



Success. Inspired by India.

Annual Report 2021-22





***TVS* CREDIT**



The small achievements of countless Indians add up to the huge achievement called India.



Depending on how you look at it, 75 years is both a long time and a short time. It's a long time in human terms, but short when we talk about the age of a nation. India is still a young nation, but it stands tall on the world stage.

To celebrate 75 years of our beautifully diverse nation, we dedicate our Annual Report for 2021-22 to the many strengths that make India a superpower. Interspersed with our own performance figures, you'll learn about the various facets of India that inspire us every day.

We're happy to report that in the past year, our Assets Under Management grew by 24%, well distributed across our various business portfolios. Disbursals grew by 45%, and income by 23%. In spite of every challenge, we focussed on delighting our customers and making them self-sufficient.

Each of our businesses grew in size and market share. We also covered more of India, experiencing the many wonders that make it great, and empowering even more of our countrymen and women to achieve and excel.

We hope you enjoy reading through our Annual Report, and feel as proud of our nation's progress as we are. We wish every Indian joy and fulfilment, as our country completes 75 glorious years.



Empowering India.
One Indian at a time.



BOARD OF DIRECTORS

Venu Srinivasan, Chairman
Sudarshan Venu
R Gopalan
K N Radhakrishnan
V Srinivasa Rangan
B Sriram
Kalpana Unadkat
G Venkatraman, Director & Chief Executive Officer

AUDIT COMMITTEE

R Gopalan, Chairman
V Srinivasa Rangan
K N Radhakrishnan

NOMINATION AND REMUNERATION COMMITTEE

Kalpana Unadkat, Chairperson
B Sriram
Sudarshan Venu

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Venu Srinivasan, Chairman
R Gopalan
K N Radhakrishnan

RISK MANAGEMENT COMMITTEE

K N Radhakrishnan, Chairman
V Srinivasa Rangan
Kalpana Unadkat

ASSET LIABILITY MANAGEMENT COMMITTEE

B Sriram, Chairman
Sudarshan Venu
G Venkatraman

INFORMATION TECHNOLOGY STRATEGY COMMITTEE

B Sriram, Chairman
Sudarshan Venu
K N Radhakrishnan
G Venkatraman
V Gopalakrishnan
C Arulanandam

CREDIT SANCTION COMMITTEE

B Sriram, Chairman
Sudarshan Venu
G Venkatraman
V Gopalakrishnan
K Gopala Desikan

STAKEHOLDERS RELATIONSHIP COMMITTEE

K N Radhakrishnan, Chairman
R Gopalan
Kalpana Unadkat

CHIEF FINANCIAL OFFICER

V Gopalakrishnan

STATUTORY AUDITORS

Sundaram & Srinivasan
Chartered Accountants
23, C.P. Ramaswamy Road,
Alwarpet, Chennai – 600 018
Email ID: sundaramandsrinivasan1948@gmail.com

SECRETARIAL AUDITOR

T N Sridharan
No. 4, Viswanathan Street,
Vivekananda Nagar, Ambatur- 600 053
Email ID: tn_sridhar@yahoo.com

REGISTERED OFFICE

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

BANKERS / FINANCIAL INSTITUTIONS

Axis Bank Limited
Aditya Birla Finance Limited
Bank of Baroda
Bank of Maharashtra
Canara Bank
DCB Bank Limited
Deutsche Bank
Federal Bank Limited
HDFC Bank Limited
HSBC Limited
Indian Bank
The Karur Vysya Bank Limited
South Indian Bank Limited
State Bank of India
Sumitomo Mitsui Banking Corporation
Tata Capital Financial Services Limited
Union Bank of India
DBS Bank Limited
MUGB Bank Limited
MUDRA

SUBSIDIARY COMPANIES

TVS Two Wheeler Mall Private Limited
Harita ARC Private Limited
TVS Housing Finance Private Limited

DEBENTURE TRUSTEES

Beacon Trusteeship Limited

Registered office and Corporate office
4C & D Siddhivinayak Chambers,
Gandhi Nagar, Opp. MIG Cricket Club,
Bandra (East), Mumbai – 400 051
Tel: +91-022-2655 8759
Fax: +91-022-4918 6060
Email ID: compliance@beacontrustee.co.in

IDBI Trusteeship Services Limited

Regd. Office: Asian Building,
Ground Floor
17 R Kamani Marg, Ballard Estate
Mumbai – 400 001
Tel: +91 22 4080 7000
Fax: +91 22 6631 1776
Email ID: itsl@idbitrustee.co.in

Catalyst Trusteeship Limited

(Erstwhile GDA Trusteeship Limited)
Office No. 604, 6th Floor, Windsor,
C.S.T. Road, Kalina, Santacruz (East),
Mumbai - 400 098
Tel: +91 020 2528 0081
Email ID: compliancectlmumbai@ctltrustee.com

Contents	Page No.
Notice to the Shareholders	5
Directors' Report to the Shareholders	25
Report on Corporate Governance	40
Secretarial Audit Report	49
Independent Auditors' Report on Standalone Financial Statements	54
Standalone Financial Statements	64
Independent Auditors' Report on Consolidated Financial Statements	125
Consolidated Financial Statements	132

NOTICE is hereby given that the Fourteenth Annual General Meeting of the shareholders of the Company will be held at the Registered Office of the Company at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006 on Wednesday, the 29th June, 2022 at 2.00 P.M. to transact the following business:

ORDINARY BUSINESS

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

"RESOLVED THAT the standalone and consolidated audited financial statements for the year ended 31st March 2022, together with the Directors' Report and the Auditors' Report thereon as circulated to the members and presented to the meeting be and are hereby approved and adopted."

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

"RESOLVED THAT Mr.Sudarshan Venu (holding DIN: 03601690), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company."

SPECIAL BUSINESS

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

TO APPOINT MS.KALPANA UNADKAT AS AN INDEPENDENT DIRECTOR

"RESOLVED THAT pursuant to the provisions of Sections 149 read with Schedule IV, 152, 160, 161 and other applicable provisions, if any, of the Companies Act, 2013 (the Act, 2013) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Ms.Kalpana Unadkat (holding DIN: 02490816), who was appointed as an Additional Director and Non-Executive Independent Director and who holds office up to the date of this AGM, and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act, 2013, consent of Members be and is hereby accorded for her appointment as a Non-Executive and Independent Director of the Company, for a term of five consecutive years w.e.f. 28th July 2021 and whose office shall not be liable to retire by rotation during the period, and to receive remuneration by way of profit related commission, if any, within the permissible limit in terms of Section 197 of the Act, 2013, as determined by the Board, from time to time including reimbursement of expenses and fees for participation in the meetings of the Board and/or Committees in terms of applicable provisions of the Act, 2013.

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

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

APPROVAL UNDER SECTION 180(1)(c) OF THE COMPANIES ACT, 2013 TO BORROW IN EXCESS OF THE AGGREGATE OF THE PAID-UP CAPITAL AND FREE RESERVES OF THE COMPANY

RESOLVED THAT in supersession of the special resolution passed by the shareholders on 28th July, 2021, approval of the shareholders of the Company, be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board") under Section 180(1)(c) and all other applicable provision if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and the Articles of Association of the Company, for borrowing, from time to time, as it may consider fit, any sum or sums of monies from any person, whether or not the monies so borrowed together with the monies already borrowed by the Company and remaining outstanding at any one time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free

reserves that is to say, reserves that are not set apart for any specific purpose provided that the total amount so borrowed and outstanding at any one time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed Rs.18,100 crore (Rupees Eighteen Thousand and One Hundred Crore only) and that the Board be and is hereby empowered and authorised to arrange and fix the terms and conditions of all such monies to be borrowed, from time to time, as to interest, repayment, security or otherwise as it may think fit.

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

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

APPROVAL UNDER SECTION 180 (1)(a) OF THE COMPANIES ACT, 2013 TO SECURE THE BORROWING BY CREATING CHARGES/MORTGAGES OVER THE PROPERTIES OF THE COMPANY

RESOLVED THAT in supersession of the special resolution passed by the shareholders on 28th July, 2021, approval of the shareholders of the Company, be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board"), under Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof, for the time being in force) to create security by way of mortgage and/or charge or otherwise in respect of all or any part of the Company's undertaking(s) / immovable properties and fixed assets including lands, buildings, plant and machineries, both present and future, and a floating charge over the whole or any part of the undertaking(s) of the Company including moveable/current assets to secure the repayment of loan(s) (in foreign currency and/or rupee currency) and securities (comprising fully/party convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments) borrowed or issued by the Company from time to time, to or in favour of banks, trustees and/or financial institutions/other entities in such manner and on such terms and conditions as the Board may think fit, together with interest at the respective agreed rates, additional interest, commitment charges, premia on pre-payment or on redemption, costs, charges and expenses, and all other monies payable by the Company in terms of loan agreement(s), heads of agreement(s), debenture trust deed, security or other document(s) entered into by the Company in respect of the foregoing.

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

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

APPROVAL FOR THE APPOINTMENT OF MR.G VENKATRAMAN AS A DIRECTOR OF THE COMPANY

RESOLVED THAT subject to the provisions of Sections 152, 160, 161 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended from time to time) and as recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, consent of the Company be and is hereby accorded for the appointment of Mr.G Venkatraman (DIN 08098890) as a Non-Independent Director of the Company, liable to retire by rotation, effective 4th May, 2022.

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

APPROVAL FOR THE APPOINTMENT OF MR.G VENKATRAMAN AS A DIRECTOR & CHIEF EXECUTIVE OFFICER IN THE RANK OF WHOLE-TIME DIRECTOR OF THE COMPANY

RESOLVED THAT subject to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (the Act), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment(s) thereof for the time being in force), consent of the Company be and is hereby accorded for the appointment and payment of remuneration to Mr.G Venkatraman (holding DIN 08098890), as a Director & Chief Executive Officer in the rank of Whole-Time Director of the Company with effect from 4th May, 2022 up to 2nd December, 2025, co-terminus with his existing terms of appointment as Chief Executive Officer of the Company, upon such terms and conditions as recommended by the Nomination and Remuneration Committee and the Board of Directors (the Board) which is hereby specifically sanctioned with authority to the Board to alter and vary the terms and conditions of the said appointment and payment of remuneration and / or agreement in such manner, as it may deem fit and as may be agreed to between the Board and Mr.G Venkatraman and for this purpose the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary.

RESOLVED FURTHER THAT the scope and quantum of remuneration, may be enhanced, enlarged, widened, altered or varied by the Board, in light of and in conformity with any amendment to the relevant provisions of the Act / Income Tax Act, 1961 and/or the rules and regulations made thereunder and/or such guidelines, as may be announced by the Central Government, from time to time.

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

By order of the Board
For TVS Credit Services Limited

Place : Chennai
Date : 4th May, 2022

V Gopalakrishnan
Chief Financial Officer

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 of the Companies Act, 2013, in respect of the special businesses, as set out in the Notice is annexed hereto.

3. In terms of the Secretarial Standards on General Meeting, brief profile of the Directors, who are proposed to be re-appointed/ appointed in this AGM, nature of their expertise in specific functional areas, other Directorships and Committee Memberships, their shareholding and relationship with other Directors of the Company are given below:

Profile of Mr.Sudarshan Venu

Mr.Sudarshan Venu aged 33 years, (DIN 03601690), holds a Graduate Degree with Honors in the Jerome Fisher Program in Management and Technology from the University of Pennsylvania, USA. He holds B.S. in Mechanical Engineering from the School of Engineering and Applied Sciences and B.S. in Economics from the Wharton School. He has also completed M.Sc. in International Technology Management from the Warwick Manufacturing Group attached to University of Warwick in U.K.

He has been a Director of the Company since 23rd June, 2015. He is a member of the Nomination and Remuneration Committee, Asset Liability Management Committee, Credit Sanction Committee and IT Strategy Committee of the Company. He is the son of Mr.Venu Srinivasan, Chairman of the Company. He does not hold any share in the Company. He has attended all the five Board Meetings held during the year 2021-22.

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

S.No.	Name of the Company	Position Held	Committee Membership
1.	TVS Motor Company Limited	Managing Director	Stakeholders Relationship Committee and Risk Management Committee
2.	Sundaram- Clayton Limited	Director	-
3.	TVS Housing Finance Private Limited	Director	-
4.	TVS Electric Mobility Limited	Director	-
5.	Coromandel International Limited	Independent Director	Stakeholders Relationship Committee

Profile of Ms.Kalpana Unadkat

Ms.Kalpana Unadkat, aged 51 years, (DIN: 02490816) is a qualified Solicitor registered with the Bombay Incorporated Law Society and the Law Society of England & Wales. She is a partner in Khaitan & Co, Mumbai. She specialises in cross border joint ventures, private acquisitions and disposals, commercial contracts, issues of compliance and corporate governance laws.

Ms.Kalpana is a well-recognised expert on Corporate Governance principles. Ms.Kalpana also advises on Board effectiveness, particularly around issues of corporate governance, leadership, organisational climate and decision-making.

She has been an Additional Director of the Company since 28th July, 2021. She is a member of the Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee of the Company. She does not hold any share in the Company. She has attended two Board Meetings held during the year 2021-22.

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

S.No.	Name of the Company	Position Held	Committee Membership
1.	Eris Lifesciences Limited	Director	Audit Committee; Risk Management Committee; and Stakeholder Relationship Committee
2.	Avenue Supermarts Limited	Director	Audit Committee

Profile of Mr.G Venkatraman

Mr.G Venkatraman aged 57 years, (DIN: 08098890) has over 34 years of experience in financial services and telecom backed by a Bachelor's degree in Commerce and an MBA. He began his career with Standard Chartered Bank in 1988, where he spent 12 years, working both in India and the Middle East. After a brief two year stint in telecom, he returned to financial services with IDBI Bank and then ICICI Bank where he headed their Indian branches. Prior to joining TVS Credit, Venkatraman was the head of the retail and commercial business for Fullerton India Credit Company (a Temasek subsidiary). Across these years, he held various positions in liabilities, assets, branch banking, service quality, operations and so on. Recently, he has been awarded 'Asia's Promising Business Leader' at the 6th edition of the 'Asian Business Leaders Conclave' by The Economic Times for his exceptional work. He is also a recipient of CEO of the Year-BFSI Award at the Business Leader of the Year Awards 2022 for his exemplary work in the BFSI industry.

He is presently the Chief Executive Officer of the Company. He is a member of Asset Liability Management Committee of the Company. He does not hold any share in the Company.

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

S.No.	Name of the Company	Position Held	Committee Membership
1.	TVS Housing Finance Private Limited	Director	-

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

Encl: Proxy form

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

The following Explanatory statement sets out all the material facts relating to the 'special businesses' mentioned in the accompanying Notice dated 4th May, 2022 and shall be taken as forming part of the Notice.

Item No.3

The Board, on the recommendation of the Nomination and Remuneration Committee (NRC), considered the appointment of Ms.Kalpana Unadkat, (DIN 02490816) as a Non-Executive Independent Director of the Company (NE-ID), in terms of Sections 149 (read with Schedule IV to the Act, 2013), 150, 152, 160, 161, 164 and other applicable provisions of the Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 17 of the Listing Regulations. In the opinion of the NRC and the Board, Ms.Kalpana Unadkat fulfils the conditions specified under the Act, 2013 and the rules made thereunder and the Listing Regulations, for the proposed appointment as a NE-ID by the shareholders of the Company and she is independent of the management of the Company.

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

In terms of the provisions of Section 149 read with Schedule IV to the Act, 2013, the appointment of NE-ID will require approval of the shareholders of the Company. Hence, it is proposed that Ms.Kalpana Unadkat who was appointed as an Additional Director in the Board Meeting held on 28th July, 2021 and who holds office upto the date of ensuing AGM, be appointed as a NE-ID of the Company to hold office for a period of five consecutive years commencing from 28th July, 2021 and not liable to retire by rotation during her tenure of appointment.

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

A copy of the draft letter of appointment setting out the terms and conditions of appointment of NE-ID will be available for inspection without any fee by the members at the Registered Office of the Company, at Chaitanya, No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600006, Tamil Nadu, India, during the office hours.

The Company has also received a notice from a member under Section 160 of the Act, 2013, proposing the candidature of Ms.Kalpana Unadkat for the office of Director of the Company.

Except Ms.Kalpana Unadkat, Director, none of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item No.3 of this Notice.

The Board, therefore, recommends the ordinary resolution, as set out in Item No. 3 of this Notice, for appointment of Ms.Kalpana Unadkat, as an Independent Director of the Company, for approval of the Shareholders.

Item No.4

The shareholders of the Company, at the Annual General Meeting held on 28th July, 2021, approved, a limit for exercising the powers of borrowing, by the Board of Directors (the Board), for the business purpose of the Company, up to a sum not exceeding ₹13,000 Cr at any one time, in terms of Section 180 (1)(c) of the Companies Act, 2013 (the Act 2013), notwithstanding that the money to be borrowed together with the monies already borrowed by the Company may exceed the aggregate of its paid-up share capital and free reserves apart from temporary loans obtained from the Company's Bankers in the ordinary course of business.

Considering the increased volume of business of the Company, the Directors have considered that it is desirable to enhance the borrowing powers from ₹13,000 Cr to ₹18,100 Cr subject to the approval of the shareholders in the ensuing general meeting.

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

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

Accordingly, the Board recommends the special resolution for approval by the shareholders, as set out in Item No.4 of this Notice.

Item No.5

The shareholders of the Company, at the Annual General Meeting held on 28th July, 2021, approved the proposal authorising the Board to create mortgages and/or charges in such a manner, as the Board may think fit, to secure such borrowings in terms of Section 180(1)(a) of the Act 2013 as may be insisted upon by the lenders.

In order to facilitate securing the borrowing made by the Company, it would be necessary to create mortgagees and/or charge on the assets or whole or part of the undertaking of the Company. Section 180(1)(a) of the Companies Act, 2013 provides for the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the approval of members in the General Meeting.

The Board of Directors of the Company at its Meeting held on 11th April, 2022, has already approved the above stated proposal and recommended the same as contained in Item No. 5 of the Notice, to the Members of the Company.

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

Accordingly, the Board recommends the special resolution for approval by the shareholders, as set out in Item No.5 of this Notice.

Item No.6 & 7

In terms of Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is required to get approval of the members for the appointment of a person on the Board of Directors at the next general meeting or within three months from the date of appointment, whichever is earlier.

The Board of Directors of the Company at its meeting held on 4th May, 2022 appointed Mr.G Venkatraman (holding DIN 08098890) as an additional and Non-Independent Director of the Company.

In compliance with the above regulations, the Board seeks the approval of the members for his appointment as a Director of the Company, liable to retire by rotation.

In pursuance of Section 203(3) read with Section 196 of the Companies Act, 2013 (the Act), the Board of Directors also appointed him as Director & Chief Executive Officer in the rank of Whole-Time Director (WTD) of the Company from 4th May, 2022 as per his existing terms of remuneration in accordance with the provisions of Section 198 read with Schedule V to the Act and as recommended by the Nomination and Remuneration Committee. He is subject to annual increment as per the Company policy.

Necessary agreement was entered into between the Company and Mr.G Venkatraman in this regard. The tenure of his appointment will be from 4th May, 2022 to 2nd December, 2025, co-terminus with his existing terms of appointment as Chief Executive Officer of the Company.

Mr.G Venkatraman holds the position of Chief Executive Officer of the Company and he is designated as Key Managerial Personnel in terms of Section 203 of the Act on 12th June, 2014.

The Company has also received a Notice from a member of the Company under Section 160 of the Act, 2013, proposing the candidature of Mr.G Venkatraman for the office of Director of the Company.

Except Mr.G Venkatraman, Director & Chief Executive Officer, none of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolutions set out in Item Nos.6 & 7 of this Notice.

Accordingly, the Board recommends the resolutions, as set out in Item Nos. 6 & 7 in the Notice to be approved by the shareholders, by way of an ordinary resolution.

