at 31 st March 2014
Provision for Employee Benefits				
- Compensated Absences	164.94	155.30	102.42	8.17
- Pension	617.11	402.91	—	—
Others				
As per RBI Norms				
Provision for Standard Assets	425.76	248.50	528.69	399.93
Provision for Sub Standard Assets	101.98	19.67	4.92	7.15
Provision for Doubtful Assets	41.90	4.20	7.18	9.79
Provision for Loss Assets	3.26	—	33.66	83.02
Provision for Loss Assets (Assets taken over from erstwhile TVS Finance and Services Limited (converted to Chennai Business Consulting Services Limited) vide BTA dated 21/04/2010	—	—	2,550.40	2,569.85
As per Company Norms				
Provision for Standard Assets / Incremental for Non-Performing Assets as per Company Norms	761.47	658.74	744.84	167.92
	2,116.42	1,489.32	3,972.11	3,245.83

Provision represents provisions created:

- As per RBI Prudential Norms in respect of Standard, Sub Standard, Doubtful and Loss Assets vide Note No. 7 below.
- As per Company Policy, additional provision created in respect of overdue receivables as mentioned under Note No. 7 below.

7. CHANGES IN PROVISIONS

(Rs. In Lakhs)

Description	Provision as on 01.04.2014	Additions during the year	Reversals during the year	Net amount debited in P&L	Provision as on 31.03.2015
As per RBI Norms					
Provision for Standard Assets	648.43	954.45	648.43	306.02	954.45
Provision for Sub Standard Assets	26.82	106.89	26.82	80.07	106.89
Provision for Doubtful Assets	13.99	49.08	13.99	35.09	49.08
Provision for Loss Assets	83.02	36.92	83.02	(46.10)	36.92
Provision for Loss Assets taken over from TVSFS	2,569.85	–	19.45	–	2,550.40
As per Company Policy					
Provision for Standard Assets - / Incremental for Non Performing Assets as per Company Norms	826.66	1,506.32	826.66	679.66	1,506.32
	4,168.77	2,653.66	1,618.37	1,054.74	5,204.06

8. TRADE PAYABLE

(Rs. In Lakhs)

Description	As at 31 st March 2015	As at 31 st March 2014
TRADE PAYABLE		
- Outstanding dues to Micro,Medium & Small Enterprises	–	–
- Others	1,548.43	2,034.00
	1,548.43	2,034.00

9. OTHER CURRENT LIABILITIES

(Rs. In Lakhs)

Description	As at 31 st March 2015	As at 31 st March 2014
OTHER CURRENT LIABILITIES		
- Current maturities of Long term debts	45,070.94	24,295.55
- Interest Accrued and due on Loans (@)	267.20	779.39
- Interest Accrued but not due on Loans	37.04	-
- Income received in Advance	213.65	141.30
- Advance received from Borrowers	6,413.57	5,439.01
- Collection received from Borrowers	369.71	163.57
- Employee Related Liabilities	2,264.51	1,346.30
- Security Deposits	955.68	365.71
Other Payable		
- Collections in respect of de-recognised assets (refer Note No. 22.11)	1,160.10	182.03
- Advance Insurance premium collected from Borrowers (#)	1,218.45	849.66
- Statutory Dues	273.50	200.34
- Unrealised Gain on Loan Transfer (Refer Note No. 22.9)	1,500.63	425.24
	<u>59,744.92</u>	<u>34,188.10</u>

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

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

10. FIXED ASSETS (Rs. In Lakhs)

S. No.	Particulars	GROSS BLOCK (AT COST)			DEPRECIATION BLOCK			NET BLOCK		
		As at 1-Apr-14	Additions 2014-15	Deductions 2014-15	As at 31-Mar-15	For the year 2014-15	Deductions 2014-15	Total as at 31-Mar-15	As at 31-Mar-15	As at 31-Mar-14
	Tangible Assets									
1	Land	2,513.17	-	-	2,513.17	-	-	-	2,513.17	2,513.17
2	Building	45.00	-	-	45.00	0.75	-	3.01	41.99	42.74
3	Furniture & Fixtures	471.21	301.94	-	773.15	198.08	-	469.48	303.67	199.81
4	Office Equipments	372.04	276.97	30.32	618.68	157.73	13.94	319.29	299.39	196.54
5	Vehicles	0.67	1.72	-	2.39	0.08	-	0.41	1.98	0.34
6	Computers	746.35	452.41	18.71	1,180.05	282.16	0.11	679.97	500.08	348.42
	Tangible Assets - TOTAL	4,148.44	1,033.04	49.03	5,132.44	638.80	14.05	1,472.16	3,660.28	3,301.02
	Previous Year	3,726.37	607.84	185.76	4,148.44	472.35	103.17	847.41	3,301.02	3,248.14
S. No.	Particulars	GROSS BLOCK (AT COST)			DEPRECIATION BLOCK			NET BLOCK		
		As at 1-Apr-14	Additions 2014-15	Deductions 2014-15	As at 31-Mar-15	For the year 2014-15	Deductions 2014-15	Total as at 31-Mar-15	As at 31-Mar-15	As at 31-Mar-14
	Intangible Assets									
1	Computer Software	416.71	49.24	-	465.95	127.53	-	354.35	111.60	189.89
	Intangible Assets - TOTAL	416.71	49.24	-	465.95	127.53	-	354.35	111.60	189.89
	Previous Year	303.59	113.11	-	416.71	114.64	-	226.82	189.89	191.41