By order of the Board
For TVS Credit Services Limited

Place : Chennai
Date : 4th May, 2022

V Gopalakrishnan
Chief Financial Officer



TVS CREDIT SERVICES LIMITED

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

PROXY FORM

FORM No. : MGT 11

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

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

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

1. Name:	2. Name:	3. Name:
Address:	Address:	Address:
Email ID:	Email ID:	Email ID:
Signature	Signature	Signature
Or failing him	Or failing him	Or failing him

as my/our Proxy to attend and vote (on a poll) on my/our behalf at the 14th Annual General Meeting of the Company to be held at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006 on Wednesday, 29th June, 2022 at 2.00 P.M. and at any adjournment thereof in respect of such resolutions as are indicated below:

S.No.	Resolutions	Vote	
		For	Against
Ordinary Business			
1.	Adoption of both standalone and consolidated audited financial statements of the Company for the financial year ended 31 st March, 2022 together with the reports of the Board of Directors' and Auditors' thereon.		
2.	Re-appointment of Mr.Sudarshan Venu as Director, who retires by rotation.		
Special Business			
3.	To appoint Ms.Kalpana Unadkat as an Independent Director.		
4.	Approval under Section 180(1)(c) of the Companies Act, 2013 to borrow in excess of the aggregate of the paid-up capital and free reserves of the Company.		
5.	Approval under Section 180 (1)(a) of the Companies Act, 2013 to secure the borrowing by creating charges / mortgages over the properties of the Company.		
6.	Approval for the appointment of Mr.G Venkatraman as a Director of the Company.		
7.	Approval for the appointment of Mr.G Venkatraman as a Director & Chief Executive Officer in the rank of Whole-Time Director of the Company.		

Signed this day of 2022

.....
Signature of Member

.....
Signature of Proxy holder

Affix
Revenue
Stamp of
₹1

Notes:

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

The Directors have the pleasure in presenting the Fourteenth Annual Report and the audited accounts of the Company for the year ended on 31st March, 2022.

1. BUSINESS AND FINANCIAL PERFORMANCE

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

₹ in Crore

Particulars	Year ended	
	31 st March, 2022	31 st March, 2021
Revenue from Operations	2,746.45	2,237.82
Other Income	8.97	3.11
Total	2,755.42	2,240.93
Finance Costs	782.13	729.44
Fees & Commission, Employee Benefit, Administrative & Other Operating Expenses	1,243.81	919.38
Impairment of Financial Instruments	554.15	466.79
Depreciation and Amortisation Expenses	19.12	19.92
Total Expenses	2,599.21	2,135.53
Profit / (Loss) before Tax & Exceptional Item	156.21	105.40
Less : Exceptional item	5.00	-
Profit / (Loss) before tax	151.21	105.40
Less: Tax expense		
- Current Tax	64.84	46.52
- Deferred Tax	(34.36)	(38.10)
Profit / (Loss) after tax	120.73	96.98
Other Comprehensive Income	29.21	(5.28)
Total Comprehensive Income	149.94	91.70
Balance brought forward from Previous Year	508.98	436.68
Transfer to Statutory Reserve	(24.15)	(19.40)
Surplus / (Deficit) carried to Balance Sheet	634.77	508.98

Company's Performance

The Company ended the year with assets under management (AUM) of ₹13,911 Cr as against ₹11,202 Cr during the previous year, registering a growth of 24%. AUM of the Company is adequately diversified, with Two-Wheeler Loans, Used Car Loans, Tractor Loans, Used Commercial Vehicle Loans, Business Loans, Consumer Durable Loans and Personal Loans constituting 31%, 10%, 27%, 10%, 3%, 10% and 9% of the total loans as of March 2022 respectively. The Company has registered a growth of 45% in disbursements with disbursements of ₹12,533 Cr as against ₹8,627 Cr during the previous year.

Total income during the financial year 2021-22 increased to ₹2,755 Cr from ₹2,241 Cr, an increase of 23% over the previous year. The profit before tax and before exceptional items for the year stood at ₹156 Cr as against ₹105 Cr during the previous year, an expansion of 48%.

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

Key Product-Wise Performance during the Financial Year

The Company disbursed ₹3,365 Cr of Two-Wheeler Loans as against ₹2,901 Cr in the previous year, registering a growth of 16%. The Company continues to be the leading financier for TVS Motor Company Ltd, the holding Company.

The Company expanded its Used Car Loans business in southern states and disbursed ₹826 Cr as against ₹366 Cr in the previous year, registering a growth of 126%.

The Company disbursed ₹2,344 Cr in the Tractor Loans segment, which consists of both New and Used Tractor Loans, as against ₹1,958 Cr in the previous year, registering a growth of 20%.

The Company scaled up its Used Commercial Vehicle Loans business and disbursed ₹980 Cr during the current year as against ₹623 Cr in the previous year, registering a growth of 57%.

The Company also scaled up its Business Loans segment and disbursed ₹1,662 Cr during the current year as against ₹898 Cr in the previous year, registering a growth of 85%.

In Consumer Durable Loans, the Company disbursed ₹2,556 Cr to 12.38 lakh customers as against ₹1,338 Cr to 6.7 lakh customers in the previous year, registering a growth of 91% with customer base expanding by 85%.

The Company also did Cross Selling to its existing customers to the tune of ₹801 Cr as against ₹536 Cr during the previous year, registering a growth of 49%.

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The year was marked by the severe second wave of the pandemic, supply chain disruptions and the onset of a super cycle of commodity price increases. The last quarter also witnessed the outbreak of geopolitical unrest and strife, which though localised to some extent, affected the entire globe.

However, 2021-22 will be remembered for the unparalleled resilience of human spirit across the world, even more so in the Indian populace, the Indian economy, industry, and the Company. In response to the pandemic, 11.4 billion and 1.86 billion doses of vaccine were delivered globally and in India, respectively.

Robust Growth of Indian economy in Fiscal 2022 as Activities Return to pre-COVID Levels

The Indian economy bounced back after the COVID-induced shock in fiscal 2021. It withstood the second wave of the COVID pandemic that hit India in April-June 2021 and the third wave in January 2022 as vaccination levels increased and the people and the Government learned to adapt their responses through experiences gained during the first wave. Increased vaccination coverage, reduction in mortality rates and ease of restrictions gave a fillip to private consumption and supported recovery of aggregate demand. The recovery was also supported by increased spending by the Government, strong pick-up in export demand, and the RBI continuing to support the incipient recovery by maintaining a low interest rate regime. The Indian economy regained its tag of being one of the fastest growing economies in the world.

As per the second advance of the National Statistical Office, the economy was estimated to have grown by 8.9% during fiscal 2022. Real GDP growth returned to pre-pandemic levels, though capacity utilisation and consumer confidence are yet to reach pre-pandemic levels, signalling further growth potential.

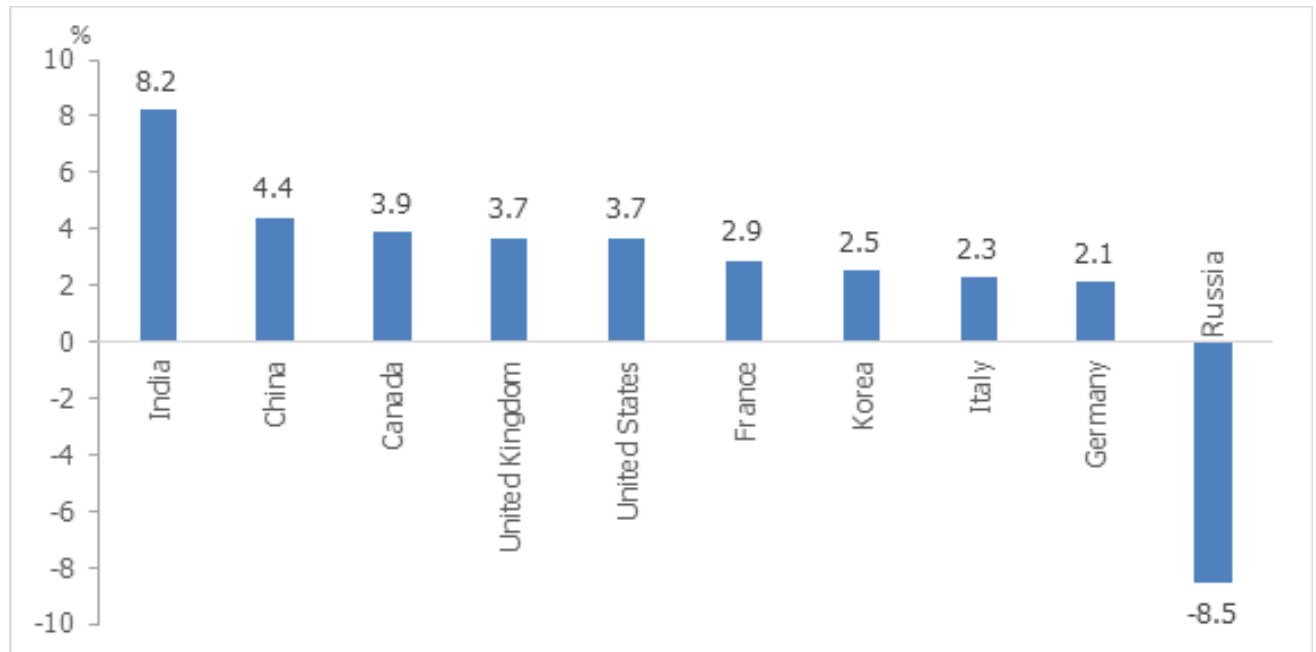
Economic Growth to continue to remain Robust in Fiscal 2023

As we step into fiscal 2023, the Company remains sanguine about the prospects for its business. The RBI, in its April 2022 monetary policy announcement, has projected GDP growth for fiscal 2023 at 7.2%. Further, 19 of the 22 high frequency indicators including railway freight, e-way bill volumes and coal production have returned to pre-pandemic levels and point towards a strong continuing recovery in the broader economy. This gathering momentum is expected to drive the remaining 3 indicators (automotive sales, steel consumption and air passenger traffic) also to positive territory. Growth in fiscal 2023 is expected to be holistic, supported by following factors:

- Strong rural demand supported by favourable rabi output and increase in crop prices.
- A pick-up in urban consumption demand due to increasing vaccination coverage, ease of restrictions and an increase in contact-intensive services that bore the brunt of the pandemic.
- Improving consumer sentiment as also indicated by RBI's Consumer Confidence Survey (April 2022) and a return to pre-pandemic levels.
- Normal monsoon as per the initial forecast of the India Meteorological Department.
- Uptick in CapEx spends by the Central and State Governments as also private corporates.

The focus of the Union Budget for fiscal 2023 on increasing Capital Expenditure (CapEx) despite walking a fiscal tightrope is extremely heartening as it creates a platform for higher growth. The Government's thrust on CapEx coupled with initiatives such as the Production Linked Incentive (PLI) Scheme is expected to give a push for improvement in investment activity. The lift in the consumption cycle is tied to broad-based pick-up in economic activity, which the Indian Government is trying to engineer through focus on investments. This is expected to enhance the growth potential of the Indian economy and, it is hoped, will bring endurance to growth in the medium term. The International Monetary Fund (IMF) projects India to remain the fastest growing major economy in the world in calendar year 2022.

GDP Growth (constant prices) for major global economies (CY 2022)



Source: IMF, CRISIL Research

Longer term, the Indian economy is expected to increase by ~2.5x to \$6.5 Trillion by 2030 with a real GDP growth rate in the range of 6-6.5%. Per capita income and vehicle ownership is expected to double by 2030 led by formalisation, digitisation and urbanisation.

The two greatest risks for the economy at this stage stems from inflationary pressures and supply side concerns. The super cycle of commodity prices that began in fiscal 2022 was further fuelled due to the war between Russia and Ukraine. It led to a significant spike in oil and commodity prices, thereby further exerting significant upward pressure on inflation. Taking cognisance of the spike in prices, the Government pro-actively increased subsidy on fertilisers in-order to absorb shocks on farm input prices due to rise in commodity prices. Supply chain challenges and increasing logistics costs due to the war and COVID-19 induced lockdowns in China are key areas of concern and will need to be monitored carefully.

Rural India Remained Resilient in Fiscal 2022; Structural Foundation Becoming Stronger

Rural demand remained strong in fiscal 2022 due to continued resilience from the agricultural sector and allied activities and rise in farm-based employment. Agriculture sector was least affected by the second wave of the pandemic. As per the second advance estimates of GVA at basic prices by economic activities (at current prices) provided by the National Statistical Office (NSO), agriculture sector witnessed growth of 9.8% in fiscal 2022 as agricultural activities continued unhindered with support from normal monsoons, reduced spread of COVID-19 due to lower population density in the rural areas, increased financial support by Government through Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) and PM-Kisan Scheme, and other Government policies that led to timely supply of seeds and fertilisers during disruptions caused by the pandemic.

The structural foundation of the rural economy has become stronger due to increased spends under MNREGA and irrigation programmes, Direct Benefit Transfer (DBT) to the bank accounts of the

targeted population, the PM-Kisan Scheme, PM Ujjwala Yojana for cooking gas, PM Awas Yojana for housing, and Ayushman Bharat Scheme for healthcare. To supplement this, there has been a continuous improvement in rural infrastructure such as electricity and roads. Due to the Government initiatives, higher incomes in the hands of the rural populace have resulted in enhancing their ability and willingness to spend on discretionary products and services.

The RBI has also increased its thrust on digital payments in the rural economy by undertaking a number of steps such as giving a fillip to offline digital payments, enabling digital payments through feature phones, setting up of Payment Infrastructure Development Fund (PIDF) to enhance setting up of supporting infrastructure, and enhancing the functionality of e-wallets to bring them almost on par with bank accounts.

These structural changes will create more growth opportunities for the Company as it strives to expand its presence deeper into the semi-urban and rural areas.

Rising Middle India Population to Propel Economic Growth

Proportion of Middle India (defined as households with annual income of between ₹0.2 to 1 million) has been on a rise over the last decade and is expected to grow further with continuous increase in the GDP and household incomes, improvement in the literacy levels, increasing access to information and awareness and increase in the availability of necessities.

As per CRISIL Research estimates, there were 41 million households in India in this category as of fiscal 2012, and by fiscal 2022, this number touched 103 million. By fiscal 2030, the number of Middle India households is projected to increase to 181 million households. This growth in the number of middle-income households is expected to lead to enhanced opportunities for the Company, given that the Company's products are closely linked to consumption demand.

A large number of the households, which have entered the Middle-Income bracket in the last few years, are likely to be from semi-urban and rural areas, which are the key focus areas for the Company. Other indicators such as bank deposits, proportion of sales of e-retailers coming from small cities and towns, smartphone ownership, internet users and the proportion of users accessing social media portend a similar trend.

NBFCs Showed Strong Recovery in Credit in Fiscal 2022

Over the past decade, NBFCs have witnessed exceptional credit growth. The NBFCs suffered a blow after the IL&FS default in September 2018, which heightened risk perceptions amongst lenders. The outbreak of COVID-19 pandemic intensified challenges further as several NBFCs slowed down the loan book growth. But in the second half of fiscal 2021, the Indian economy showed signs of improvement, the effect of which was seen in the credit growth.

In fiscal 2022, the second wave of the COVID-19 pandemic led to weak demand for credit in the first quarter of the year. However, the pace of credit recovered afterwards. At the end of fiscal 2022, NBFC's retail credit is estimated to have grown by ~8.5% on-year. The pace of growth is expected to strengthen further in fiscal 2023 with economic growth expected to remain strong.

More importantly, many NBFCs have taken advantage of the pandemic to rethink their business strategies and enhance their structural resilience to both capitalise on growth opportunities and control risks. Increasingly, the focus is on enhancing digitalisation across the value chain, leveraging Big Data and analytics in business applications, partnerships and alliances with FinTechs and aggregators, and upping the ante on collections. Certain NBFCs have also enhanced focus on co-lending partnerships with banks. The pandemic put NBFCs to the test, but the sector has emerged stronger as a result of decent balance sheet expansion, raising additional capital, enhanced focus on collections and expanding liquidity buffers.

Large NBFCs with Strong Parentage and Access to Funding are Likely to Outperform

Nevertheless, the challenges being faced by NBFCs over the last 3-4 years are expected to hasten the pace of consolidation. Large players with a better credit profile, strong parentage and access to funding are likely to outperform the industry and grow at a much higher pace. The industry will, however, continue to witness the emergence of newer equity-funded NBFCs catering to specific customer segments. The COVID-19 pandemic and consequent acceleration in both adoption of technology and change in consumer habits is also increasing availability of data for credit decision-

making and it also has made it possible to build an NBFC lending business without investing large sums in having a brick-and-mortar presence on the ground.

The Company, given its strong parentage and access to funding, views the changes in the NBFC business landscape, as an opportunity to cultivate a stronger presence in focus areas through strategic interventions and partnerships with other firms.

The Company has undertaken several initiatives related to expanding the business and customer acquisition channels, strengthening the underwriting process, sharpening the collections and increasing the focus on analytics, and augmenting the skills of the human resources, which would further enhance the long-term, growth, efficiency and resilience of the business over the next few years.

Company's Disbursements Grew at a Healthy Pace of 45% on-Year in Fiscal 2022

Despite operations being disrupted for part of the year due to the pandemic, the Company registered an extremely strong 45% growth in disbursements with disbursements of ₹12,533 Cr as against ₹8,627 Cr last fiscal year.

The Company scaled up its Consumer vertical, comprising of Consumer Durable Loans and Personal Loans significantly through tie-ups with more OEMs, penetrating deeper in existing geographies, and increase in cross-sell of Personal Loans to existing customers. In aggregate, the Consumer vertical registered disbursement growth of 78% on-year in fiscal 2022.

Disbursement for Retail vertical comprises of Two-wheeler Loans & Used Car Loans and Commercial vertical, which comprises of Tractor Loans, Used Commercial Vehicle Loans & Business Loans, witnessed a growth of 28% and 43% on-year respectively in fiscal 2022. In the Two-Wheeler Loan segment, the Company was able to increase disbursements despite lacklustre two-wheeler sales through increased focus on enhancing penetration within sub-dealers and multi-brand outlets. In the Used Car Loans space, the strong presence was further fortified in the south through proactive moves towards channel management. Within Tractor Loans, the presence was expanded to multiple brands and also enhanced focus on Used Tractor Loans, which drove growth. In the Used Commercial Vehicle Loan space, the focus on ecosystem financing stood in good stead. In the Business Loans segment, while expanding the presence in focus segments, the Company also initiated a pilot in lending to small retail stores.

Geographically also, the Company has expanded its presence to 26 states, which has resulted in the portfolio becoming quite well diversified. The Southern states of Tamil Nadu, Kerala, Karnataka, Andhra Pradesh and Telangana accounted for 38% of the Company's AUM as of March 2022. No single state accounted for more than 15% of the portfolio as of March 2022.

With the aim to maintain well diversified mix of retail, consumer, and commercial business, the company will be focussing on building a long-term profitable commercial vertical and cross-selling of products to the existing customers. The Company's target population will continue to be mid income self-employed from semi-urban and rural areas. The Company is also scaling up its digital initiatives across the value chain and leveraging its existing physical presence to reduce overall costs and improve profitability.

Focus on Collections, Technology and Distribution aided the Company

The Company's sharp focus on collections, increasing distribution reach and investing in appropriate technology tools stood in good stead in this fiscal.

There has been seen a significant uptick in collections across all the business verticals. The Company has categorised the borrowers into multiple risk brackets based on their origination characteristics and repayment patterns to focus on accounts that are likely to show higher propensity for delays. Further, requisite actions at relatively earlier stages were undertaken when an account is overdue so as to enhance collections and recovery. The Company tied-up with various UPI and payment wallets in order to increase digital collections. In few asset classes such as Consumer Durable Loans, Personal Loans, Used Car Loans, the share of digital collections has significantly improved.

On the distribution side, there has been a deeper penetration into the hinterland in focus geographies, and augmented focus on partnerships and tie-ups to enhance reach and business in a cost-effective manner.

Adoption of technology across business was the other major focus area which has helped the Company to perform better in this fiscal. On the business acquisition side, technology has helped the Company to focus on right set of customers at the right time. For example, in Two-Wheeler Loan, Company has implemented the AD-Diya App, which enables self on-boarding of customers by its associate dealer partners, which has helped to grow the network in lower penetrated areas. There was a significant surge in digital leads especially across Used Car Loans, Personal Loans and Consumer Durable Loans. The Company also leveraged technology to improve engagement and penetration with the channel partners and also customers. On the underwriting and collections side as well, machine learning, artificial intelligence and analytics are increasingly being leveraged across various products with the objective of enhancing customer lifetime value.

Over fiscal 2023 as well, these efforts are expected to continue, thereby leading to more positive business outcomes for the Company.

Recovery Management

The Company brought in innovative solutions through technology and analytics to improve the effectiveness and efficiency of the collections process.

Collections Strategies Based on Analytics

The Company has put in place analytics to ascertain which customers are likely to miss payments, send reminders to customers, and drive payments from those who missed payments. Analytics induced collections for delinquent accounts has helped control forward flow across various buckets. The Company also started AI-driven actions for reducing net credit losses. Segmentation of customers and collection agents, and optimisation of collections allocation based on such segments and local geographies is also being done in an effective manner. Data analytics is being used for allocation of collection cases to the field staff, resulting in cost optimisation and improved productivity.

Push for Digital Repayments

The Company tied up with some FinTech companies to push the growth of digital collections. The Company is continuously investing in encouraging customers to make cashless payments through payment gateways and is tying up with digital platforms for this purpose. This will continue to be a key focus area for the Company in coming fiscals.

Data & Analytics

The Company aimed at leveraging analytical tools effectively and increased its focus on data and analytics by introducing a number of initiatives in this area.

Credit Underwriting Based on Machine Learning

The Company expanded the use of Machine Learning (ML) based decisions across its products and functions. In fiscal 2022, the Company leveraged ML-based credit underwriting for both New Tractor and Used Tractor Loans along with Two-Wheeler and Consumer Durable Loans. These automated, algorithmic models have improved credit performance and efficiencies. The Company has effectively deployed ML-enabled cross-sell strategy, which helps in identifying the eligible customers for cross-sell and also suggests the right product to be pitched to these customers.

Fraud Detection and Prevention

The Company has also invested in mitigating fraud risk with the launch of alert mechanisms to combat potential fraud at a customer, dealer or employee level. The Company has also put a fraud detection algorithm for overall enterprise operation. Fraud identification techniques have also been implemented to reduce occurrence of fraudulent activities.

Employee and Sales Force Management

The Company leveraged ML engines to predict attrition, frame retention strategies and design experiments to determine appropriate interventions in case of field personnel incentives. Moreover, the Company undertook analytics-based sales and collections initiatives to bring in right sales executives and collections agents to improve efficiencies.

Information Technology

The Company continues to focus on and invest in data privacy and information security, given their critical importance in enhancing the trust of customers on the Company. The Company strengthened its security landscape by implementing prioritised cyber security projects focussing on access management, network security, data protection and secured development. The technology assessments are being conducted for external technology partners. The Company successfully performed business continuity and disaster recovery drills at a regular frequency. The Company has implemented web-based controls to secure business critical applications and started performing continuous brand monitoring to avoid brand infringement and reputational risks. The Company has put in place additional system controls to enable work from home environment. Applicable regulatory and compliance standards have been adhered.

The Company has put in place a strong framework for data governance and management. Data privacy is also accorded the highest level of importance.

Marketing and Branding Initiatives

The Company continues to strive to create best-in-class user experience for its customers and channel partners and build greater brand awareness and salience amongst the target audience. Towards this end, the focus has been to enhance customer experience, to increase digital penetration in business acquisition and run targeted campaigns to enhance the positioning of the brand. The Company also implemented innovative ambient branding across dealerships in order to increase brand visibility and saliency.

Increasing Digital Penetration in Business Acquisition

Improvement in leads generated through digital channels and digital marketing was one of the major focus areas of the Company during the fiscal. With continued focus and efforts, the Company has witnessed over three times growth in digital sourcing. The Company also tied up with various inventory and aggregator platforms for sourcing business.

Focus on Digitalisation for improving customer experience

Improving customer experience by adopting digital means was the other focus area for the Company during fiscal. On same lines, the Company has launched Smart IVR to assist customers for making payments without any manual interventions. The Company has also enhanced the purview of self-services and digitalisation to enable higher percentage of services availability.

New Products Offerings and Branding Initiatives

With a focus to increase brand awareness, the Company has taken numerous steps such as deployment of innovative collaterals across 2,700+ consumer durable dealerships, 3,900+ Two-wheeler dealerships and 200+ tractor dealerships in India, usage of vernacular collaterals, BTL activation for Retailer Loans across 13 cities etc. The Company has also launched an engagement initiative for Two-Wheeler Loans, Tractor Loans and Used Car Loans channel partners to improve their experience at each stage right from empanelment. In terms of newer products, the Company launched a go-to market communication plan for Implement Loans by creating awareness at 60+ implement dealerships in Andhra Pradesh and 200+ dealerships in Tamil Nadu, distribution of vernacular collaterals etc.

Annual Campus Engagement Programme

The Company regularly engages with college campuses in order to enhance the visibility of the brand amongst the employees of tomorrow and also encourage the talented youth to come up with breakthrough ideas to solve business challenges. E.P.I.C Season 3, the annual campus engagement programme, witnessed 34,000 student registrations from across 2,100+ top colleges.

Recognition

Over the last year, the Company has won several marketing awards including 7 awards under various categories at the 11th PRCI Excellence Awards and Summit and Dare2Compete Awards wherein the Company's Campus Challenge – E.P.I.C was listed amongst the Top 20 Prestigious B-School Competitions and Top 20 Prestigious E-School Competitions.

Human Resources

People remain the most valuable asset of the Company. The Company has developed a robust human resource management framework to maximise employee performance. The Company is professionally managed with the senior management team having a rich experience and a long tenure with the Company. The Company has created a succession roadmap to build a leadership pipeline and has also undertaken many initiatives to develop organisational leadership and culture. As on 31st March, 2022, the Company had 17,158 employees on its rolls.

During the year, the Human Resources team undertook several initiatives under three major pillars – Technology, Analytics, and People.

Technology-Based Initiatives

The Company uses contemporary technology and automation for recruitment process, training, and performance monitoring to improve productivity. The Company has a portal named Bandhan, a DIY web application for timely management of all the employee-related aspects. The Company also leveraged voice bots (My Buddy) in 6 different vernacular languages for resolving employee queries in local languages. The Company has launched a platform based on artificial intelligence, which has aided in hastening the recruitment process.

During these challenging times, the Company also started mandatory day offs, virtual fun sessions and psychological counselling programmes (YourDost) in order to support the employees and ensure their well-being. The Company has also introduced a change management process programme named "Last Mile Connectivity" with the objective that the final employee desired to be benefited from the required action understands the initiative and responds accordingly.

Analytics-Based Initiatives

The Company undertook several initiatives in order to improve and strengthen the internal process. With the help of complex data and analytics, initiatives for strategic allocation of critical accounts to field collection executives based on their performance on field were launched. The Company has successfully implemented attrition prediction model in order to retain critical talent in the organisation.

Initiatives for Rewarding and Upskilling the Employee

The Company has launched employee recognition and training programmes to develop a talented workforce to meet day-to-day business challenges. The Company has launched a Career Accelerator Programme (CAP) named Aspire in order to upskill the employee base. A programme named New to Analytics has been launched in order to guide those employees who do not have much exposure in analytics.

Awards and Recognition

The Company has seen several recognitions come its way in fiscal 2022. Some of the key awards include "India's Leading BFSI & FinTech Companies 2022" organised by Dun & Bradstreet, "L&D Strategy of the year award at HR L&D Excellence Summit" organised by Business World and CII - Kaizen Award for Process Improvement at 5th CII National Kaizen Circle Competition 2022.

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

Quality

In the journey towards excellence, the Company continues to focus on quality. The Company carries out periodic assessment of gaps and takes immediate actions to address such identified gaps, which have resulted in strengthening the process across the Company. The Company obtained ISO Quality ISO 9001/2008 and ISO/IEC 27001:2013 recertification for Management systems from Bureau Veritas for all processing hubs and central operations.

Community Support Initiatives

As part of the community support initiative - Saksham, the Company partnered with Yuva Parivartan to upskill 110 students in the states of Maharashtra (Chandrapur, Gondia, Nagpur, Bhandara and Thane) and Karnataka (Bengaluru). The objective of this initiative was to upskill youth especially school dropouts from low income communities by providing them vocational training in subjects such as nursing, tailoring, tally etc. and ensuring meaningful employment opportunities that would give them a sustained source of income. The Company has successfully trained and placed over 750 students since the inception of this programme.

Funding

Over the last few years, there has been enhanced focus on diversification of borrowings across various sources, by looking at not only the banking channel but also capital markets and external commercial borrowings. The Company managed to achieve significant success towards this endeavour in fiscal 2022.

During the year, the Company has raised fresh borrowings to the tune of ₹5,350 Cr (including long & short-term borrowings) to meet its business requirement. Out of above, the Company raised subordinated debt (Tier 2) to the extent of ₹449 Cr with maiden investment by leading Mutual funds and External Commercial Borrowings (ECB) to the tune of ₹752 Cr on fully hedged basis at competitive rates.

With Equity infusion, participation from NBFCs, Banks, financial institutions and Mutual Funds in the form of Tier 1 (Perpetual Debt Instrument) and Tier 2 capital (Subordinated Debt), the Company has an adequate Capital Adequacy Ratio (CAR). The CAR as on 31st March, 2022 stood at 18.64%.

The borrowing strategy of the Company has always been in tandem with assets composition with appropriate consideration for mitigation of interest rate and liquidity risk. Prudent Asset Liability Mix (ALM) aided the Company to have cumulative ALM mismatch (within 1 year bucket) of positive 12.6% as on 31st March, 2022 as against accepted mismatch of negative 15.0% as per RBI Guidelines.

Besides, the Company focussed on increasing composition of fixed rate instruments with higher tenure in order to maximise the benefits from the low interest environment in fiscal 2022. There was also strong focus on maintaining adequate liquidity buffers. As on 31st March, 2022, Liquidity Coverage Ratio (LCR) of the Company stood at 133%, which is more than stipulated limit of 60% set by the regulator. The Liquidity ratios of the Company are within the approved tolerance limits set by the Asset Liability Committee of Board.

More importantly, the Company has been able to raise funds at much more competitive rates than the benchmark rates commensurate with the rating category. During fiscal 2022, CRISIL Ratings upgraded the Company's long-term rating Outlook to "Positive" from "Stable", while Brickwork Ratings India upgraded the long-term credit rating to BWR AA. The Company continues to engage with the credit rating agencies with a view to improve the credit rating and lower the cost of funds.

All interest and principal repayments were paid on time. The assets of the Company which are available by way of security are sufficient to discharge the claims of the banks as and when they become due.

Credit Ratings

Facility	Rating
Commercial Paper	CRISIL / ICRA A1+
Working Capital Demand Loans	CRISIL AA- / BWR AA
Cash Credit	CRISIL AA- / BWR AA
Long-Term Loans	CRISIL AA- / BWR AA
Non-Convertible Debentures – Long-Term	CRISIL AA-
Subordinated Debt (Tier 2)	CRISIL AA- / BWR AA
Perpetual Debt (Tier 1)	CRISIL A+ / BWR AA-

Share Capital

During the year under review, the Company issued and allotted 92,59,200 equity shares at a face value of ₹10 per share with premium of ₹152 per share.

The paid-up capital of the Company accordingly stood increased from ₹191.93 Cr (19,19,37,700 equity shares of ₹10/- each) to ₹201.19 Cr (20,11,96,900 equity shares of ₹10/- each) as on 31st March, 2022.

Non-Convertible Debentures

During the year under review, the Company had issued Non-Convertible Debentures (NCDs) of ₹449 Cr on private placement basis. The NCDs have been listed on Wholesale Debt Market segment of National Stock Exchange of India Ltd (NSE). These NCDs have been rated as AA- by CRISIL as of 31st March, 2022.

Dividend

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

Transfer to Statutory Reserves

During the year, ₹24.15 Cr were transferred to the Statutory Reserve created as required under Section 45-IC of the Reserve Bank of India Act, 1934.

Public Deposits

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

Consolidated Financial Statements

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

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

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

The consolidated Profit Before Tax of the Company and its subsidiaries amounted to ₹151.85 Cr for the financial year 2021-22 as compared to ₹106.17 Cr in the previous year.

Subsidiary Companies

The following companies are the subsidiaries of the Company as on 31st March, 2022, and these subsidiaries have not commenced operations yet.

S.No.	Name of the Company
1.	TVS Two Wheeler Mall Private Limited
2.	Harita ARC Private Limited
3.	TVS Housing Finance Private Limited

During the year, the Company has divested its entire stake in Harita Collection Services Private Limited, TVS Micro Finance Private Limited and TVS Commodity Financial Solutions Private Limited.

Performance of Subsidiaries

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

All the subsidiaries are yet to commence its operations.

Holding Company

TVS Motor Company Limited is the holding Company and holds 83.70% equity shares as on the date of this report.

Corporate Governance

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

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

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

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

The Company has framed internal Corporate Governance guidelines, in compliance with the Directions issued by RBI for NBFCs, in order to enable adoption of best practices and greater transparency in the business operations. A report on Corporate Governance regarding compliance with the conditions of Corporate Governance as stipulated under RBI guidelines forms part of the Report and is annexed herewith as Annexure V.

Directors

Directors' appointment / re-appointment / cessation

During the year under review, Ms Sasikala Varadachari, ceased as a Director on expiry of her term as an Independent Director effective 28th July, 2021.

Mr T.K Balaji resigned from the Board effective 4th February, 2022 and thereby he also ceased as a member of Committees wherever he holds membership.

The Board of Directors in their meeting held on 28th July, 2021, had appointed Ms.Kalpna Unadkat, as an Additional Director and also as an Independent Director effective 28th July, 2021, on the recommendation of the Nomination and Remuneration Committee (NRC).

The Board noted the evaluation carried out by the Nomination and Remuneration Committee (NRC) of Ms.Kalpna Unadkat on various parameters viz., integrity, qualification, expertise, experience and it has satisfied itself with the positive attributes of Ms.Kalpna Unadkat in accordance with the Nomination and Remuneration (NR) Policy read with the provisions of Section 178 of the Act, 2013 and the Listing Regulations.

The Company is seeking approval of shareholders for the appointment of Ms Kalpna Unadkat, as Independent Director for a term of five consecutive years effective 28th July 2021, at the ensuing AGM.

The Board in the meeting held on 4th May, 2022 has appointed Mr.G Venkatraman, as an Additional Director and also as Director and Chief Executive Officer, in the rank of Whole-Time Director effective 4th May, 2022, on the recommendation of the Nomination and Remuneration Committee (NRC).

NRC has carried out evaluation of Mr G Venkatraman on various parameters viz., integrity, qualification, expertise, experience and it has satisfied itself with the positive attributes of Mr G Venkatraman in accordance with the Nomination and Remuneration (NR) Policy read with the provisions of Section 178 of the Act, 2013 and the Listing Regulations.

The Company is seeking approval of Shareholders for the appointment of Mr.G Venkatraman, as a Director and also as Director and Chief Executive Officer, in the rank of Whole-Time Director effective 4th May, 2022 up to 2nd December, 2025, at the ensuing AGM.

Directors Liable to Retire by Rotation

In terms of Section 152 of the Act, 2013, two-third of the total number of Directors i.e., excluding Independent Directors(IDs), are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every Annual General Meeting. Mr.Venu Srinivasan is the Chairman of the Board and he is not liable to retire by rotation as per Articles of Association of the Company.

Mr.Sudarshan Venu, Non-Executive Director, is liable to retire at the ensuing AGM and being eligible, offers himself for re-appointment.

The NRC at their meeting held on 29th April, 2022 recommended his re-appointment after evaluating his track record, integrity and other fit and proper criteria as laid down under RBI guidelines.

Woman Director

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

Independent Directors

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

The detailed terms of appointment of Independent Directors are disclosed on the Company's website in the following link www.tvscredit.com. All the Independent Directors have registered with the databank of Independent Directors developed by the Indian Institute of Corporate Affairs in accordance with the provisions of Section 150 of the Act, 2013 and obtained Independent Director registration certificate.

Declaration and Undertaking

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

Separate Meeting of Independent Directors

During the year under review, a separate meeting of Independent Directors was held on 24th March, 2022. All Independent Directors were present and they were enlightened about the objectives and process involved in evaluating the performance of the Board, Non-Independent Directors, Chairman and timeliness of the flow of information from management.

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

Non-Independent Directors

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

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

Independent Directors were satisfied fully with the performance of all Non-Independent Directors.

Chairman

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

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

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

Board

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

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

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

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

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

Quality, Quantity and Timeliness of Flow of Information between the Company, Management and the Board

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

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

Performance Evaluation of the Board

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

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

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

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

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

Policy on Appointment and Remuneration of Directors, Key Managerial Personnel

In accordance with Section 178 of the Act, 2013 the NRC has formulated a Nomination & Remuneration Policy (NRC Policy) to ensure that Executive Directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for performance evaluation, disclosures on the remuneration of Directors, criteria of making payments to Non-Executive Directors have been disclosed as part of Corporate Governance Report attached herewith.

Key Managerial Personnel

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

During the year, Mr. Ashwin, Company Secretary resigned from the post of Company Secretary and Compliance Officer.

Statutory Auditors

During the year, M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants have tendered their resignation from the position of Statutory Auditors since they do not meet the eligibility criteria as per the RBI Circular. In view of this, on the recommendation of the Board of Directors of the Company, members of the Company in their meeting held on 12th November 2021, appointed M/s. Sundaram & Srinivasan Chartered Accountants, Chennai having Firm Registration No. 004207S allotted by the Institute of Chartered Accountants of India as Statutory Auditors of the Company at the Extraordinary General Meeting of the Company for a term of 3 consecutive years pursuant to Section 139 of the Act, 2013, at such remuneration in addition to applicable taxes, out-of-pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

The Company has obtained the necessary certificate under Section 141 of the Act, 2013 and as per the RBI Circular conveying their eligibility for being Statutory Auditors of the Company for the year 2022-23.

The Auditors' Reports for the financial year 2021-22 do not contain any qualifications, reservations and adverse remarks and the same is attached with the annual financial statements.

Secretarial Auditors

Mr.T N Sridharan, Practicing Company Secretary, Chennai, was appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2021-22.

As required under Section 204 of the Act, 2013 the Secretarial Audit Report for the year 2021-22, given by him is attached as Annexure VI to this report. The Secretarial Audit Report does not contain any qualifications, reservations or other remarks.

The Board of Directors in their meeting held on 4th May, 2022, on the recommendation of Audit Committee has appointed B. Chandra & Associates, Company Secretaries as Secretarial Auditor of the Company for the FY 2022-23.

Secretarial Standards

The Company has complied with the applicable Secretarial Standards as amended from time to time.

3. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. In preparation of the annual accounts for the year ended 31st March, 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b. The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c. The Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Directors had prepared the accounts for the financial year ended 31st March, 2022 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.

4. Extract of Annual Return

Pursuant to the provisions of Section 134(3) (a) and Section 92(3) of the Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in prescribed form (Annexure I) is available on the Company's website in the link as provided below:

www.tvscredit.com

5. Number of Meetings of the Board

The Board met 5 (five) times during the financial year, the details of which are given in the Corporate Governance Report.

6. Corporate Governance

Board Meetings

During the year under review, the Board met five times on 26th April 2021, 2nd June 2021, 28th July 2021, 19th October 2021, and 4th February 2022 and the gap between two meetings did not exceed one hundred and twenty days.

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

The Board has established the following Committees viz., Audit Committee; Nomination and Remuneration Committee, Corporate Social Responsibility Committee (CSR), Asset Liability Management Committee (ALCO), Risk Management Committee, Information Technology (IT) Strategy Committee, Senior Management Committee, Credit Sanction Committee and Stakeholders Relationship Committee.