11. LOANS AND ADVANCES - UNSECURED (UNLESS OTHER WISE STATED), CONSIDERED GOOD

(Rs. In Lakhs)

Description	LONG TERM		SHORT TERM	
	As at 31 st March 2015	As at 31 st March 2014	As at 31 st March 2015	As at 31 st March 2014
Capital Advances	15.20	9.92	–	–
Balance with Excise Department	–	–	113.38	72.24
Others:				
Advance Tax/Tax deducted at source - (Net of Provision)	142.30	61.17	–	–
Prepaid Expenses	87.15	93.31	525.34	410.96
Rent Advance	351.77	247.65	–	–
Staff Advance	63.61	99.92	165.24	93.74
Deposit with Service Providers	7.96	6.33	80.15	60.15
Vendor Advance	–	–	50.58	33.90
Contractual Receivables	–	–	141.37	110.82
“Interest only Strip” Receivable on Securitisation Transaction (Refer Note No.22.9)	963.44	371.03	1,500.64	425.25
	1,631.43	889.33	2,576.70	1,207.06

12. OTHER NON CURRENT ASSETS (CONSIDERED GOOD)

(Rs. In Lakhs)

Description	LONG TERM	
	As at 31 st March 2015	As at 31 st March 2014
Others - Receivable from Holding Company towards sale of Investments (vide Note No. 22.5)	22,017.00	22,017.00
Total	22,017.00	22,017.00
Secured	10,062.00	10,062.00
Unsecured	11,955.00	11,955.00
Total	22,017.00	22,017.00

13. RECEIVABLES FROM FINANCING ACTIVITY

(Rs. In Lakhs)

Description	NON-CURRENT		CURRENT	
	As at 31 st March 2015	As at 31 st March 2014	As at 31 st March 2015	As at 31 st March 2014
Secured				
Automobile & Other Financing	112,696.60	68,075.14	141,316.16	106,429.37
Direct Assignment MRR Account	277.03	–	322.27	–
Instalments due from borrowers	–	–	3,354.46	3,204.41
	112,973.63	68,075.14	144,992.89	109,633.78
Of the above :				
Considered Good	111,866.79	67,829.69	142,345.31	106,987.07
Others - Non Performing Assets (as per RBI Prudential Norms)"				
Sub Standard Assets	1,019.77	157.77	49.17	65.20
Doubtful Assets	83.81	9.40	14.35	9.29
Loss Assets	3.26	78.28	2,584.06	2,572.22
	112,973.63	68,075.14	144,992.89	109,633.78

- a The stock of loan includes 4627 nos (Previous year 2273 nos) repossessed vehicles as at Balance Sheet date.
- b Automobile Finance 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.
 In respect of Two Wheelers 83,696 (Previous year - 2,61,021) vehicles as at Balance Sheet date with Receivables value of Rs.23,739.87 lakhs (Previous year Rs.62,149.57 lakhs), registration is in process or registration information is not available. In respect of Used Cars, hypothecation favouring Company is pending for 2,745 nos of vehicles (PY - 156) with receivable of Rs.3,029.13 lakhs (PY Rs.513.92 lakhs). In respect of Tractors, hypothecation favouring Company is pending for 5,275 nos of vehicles (PY-Nil) with receivables of Rs.13,126.11 lakhs (PY Nil).
- c The provisions created as per RBI Prudential Norms and as per Company Policy in respect of the above balances are shown under the head long term and short term provisions (Vide Note No. 6).
- d Loss assets represents Receivables taken over from TVS Finance and Services Limited, (Converted to Chennai Business Consulting Services Limited) as part of Business Transfer Agreement dated 21st April 2010 to the extent of Rs.2,550.40 lakhs.