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

Nomination and Remuneration Policy

Directors:

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

The Board has approved the payment of remuneration by way of profit related commission to the Non-Executive Independent Directors, for the financial year 2021-22, based on the recommendation of the Nomination and Remuneration Committee. The approval of the Shareholders by way of a special resolution was obtained at the twelfth Annual General Meeting held on 27th July, 2020, in terms of Sections 197 and 198 and any other applicable provisions of the Act, 2013.

Commission:

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

As approved by the Shareholders at the Annual General Meeting of the Company held on 27th July, 2020, Non-Executive and Independent Directors are being paid commission, subject to a maximum, as determined by the Board, for each such Director from the financial year 2021-22. Non-Executive Directors (NEDs) devote considerable time in deliberating the operational and other issues of the Company and provide valuable advice in regard to the management of the Company from time to time, and the Company also derives substantial benefit through their expertise and advice.

Key Managerial Personnel:

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

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits and performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

Criteria for Board Membership

Directors:

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

Independent Directors:

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

Related Party Transactions:

All contracts / arrangements entered by the Company during the period ended 31st March, 2022 with related parties were in the ordinary course of business and at arm's-length price in terms of Section 188 of the Act, 2013 read with the Companies (Meetings of Board and its powers) Rules, 2014.

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

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

Risk Management

The Company, being in the business of financing of two-wheelers, used cars, new tractors and used tractors, three-wheelers, consumer durables, used commercial vehicles and business loans has to manage various risks. These risks include credit risk, liquidity risk, interest rate risk and operational risk. In order to strengthen risk management, the Company has put in place Enterprise Risk Management Framework to promote a proactive approach in reporting, measuring, evaluating and resolving risk associated with the business.

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

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

7. Internal Control Systems

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

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

The internal control system is subject to continuous improvement, with system effectiveness assessed regularly. The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the internal controls including its system and processes and compliance with regulations and procedures. Information provided to management is reliable and timely. The Company ensures the reliability of financial reporting and compliance with laws and regulations.

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

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

8. Internal Audit

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

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

9. Corporate Social Responsibility Initiatives

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

Over 26 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

The 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. The projects/programmes undertaken by SST and other eligible Trusts are falling within the CSR activities as specified under Schedule VII to the Act, 2013.

Based on the recommendation of the CSR Committee, the Board has approved the projects/ programmes carried out as CSR for an amount of Rs.3.50 Cr for undertaking similar programmes / projects constituting more than 2% of the average net profits of the Company, made during the three immediately preceding financial years, towards CSR spending for the financial year 2021-22 and the Company has met the CSR spending through the Srinivasan Services Trust registered with the Ministry of Corporate Affairs.

Presently, SST works with communities and governments to empower India's rural poor through awareness, skills and training programmes. SST also does this by helping them find solutions that are sustainable, in areas ranging from economic development, and infrastructure to healthcare and education. SST encourages them to alter their attitudes and take ownership of changes that bring about lasting development.

SST is working in thousands of villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh, and Andhra Pradesh. SST has focussed on the areas of economic development, health care, education, environment, social, infrastructure and water conservation actively in many villages. So far in the last 26 years, across SST, more than 60,000 women have been organised into Self-Help Group (SHGs), 2,500 village government infrastructures have been repaired and renovated, more than 290 water bodies have been desilted, to name a few of the activities.

SST has won the 'Outstanding Social Innovation' award at the CK Prahalad Awards 2021 under 'Bottom of the Pyramid' category. The award is a testament to the efforts SST has put in the last 26 years working in 2,500 villages in and around Southern India bringing about holistic development.

All of the projects undertaken through SST, for its CSR obligations, are within the limit and do not require impact assessment.

As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual Report on CSR, containing the particulars of the projects / programmes approved and recommended by the CSR Committee and approved by the Board for the financial year 2021-22 are given by way of Annexure III attached to this Report.

It may also be noted that the CSR Committee has approved the projects or programmes to be undertaken by the SST and other eligible Trusts for the year 2022-23, preferably in local areas including the manner of execution, modalities of utilisation of funds and implementation schedules and also monitoring and reporting mechanism for the projects or programmes, as required under the Companies Amendment Act, 2020.

10. Policy on Vigil Mechanism

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

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

11. Sexual Harassment Policy

The Company has in place a Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) (POSH) Act, 2013. The Company has an Internal Complaints Committee as required under POSH. During the year, 4 complaints were received and all of them were disposed of.

12. Significant and Material Orders

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

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

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

Foreign currency expenditure in FY22 is Rs.35.19 Cr (previous year Rs.22.87 Cr). The Company did not have any foreign exchange earnings.

14. Material Changes and Commitments

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

15. Employees' Remuneration

Details of Employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure-II. In terms of first proviso to Section 136(1) of the Act, 2013 the Annual Report, excluding the aforesaid annexure is being sent to the Shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company as mentioned in the Notice of AGM and any Shareholder interested in obtaining a copy of the said annexure may write to the Chief Executive Officer at the Registered Office of the Company.

16. Details of Loans / Guarantees / Investments Made

Furnishing the details of investments under Section 186 of the Act, 2013 for the financial year 2021-22 does not arise, since the Company has not made any investment during the year under review.

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

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

17. Reporting of Fraud

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

18. Maintenance of Cost Records

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

19. Adherence to RBI norms and standards

The Company has fulfilled the prudential norms and standards as laid down by RBI pertaining to income recognition, provisioning of non-performing assets and capital adequacy. The capital adequacy ratio of the Company is 18.64%, which is well above the prescribed minimum of 15% by RBI.

As a prudent practice, the Company's current provisioning standards are more stringent than Reserve Bank of India (RBI) prudential norms. In line with its conservative approach, the Company continues to strengthen its provisioning norms beyond the RBI regulation by accelerating the provisioning to an early stage of delinquencies based on past experience and emerging trends. The Company has also complied with direction of RBI with regard to COVID-19 regulatory package in terms of granting moratorium to eligible customers, asset classification and provisioning requirements.

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

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

20. Acknowledgement

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

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

For and on behalf of the Board of Directors

Place : Chennai
Date : 4th May, 2022

Venu Srinivasan
Chairman

Annexure-III to Directors' Report to the Shareholders

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

1. Brief outline on CSR Policy of the Company:

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

2. Composition of CSR Committee:

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

3.	Web-link where Composition of CSR Committee, Policy and Projects approved by the Board are disclosed on the website of the Company	https://www.tvscredit.com/investors										
4.	Details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report)	Not Applicable										
5.	Details of the amount available for set-off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any	<table border="1"> <thead> <tr> <th>S. No.</th> <th>Financial Year</th> <th>Amount available for set-off from preceding Financial Years (₹ in Cr)</th> <th>Amount required to be set-off for the Financial Year, if any (₹ in Cr)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2020-21</td> <td>0.15</td> <td>Nil</td> </tr> </tbody> </table>	S. No.	Financial Year	Amount available for set-off from preceding Financial Years (₹ in Cr)	Amount required to be set-off for the Financial Year, if any (₹ in Cr)	1	2020-21	0.15	Nil		
S. No.	Financial Year	Amount available for set-off from preceding Financial Years (₹ in Cr)	Amount required to be set-off for the Financial Year, if any (₹ in Cr)									
1	2020-21	0.15	Nil									
6.	Average net profit of the Company as per Section 135(5)	₹171.07 Cr										
7.	a. Two percent of average net profit of the Company as per Section 135(5))	₹3.42 Cr										
	b. Surplus arising out of the CSR projects or programmes or activities of the previous financial years	NIL										
	c. Amount required to be set-off for the financial year, if any	NIL										
	d. Total CSR obligation for the financial year (7a+7b- 7c)	₹3.42 Cr										

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

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
₹3.50 Cr	NA	NA	NA	NA	NA

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

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

Name of the Project	Activities Undertaken	Item from the list of activities in Schedule VII to the Companies Act, 2013
Livestock	<ul style="list-style-type: none"> Conducting veterinary camps Conducting awareness programme to upgrade new technologies on livestock management Demo on feed management and training on proper cattle management 	Rural development projects
Youth Development	<ul style="list-style-type: none"> Training on vocational skills Creating job opportunities 	Promotion of Education, including special education and employment, enhancing vocation skills.
Health	<ul style="list-style-type: none"> Awareness programme for Women and Children Supply of Nutritious food to tribal people and providing medicines free of cost Conducting general health camp including anaemia awareness programme 	Eradicate poverty, promoting preventive healthcare and sanitation and making available safe drinking water.
Education	<ul style="list-style-type: none"> Renovation and maintenance of Anganwadi and primary & Middle School & Hr. Sec School Conducting Mother volunteers meeting Providing smart class and conducting competitions 	Promotion of Education, including special education and employment, enhancing vocation skills.
Water Conservation	<ul style="list-style-type: none"> De-silting of Minor Irrigation ponds and water channels Strengthening of bunds Construction of check dams and creation of rainwater harvesting structures 	Rural development projects
Local area (Yes / No)	Yes	

Location of the Project (State / District)	- Tamil Nadu: Tiruchirapalli, Tiruvannamalai, Nilgiris, Chennai and Dindigul - Karnataka: Chamaraja Nagar - Maharashtra: Pune district
Amount spent for the Project (in ₹)	₹3.50 Cr
Mode of Implementation - Direct (Yes / No)	No
Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road, Chennai - 600 006 Tamil Nadu Phone No.: 044-28332115 Mail ID: swaran@tvssst.org
CSR Registration No.	CSR00001508

8 (d)	Amount spent on Administrative Overheads	Not Applicable
8 (e)	Amount spent on Impact Assessment, if applicable	
8 (f)	Total amount spent for the Financial Year (8b+8c+8d+8e)	₹3.50 Cr

8 (g)	Excess amount for set-off, if any
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S.No.	Particulars	Amount (in ₹)
i.	Two percent of average net profit of the Company as per Section 135(5)	₹3.42 Cr
ii.	Total amount spent for the Financial Year	₹3.50 Cr
iii.	Excess amount spent for the financial year [(ii)-(i)]	₹0.08 Cr
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
v.	Amount available for set-off in succeeding financial years [(iii)-(iv)]	₹0.08 Cr

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

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

Place : Chennai
Date : 4th May, 2022

Venu Srinivasan
Chairman & Chairman of CSR Committee

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

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

Part "A"

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

S.No.	Particulars	Name of the Company		
1.	Name of the subsidiary	TVS Two Wheeler Mall Private Limited	Harita ARC Private Limited	TVS Housing Finance Private Limited
2.	Reporting Period for the Subsidiary concerned, if different from the Holding Company's Reporting Period	01.04.2021 to 31.03.2022	01.04.2021 to 31.03.2022	01.04.2021 to 31.03.2022
3.	Reporting Currency and Exchange Rate as on the last date of the relevant Financial Year in the case of Foreign Subsidiaries	INR	INR	INR
4.	Share Capital / Contribution	0.25	0.25	1,200.00
5.	Reserves & Surplus	(1.23)	(1.25)	221.89
6.	Total Assets	0.24	0.24	1,438.95
7.	Total Liabilities	0.24	0.24	1,438.95
8.	Investments	-	-	-
9.	Turnover	-	-	-
10.	Profit/(Loss) before taxation	(0.29)	(0.29)	66.95
11.	Provision for taxation	-	-	16.94
12.	Profit/(Loss) after taxation	(0.29)	(0.29)	50.01
13.	Proposed Dividend	-	-	-
14.	% of shareholding	100%	100%	100%

As per our report annexed

For Sundaram & Srinivasan
Chartered Accountants
Firm Regn No.: 004207S

S. Usha
Partner
Membership No.: 211785
4th May, 2022

For and on behalf of the Board

V Gopalakrishnan
Chief Financial Officer

G Venkatraman
Chief Executive Officer

Venu Srinivasan
Chairman

Place : Chennai
Date : 4th May, 2022

India's farmers have shown that where there is a will, there will always be growth.

The agricultural sector has grown in leaps and bounds, starting with the Green Revolution of the 1960s. The efforts of our farmers to make India self-sufficient in food, have been a big inspiration for our own growth. Our Tractor Loans business grew by 20% in the past year, while we also expanded our Agri-Implement Loan offerings. In growing, we helped countless farmers enjoy the fruit of their efforts.



The youth of India, and their boundless ambition, energise us to aim higher.

India is a country of the young, with over 65% of the population under the age of 35. This abundance of young energy has fuelled the country's growth, and our own too. Our team of over 17,000 professionals is constantly learning and looking for new ways to serve young customers, by enabling them to own essential products like mobile phones, tablets and two-wheelers.



Annexure-V to Directors' Report to the Shareholders

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

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

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

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

- i) The Board of Directors along with its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company.
- ii) The size of the Board is commensurate with the size and business of the Company. As on 31st March, 2022, the Board comprises of Seven Directors, viz.,

S.No.	Name of the Director	Designation
1.	Mr.Venu Srinivasan	Non-Executive Chairman
2.	Mr.Sudarshan Venu	Non-Executive Director
3.	Mr.K N Radhakrishnan	Non-Executive Director
4.	Mr.V Srinivasa Rangan	Non-Executive Independent Director
5.	Mr.R Gopalan	Non-Executive Independent Director
6.	Mr.B Sriram	Non-Executive Independent Director
7.	Ms.Kalpana Unadkat*	Non-Executive Independent Director

* Appointed w.e.f. 28th July, 2021

Meetings of the Board

The meetings of the Board of Directors shall be held at least four times a year, with a maximum time-gap of four months between any two consecutive meetings. During the year, the Board met 5 (Five) times on the following dates;

FY 2021-22	Meeting Date
April – June (Q1)	26 th April, 2021 2 nd June, 2021
July – September (Q2)	28 th July, 2021
October – December (Q3)	19 th October, 2021
January – March (Q4)	4 th February, 2022

Necessary quorum was present at the meetings. In compliance with the applicable provisions of the Companies Act, 2013 (the Act) and the Rules made thereunder, the Company facilitates the participation of the Directors in Board / Committee meetings through video conferencing or other audio-visual mode.

S.No.	Name of Director	Board Meetings		Whether present at previous AGM held on 28 th July, 2021
		Held	Attended	
1.	Mr.Venu Srinivasan	5	5	Yes
2.	Mr.Sudarshan Venu	5	5	No
3.	Mr.V Srinivasa Rangan	5	5	No
4.	Mr.K N Radhakrishnan	5	5	No
5.	Mr.R Gopalan	5	5	No
6.	Mr.B Sriram	5	5	Yes
7.	Ms.Kalpana Unadkat	2	2	NA

Committees of the Board

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

a. Audit Committee:

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

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

Brief description of terms of reference:

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

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

Roles and Responsibilities:

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

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

During the year under review, the Committee met four times on 26th April 2021, 28th July 2021, 19th October 2021, and 4th February 2022.

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

Date of the Meeting	Members Present		
	Mr.R Gopalan	Mr.V S Rangan	Mr. K N Radhakrishnan
26 th April, 2021	✓	✓	✓
28 th July, 2021	✓	✓	✓
19 th October, 2021	✓	✓	✓
4 th February, 2022	✓	✓	✓

b. Corporate Social Responsibility Committee:

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

Roles and Responsibilities:

- To review, agree and establish the Company's corporate strategy to ensure that CSR is and remains an integral part of its business strategy;
- To review the standards, policies and conduct of the Company relating to the application of CSR principles;
- To review the effectiveness of the compliance programme, including compliance with the Code of Conduct;
- To review reports of CSR progress and audits of CSR performance against key performance indicators across programme areas;
- To review an annual budget for CSR activities approved by the Board, as part of the overall budget;
- To ensure that the Company's website communicates and reports its CSR approach and performance in a timely, complete and coherent manner; and
- To perform such other function related or incidental to the CSR Policy of the Company, at the request of the Board.
- To identify CSR activities to be undertaken in terms of the provisions of the Act and Rules thereunder, provided such activities are indicated in the CSR Policy;
- Subject to the provisions of the Act, recommend the locations for carrying out CSR activities;
- To recommend the expenditure to be incurred & monitor the CSR Policy from time to time.

Based on the recommendation of the CSR Committee, the Board has approved the projects / programmes to be carried out as CSR activities by Srinivasan Services Trust (SST) by undertaking these programmes / projects, in compliance with the CSR policy of the Company and contributed ₹3.50 Cr. constituting more than 2% of average net profits, for the immediate past three financial years, towards CSR spending for the financial year 2021-22.

SST, over 26 years of service, has played a pivotal role in changing lives of people in many villages in rural India by creating self-reliant communities that are models of sustainable development.

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

During the year under review, the Committee met on 26th April, 2021 and attendance by the members of the Committee, during the year under review, are given in the table below:

Date of the Meeting	Members Present		
	Mr.Venu Srinivasan	Mr.R Gopalan	Mr.K N Radakrishnan
26 th April, 2021	✓	✓	✓

c. Nomination and Remuneration Committee:

The Company has in place the Nomination & Remuneration Committee (NRC). It was constituted to formulate and recommend to the Board of Directors, the Company’s policies relating to identification of Directors, Key Managerial Personnel and Senior Management Personnel one level below the Board and remuneration payable to them and the criteria for determining qualifications, positive attributes and independence of a Director.

The NRC lays down the evaluation criteria for evaluating the performance of every Director, Committees of the Board and the Board as a whole and also the performance of Key Managerial Personnel (KMP) and Senior Management Personnel (SMP).

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

The performance evaluation of Individual Director will be carried out based on his / her commitment to the role and fiduciary responsibilities as a Board member, attendance and active participation, strategic and lateral thinking, contribution and recommendations given professionally, heading / acting as members of various Sub-Committees etc.

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

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

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

Brief description of terms of reference:

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

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

Date of the Meeting	Members present		
	Mr.R Gopalan	Mr.V S Rangan	Mr.K N Radhakrishnan
26 th April, 2021	✓	✓	✓
16 th July, 2021	✓	✓	✓

During the year, the Nomination and Remuneration Committee was reconstituted with Ms.Kalpana Unadkat as Chairperson and Mr.Sudarshan Venu and Mr.B Sriram as members of the Committee.

Remuneration criteria to Directors:

The Non-Executive / Independent Director(s) receive remuneration by way of fees for attending meetings of Board or any Committee in which Director(s) is a member.

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

d. Risk Management Committee:

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

This Committee ensures that the risks associated with the functioning of the Company are identified, controlled and mitigated and also lay procedures regarding managing and mitigating the risk through integrated risk management systems, strategies and mechanism.

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

Roles and Responsibilities :

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

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

Date of the Meeting	Members Present		
	Ms.Kalpana Unadkat	Mr.K N Radhakrishnan	Mr.V S Rangan
26 th April, 2021	-	LOA	✓
4 th October, 2021	✓	✓	✓
24 th December, 2021	✓	✓	✓
28 th March, 2022	✓	✓	✓

During the year, the Risk Management Committee was reconstituted with Mr.K N Radhakrishnan as Chairman and Mr.V S Rangan and Ms.Kalpana Unadkat as members of the Committee.

e. Asset Liability Management Committee (ALCO):

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

During the year under review, the Committee met four times on 29th June, 2021, 4th October, 2021, 19th November, 2021 and 31st March, 2022.

Composition of ALCO and attendance of members are as below:

Name of the Members	Position	Meeting Details	
		Held	Attended
Mr.B Sriram	Chairman	4	4
Mr.Sudarshan Venu	Member	4	1
Mr.G Venkatraman	Member	3	3

During the year, the Asset Liability Management Committee was reconstituted with Mr.B Sriram as Chairman and Mr.Sudarshan Venu and Mr.G Venkatraman as members of the Committee.

f. Information Technology (IT) Strategy Committee:

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

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

During the year under review, the Committee met two times on 29th June, 2021 and 14th December, 2021.

The Information Technology Strategy Committee was reconstituted with the below-mentioned members.

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

Name of the Members	Position	Meeting Details	
		Held	Attended
Mr.B Sriram	Chairman	2	1
Mr.Sudarshan Venu	Member	2	-
Mr.K N Radhakrishnan	Member	2	2
Mr.G Venkatraman	Member	2	2
Mr.V Gopalakrishnan	Member	2	2
Mr.C Arulanandam	Member	2	2

g. Credit Sanction Committee:

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

During the year under review, the Committee met one time on 14th December, 2021.

The Committee consists of the following Directors and officials:

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

h. Senior Management Committee:

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

During the year under review, the Committee met four times on 29th June, 2021, 30th September, 2021, 24th December, 2021 and 7th March, 2022.

i. Stakeholders Relationship Committee:

The Stakeholders Relationship Committee is empowered to perform the functions of the Board relating to handling of stakeholders' queries and grievances. The terms of reference for the Committee is as follows:

- Oversee and review all matters connected with the transfer of the Company's securities.
- Monitor redressal of investors' / shareholders' / security holders' grievances.
- Oversee the performance of the Company's Registrar and Transfer Agents.
- Recommend methods to upgrade the standard of services to investors.
- Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification/amendment or modification as may be applicable.

Composition of the Stakeholders Relationship Committee are as follows:

Name of the Director	Position
Mr.K N Radhakrishnan	Chairman
Mr.R Gopalan	Member
Ms.Kalpana Unadkat	Member

Related Party Transactions Policy

- The Company has formulated a policy on related party transactions (RPTs). The Audit Committee reviews and approves the said transactions between the Company and related parties, as defined under the Companies Act, 2013, to ensure that the terms of such RPTs would reasonably be expected of transactions negotiated on an arm's-length basis. The Committee meets prior to each scheduled Board meeting to review all RPTs of the Company.
- Copy of the said policy is available in the Company's website with the following link - <https://www.tvscredit.com/>.
- Pursuant to the guidelines on 'Fair Practices Code' issued by RBI, the Company has adopted a "Code", which is posted on the website of the Company and also a regular review on the implementation of the same is conducted by the Committee members.

- iv) The Company has adopted a Code of conduct for employees of the Company and due care is taken that the employees adhere to it.
- v) The Company has fulfilled the prudential norms and standards as laid down by RBI pertaining to income recognition, provisioning of non-performing assets and capital adequacy.

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

The Company has put in place a mechanism to monitor and review adherence to the Fair Practices Code, KYC norms & Credit policies as approved by the Board of Directors.

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

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

- vii) The Company proposes to pay commission to the Non-Executive Directors (NEDs) of the Company for the year ended 31st March, 2022. None of the NEDs holds equity shares of the Company.

- viii) Sitting fees for attending the meetings of the Board and Committees of are paid to NEDs within the maximum prescribed limits.

- ix) Sitting fees paid to NEDs for the meetings held during 2021-22 are as follows:

S.No.	Name of the Directors	Sitting Fees (Amount in ₹)	Commission (Amount in ₹)
1.	Mr.Venu Srinivasan	54,000	-
2.	Mr.Sudarshan Venu	54,000	-
3.	Mr. K N Radhakrishnan	1,53,000	-
4.	Mr. V Srinivasa Rangan	1,44,000	12,00,000
5.	Mr. R Gopalan	1,17,000	12,00,000
6.	Mr. B Sriram	1,08,000	12,00,000
7.	Ms. Kalpana Unadkat*	63,000	8,12,055
8.	Ms.Sasikala Varadachari**	45,000	3,87,945
9.	Mr. T K Balaji***	36,000	-

* Appointed as Director from 28th July, 2021

** Ceased to be Director on 28th July, 2021

*** Resigned as Director on 4th February, 2022

- x) The certification from Mr.G Venkatraman, Chief Executive Officer and Mr.V Gopalakrishnan, Chief Financial Officer on the financial statements has been obtained.
- xi) For further clarification / information, stakeholders are requested to visit the Company's website at <https://www.tvscredit.com/>

SECRETARIAL AUDIT REPORT OF TVS CREDIT SERVICES LIMITED

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022

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

CIN: U65920TN2008PLC069758

Authorised Capital: ₹250,00,00,000/-

Paid-up Capital: ₹201,19,69,000/-

To

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

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

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- iii) The provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iv) During the year under review, the Company has received External Commercial Borrowings of USD 100 Million from State Bank of India, London Branch in compliance with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment is not applicable;
- v) The Company being a subsidiary company of a listed company, viz. TVS Motor Company Ltd., whose income or net worth exceeds 20% of the consolidated income or net-worth respectively of the listed entity, in the immediately preceding accounting year, it will be treated as a material subsidiary of the listed entity and hence the Company has to comply with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable which it is observed the Company has complied during the year under review;
- vi) Further, during the year under review, the Company has listed its Non-Convertible Debentures with National Stock Exchange of India Ltd.

Besides this, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company viz.,

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

- (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, which was replaced by the Securities and Exchange Benefits and Sweat Equity) Regulations, 2021 (with effect from 13th August 2021;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- vii) The Company has complied with the provisions of the other laws as applicable to the Company which inter alia includes:
- 1) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;
 - 2) RBI - Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016;
 - 3) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - 4) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - 5) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;
 - 6) Contract Labour (Regulations & Abolition) Act, 1970;
 - 7) Compliance with the requirements of Foreign Exchange Management Act and Non Banking Finance Companies (Reserve Bank) Directions 2016 with regard to non-acceptance of Deposits from Public;
 - 8) Compliance under Prevention of Money Laundering Act, (PMLA) 2002 for the purpose of compliance with the obligations under Know your Customer Norms/ Anti-Money Laundering (AMC) standards & Fair Pricing Code (FPC) and Combating of Finance of Terrorism (CFT) obligations under PMLA,2002;
 - 9) Motor Vehicles Act, 1938;
 - 10) Income Tax Act, 1961 and the Income Tax Rules, 1962 and Finance Act;
 - 11) Profession Tax, 1992;
 - 12) Labour laws like Equal Remuneration Act, 1976 and rules made thereunder; Employees Provident Fund and Miscellaneous Provisions Act, 1952 & Employees Provident Fund Scheme, 1952; Apprentices Act, 1961; Employees' State Insurance Act, 1948; Payment of Wages Act, 1936; Payment of Gratuity Act, 1972 & the Payment of Gratuity (Central) Rules, 1972; Payment of Bonus Act, 1965 & the Payment of Bonus Rules, 1975 and other applicable employee welfare or labour legislations covering the Company and its establishments;
 - 13) Goods and Services Tax & Rules made thereunder;
 - 14) Indian & State Stamp Act and Rules;
 - 15) Competition Act, 2002;
 - 16) Trade & Merchandise Marks Act, 1958;
 - 17) Patents Act, 1970
 - 18) Copyright Act, 1957 or any licences issued thereunder.

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

- i) The Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India in terms of Sub-Section 10 of Section 118 of the Companies Act, 2013, for the financial year under review;

- ii) The Company has listed its Commercial papers with National Stock Exchange of India Ltd (NSE) pursuant to SEBI circular dated 22nd October, 2019. The Company has duly complied with the compliances as prescribed in the above mentioned circular.
- iii) From the verification of records and as per the information and explanation furnished to me, during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, wherever applicable.

I further report that:-

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

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

- i) Constituted Nomination and Remuneration Committee of Directors and has formulated "Nomination and Remuneration Policy" in terms of Section 178 of the Companies Act, 2013 and the rules made thereunder;
- ii) Constituted the Audit Committee of Directors in terms of Section 177 of the Companies Act, 2013;
- iii) Constituted Corporate Social Responsibility Committee of Directors (CSR) and has formulated CSR Policy and the projects/programmes, to be undertaken for CSR spending in terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014;

It was observed on verification of records and based on the information furnished to me that an amount of ₹3.50 Cr, constituting more than 2% of average net profits for the immediate past three financial years, has been spent for the financial year 2021-22 on the projects/programmes that have been identified to be undertaken for this purpose through Srinivasan Services Trust (SST),/other CSR compliant institutions in line with CSR Policy of the Company.

- iv) Considered and recorded the Risk Management Policy followed by the Company in terms of Section 134(3)(n) of the Companies Act, 2013 including identification therein of elements of risk, if any, which in the opinion of the Board, may threaten the existence of the Company;
- v) Considered and approved the "Code of Business Conduct and Ethics" of the Company framed in terms of Section 149 read with Schedule IV of the Companies Act, 2013;
- vi) Constituted Asset Liability Management Committee as required to be formed as per RBI directions for Non-Banking Finance Companies as part of their overall system for effective risk management in their various portfolios;
- vii) Has appointed a Woman Director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014;
- viii) Has provided a Vigil Mechanism and approved Whistle Blower Policy in terms of Section 177(9) of Companies Act, 2013;

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

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

- i. Made following Preferential allotment of 92,59,200 equity shares of ₹10/- each at a premium of ₹152/- per equity share total aggregating to ₹149,99,90,400/- on private placement basis, during the year, comprised in three allotments on the following dates to the allottees as given below and has complied with the provisions of the Companies Act, 2013 and the rules made thereunder.

Date of Allotment	Name of the Allottee	No. of Equity Shares Allotted	Nominal Value of Shares @ ₹10/- per Share (₹)	Premium @ ₹152/- per Equity Share (₹)	Total Amount of Preferential Allotment (₹)
28/07/2021	TVS Motor Company Limited	30,86,400	3,08,64,000/-	46,91,32,800/-	49,99,96,800/-
04/10/2021	TVS Motor Company Limited	30,86,400	3,08,64,000/-	46,91,32,800/-	49,99,96,800/-
31/03/2022	VS Investments Private Limited	30,86,400	3,08,64,000/-	46,91,32,800/-	49,99,96,800/-
Total		92,59,200	9,25,92,000/-	140,73,98,400/-	149,99,90,400/-

- ii) Issued and allotted 449 Nos 8.85% listed unsecured redeemable non-convertible debentures of Nominal amount per NCD of ₹1,00,00,000/- aggregating to 449,00,00,000/- (Rupees four hundred and forty nine crore only) on private placement basis, during the year, comprised in two allotments on the following dates to the allottees as given below and has complied with the provisions of the Companies Act, 2013 and the rules made thereunder:

Date of Allotment	Name of the Allottee	No. of NCDs Allotted	Nominal Value of 1 NCD	Total Amount of Preferential Allotment (₹)
01/12/2021	ICICI Prudential Credit Risk Fund	99	1,00,00,000/-	99,00,00,000/-
10/12/2021	ICICI Prudential Credit Risk Fund	35	1,00,00,000/-	35,00,00,000/-
10/12/2021	ICICI Prudential Balanced Advantage Fund	35	1,00,00,000/-	35,00,00,000/-
10/12/2021	ICICI Prudential All Seasons Bond Fund	30	1,00,00,000/-	30,00,00,000/-
10/12/2021	HDFC Credit Risk Debt Fund	200	1,00,00,000/-	200,00,00,000/-
10/12/2021	HDFC Medium Term Debt Fund	50	1,00,00,000/-	50,00,00,000/-
Total		449		449,00,00,000/-

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

Place : Chennai
Date : 28th April, 2022

Name of the Company Secretary: T N Sridharan
Membership No. FCS 3797
Certificate of Practice No. 4191
UDIN: F003797D000225546

CIN: U65920TN2008PLC069758

Authorised Capital: ₹250,00,00,000/-

Paid-up Capital: ₹201,19,69,000/-

To

The Members

TVS CREDIT SERVICES LIMITED

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

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

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

Place: Chennai

Date : 28th April, 2022

Name of the Company Secretary: T N Sridharan

Membership No. FCS 3797

Certificate of Practice No. 4191

UDIN: F003797D000225546

To the Members of TVS Credit Services Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of **TVS Credit Services Limited** ("the Company"), which comprise the Balance Sheet as on 31st March, 2022, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015 as amended ("IND-AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as on 31st March, 2022 and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SA") specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key matter
<p>Impairment Loss Allowance</p> <p>Management's judgements in the calculation of impairment allowances have significant impact on the standalone financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with implementation of Expected Credit Loss ("ECL") approach as required by IND-AS 109 relating to "Financial Instruments."</p> <p>Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorisation of the individual asset.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none"> Categorisation of loans in Stage I, II and III based on identification of: <ol style="list-style-type: none"> Exposures with significant increase in credit risk since their origination and Individually impaired / default exposures Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate an ECL based on experience. 	<ul style="list-style-type: none"> We obtained an understanding of management's assessment of impairment of loans and advances including the IND-AS 109 implementation process, internal rating model, impairment allowance policy and ECL modelling methodology. We assessed the design and implementation and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions. We also verified the key judgements and assumptions relating to the macro-economic scenarios including the impact of COVID-19 pandemic and the associated probability weights. We also assessed the approach of the Company for categorisation the loans in various stages reflecting the inherent risk in the respective loans. For a sample of financial assets, we tested the correctness of staging, reasonableness of PD, accuracy of LGD and ECL computation. We have also verified the compliance of circulars issued by Reserve Bank of India from time to time during the year on this subject.

Key Audit Matter	How our audit addressed the Key matter
<p>3. The impact of different future macroeconomic conditions in the determination of ECL.</p> <p>These judgements required the models to be reassessed including the impact of COVID-19 pandemic to measure the ECL.</p> <p>Management has made several interpretations and assumptions when designing and implementing models that are compliant with the standard.</p> <p>The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions. Given the significance of judgements and the high complexity related particularly to the calculation of ECL we considered this area as a Key Audit Matter.</p>	<p>As a result of the above audit procedures no material differences were noted. We confirm the adequacy of disclosures made in the financial statements.</p>
<p>IT Systems and Controls</p> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems.</p> <p>Any control lapses, validation failures, incorrect input data and wrong extraction of data may result in the financial accounting and reporting records being mis-stated.</p>	<p>We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, programme development and computer operations.</p> <p>We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</p> <p>We have focussed on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p> <p>Reliance was also placed on the System Audit report of the Company.</p> <p>Based on our review, no material weakness was found in the IT Systems and Controls.</p>

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

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

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

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

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

Responsibilities of Management and those charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 the Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting

records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of Standalone Financial Statements

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

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

- Identify and assess the risks of material mis-statement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material mis-statement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in para 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows 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 including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015;
 - e. On the basis of the written representations received from the Directors as on 31st March, 2022 taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2022 from being appointed as a Director in terms of Section 164 (2) of the Act;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements in Note No.39.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The derivative contracts being in the nature of the hedge contracts, the Company does not anticipate any material losses from the same.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- b. The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to my/our notice that has caused me/us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
- v. The Company has not declared or paid any dividend during the year.

For **Sundaram and Srinivasan**
Chartered Accountants
FRN: 004207S

S. Usha
Partner
Membership Number: 211785
UDIN: 22211785AIJAKR5746

Date : 4th May, 2022
Place: Chennai

With reference to the Annexure A referred to in paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of the Independent Auditor's Report to the members of TVS Credit Services Limited on the Financial Statements for the year ended 31st March, 2022, we report that:

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant, and Equipment and relevant details of right-of-assets.
(B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- b) Property, Plant and Equipment have been physically verified by the management at reasonable intervals and no material discrepancies were noticed.
- c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- d) The Company has not revalued its Property, Plant, and equipment or Intangible assets or both during the year.
- e) Based on our examination of the Books of Accounts and other Records of the Company and based on the information and explanation provided by the management, no proceedings has been initiated or pending against the Company for holding any benami property under Benami Transactions (Prohibition) Act, 1988 and rules made thereunder. Hence, reporting under this clause is not applicable.
- (ii) a) The Company does not have any inventory and hence reporting under this clause is not applicable.
- b) During the year, the Company had availed working capital limits in excess of Rupees five crore from banks and financial institutions on the basis of security of current assets. The quarterly returns and the statements submitted to lenders are in agreement with the books of accounts.
- (iii) a) Clause 3(iii)(a) is not applicable to the Company since the Company's principal business is to give loans.
- b) Based on our examination of the Books of Accounts and other Records of the Company and based on the information and explanation provided by the management, the investments made, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prima facie prejudicial to the Company's interest.
- c) The schedule of repayment of principal and payment of interest has been stipulated for all Loans and advances in the nature of loans. The repayments of principal and payments of interest are regular except for loans amounting to ₹2874.59 crore for which repayment of principal and payments of interest are not regular.
- | Bucket | Amount |
|------------------|-------------|
| 1-90 DPD | ₹2345.60 Cr |
| More than 90 DPD | ₹528.99 Cr |
- d) The amounts overdue for more than 90 days aggregating principal repayment and interest payments is ₹528.99 crore. In our opinion, reasonable steps have been taken by the Company for recovery of principal and interest.
- e) Clause 3(iii)(e) is not applicable to the Company since the Company's principal business is to give loans.
- f) The Company has not given loans or advances in the nature of loans repayable on demand or without specifying the terms or period of repayment.
- (iv) The Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans granted, investments made, guarantees given and securities provided, wherever applicable.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76, or any other relevant provisions of the Act and the rules framed thereunder.
- (vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Act. Therefore, the provisions of clause (vi) of paragraph 3 of the order are not applicable to the Company.

- (vii) a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and any other statutory dues applicable to it during the year with appropriate authorities.
- b) According to the information and explanations given to us, dues of service tax has not been deposited with the appropriate authorities on account of dispute as per details below:

Description	Amount in Cr
Disputed Service Tax Demand inclusive of Penalty – Commissioner order / Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹0.36 Cr)	₹7.70

- (viii) There was no transaction which were not recorded in the books of accounts or surrendered as income during the year in the tax assessments under Income Tax Act.
- (ix) a) Based on our examination of the books of accounts and other records of the Company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b) Based on our examination of the Books of Accounts and other Records of the Company and based on the information and explanation provided by the management, the Company has not been declared as a wilful defaulter by any bank, financial institution, or any other lender.
- c) Based on our examination of the Books of Accounts and other records of the Company and based on the information and explanation provided by the management, Term Loans obtained were applied for the purposes which it was obtained.
- d) Based on our examination of the Books of Accounts and other records of the Company and based on the information and explanation provided by the management, no funds raised on short-term basis have been utilised for long-term purposes.
- e) Based on our examination of the Books of Accounts and other Records of the Company and based on the information and explanation provided by the management, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- f) The Company has not raised loans during the year on pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) a) According to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer during the year.
- b) The Company has made preferential allotment of equity shares. The requirements of 62 of the Companies Act have been duly complied with by the Company. The Company has not made any private placement during the year. Based on our examination of Books of Records and other Records and according to the information and explanations provided by the management, the funds raised have been used for the purposes for which the funds were raised.
- (xi) a) To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company or fraud on the Company were noticed or reported during the course of our audit except as disclosed in the Clause "e" in Disclosure pursuant to Reserve Bank of India Notification RBI/2014-15/299 DNBR (PD) CC.No.002/03/10/001/2014-15 dated 10th November, 2014 .
- b) No report under Sub-Section (12) of Section 143 of the Companies Act in Form ADT-4 was filed as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) The Company did not receive any whistle blower complaints during the year.
- (xii) The Company is not a Nidhi Company. Hence, clauses 3(xii)(a),(b),(c) of the order are not applicable.

- (xiii) The transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) a) The Company has an Internal Audit System commensurate with the size and nature of its business.
b) We have considered the reports of internal auditors for the financial year ended 31st March, 2022.
- (xv) According to the information and explanations given to us by the management, the Company has not entered into any non-cash transactions with Directors or persons connected with the Directors during the year.
- (xvi) a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained registration.
b) The Company has conducted Non-Banking Financial Activities with valid Certificate of Registration from Reserve Bank of India.
c) The Company is not a Core Investment Company, hence reporting under clause 3(xvi)(c) is not applicable.
d) The Group does not have any Core Investment Companies as a part of the group.
- (xvii) The Company has not incurred cash losses during the year and the immediately preceding financial year.
- (xviii) There was resignation of statutory auditors during the year in pursuance of the circular issued by the RBI. We have considered the issues, objections or concerns raised by the outgoing auditors.
- (xix) On the basis of our evaluation of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statement and our knowledge of Board of Directors and Management plans, we are of the opinion that, no material uncertainty exists as on the date of Audit Report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- (xx) a) There is no unspent amount of Corporate Social Responsibility expenditure which requires to be transferred to a fund specified in schedule VII to the Companies Act, 2013
b) The Company does not have any ongoing project for CSR. Hence reporting under this clause is not applicable.
- (xxi) The Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements did not include any qualification or adverse remarks.