14. TRADE RECEIVABLES - UNSECURED, CONSIDERED GOOD

(Rs. In Lakhs)

Description	As at 31 st March 2015	As at 31 st March 2014
- Due for a period exceeding six months from the Due dates	–	–
- Others	171.83	172.61
	171.83	172.61

15. CASH AND CASH EQUIVALENTS

(Rs. In Lakhs)

Description	As at 31 st March 2015	As at 31 st March 2015
Balances with Banks		
- In Current Account	10,425.12	16,141.48
Cash on Hand *	694.61	665.28
OTHER BANK BALANCES		
- In Fixed Deposits as Cash Collateral towards Assets de-recognised on assignment of receivables, lien marked favouring SPVs (FD-exceeding 3 months and Less than 12 months) (Note. No. 22.9)	4,300.95	1,187.79
	<u>15,420.68</u>	<u>17,994.55</u>

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

16. OTHER CURRENT ASSETS

(Rs. In Lakhs)

Description	As at 31 st March 2015	As at 31 st March 2014
Interest accrued on Fixed Deposits with Bank	168.34	—
Discount on Commercial Paper	32.25	—
	<u>200.59</u>	<u>—</u>

17. REVENUE FROM OPERATIONS

(Rs. In Lakhs)

Description	Year ended 31 st March 2015	Year ended 31 st March 2014
Income from Financing Activity		
(i) Interest		
- Automobile & Other Finance	42,832.45	29,888.34
- Interest spread on Securitisation/Assignment	968.62	30.23
(ii) Other Operating Revenue		
- Automobile & Other Finance		
- Processing Fee	9,129.05	6,880.16
- Service Charges	2,361.55	1,791.15
- Insurance Service Income	1,867.14	1,353.91
- Other Service Income	44.28	1.41
	<u>57,203.09</u>	<u>39,945.20</u>

18. OTHER INCOME

(Rs. In Lakhs)

Description	Year ended 31 st March 2015	Year ended 31 st March 2014
Interest Income		
on Deposits	246.09	48.83
on Staff Advance	17.88	12.86
Provision for Doubtful Assets no longer required and written back*	20.69	5.18
Bad debts Recovered	68.04	–
Liability no longer required written back	32.35	–
Other Non Operating Income	2.21	1.30
	387.26	68.17

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

19. FINANCE COST

(Rs. In Lakhs)

Description	Year ended 31 st March 2015	Year ended 31 st March 2014
Interest Expenses		
- Bank Loans	14,576.91	9,963.43
- FIs	1,161.36	1,532.76
- NBFCs	1,586.93	1,023.51
- Others	15.55	114.68
Other Borrowing Cost		
- Discount on Commercial Papers	2,540.45	1,931.87
- Amortisation of Line of credit charges	330.83	258.71
- Bank charges	663.83	574.69
	20,875.86	15,399.65

20. EMPLOYEE BENEFIT EXPENSES

(Rs. In Lakhs)

Description	Year ended 31 st March 2015	Year ended 31 st March 2014
Salaries and Allowances	12,738.73	9,968.66
Contribution to provident and other funds	973.89	741.01
Staff welfare	749.10	444.08
	14,461.72	11,153.75

21. OTHER EXPENSES

(Rs. In Lakhs)

Description	Year ended 31 st March 2015	Year ended 31 st March 2014
Rent @	666.88	482.28
Repairs and Maintenance - Building	28.92	31.32
Insurance	210.02	119.19
Travelling and Conveyance	1,694.68	1,252.10
Communication expenses	1,227.38	968.56
Rates and Taxes	157.45	92.70
Payment to Auditor		
Statutory Audit	10.62	8.00
Tax Audit	5.06	2.00
Certification	3.27	3.72
Reimbursement of Expenses	0.73	0.31
Directors' Sitting Fees	1.43	1.25
Consultancy Fees	1,485.03	534.50
Electricity Charges	122.85	115.73
Discard of Fixed Assets	4.79	82.18
Loss on Foreclosures / Repossessed Assets (Net)	494.41	291.95
Donation	100.50	-
Other expenses	809.78	598.68
	<u>7,023.80</u>	<u>4,584.47</u>

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

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

(Rs. In Lakhs)

Description	2014-15	2013-14
Less than 1 year	235.78	194.80
Between 1 year and 5 years	439.33	443.17
More than 5 years	-	-

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015

1. Capital Commitments

(Rs. in Lakhs)

Description	31 st March, 2015	31 st March, 2014
Estimated amount of contracts remaining to be executed on Capital Account not provided for	99.74	9.92

2. The Company does not have any other commitments, other than stated under Note No.2(g)(c).

3. Contingent Liabilities not provided for:

(Rs. in Lakhs)

Description	2014-15	2013-14
Legal cases filed by borrowers against the company	93.39	88.77

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

4. Claims against the company not acknowledged as debt - Rs. Nil (previous year - Rs. Nil).

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 of fixed assets, receivables, loans and advances and Bank balances) of Rs. 5,075.51 lakhs and liabilities (comprising of borrowings from Banks and Institution, current liabilities and provisions) of Rs. 29,875.51 lakhs. TVSFS issue Unsecured Redeemable Bonds for the excess of liabilities over assets of Rs. 24,800.00 lakhs (which stands at Rs. 22,017.00 lakhs as on the date of this balance sheet). The bonds are redeemable between 7th and 12th year from the date of allotment. The said bonds have been purchased by TVS Motor Services Limited (TVSMS), the Holding Company, during 2010-11 at book value and the same is repayable by TVSMS in 6 years and is partly secured (being created) by the land owned by TVSMS and their receivables arising out of sale of land, whose book value is Rs. 10,062.00 lakhs (PY Rs. 10,062.00 lakhs). Considering the intrinsic value of land lying with Holding Company, the shares held by the Holding Company in the Company, the unsecured amount of Rs. 11,955.00 lakhs is considered good and recoverable. In the opinion of the company the receivable from TVSMS not being a credit exposure or an investment does not fall within the exposure norms prescribed under the Non Banking Financial (Non-Deposit Accepting or Holding) Prudential Norms (Reserve Bank) Directions, 2007.

6. The break-up of Deferred tax (assets)/Liabilities are as under:

(Rs. in Lakhs)

Timing Differences	Balance as at 01.04.2014	For the Year	Balance as at 31.03.2015
Deferred Tax Asset			
Provision for Compensated Absence	(50.13)	(27.34)	(77.47)
Provision for Bad and Doubtful Debts	(543.47)	(374.91)	(918.38)
Provision for Pension	(136.95)	(76.62)	(213.57)
Fixed Assets - Depreciation	(104.74)	(68.33)	(173.07)
Net Deferred Tax (Asset)/Liability	(835.29)	(547.20)	(1382.49)

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015
7. Gratuity & Compensated Absence

Details of Defined benefit plan for gratuity and Compensated absence, as per Actuarial Valuation Report, is as follows:

(Rs. in Lakhs)

Description	Gratuity		Compensated absence	
	2014-15	2013-14	2014-15	2013-14
Present value of defined benefit obligations at beginning of the year	267.29	95.28	163.47	85.36
Current service cost	54.76	59.89	59.02	70.21
Interest Cost	21.02	9.50	9.72	6.43
Actuarial (gains) / Losses	(40.09)	10.23	38.21	11.57
Present value of defined benefit obligations at end of the period	302.98	174.90	270.42	173.58
Changes in Plan Assets				
Fair value of the plan assets at the beginning of the year	230.49	127.19	–	–
Acquisition adjustments	–	–	–	–
Expected return on plan assets	24.74	16.94	–	–
Contributions	113.49	86.36	–	–
Benefits paid	(9.06)	–	3.06	10.10
Actuarial Gain /(Loss) on plan assets	(8.54)	–	–	–
Fair value of plan assets at the end of the year	351.12	230.49	3.06	10.10
Amount recognised in the Balance Sheet under Note No.				
Present value of funded defined benefit obligations at end of the year	(293.92)	(174.90)	267.36	163.48
Fair value of plan assets at end of year	351.12	230.49	267.36	163.48
Funded status	57.20	55.60	–	–
Net (Liability) /Asset recognised in balance sheet at end of the year	–	–	–	–
Expense recognised in income statement				
Current service cost	54.76	59.89	59.02	70.20
Interest cost	21.02	9.50	9.72	6.43
Expected return on plan assets	(24.74)	(16.94)	–	–
Curtailement cost / (credit)	–	–	–	–
Settlement cost / (credit)	–	–	–	–
Actuarial (gains) / losses	(40.09)	10.23	38.21	11.57
Expense recognised in the Statement of Profit & Loss a/c	10.95	62.68	106.95	88.21
Assumptions				
Discount Rate	8.00%p.a	8.00%p.a	8.00%p.a	8.00%p.a
Interest Rate (Rate of Return on Assets)	8.75%p.a	9.00%p.a	8.50%p.a	8.50%p.a
Future Salary Increase	5.00%p.a	5.00%p.a	5.00%p.a	5.00%p.a
Attrition Rate	2.00%p.a	2.00%p.a	2.00%p.a	3.00%p.a