For **Sundaram and Srinivasan**
Chartered Accountants
Firm Registration Number: 004207S

S. Usha
Partner
Membership Number: 211785
UDIN: 22211785AIJAKR5746

Place : Chennai
Date : 04th May, 2022

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

We have audited the internal financial controls over financial reporting of **TVS Credit Services Limited** ("the Company") as of 31st March, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial control over financial reporting includes those policies and procedures that:

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Sundaram and Srinivasan**
Chartered Accountants
Firm Registration No.: 004207S

S. Usha
Partner
Membership Number: 211785
UDIN: 22211785AIJAKR5746

Place : Chennai
Date : 4th May, 2022

STANDALONE BALANCE SHEET AS ON 31ST MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

S.No.	Particulars	Note No.	As at 31 st March, 2022	As at 31 st March, 2021
	ASSETS			
1	Financial Assets			
(a)	Cash and Cash Equivalents	2	956.23	653.14
(b)	Bank Balances other than (a) above	3	6.00	0.87
(c)	Derivative Financial Instruments	4	64.06	-
(d)	Receivables			
	i) Trade Receivables	5	37.90	25.87
(e)	Loans	6	14,014.30	11,154.95
(f)	Investments	7	12.01	12.01
(g)	Other Financial Assets	8	57.63	95.68
	Total		15,148.13	11,942.52
2	Non-Financial Assets			
(a)	Current Tax Assets (Net)	9	7.10	17.26
(b)	Deferred Tax Assets (Net)	10	140.23	115.69
(c)	Investment Property	11	85.16	85.16
(d)	Property, Plant and Equipment	12	20.22	16.53
(e)	Right-to-use Asset	12	18.12	18.68
(f)	Other Intangible Assets	12	1.36	4.04
(g)	Other Non-Financial Assets	13	39.81	26.97
	Total		312.00	284.33
	Total Assets		15,460.13	12,226.85
	LIABILITIES AND EQUITY			
	LIABILITIES			
1	Financial Liabilities			
(a)	Derivative Financial Instruments	4	-	14.57
(b)	Payables			
	I. Trade Payables			
	i) Total outstanding dues of micro enterprises and small enterprises	14	3.55	-
	ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	14	330.23	229.35
(c)	Debt Securities	15	2,213.68	1,170.85
(d)	Borrowings other than debt securities	16	9,457.10	8,041.11
(e)	Subordinated Liabilities	17	1,293.34	942.79
(f)	Other Financial Liabilities	18	230.68	207.09
	Total		13,528.58	10,605.76
2	Non-Financial Liabilities			
(a)	Provisions	19	38.34	33.75
(b)	Other Non-Financial Liabilities	20	29.57	23.64
	Total		67.91	57.39
3	Equity			
(a)	Equity Share Capital	21	201.20	191.94
(b)	Other Equity	22	1,662.44	1,371.76
	Total		1,863.64	1,563.70
	Total Liabilities and Equity		15,460.13	12,226.85
	Significant Accounting Policies forming part of financial statements	1		
	Additional Notes forming part of financial statements	38		

As per our report of even date

For and on behalf of the Board of Directors of
TVS Credit Services Limited

For Sundaram & Srinivasan
Chartered Accountants
ICAI Regn No. FRN 004207S

S. Usha
Partner
Membership No. 211785
Place : Chennai
Date : 4th May, 2022

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

S.No.	Particulars	Note No.	Year ended 31 st March, 2022	Year ended 31 st March, 2021
	Revenue from Operations			
i)	Interest Income	23	2,445.93	2,041.06
ii)	Fee and Commission Income	24	300.52	196.76
I)	Total Revenue from Operations		2,746.45	2,237.82
II)	Other Income	25	8.97	3.11
III)	Total Income (I + II)		2,755.42	2,240.93
	Expenses			
i)	Finance Costs	26	782.13	729.44
ii)	Fees and Commission Expenses		208.52	135.17
iii)	Impairment of Financial instruments	27	554.15	466.79
iv)	Employee Benefit Expenses	28	711.78	584.81
v)	Depreciation, Amortisation and Impairment		19.12	19.92
vi)	Other Expenses	29	323.51	199.40
IV)	Total Expenses		2,599.21	2,135.53
V)	Profit / (Loss) before exceptional items and tax		156.21	105.40
VI)	Exceptional items		5.00	-
VII)	Profit / (Loss) before tax		151.21	105.40
VIII)	Tax Expenses	30		
	Current Tax		64.84	46.52
	Deferred Tax		(34.36)	(38.10)
IX)	Profit/(Loss) for the year		120.73	96.98
X)	Other Comprehensive Income	31		
A.	Items that will not be reclassified to Profit or Loss - Itemwise			
	Remeasurement of the defined benefit plans		(1.67)	(3.50)
	Income Tax relating to these items		0.42	0.88
B.	Items that will be reclassified to Profit or Loss - Itemwise			
	Fair value change on cash flow hedge		40.71	(3.55)
	Income Tax relating to these items		(10.25)	0.89
	Other Comprehensive Income (A+B)		29.21	(5.28)
XI)	Total Comprehensive Income for the year (Comprising Profit / (Loss) and Other Comprehensive Income for the Year)		149.94	91.70
XII)	Earnings Per Share	32		
	Basic (₹)		6.17	5.19
	Diluted (₹)		6.17	5.19
	Significant Accounting Policies forming part of financial statements	1		
	Additional Notes forming part of financial statements	38		

As per our report of even date

For Sundaram & Srinivasan
Chartered Accountants
ICAI Regn No. FRN 004207S

S. Usha
Partner
Membership No. 211785
Place : Chennai
Date : 4th May, 2022

For and on behalf of the Board of Directors of
TVS Credit Services Limited

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

Particulars	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Cash Flow From Operating Activities		
Profit Before Income Tax	151.21	105.40
Adjustment For:		
Depreciation and Amortisation Expenses	19.12	19.92
Impairment of Financial Assets	106.83	106.57
(Profit) / Loss on disposal of Property, Plant and Equipment	(0.02)	(0.33)
Finance Charges	782.13	729.43
Unwinding of Discount on Security Deposits	(6.80)	(2.68)
Remeasurement of defined Benefit Plans	(1.67)	(3.50)
Employee Benefit Obligations	4.60	5.77
Cash generated from operations before working capital changes	904.19	855.18
Change in operating assets and liabilities		
(Increase) / Decrease in Trade Receivables	(13.43)	22.00
(Increase) / Decrease in Loans	(2,958.34)	(1,796.96)
(Increase) / Decrease in Other Financial Assets	38.40	13.16
(Increase) / Decrease in Other Non-Financial Assets	(12.84)	1.82
Increase / (Decrease) in Trade Payables	104.44	60.72
Increase / (Decrease) in Other Financial Liabilities	30.39	41.70
Increase / (Decrease) in Other Non-Financial Liabilities	5.93	6.24
Financing Charges paid	(767.76)	(688.59)
Cash used in operations	(2,517.81)	(1,379.32)
Income taxes paid	(54.68)	(48.91)
Net cash out flow from operating activities	(2,572.49)	(1,428.23)
Cash flows from investing activities		
Payments for Property, Plant and Equipment and Investment Property	(13.10)	(8.00)
Proceeds from sale of Property, Plant and Equipment and Investment Property	0.05	0.36
Decrease in Deposits with Bank	(5.13)	10.75
Net cash inflow / (outflow) from investing activities	(18.18)	3.11
Cash flows from financing activities		
Proceeds from Issue of Shares	150.00	99.98
Proceeds from Issue / (Repayment) of Debt Securities (net)	1,042.83	674.66
Proceeds / (Repayment) of Borrowings (net)	1,507.21	887.64
Proceeds / (Repayment) of Subordinated Liabilities (net)	350.55	330.02
Payments of Lease Liabilities	(8.55)	(8.94)
Net cash inflow from financing activities	3,042.04	1,983.36
Net Increase or (Decrease) in Cash & Cash equivalents	451.37	558.24
Cash and Cash equivalents at the beginning of the year	496.24	(62.00)
Cash and Cash equivalents at the end of the year	947.61	496.24

As per our report of even date

For Sundaram & Srinivasan
Chartered Accountants
ICAI Regn No. FRN 004207S

S. Usha
Partner
Membership No. 211785
Place : Chennai
Date : 4th May, 2022

For and on behalf of the Board of Directors of
TVS Credit Services Limited

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

I) Equity Share Capital

	Notes	Amounts
Balance as at 1 st April, 2020		185.18
Changes in equity share capital during the year	21	6.76
Balance as at 31st March, 2021		191.94
Changes in equity share capital during the year	21	9.26
Balance as at 31st March, 2022		201.20

II) Other Equity

Reserves and Surplus						
	Notes	Securities Premium Account	Statutory Reserve	Retained Earnings	Other Reserves - Hedge Reserve	Total
Balance as at 1st April, 2020		629.41	120.75	451.69	(15.00)	1,186.85
Change in accounting policy		-	-	-	-	-
Profit for the year	22	-	-	96.98	-	96.98
Other comprehensive income	22	-	-	(2.62)	(2.67)	(5.29)
<u>Transaction in the capacity as owners</u>						
Transfer to statutory reserve	22	-	19.40	(19.40)	-	-
Issuance of equity shares	22	93.22	-	-	-	93.22
Balance as at 31st March, 2021		722.63	140.15	526.65	(17.67)	1,371.76
Profit for the year	22	-	-	120.73	-	120.73
Other comprehensive income	22	-	-	(1.25)	30.46	29.21
<u>Transaction in the capacity as owners</u>						
Transfer to statutory reserve	22	-	24.15	(24.15)	-	-
Issuance of equity shares	22	140.74	-	-	-	140.74
Balance as at 31st March, 2022		863.37	164.29	621.98	12.79	1,662.44

As per our report of even date

For Sundaram & Srinivasan
Chartered Accountants
ICAI Regn No. FRN 004207S

S. Usha
Partner
Membership No. 211785
Place : Chennai
Date : 4th May, 2022

For and on behalf of the Board of Directors of
TVS Credit Services Limited

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

1 Significant Accounting Policies forming part of Financial Statements

COMPANY BACKGROUND

TVS Credit Services Limited ('the Company') (CIN U65920TN2008PLC069758) is a public limited company incorporated and domiciled in India. The registered office is located at "Chaitanya", No. 12 Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006, Tamil Nadu, India. The Company is a subsidiary of TVS Motor Company Limited.

The Company received Certificate of Registration (No. N-07-00783) dated 13th April, 2010 from Reserve Bank of India (RBI) and commenced Non-Banking Financial activity thereon. The Company is a Systemically Important Non-Deposit taking Non-Banking Finance Company, as defined under Section 45-IA of Reserve Bank of India (RBI) Act, 1934. The Company is engaged in providing Automobile Finance, Consumer Loans and Small Business Loans. The Company is categorised as "NBFC - Investment and Credit Company (NBFC-ICC)" vide RBI circular DNBR (PD) CC.No.097/03.10.001/2018-19 dated 22nd February, 2019.

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of accounts

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

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

b. Historical cost convention

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

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

c. Use of estimates

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

d. Significant Estimates and Judgements

The areas involving critical estimates are:

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

The areas involving critical judgements are:

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

e. Property, Plant and Equipment (PPE)

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

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

f. Depreciation

Depreciation is provided on straight-line basis over the estimated useful lives of the assets. Useful life estimated by the Company is in line with the useful life prescribed under Part C of Schedule II of the Companies Act, 2013 except in the case of mobile phone, based on the technical evaluation wherein the useful life is considered as 2 years.

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

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

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

g. Investment property

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

h. Intangible Assets

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

i. Financial assets and financial liabilities

1. Classification

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

- i. Amortised cost,
- ii. Fair value through Other Comprehensive Income (FVOCI), and
- iii. Fair value through Profit or Loss (FVTPL)

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

Business Model Assessment

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

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

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

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

Reclassifications

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

Financial Liabilities

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

2. Measurement

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

Debt Instruments:

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

i. Amortised Cost:

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

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

ii. Fair Value through Other Comprehensive Income (FVOCI):

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Fair Value through Profit or Loss (FVTPL):

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

iv. Investment in Subsidiaries:

Investments in Subsidiary and Associate are measured at cost as per IND-AS 27 – Separate Financial Statements.

3. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

A. Interest Income:

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

2. For credit-impaired financial assets, interest income is calculated by applying the effective interest rate to their amortised cost of credit impaired assets. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.
3. Income by way of additional interest on account of delayed payment by the customers is recognised on realisation basis, due to uncertainty in collection.

B. Dividend Income:

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

C. Fees and Commission Income:

1. Fees and commission income that are not integral part of the effective interest rate on the financial asset are recognised as the performance obligations are performed and there is no significant financing component of the consideration.
2. Income in the nature of bounce and related charges are recognised on realisation, due to uncertainty in collection.
3. The Company recognises revenue from contract with customers based on five-step model as set out in IND-AS 115, Revenue from Contracts with Customers to determine when to recognise revenue and at what amount. Revenue is measured based on the consideration specified in the contract with a customers. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

D. Other Income:

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

4. Impairment of financial assets

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

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

i. Loans and Other receivables

Expected credit losses are measured through a loss allowance at an amount equal to:

1. The 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
2. Full lifetime expected credit losses (expected credit losses that result from all possible default events over the expected life of the financial instrument).

Both Life Time ECLs (LTECL) and 12 months ECLs are calculated on collective basis.

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

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

Stage	Past due	ECL
Stage 1	Up to 30 Days past due	12-Month ECL
Stage 2	31-90 Days Past Due	Life-time ECL
Stage 3	More than 90 Days Past Due	Life-time ECL

Measurement of ECL

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

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

ii. Trade Receivables

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

Presentation of allowance for ECL in the statement of financial position

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

Collateral repossessed:

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

Write-off:

Loans are written off when there is no reasonable expectation of recovering in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5. Derecognition of financial assets and financial liabilities

A financial asset is derecognised only when:

- The Company has transferred the contractual rights to receive cash flows from the financial asset or the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.
- Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.
- Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised, if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.
- On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) The consideration received (including any new asset obtained less any new liability assumed) and (ii) Any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

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

6. Derivatives

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

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

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

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

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

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

7. Offsetting financial instruments

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

j. Trade and other payables

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

k. Cash and Cash equivalents

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

l. Taxation

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

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

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

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

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

Indians mean business, and one of our businesses is to help them grow.

Entrepreneurship is a wave that has swept across India, giving everyone an opportunity to write their own destiny. From small retailers to software engineers, these self-made individuals are catalysing the country's growth. Our tailor-made Business Loans, which grew by an amazing rate of 85%, have helped our customers to mobilise working capital, fund their expansion and fulfil other business needs, thereby taking them closer to their goals.



The Information Technology boom made India the innovation nation. We proudly tread the same digital path.

For the past few decades, Indian IT companies and professionals have led the way, and now they lead the world. This has inspired our tech-oriented growth model, too. Using the latest technology, we've built stronger relationships with both partners and customers. Machine learning, artificial intelligence and analytics are all playing their part here, as well as in our other essential functions like underwriting and collections.



m. Employee Benefits

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

(c) Post-Employment Obligation:

The Company operates the following post-employment schemes:

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

i. Pension and Gratuity Obligation:

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

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

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

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

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

ii. Provident fund:

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

n. Functional Currency

a. Functional and presentation currencies:

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

b. Transactions and balances:

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

o. Borrowings

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

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

p. Borrowings cost

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

q. Cash Flow Statement

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

r. Earnings Per Share

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

s. Impairment of non-financial assets

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

t. Lease

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under IND-AS 116. The Company as a lessee, assesses, whether the contract is, or contains a lease. A contract is, or contains a lease if the contract involves:

- a. The use of an identified asset,
- b. The right to obtain substantially all the economic benefits from use of the identified asset,
- c. The right to direct the use of the identified asset.

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

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

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

The lease payments are discounted using the incremental borrowing rate.

For short-term leases and low value assets (assets of less than ₹500,000 in value) the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

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

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

u. Segment reporting

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

v. Provisions

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

w. Contingent liabilities

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

x. Equity

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

(All amounts in ₹ Crore unless otherwise stated)

NOTE 2 Cash and Cash equivalents

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Cash on hand*	5.69	15.42
b)	Balance with banks - Current accounts	950.54	637.72
	Total	956.23	653.14

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

Cash and Cash equivalents considered in the cash flow statement

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Cash and Cash equivalents as shown above	956.23	653.13
b)	Less: Overdrafts utilised (Grouped under Borrowings (other than debt securities) - Note 16)	8.62	156.89
	Total	947.61	496.24

NOTE 3 Bank Balance other than Cash and Cash equivalents*

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Bank Balance other than Cash and Cash equivalents	6.00	0.87
	Total	6.00	0.87

* Balance maintained in Fixed Deposits as Cash Collateral towards Cash Credit (CC) facilities.

NOTE 4 Derivative Financial Instruments

S.No.	Description	As at 31 st March, 2022		
		Notional amounts	Fair Value - Assets	Fair Value - Liabilities
a)	Other Derivatives - Cross Currency Swap Derivatives designated as cash flow hedges	2,108.05	64.06	-
	Total		64.06	-
S.No.	Description	As at 31 st March, 2021		
		Notional amounts	Fair Value - Assets	Fair Value - Liabilities
a)	Other Derivatives - Cross Currency Swap Derivatives designated as cash flow hedges	1,356.55	-	14.57
	Total		-	14.57

The Company has a Board approved policy for entering into derivative transactions. Derivative transactions comprises of Cross Currency Interest Rate Swaps (CCIRS). The Company undertakes such transactions for hedging interest/foreign exchange risk on borrowings. The Asset Liability Management Committee periodically monitors and reviews the risks involved.

The notional amount for CCIRS represents underlying foreign currency borrowings for which the Company has entered to hedge the variable interest rate and foreign exchange risks.

(All amounts in ₹ Crore unless otherwise stated)

NOTE 5 Trade Receivables

S.No.	Particulars	Outstanding for following periods from due date of payment as at 31 st March, 2022					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
i.	Undisputed Trade Receivables – considered good	37.90	-	-	-	-	37.90
ii.	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
iii.	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
iv.	Disputed Trade Receivables–considered good	-	-	-	-	-	-
v.	Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
vi.	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
	Total	37.90	-	-	-	-	37.90

S.No.	Particulars	Outstanding for following periods from due date of payment as at 31 st March, 2021					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
i.	Undisputed Trade Receivables – considered good	24.24	0.03	0.21	0.02	-	24.49
ii.	Undisputed Trade Receivables – which have significant increase in credit risk	1.38	-	-	-	-	1.38
iii.	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
iv.	Disputed Trade Receivables–considered good	-	-	-	-	-	-
v.	Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
vi.	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
	Total	25.61	0.03	0.21	0.02	-	25.87

NOTE 6 Loans

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
		Amortised Cost	
a)	Term Loans		
	i) Automobile Financing	11,143.53	9,442.57
	ii) Consumer Lending	2,519.56	1,532.76
	iii) Small Business Lending	739.87	469.29
	Total Loans - Gross	14,402.96	11,444.62
b)	Less: Impairment Loss Allowance	388.66	289.67
c)	Total Loans - Net (a) - (b)	14,014.30	11,154.95
	Nature		
a)	Secured by Tangible Assets	11,212.15	9,509.84
b)	Unsecured Loans	3,190.81	1,934.78
c)	Total Gross (a) + (b)	14,402.96	11,444.62
d)	Less: Impairment Loss Allowance	388.66	289.67
e)	Total - Net (c) - (d)	14,014.30	11,154.95

(All amounts in ₹ Crore unless otherwise stated)

NOTE 6 Loans (Contd.)