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015

8. Earnings per Share (EPS)

Particulars		March 31, 2015	March 31, 2014
Profit / (Loss) after Tax for Basic EPS	Rs. in Lakhs	2,921.44	1,719.64
Weighted average number of Equity shares used in computing Basic earnings per share	Nos	11,38,43,837	9,28,34,858
Face value of Equity Shares	Rupees	10.00	10.00
Basic Earnings per share	Rupees	2.57	1.85
Profit after Tax for Basic EPS	Rs. in Lakhs	2,921.44	1,719.64
Profit after Tax for Diluted EPS	Rs. in Lakhs	2,921.44	1,719.64
Weighted average number of Equity shares used in computing Basic earnings per share	Nos	11,38,43,837	9,28,34,858
Weighted average number of Equity shares in computing Diluted earnings per share	Nos	11,38,43,837	9,28,34,858
Diluted Earnings per Share	Rupees	2.57	1.85

9. Note on Securitization

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

During the year, the Company has without recourse securitized on 'at Par' basis through Pass through Certificate (PTC) route, and derecognized the said loan receivables from the books. In terms of the accounting policy stated in Note No.1 (g), securitization income is recognized as per RBI guidelines dated 21st August 2012. The interest only strip representing present value of interest spread receivable has been recognized under loans and advances (vide Note No.11) and equivalent amount of unrealized gains has been recognized as liabilities (vide Note No.5 and 9).

Rs.in Lakhs

S. No.	Description	2014-15	2013-14
1	No of SPVs sponsored by the NBFC for securitisation transactions	3 nos.	1 no
2	Total amount of securitised assets as per books of the SPVs sponsored by NBFC's	14,758.46	5,938.96
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.15)	4,300.95	1,187.79
	- Others	-	-

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015

Rs.in Lakhs

S. No.	Description	2014-15	2013-14
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 securitizations		
	- First loss	—	—
	- Others	—	—
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	- First loss	—	—
	- Others	—	—
	ii) Exposure to third party securitizations		
	- First loss	—	—
	- Others	—	—

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

(Rs. In Lakhs)

Description	2014-15	2013-14
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	—	—

c. Details of Assignment Transactions undertaken by NBFCs

(Rs. In Lakhs)

Description	2014-15	2013-14
No. of Accounts	3,690	—
Aggregate value (net of Provisions) of accounts sold	5,913.45	—
Aggregate Consideration	5,913.45	—
Additional Consideration realised in respect of accounts transferred in earlier years	—	—
Aggregate Gain/Loss over net book value	—	—

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015

10. During the year, Company has acquired without recourse, Portfolio of Rs.120.06 lakhs (Previous year Rs. 708.02 Lakhs) for a consideration of Rs.106.79 lakhs (Previous year Rs.679.00 Lakhs) through assignment agreements. Accounting for the same is in line with the other loans against assets given by the Company.
11. As at the balance sheet date, the company has received dues of Rs.1,160.10 Lakhs (PY - Rs. 182.03 lakhs) included under bank balances, arising out of the assigned asset and the same is held as "payable to the Bank" and shown under Other Current Liabilities (Note No.9).
12. Disclosure in respect of Related Parties pursuant to Accounting Standard 18:

Nature of Relationship	Parties name
Reporting Enterprise	TVS Credit Services Limited
Holding Company	TVS Motor Services Limited
Key managerial personnel (KMP)	Mr. Anupam Thareja, Whole Time Director
Enterprise over which Key Managerial Personnel is able to exercise significant influence	Phi Research Private Limited Phi Capital Services LLP

Transactions with the Related Parties:

(Rs. In Lakhs)

Sl. No.	Name of the Related Party	Nature of Transactions	Amount	Amount
			2014-15	2013-14
1	Holding Company - TVS Motor Services Ltd	Contribution towards equity share capital	1,982.08	1,958.85
		Contribution towards security Premium	7,730.11	5,288.90
		Advance received	3.00	—
		Balance outstanding (Dr.)	22,014.00	22,017.00
2.	Enterprise over which Key Managerial Personnel is able to exercise significant influence - PHI Capital Services LLP	Contribution towards equity share capital	77.92	—
		Contribution towards security Premium	303.89	—
		Professional charges	614.15	—
		Balance outstanding	—	—

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

13. Segment Reporting

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

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015
14. Expenditure in foreign currency (Rs. in Lakhs)

Description	2014-15	2013-14
Foreign Travel Expenses	–	1.13

15. Earning as per Foreign Currency (Rs. in Lakhs)

Description	2014-15	2013-14
Earnings as per Foreign Currency	–	–

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

17. In the opinion of the Management, the current Assets, Loans & Advances have a value of realization in ordinary course of business or at least equal to the amount at which they are stated in the balance sheet.

18. Auditor' Remuneration (exclusive of Service Tax) (Rs. In Lakhs)

Description	2014-15	2013-14
Audit Fee	10.00	8.00
Tax Audit	3.00	2.00
Other Services	1.00	–
Reimbursement of Expenses	0.72	0.31

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

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

(Rs. in Lakhs)

	Liabilities	Amount outstanding	Amount overdue
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
a)	Debentures- secured	–	–
	-Unsecured (other than falling within the meaning of public deposits)	–	–
b)	Deferred Credits	–	–
c)	Term Loans	1,19,134.57	–
d)	Inter-corporate loans and borrowings	–	–
e)	Commercial paper	2,500.00	–
f)	Other loans - (Representing Working Capital Demand Loans and Cash Credit from Banks)	1,13,933.29	–

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015

(Rs. in Lakhs)

Assets side:	Amount Outstanding
(2) Break-up of Loans and Advances including bills receivable (other than those included in (4) below):	
a) Secured	2,57,966.52
b) Unsecured	4,208.13
(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	-
(4) Break up of Investments:	Amount
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)	-

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015

(Rs. in Lakhs)

Long term Investments:	Amount		
1 Quoted :			
(i) Shares: (a) Equity		-	
(b) Preference		-	
(ii) Debentures and Bonds		-	
(iii) Units of Mutual funds		-	
(iv) Government securities		-	
(v) Others (Please specify)		-	
2 Unquoted:			
(i) Shares: (a) Equity		-	
(b) Preference		-	
(ii) Debentures and Bonds		-	
(iii) Units of Mutual funds		-	
(iv) Government securities		-	
(v) Others (Pass through Certificates-Securitisation)		-	
		-	
(5) Borrower group -wise classification of assets financed as in (2) and (3) above			
	Amount net of provisions		
Category	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	2,55,223.23	4,208.13	2,59,431.36
Total	2,55,223.23	4,208.13	2,59,431.36
(6) Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)			
Category	Market value/ Breakup or fair value of NAV	Book value (Net of provisions)	
1 Related parties			
(a) Subsidiaries		-	
(b) Companies in the same group		-	
(c) Other related parties		-	
2 Other than related parties		-	

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015

(Rs. in Lakhs)

(7) Other Information			
Particulars		Amount	
(i) Gross Non-performing assets			
(a) Related Parties			–
(b) Other than related parties			3,754.41
			3,754.41
(ii) Net - Non Performing assets			
(a) Related Parties			–
(b) Other than related parties			1,011.12
			1,011.12
(iii) Assets acquired in satisfaction of debt			
1 Companies in the same group have been considered to mean companies under the same management as per section 370(1B) of the Companies Act 1956.			
2 Information under (7) above does not include provision made for standard assets as per notification no. RBI/2010-11/370 DNBS.PD.CC.No.207/03.02.002/2010-11 dated Jan 17, 2011.			

20. Disclosure pursuant to Reserve Bank of India Notification DNBR (PD) CC.No.0029/03.10.001/2014-15 dated April 10, 2015.
a. Capital Adequacy Ratio

(Rs. in Lakhs)

Description	2014-15	2013-14
Tier I Capital	35,567.07	24,235.62
Tier II Capital	12,343.46	9,209.67
Total Capital	47,910.53	33,445.29
Total Risk Weighted Assets	2,85,463.73	2,02,177.08
Amount of Subordinated Debt as Tier II Capital (Discounted Value)		
Capital Ratios	11,435.00	8,180.00
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	12.46%	11.99%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	4.32%	4.55%
Total (%)	16.78%	16.54%

b. Investments

(Rs. in Lakhs)

Description	2014-15	2013-14
1 Value of Investments		
i) Gross Value of Investments		
a) In India	–	–
b) Outside India	–	–
ii) Provision for Depreciation		
a) In India	–	–
b) Outside India	–	–
iii) Net Value of Investments	–	–