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
i)	Loans in India		
	Public Sector	-	-
	Others	14,402.96	11,444.62
	Total Gross	14,402.96	11,444.62
	Less: Impairment Loss Allowance	388.66	289.67
	Total - Net	14,014.30	11,154.95
ii)	Loans Outside India	-	-
iii)	Total Loans (i) + (ii)	14,014.30	11,154.95

- Secured indicates loans secured, wholly or partly, by way of hypothecation of automobile assets and/or equitable mortgage of property and/or equipment.
- The stock of loan (automobile finance) includes 11,926 nos. repossessed vehicles as at Balance Sheet date. (31st March, 2021: 13,292 nos.).
- The term loans include loans given to related parties (refer note 38(8)) and these loans which have been granted to related parties are specified with terms or period of repayment. These loans have been classified under Stage 1 category at the various reporting periods and related impairment provision as per the Company's accounting policy has been created.

NOTE 7 Investments

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Investment in equity instruments of Subsidiaries*		
i)	TVS Housing Finance Private Limited (1,20,00,000 (31 st March, 2021: 1,20,00,000) shares of ₹10 each fully paid up)	12.00	12.00
ii)	TVS Two Wheeler Mall Private Ltd (2,500 (31 st March, 2021: 2,500) shares of ₹10 each fully paid up)	0.00	0.00
iii)	TVS Commodity Financial Solutions Private Limited (Nil (31 st March, 2021: 2,500) shares of ₹10 each fully paid up)	-	0.00
iv)	Harita ARC Private Limited (2,500 (31 st March, 2021: 2,500) shares of ₹10 each fully paid up)	0.00	0.00
v)	TVS Micro Finance Private Limited (Nil (31 st March, 2021: 2,500) shares of ₹10 each fully paid up)	-	0.00
vi)	Harita Collection Services Private Limited (Nil (31 st March, 2021: 2,500) shares of ₹10 each fully paid up)	-	0.00
	Total - Gross (A)	12.01	12.01
	(i) Investments outside India	-	-
	(ii) Investments in India	12.01	12.01
	Total (B)	12.01	12.01
	Total	12.01	12.01
	Less: Allowance for Impairment Loss (C)	-	-
	Total - Net (D) = (A) -(C)	12.01	12.01

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

(All amounts in ₹ Crore unless otherwise stated)

NOTE 8 Other Financial Assets

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Employees related Receivables	4.85	4.13
b)	Security Deposit for Leased Premises	8.27	7.49
c)	Advances to Related Parties	38.10	73.21
d)	Other Financial Assets - Related Parties	0.02	0.04
e)	Other Financial Assets - Non-Related Parties	9.41	9.41
f)	Deposit with Service Providers	6.39	4.39
	Total Gross (A)	67.04	98.67
	Less: Allowance for Impairment Loss (B)	9.41	2.99
	Total (A)-(B)	57.63	95.68

NOTE 9 Current Tax Assets (net)

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Opening Balance	17.26	14.88
b)	Add: Taxes paid	54.68	48.90
c)	Less: Taxes Payable	(64.84)	(46.52)
	Total	7.10	17.26

NOTE 10 Deferred Tax Assets/(Liabilities)

The balance comprises temporary differences attributable to:

S.No.	Description	As at 1 st April, 2020	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	As at 31 st March, 2021	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	As at 31 st March, 2022
	Deferred tax assets/(liabilities) on account of :							
a)	Impairment allowance for financial instruments	46.77	31.54	-	78.31	22.81	-	101.12
b)	Difference between depreciation as per Books of Account and the Income Tax Act, 1961	4.60	0.47	-	5.07	0.17	-	5.24
c)	Provision for Compensated Absences and Gratuity	4.22	0.40	0.94	5.55	1.50	0.15	7.20
d)	Provision for Pension	2.82	0.17	(0.06)	2.93	0.26	0.28	3.47
e)	Expenses Disallowed under Section 40 (a) (ia)	4.22	1.88	-	6.10	4.47	-	10.57
f)	Impact of effective interest rate adjustment on Financial Assets	4.59	3.97	-	8.56	9.12	-	17.68
g)	Impact of unwinding the advances to related parties	2.73	(0.35)	-	2.38	(1.57)	-	0.81
h)	Mark-to-market on derivatives	5.05	-	0.89	5.94	-	(10.25)	(4.30)
i)	Impact of effective interest rate adjustment on Financial Liabilities	-	-	-	-	(2.52)	-	(2.52)
j)	Impact of Lease Accounting as per IND-AS 116	0.82	0.02	-	0.84	0.12	-	0.96
	Total deferred tax assets/(liabilities)	75.82	38.10	1.77	115.69	34.36	(9.82)	140.23

(All amounts in ₹ Crore unless otherwise stated)

NOTE 11 Investment Property

Description	Land	Building	Total
Year ended 31 st March, 2022			
Gross carrying amount as of 1 st April, 2021	85.16	-	85.16
Additions	-	-	-
Sub-total	85.16	-	85.16
Disposals	-	-	-
Closing gross carrying amount (A)	85.16	-	85.16
Depreciation and amortisation	-	-	-
Opening accumulated depreciation	-	-	-
Depreciation/amortisation charge during the year	-	-	-
Sub-total	-	-	-
Disposals	-	-	-
Closing accumulated depreciation and amortisation (B)	-	-	-
Net Carrying value as at 31st March, 2022 (A)-(B)	85.16	-	85.16
Net Carrying value as at 31st March, 2021	85.16	-	85.16

Description	Land	Building	Total
Year ended 31 st March, 2021			
Gross carrying amount as of 1 st April, 2020	85.16	-	85.16
Additions	-	-	-
Sub-total	85.16	-	85.16
Disposals	-	-	-
Closing gross carrying amount (A)	85.16	-	85.16
Depreciation and amortisation	-	-	-
Opening accumulated depreciation	-	-	-
Depreciation/amortisation charge during the year	-	-	-
Sub-total	-	-	-
Disposals	-	-	-
Closing accumulated depreciation and amortisation (B)	-	-	-
Net Carrying value as at 31st March, 2021 (A)-(B)	85.16	-	85.16

(i) Fair value

	As at 31 st March, 2022	As at 31 st March, 2021
Investment properties	411.15	414.90

a) The fair value of the investment property is based on the independent valuation obtained by the Company.

b) The title deed of the investment property is in the name of the Company.

(All amounts in ₹ Crore unless otherwise stated)

NOTE 12 Property, Plant and Equipment, Right-to-use Asset and Intangible Assets

Description	Property, Plant and Equipment					Right-to-use Asset	Intangible Assets (Computer Software)
	Computer	Furniture & fixtures	Office equipment	Vehicles	Total		
Year ended 31st March, 2022							
Gross Carrying Amount as on 31 st March, 2021	23.41	11.87	13.08	0.02	48.38	33.08	16.08
Additions	9.38	0.83	1.64	1.15	13.00	6.49	0.10
Adjustment due to revaluation and acquisitions through business combinations	-	-	-	-	-	-	-
Sub-total	32.79	12.70	14.72	1.17	61.38	39.57	16.18
Disposals	0.05	0.14	0.13	-	0.32	-	-
Closing Gross Carrying Amount (A)	32.74	12.56	14.59	1.17	61.06	39.57	16.18
Depreciation and Amortisation							
Opening Accumulated Depreciation	16.85	7.30	7.69	0.01	31.85	14.40	12.04
Depreciation/Amortisation charge during the year	5.54	1.38	2.21	0.15	9.28	7.05	2.78
Sub-Total	22.39	8.68	9.90	0.16	41.13	21.45	14.82
Disposals	0.04	0.12	0.13	-	0.29	-	-
Closing Accumulated Depreciation and Amortisation (B)	22.35	8.56	9.77	0.16	40.84	21.45	14.82
Net Carrying value as at 31st March, 2022 (A)-(B)	10.39	4.00	4.82	1.01	20.22	18.12	1.36
Net Carrying value as at 31st March, 2021	6.56	4.57	5.39	0.01	16.53	18.68	4.04

Description	Property, Plant and Equipment					Right-to-use Asset	Intangible Assets (Computer Software)
	Computer	Furniture & fixtures	Office equipment	Vehicles	Total		
Year ended 31st March, 2021							
Gross Carrying Amount as on 31 st March, 2020	20.44	11.29	11.17	0.02	42.92	32.90	14.26
Additions	3.35	0.63	2.20	-	6.18	0.18	1.82
Adjustment due to revaluation and acquisitions through business combinations	-	-	-	-	-	-	-
Sub-total	23.79	11.92	13.37	0.02	49.10	33.08	16.08
Disposals	0.38	0.05	0.29	-	0.72	-	-
Closing Gross Carrying Amount (A)	23.41	11.87	13.08	0.02	48.38	33.08	16.08
Depreciation and Amortisation							
Opening Accumulated Depreciation	11.96	5.85	6.02	0.00	23.83	7.12	8.09
Depreciation/Amortisation charge during the year	5.25	1.49	1.95	0.01	8.70	7.28	3.95
Sub-Total	17.21	7.34	7.97	0.01	32.53	14.40	12.04
Disposals	0.36	0.04	0.28	-	0.68	-	-
Closing Accumulated Depreciation and Amortisation (B)	16.85	7.30	7.69	0.01	31.85	14.40	12.04
Net Carrying value as at 31st March, 2021 (A)-(B)	6.56	4.57	5.39	0.01	16.53	18.68	4.04

There are no proceedings that have been initiated or pending against the Company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1998 and rules made thereunder.

(All amounts in ₹ Crore unless otherwise stated)

NOTE 13 Other Non-Financial Assets

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Dealer Commission Advance	0.17	0.21
b)	Prepaid Expenses	24.11	17.65
c)	Vendor Advance	9.30	5.60
d)	Balances with Government authorities	3.42	3.51
e)	Gratuity	2.81	-
	Total	39.81	26.97

NOTE 14 Trade Payables

S.No.	Particulars	Outstanding for following periods from due date of payment as at 31 st March, 2022				
		<1 Year	1-2 years	2-3 years	More than 3 years	Total
(i)	Undisputed dues - MSME*	3.55	-	-	-	3.55
(ii)	Undisputed dues - Others	324.26	1.15	0.03	4.79	330.23
(iii)	Disputed dues – MSME*	-	-	-	-	-
(iv)	Disputed dues – Others	-	-	-	-	-
	Total	327.81	1.15	0.03	4.79	333.78

S.No.	Particulars	Outstanding for following periods from due date of payment as at 31 st March, 2021				
		<1 Year	1-2 years	2-3 years	More than 3 years	Total
(i)	Undisputed dues - MSME*	-	-	-	-	-
(ii)	Undisputed dues - Others	221.65	0.16	1.62	5.92	229.35
(iii)	Disputed dues – MSME*	-	-	-	-	-
(iv)	Disputed dues – Others	-	-	-	-	-
	Total	221.65	0.16	1.62	5.92	229.35

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

NOTE 15 Debt Securities

Description	As at 31 st March, 2022	As at 31 st March, 2021
At Amortised Cost		
Commercial Paper (Unsecured)	1,788.69	746.11
Non-Convertible Debentures (Secured)	424.99	424.74
Total (A)	2,213.68	1,170.85
Debt Securities in India	2,213.68	1,170.85
Debt Securities outside India	-	-
Total (B)	2,213.68	1,170.85

(All amounts in ₹ Crore unless otherwise stated)

NOTE 16 Borrowings (Other Than Debt Securities)

Description	As at 31 st March, 2022	As at 31 st March, 2021
At Amortised Cost		
(a) Term Loans (Secured)		
i) From Banks	6,069.73	4,590.31
ii) From Other Parties	4.93	24.59
iii) External Commercial Borrowings	2,169.82	1,364.32
(b) Loans Repayable on Demand		
i) Cash Credit from Banks (Secured)	8.62	156.89
ii) Working Capital Demand Loans (Secured)	1,189.00	1,565.00
iii) Working Capital Demand Loans (Unsecured)	15.00	340.00
Total (A)	9,457.10	8,041.11
Borrowings in India	7,287.28	6,676.79
Borrowings outside India	2,169.82	1,364.32
Total (B)	9,457.10	8,041.11

NOTE 17 Subordinated Liabilities

Description	As at 31 st March, 2022	As at 31 st March, 2021
At Amortised Cost - Unsecured		
(a) Perpetual Debt Instruments to the extent that do not qualify as equity	99.86	99.84
(b) Other Subordinated Liabilities		
From Banks	199.98	199.93
From Others	993.50	643.02
Total (A)	1,293.34	942.79
Subordinated Liabilities in India	1,293.34	942.79
Subordinated Liabilities outside India	-	-
Total (B)	1,293.34	942.79

- Refer Annexure for the terms of the debt securities, borrowings and subordinated liabilities.
- The Company has utilised the borrowed funds for the purposes for which the fund is obtained.
- The Company has not been declared wilful defaulter by any Bank or financial Institution or other lender.
- There are no charges or satisfaction yet to be registered with ROC beyond the statutory time period.

(All amounts in ₹ Crore unless otherwise stated)

Annexure

Institution	As on 31 st March, 2022	Type of Security	Interest Rate	Total Instalment	No. of Instalments Remaining	Frequency	Repayable From	Repayable To
Debt Securities								
Commercial Paper	299.28	Unsecured	4.41%	1	1	Bullet	21/04/2022	21/04/2022
Commercial Paper	199.43	Unsecured	4.41%	1	1	Bullet	25/04/2022	25/04/2022
Commercial Paper	199.40	Unsecured	4.41%	1	1	Bullet	26/04/2022	26/04/2022
Commercial Paper	49.85	Unsecured	4.41%	1	1	Bullet	26/04/2022	26/04/2022
Commercial Paper	298.15	Unsecured	4.65%	1	1	Bullet	20/05/2022	20/05/2022
Commercial Paper	148.98	Unsecured	4.65%	1	1	Bullet	25/05/2022	25/05/2022
Commercial Paper	247.48	Unsecured	4.90%	1	1	Bullet	16/06/2022	16/06/2022
Commercial Paper	148.37	Unsecured	4.90%	1	1	Bullet	22/06/2022	22/06/2022
Commercial Paper	98.91	Unsecured	4.90%	1	1	Bullet	22/06/2022	22/06/2022
Commercial Paper	49.42	Unsecured	4.90%	1	1	Bullet	28/06/2022	28/06/2022
Commercial Paper	49.42	Unsecured	4.90%	1	1	Bullet	28/06/2022	28/06/2022
Non-Convertible Debentures	300.00	Secured	8.35%	1	1	Bullet	22/03/2023	22/03/2023
Non-Convertible Debentures	25.00	Secured	8.35%	1	1	Bullet	22/03/2023	22/03/2023
Non-Convertible Debentures	99.99	Secured	7.40%	1	1	Bullet	08/04/2022	08/04/2022
	2,213.68							
Loan repayable on demand								
	1,197.62	Secured	5.80% - 7.85%	Repayable on demand				
	15.00	Unsecured						
	1,212.62							
Term Loan								
Bank	199.98	Secured	7.35%	1.00	1.00	Bullet	19/11/2022	19/11/2022
Bank	97.50	Secured	6.30%	8.00	6.00	Quarterly	24/12/2021	24/09/2023
Bank	174.98	Secured	5.90%	8.00	7.00	Quarterly	18/02/2022	18/11/2023
Bank	299.96	Secured	5.60%	8.00	8.00	Quarterly	29/06/2022	29/03/2024
Bank	249.96	Secured	6.30%	8.00	8.00	Quarterly	21/12/2022	21/09/2024
Bank	250.00	Secured	6.30%	8.00	8.00	Quarterly	31/05/2023	28/02/2025
Bank	83.32	Secured	7.40%	11.00	4.00	Quarterly	06/08/2020	06/02/2023
Bank	249.95	Secured	7.45%	12.00	10.00	Quarterly	31/12/2021	24/09/2024
Bank	22.50	Secured	6.90%	10.00	3.00	Quarterly	15/07/2020	15/10/2022
Bank	79.98	Secured	6.90%	10.00	4.00	Quarterly	24/11/2020	24/02/2023
Bank	50.00	Secured	7.90%	4.00	2.00	Half yearly	18/06/2021	18/12/2022
Bank	41.66	Secured	5.17%	36.00	5.00	Monthly	30/09/2019	30/08/2022
Bank	33.33	Secured	6.28%	36.00	6.00	Monthly	30/10/2019	29/09/2022
Bank	166.67	Secured	5.85%	36.00	12.00	Monthly	19/04/2020	19/03/2023
Bank	141.67	Secured	5.90%	36.00	17.00	Monthly	21/09/2020	21/08/2023
Bank	116.67	Secured	5.29%	36.00	21.00	Monthly	31/01/2021	31/12/2023
Bank	374.96	Secured	5.25%	36.00	27.00	Monthly	25/07/2021	24/06/2024
Bank	416.67	Secured	5.00%	36.00	30.00	Monthly	28/10/2021	28/09/2024
Bank	229.17	Secured	5.29%	36.00	33.00	Monthly	31/01/2022	31/12/2024
Bank	499.89	Secured	5.60%	37.00	37.00	Monthly	30/04/2022	30/04/2025
Bank	249.78	Secured	6.10%	8.00	8.00	Quarterly	28/06/2023	28/03/2025
Bank	150.00	Secured	6.95%	1.00	1.00	Bullet	25/10/2024	25/10/2024
Bank	100.00	Secured	7.40%	6.00	4.00	Half yearly	12/08/2021	01/02/2024
Bank	249.77	Secured	6.80%	12.00	12.00	Quarterly	25/06/2022	25/03/2025
Bank	99.93	Secured	7.35%	10.00	4.00	Quarterly	20/12/2020	20/03/2023

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022**



(All amounts in ₹ Crore unless otherwise stated)

Institution	As on 31 st March, 2022	Type of Security	Interest Rate	Total Instalment	No. of Instalments Remaining	Frequency	Repayable From	Repayable To
Bank	124.94	Secured	7.25%	10.00	5.00	Quarterly	04/02/2021	04/05/2023
Bank	39.99	Secured	7.25%	10.00	4.00	Quarterly	31/12/2020	30/03/2023
Bank	199.96	Secured	7.30%	10.00	8.00	Quarterly	19/12/2021	19/03/2024
Bank	66.63	Secured	7.40%	36.00	24.00	Monthly	30/04/2021	30/03/2024
Bank	200.00	Secured	6.95%	10.00	10.00	Quarterly	29/04/2022	29/07/2024
Bank	200.00	Secured	6.95%	10.00	10.00	Quarterly	13/05/2022	13/08/2024
Bank	59.99	Secured	7.35%	10.00	2.00	Quarterly	20/05/2020	20/08/2022
Bank	200.00	Secured	7.00%	1.00	1.00	Bullet	27/10/2024	27/10/2024
Bank	199.94	Secured	6.45%	1.00	1.00	Bullet	24/05/2024	24/05/2024
Bank	150.00	Secured	6.10%	1.00	1.00	Bullet	23/09/2022	23/09/2022
Others	4.93	Secured	6.43%	10.00	1.00	Quarterly	10/03/2020	10/06/2022
Bank-ECB	189.38	Secured	8.57%	1.00	1.00	Bullet	31/05/2022	31/05/2022
Bank-ECB	189.38	Secured	8.57%	1.00	1.00	Bullet	10/06/2022	10/06/2022
Bank-ECB	151.51	Secured	8.06%	1.00	1.00	Bullet	26/08/2022	26/08/2022
Bank-ECB	151.51	Secured	8.06%	1.00	1.00	Bullet	16/09/2022	16/09/2022
Bank-ECB	378.07	Secured	6.94%	1.00	1.00	Bullet	13/07/2023	13/07/2023
Bank-ECB	356.04	Secured	6.94%	1.00	1.00	Bullet	19/10/2023	19/10/2023
Bank-ECB	753.93	Secured	6.92%	1.00	1.00	Bullet	02/12/2024	02/12/2024
	8,244.50							
Subordinated Liabilities								
Perpetual Debt	99.86	Unsecured	11.50%	1	1	Bullet	25/11/2027	25/11/2027
Other Subordinated Liabilities:								
Bank	49.99	Unsecured	8.60%	1	1	Bullet	29/05/2023	29/05/2023
Bank	50.00	Unsecured	8.94%	1	1	Bullet	24/07/2023	24/07/2023
Bank	25.00	Unsecured	9.70%	1	1	Bullet	01/09/2022	01/09/2022
Bank	24.99	Unsecured	9.70%	1	1	Bullet	01/09/2022	01/09/2022
Others	99.30	Unsecured	10.90%	1	1	Bullet	07/08/2024	07/08/2024
Others	112.91	Unsecured	9.40%	1	1	Bullet	10/06/2026	10/06/2026
Others	34.36	Unsecured	9.40%	1	1	Bullet	10/06/2026	10/06/2026
Others	99.00	Unsecured	8.85%	1	1	Bullet	02/06/2027	02/06/2027
Others	35.00	Unsecured	8.85%	1	1	Bullet	11/06/2027	11/06/2027
Others	35.00	Unsecured	8.85%	1	1	Bullet	11/06/2027	11/06/2027
Others	30.00	Unsecured	8.85%	1	1	Bullet	11/06/2027	11/06/2027
Others	200.00	Unsecured	8.85%	1	1	Bullet	11/06/2027	11/06/2027
Others	50.00	Unsecured	8.85%	1	1	Bullet	11/06/2027	11/06/2027
Others	50.00	Unsecured	10.02%	1	1	Bullet	28/04/2022	28/04/2022
Others	147.93	Unsecured	9.40%	1	1	Bullet	26/08/2026	26/08/2026
Others	50.00	Unsecured	11.25%	1	1	Bullet	01/05/2022	01/05/2022
Others	100.00	Unsecured	10.00%	1	1	Bullet	01/07/2026	01/07/2026
Total	1,193.45							
Subordinated Liabilities Total	1,293.31							