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015

(Rs. in Lakhs)

Description	2014-15	2013-14
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	—	—

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

(Rs. in Lakhs)

Description	2014-15	2013-14
(a) Direct Exposure (Net of Advances from Customers)		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		
- individual housing loans up to Rs. 15 Lakhs		
- individual housing loans more than Rs. 15 Lakhs	—	—
(ii) Commercial Real Estate -	—	—
Lending secured by mortgages on commercial real 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)		

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

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015

d. Exposure to Capital Market

(Rs. in Lakhs)

Description	2014-15	2013-14
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 a 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)	—	—

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015
e. Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities as at 31st March 2015

(Rs. In Lakhs)

Time of Buckets	2014-15		2013-14	
	Liabilities (Borrowings from Banks / FI)	Advances (Net of Provisions for Non-Performing Assets)	Liabilities (Borrowings from Banks / FI)	Advances (Net of Provisions for Non-Performing Assets)
Upto 1 Month	457.07	19,505.50	1,151.52	16,516.65
Over 1 to 2 Months	3,623.74	13,457.15	5,060.61	10,152.67
Over 2 to 3 Months	8,965.40	13,198.65	3,659.52	10,456.33
Over 3 months to 6 Months	12,337.88	34,675.28	24,690.02	26,216.60
Over 6 Months to 1 Year	1,37,620.14	61,560.16	82,298.94	45,061.58
Over 1 Year to 3 Years	55,880.30	99,801.84	51,081.22	63,050.42
Over 3 Year to 5 Years	9,733.33	13,024.65	3,113.00	5,817.88
Over 5 Years	6,450.00	—	3,525.00	12.11
Total	2,35,067.86	2,55,223.22	1,74,579.82	1,77,284.23

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

Rs. In Lakhs)

Category	Less than Rs.1 lacs		Rs.1 to Rs.5 lacs		Total	
	Count	Value	Count	Value	Count	Value
A Person Involved						
Staff	26	9.25	5	22.78	31	32.03
Customers/Showroom Managers	—	—	—	—	—	—
Staff and Customers	26	9.25	5	22.78	31	32.03
B Type of Fraud						
Misappropriation and Criminal breach of trust	—	—	—	—	—	—
Fraudulent encashment / manipulation of books of accounts	26	9.25	5	22.78	31	32.03
Unauthorised credit facility extended	—	—	—	—	—	—
Cheating and Forgery	—	—	—	—	—	—
Total	26	9.25	5	22.78	31	32.03

Out of the above, Rs.28.20 lakhs has been recovered and the company has made provision for the balance recoverable. The above information is prepared based on the information available with the Company and relied upon by the Auditors.

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015
21. Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.0029/03.10.001/2014-15 dated April 10 2015
a. Movement of Non-Performing Assets (NPA's)

(Rs. in Lakhs)

	Description	2014-15	2013-14
(i)	Net NPA to Net Advances (%)	0.40%	0.11%
(ii)	Movement of NPAs (Gross)*		
a)	Opening Balance	2,892.15	2,769.13
b)	Additions during the year	1,478.61	306.12
c)	Reductions during the year	616.35	183.10
d)	Closing Balance	3,754.41	2,892.15
(iii)	Movement of NPAs (Net)*		
a)	Opening Balance	198.47	153.08
b)	Additions during the year	1,285.72	182.29
c)	Reductions during the year	473.07	136.90
d)	Closing Balance	1,011.12	198.47
(iv)	Movement of provisions for NPA's (excluding provision on standard assets)*		
a)	Opening Balance	2,693.68	2,616.05
b)	Provisions made during the year	192.89	123.83
c)	Reductions during the year	143.28	46.20
d)	Closing Balance	2,743.29	2,693.68

* The above movement excludes written off during the year and provision includes provision on assets taken over from erst while TVS Finance and Services Limited (converted to Chennai Business Consulting Services Limited) vide BTA dated 21/04/2010.

b. Movement of Contingent Standard Asset Provision

(Rs. in Lakhs)

	Description	2014-15	2013-14
(i)	Movement of Contingent Provision against standard assets		
a)	Opening Balance	1,475.09	765.52
b)	Additions during the year	985.68	709.57
c)	Reductions during the year	—	—
d)	Closing Balance	2,460.77	1,475.09

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015
c. Provisions and Contingencies
Break up of 'Provisions and Contingencies' shown under the Head Expenditure in Profit and Loss Account

(Rs. in Lakhs)

Description	2014-15	2013-14
Provision for Depreciation on Investments	–	–
Provision towards NPA	69.06	82.82
Provision made towards Income Tax	2,027.33	706.77
Other Provision and Contingencies - Provision as per Company Norms	679.66	309.79
Provision for Standard Assets	306.02	399.77
	3,082.07	1,499.15

22. Concentration of Advances, Exposures & NPA's
a. Concentration of Advances

(Rs. in Lakhs)

Description	2014-15	2013-14
Total Advances to Twenty Largest Borrowers	2,573.57	4,874.00
Percentage of advances to twenty largest borrowers to Total Advances	1.00%	2.74%

b. Concentration of Exposures

(Rs. in Lakhs)

Description	2014-15	2013-14
Total Advances to Twenty Largest Borrowers/Customers	2,573.57	4,874.00
Percentage of advances to twenty largest borrowers to Total Advances	1.00%	2.74%

c. Concentration of NPA's

(Rs. in Lakhs)

Description	2014-15	2013-14
Total Exposure to Top Four NPA Accounts	74.19	15.41

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015
d. Sector-wise distribution of NPA's

(Rs. in Lakhs)

Sector	Percentage of NPA's to Total Advances in that Sector	
	2014-15	2013-14
1 Agriculture and Allied Activities	0.13%	0.01%
2 MSME	—	—
3 Corporate Borrowers	1.13%	0.00%
4 Services	—	—
5 Unsecured Personal Loans	—	—
6 Auto Loans (includes assets taken over from Chennai Business Consulting Services Limited)	1.81%	2.02%
7 Other Personal Loans	—	—
8 Others	—	—

23. Customer Complaints

Description	2014-15	2013-14
No of Complaints Pending at the beginning of the year	3	0
No of Complaints received during the year	377	241
No of Complaints redressed during the year	361	238
No of Complaints Pending at the end of the year	19	3

Note: The above figures are based on complaints received from customer for identified service deficiency. As on 23rd June 2015, except for two cases, other complaints have been resolved.

24. Details of non- performing financial assets purchased/sold

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

25. 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

26. Details of Financing of Parent Company Products

There is no financing during the current year.

27. Ratings assigned by Credit Rating Agencies

Description	2014-15	2013-14
Commercial paper	CRISIL-A1+	BWR-A1+
Working Capital Demand Loans	BWR-AA-	BWR-A+
Cash Credit	BWR-AA-	BWR-A+
Bank Term Loans	BWR-AA-	BWR-A+
Non-Convertible Debentures- Long Term	CRISIL-A+/Stable	CRISIL-A
Subordinated Debt	BWR-AA-	BWR-A+

22. Additional Notes forming part of Financial Statements for year ended 31st March 2015

28. Penalties imposed by RBI and Other Regulators

No penalties have been imposed by RBI and other regulators during the FY 2014-15 and FY 2013-14.

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

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

30. Advance against Intangible Securities

Company has not given any loans against intangible securities.

31. For the financial year ending 31st March 2015, the Company has, in accordance with Part A of Schedule II to the Companies Act, 2013, considered the useful life as per Part C of the Schedule II, except in the case of Mobile phone, wherein the useful life considered is 2 years, as per the technical evaluation. As a result of adoption of new useful life, the depreciation charge for the year is more by Rs.18.74 lakhs. For tangible fixed assets that had completed useful life as at 1st April 2014, the carrying amount of Rs.4.04 lakhs has been charged to Statement of Profit and Loss.

32. The Company has the process whereby periodically all long term contracts, including derivative contracts, are assessed for material foreseeable losses. At the year end, company has reviewed and ensured that adequate provision as require under any law/accounting standard for material foreseeable losses on such long term contracts has been made in the books of accounts.

33. Expenditure incurred on Corporate Social Responsibility activities is Rs. 5 lakhs.

34. Previous year figures have been regrouped / rearranged, where necessary.

As per our report of even date

For V. SANKAR AIYAR & CO.

Chartered Accountants
ICAI Regn No. 109208W

S. VENKATARAMAN
Partner
Membership No. 34319

Chennai
June 23, 2015

K. SRIDHAR
Company Secretary

For and on behalf of the Board

venu srinivasan
Chairman

ANUPAM THAREJA
Wholetime Director

G. VENKATRAMAN
Chief Executive Officer

V. GOPALAKRISHNAN
Chief Financial Officer





TVS
CREDIT