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022**



(All amounts in ₹ Crore unless otherwise stated)

Institution	Amount Outstanding as on 31 st March, 2021	Type of Security	Interest Rate	Total Instalment	No. of Instalments Remaining	Frequency	Repayable From	Repayable To
Debt Securities								
Commercial Paper	249.10	Unsecured	4.75%	1	1	Bullet	29/04/2021	29/04/2021
Commercial Paper	248.54	Unsecured	4.60%	1	1	Bullet	18/05/2021	18/05/2021
Commercial Paper	248.47	Unsecured	4.60%	1	1	Bullet	20/05/2021	20/05/2021
Non Convertible Debentures	99.74	Secured	7.40%	1	1	Bullet	08/04/2022	08/04/2022
Non Convertible Debentures	300.00	Secured	8.35%	1	1	Bullet	22/03/2023	22/03/2023
Non Convertible Debentures	25.00	Secured	8.35%	1	1	Bullet	22/03/2023	22/03/2023
	1,170.85							
Loan repayable on demand								
	1,721.89	Secured	6.25% - 7.50%	Repayable on demand				
	340.00	Unsecured						
	2,061.89							
Term Loan								
Bank	100.00	Secured	8.00%	1.00	1.00	Bullet	06/05/2021	06/05/2021
Bank	25.00	Secured	6.62%	1.00	1.00	Bullet	25/05/2021	25/05/2021
Bank	37.50	Secured	7.90%	4.00	1.00	Half Yearly	17/03/2020	17/09/2021
Bank	41.67	Secured	7.50%	36.00	6.00	Monthly	26/10/2018	26/09/2021
Bank	123.98	Secured	7.50%	12.00	3.00	Quarterly	28/03/2019	27/12/2021
Bank	33.33	Secured	8.00%	6.00	2.00	Half Yearly	28/06/2019	28/12/2021
Bank	59.89	Secured	7.35%	10.00	3.00	Quarterly	30/09/2019	30/12/2021
Bank	16.67	Secured	8.00%	6.00	2.00	Half Yearly	28/07/2019	28/01/2022
Bank	238.90	Secured	7.85%	10.00	4.00	Quarterly	04/11/2019	04/02/2022
Bank	39.97	Secured	7.90%	10.00	4.00	Quarterly	15/11/2019	15/02/2022
Bank	199.97	Secured	7.35%	10.00	4.00	Quarterly	27/11/2019	27/02/2022
Bank	179.97	Secured	7.35%	10.00	6.00	Quarterly	20/05/2020	20/08/2022
Bank	141.64	Secured	5.10%	36.00	17.00	Monthly	30/09/2019	30/08/2022
Bank	100.00	Secured	5.50%	36.00	18.00	Monthly	30/10/2019	30/09/2022
Bank	52.50	Secured	6.90%	10.00	7.00	Quarterly	15/07/2020	15/10/2022
Bank	199.96	Secured	7.45%	1.00	1.00	Bullet	19/11/2022	19/11/2022
Bank	100.00	Secured	7.90%	4.00	4.00	Half Yearly	18/06/2021	18/12/2022
Bank	166.63	Secured	7.50%	12.00	8.00	Quarterly	06/05/2020	06/02/2023
Bank	159.97	Secured	6.90%	10.00	8.00	Quarterly	24/11/2020	24/02/2023
Bank	333.33	Secured	5.85%	36.00	24.00	Monthly	19/04/2020	19/03/2023
Bank	199.86	Secured	7.35%	10.00	8.00	Quarterly	20/12/2020	20/03/2023
Bank	79.99	Secured	7.25%	10.00	8.00	Quarterly	31/12/2020	31/03/2023
Bank	224.89	Secured	8.00%	10.00	9.00	Quarterly	04/02/2021	04/05/2023
Bank	179.87	Secured	7.80%	10.00	9.00	Quarterly	30/03/2021	30/06/2023
Bank	241.67	Secured	5.90%	36.00	29.00	Monthly	21/09/2020	21/08/2023
Bank	130.00	Secured	6.30%	8.00	8.00	Quarterly	24/12/2020	24/09/2023
Bank	199.96	Secured	5.90%	8.00	8.00	Quarterly	18/02/2022	18/11/2023
Bank	183.33	Secured	5.00%	36.00	33.00	Monthly	31/01/2021	31/12/2023
Bank	150.00	Secured	7.40%	6.00	6.00	Half Yearly	12/08/2021	12/02/2024
Bank	250.00	Secured	7.30%	10.00	10.00	Quarterly	19/12/2021	19/03/2024
Bank	299.93	Secured	5.60%	8.00	8.00	Quarterly	29/06/2022	29/03/2024
Bank	99.95	Secured	7.40%	36.00	36.00	Monthly	30/04/2021	30/03/2024

(All amounts in ₹ Crore unless otherwise stated)

Institution	Amount Outstanding as on 31 st March, 2021	Type of Security	Interest Rate	Total Instalment	No. of Instalments Remaining	Frequency	Repayable From	Repayable To
Others	24.59	Secured	6.43%	10.00	5.00	Quarterly	10/03/2020	10/06/2022
Bank-ECB	182.56	Secured	8.57%	1.00	1.00	Bullet	29/05/2022	29/05/2022
Bank-ECB	182.56	Secured	8.57%	1.00	1.00	Bullet	10/06/2022	10/06/2022
Bank-ECB	146.05	Secured	8.06%	1.00	1.00	Bullet	26/08/2022	26/08/2022
Bank-ECB	146.05	Secured	8.06%	1.00	1.00	Bullet	16/09/2022	16/09/2022
Bank-ECB	363.87	Secured	6.94%	1.00	1.00	Bullet	13/07/2023	13/07/2023
Bank-ECB	343.22	Secured	6.94%	1.00	1.00	Bullet	19/10/2023	19/10/2023
	5,979.22							
Subordinated Liabilities								
Perpetual Debt	99.84	Unsecured	11.50%	1	1	Bullet	25/11/2027	25/11/2027
Other Subordinated Liabilities								
Bank	49.99	Unsecured	10.02%	1	1	Bullet	28/04/2022	28/04/2022
Bank	25.00	Unsecured	9.70%	1	1	Bullet	29/09/2022	29/09/2022
Bank	24.97	Unsecured	9.70%	1	1	Bullet	29/09/2022	29/09/2022
Bank	49.98	Unsecured	8.70%	1	1	Bullet	29/05/2023	29/05/2023
Bank	50.00	Unsecured	9.76%	1	1	Bullet	24/07/2023	24/07/2023
Others	49.98	Unsecured	11.25%	1	1	Bullet	01/05/2022	01/05/2022
Others	50.00	Unsecured	11.75%	1	1	Bullet	01/07/2021	01/07/2021
Others	49.96	Unsecured	11.30%	1	1	Bullet	27/09/2021	27/09/2021
Others	99.00	Unsecured	10.90%	1	1	Bullet	07/08/2024	07/08/2024
Others	146.62	Unsecured	9.40%	1	1	Bullet	10/06/2026	10/06/2026
Others	100.00	Unsecured	10.00%	1	1	Bullet	01/07/2026	01/07/2026
Others	122.46	Unsecured	9.40%	1	1	Bullet	26/08/2026	26/08/2026
Others	25.00	Unsecured	9.40%	1	1	Bullet	26/08/2026	26/08/2026
Total	842.96							
Subordinated Liabilities Total	942.79							

Details of Security

- Non-Convertible Debentures of ₹424.99 inclusive of Current and Non-Current Dues (Previous Year: ₹424.74 as on 31st March, 2021) is fully secured by exclusive floating charge against hypothecation of receivables under the financing activity of the Company.
- Term Loan received from Banks and Other Parties of ₹8,244.50 inclusive of Current and Non-Current Dues (Previous Year: ₹5,979.22 as on 31st March, 2021) is fully secured by exclusive floating charge against hypothecation of receivables under the financing activity of the Company.
- Working Capital Demand Loan and Cash Credit of ₹1,197.62 (Previous Year: ₹1,721.88 as at 31st March, 2021) is fully secured by exclusive floating charge against hypothecation of receivables under the financing activity of the Company.

External Commercial Borrowings

During the year, the Company had raised funds in the overseas market amounting to ₹751.50 crore (equivalent to USD 100 million) under External Commercial Borrowings (ECB) accessed through automatic route after receiving the Loan Registration Number from RBI as per ECB Master Directions. These are unlisted instruments, for total duration of 3 years and the loan has been fully hedged. The net proceeds from the issue of these ECB were applied for the purpose of on-lending, in accordance with the ECB directions issued by the RBI.

(All amounts in ₹ Crore unless otherwise stated)

NOTE 18 Other Financial Liabilities

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Interest Accrued But Not Due	69.69	76.43
b)	Employee Related Liabilities	57.66	55.18
c)	Security Deposit	81.37	53.46
d)	Lease Liability (refer Note 37)	21.96	22.02
	Total	230.68	207.09

NOTE 19 Provisions

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Pension	13.80	11.68
b)	Gratuity	-	1.80
c)	Compensated absences	24.54	20.27
	Total	38.34	33.75

NOTE 20 Other Non-Financial Liabilities

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Statutory Dues	29.57	23.64
	Total	29.57	23.64

NOTE 21 Equity Share Capital

	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Authorised Share Capital: 250,000,000 Equity Shares of ₹10 each (Previous Year 200,000,000 Equity Shares)	250.00	200.00
		250.00	200.00
b)	Issued, Subscribed and Fully Paid-up Share Capital: 201,196,900 number of equity shares of ₹10 each (Previous year 191,937,700 equity shares of ₹10 each)	201.20	191.94
c)	Par Value per Share	₹10 each	₹10 each
d)	Number of equity shares at the beginning of the year	191,937,700	185,182,300
	Changes in equity share capital due to prior period errors	-	-
	Restated number of equity shares at the beginning of the year	191,937,700	185,182,300
	Add: Preferential Allotment made during the year	9,259,200	6,755,400
	Number of equity shares at the end of the year	201,196,900	191,937,700
e)	Equity Shares held by Holding Companies		
	Particulars	No. of Shares	No. of Shares
	Holding Company - TVS Motor Company Limited	168,397,728	162,224,928
	Sundaram-Clayton Limited (Holding Company of TVS Motor Company Limited)	2,180,250	2,180,250

(All amounts in ₹ Crore unless otherwise stated)

NOTE 21 Equity Share Capital (Contd.)

f)	Number of shares held by shareholders holding more than 5% of total shares as at the end of the year				
	Name of the Shareholders	As at 31 st March, 2022		As at 31 st March, 2021	
		No. of Shares	% of Holding	No. of Shares	% of Holding
	TVS Motor Company Limited	168,397,728	83.70%	162,224,928	84.52%
	Lucas-TVS Limited	11,337,297	5.63%	11,337,297	5.91%

g)	Shares held by Promoters at the the End of Year				
	S.No.	Promoter Name	No. of Shares	% of Total Shares	% change during the year
	1	TVS Motor Company Limited	168,397,728	83.70%	(0.82%)
	2	Sundaram Clayton Limited	2,180,250	1.08%	(0.06%)
	3	TVS Motor Services Limited	1,090,125	0.54%	(0.03%)

NOTE 22 Other Equity

Description	As at 31 st March, 2022	As at 31 st March, 2021
a) Securities Premium Reserves	863.37	722.63
b) Statutory Reserve	164.29	140.15
c) Retained Earnings	621.98	526.65
d) Other Reserves	12.79	(17.67)
Total reserves and surplus	1,662.44	1,371.76

a) Securities Premium Reserves	As at 31 st March, 2022	As at 31 st March, 2021
Opening balance	722.63	629.41
Additions during the year	140.74	93.22
Deductions/Adjustments during the year	-	-
Closing balance	863.37	722.63

b) Statutory Reserve	As at 31 st March, 2022	As at 31 st March, 2021
Opening balance	140.15	120.75
Transfer from retained earnings	24.15	19.40
Deductions/Adjustments during the year	-	-
Closing balance	164.29	140.15

c) Retained earnings	As at 31 st March, 2022	As at 31 st March, 2021
Opening balance	526.65	451.69
Net profit for the year	120.73	96.98
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation net off tax	(1.25)	(2.62)
Transfer to Statutory Reserve	(24.15)	(19.40)
Closing balance	621.98	526.65

d) Other Reserves - Hedge Reserve	As at 31 st March, 2022	As at 31 st March, 2021
Opening balance	(17.67)	(15.00)
Add: Change in fair value of hedging instruments, net of tax for the year	30.46	(2.67)
Closing balance	12.79	(17.67)

(All amounts in ₹ Crore unless otherwise stated)

NOTE 22 Other Equity (Contd.)

Securities Premium

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

Statutory Reserves:

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

Retained Earnings:

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

NOTE 23 Interest Income

Description	Year ended 31 st March, 2022	Year ended 31 st March, 2021
On Financial assets measured at amortised cost:		
Interest on Loans	2,444.16	2,039.16
Interest on Deposits with Bank	1.77	1.90
Total	2,445.93	2,041.06

NOTE 24 Fees and Commission Income

Description	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Fee-based Income	255.95	146.68
Commission Income	-	2.64
Service Income	44.57	47.44
Total	300.52	196.76

NOTE 25 Other Income

Description	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Unwinding of discount on security deposits and receivable for investments	6.80	2.68
Other Non-Operating Income	0.26	0.43
Interest on Income tax refund	1.91	-
Total	8.97	3.11

NOTE 26 Finance Costs

Description	Year ended 31 st March, 2022	Year ended 31 st March, 2021
On Financial liabilities measured at amortised cost		
Interest Cost		
- Interest on Borrowings (other than Debt Securities)	547.34	544.45
- Interest on Debt Securities	85.47	77.85
- Interest on Subordinated Liabilities	102.12	66.83
- Interest on Lease Liabilities	1.99	2.02
Other Finance Charges	45.21	38.29
Total	782.13	729.44

(All amounts in ₹ Crore unless otherwise stated)

NOTE 27 Impairment of Financial Instruments

Description	Year ended 31 st March, 2022	Year ended 31 st March, 2021
On Financial Instruments measured at Amortised Cost		
Bad Debts Written-off (net)	231.29	252.00
Net Loss on Sale of Repossessed Assets	216.03	108.23
Impairment Provision on Loans	98.98	89.11
Impairment Provision on Trade Receivables and Other Financial Assets	7.85	17.45
Total	554.15	466.79

NOTE 28 Employee Benefit Expenses

Description	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Salaries and Wages	638.95	537.00
Contribution to Provident and other funds	40.92	31.43
Staff Welfare	31.91	16.38
Total	711.78	584.81

NOTE 29 Other Expenses

Description	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Travelling and Conveyance	91.45	38.18
Communication Costs	91.45	62.51
Rent, Taxes and Energy Costs (Refer note 37c)	25.48	21.54
Repairs & Maintenance	3.44	2.46
Insurance Expenses	0.51	1.37
Legal and Prof Charges	81.81	50.73
Auditors Fees and Expenses*	0.53	0.53
Directors Sitting Fees & Commission Expenses	0.73	0.57
Corporate Social Responsibility **	3.50	4.00
Donation	-	0.03
Printing and Stationery	5.81	3.78
Others	18.80	13.70
Total	323.51	199.40

***Auditors Fees and Expenses**

Description	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Statutory Audit	0.24	0.24
Tax Audit	0.07	0.07
Certification	0.15	0.15
Reimbursement of Expenses	0.07	0.07
Auditors Fees and Expenses[#]	0.53	0.53

[#] Includes audit fee of ₹0.23 Cr paid to previous auditor

(All amounts in ₹ Crore unless otherwise stated)

NOTE 29 Other Expenses (Contd.)

** Expenditure incurred on Corporate Social Responsibility activities:

Particulars	Year ended 31 st March, 2022	Year ended 31 st March, 2021
(i) Amount required to be spent by the Company during the year	3.42	3.98
(ii) Amount of expenditure incurred	3.50	4.00
(iii) Shortfall at the end of the year	-	-
(iv) Total of previous years shortfall	-	-
(v) Reason for shortfall	NA	NA
(vi) Nature of CSR activities		
a. Expenses incurred through trusts	3.50	4.00
Total	3.50	4.00

NOTE 30 Income Tax Expenses

Description	Year ended 31 st March, 2022	Year ended 31 st March, 2021
(a) Income tax expense:		
Current tax on profits for the year	64.84	47.05
Tax profits relating to prior period	-	(0.53)
Total current tax expense	64.84	46.52
Deferred tax		
Decrease/(increase) in deferred tax assets	(34.36)	(38.10)
(Decrease)/increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	(34.36)	(38.10)
Income tax expense for the year	30.48	8.42
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	151.21	105.40
Tax at the Indian tax rate of 25.168% (previous year – 25.168%)	38.06	26.53
Tax effect of amounts which are permanent differences in nature in calculation of taxable income	(7.57)	(18.11)
Income tax expense	30.48	8.42

NOTE 31 Other Comprehensive Income

Description	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Items that will not be reclassified to profit or loss		
Remeasurement of the defined benefit plans	(1.67)	(3.50)
Income tax relating to these items	0.42	0.88
Items that will be reclassified to profit or loss		
Fair value change on cash flow hedge	40.71	(3.55)
Income tax relating to these items	(10.25)	0.89
Other Comprehensive Income	29.21	(5.28)

(All amounts in ₹ Crore unless otherwise stated)

NOTE 32 Earnings Per Share

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	6.17	5.19
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	6.17	5.19
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basis earnings per share	120.73	96.98
Diluted earnings per share		
Profit attributable to equity holders of the Company - used in calculating basis earnings per share	120.73	96.98
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	195,548,365	186,986,825
(e) Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	195,548,365	186,986,825

NOTE 33 Employee Benefit Obligations

Defined Benefit Obligation

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

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

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

(All amounts in ₹ Crore unless otherwise stated)

NOTE 33 Employee Benefit Obligations (Contd.)

Particulars	Gratuity			Pension			Compensated Absences		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
As on 1 st April, 2021	22.13	(20.33)	1.80	11.68	-	11.68	20.27	-	20.27
Current service cost	3.66	-	3.66	-	-	-	-	-	-
Interest expense/(income)	1.25	(1.32)	(0.06)	0.76	-	0.76	1.04	-	1.04
Total amount recognised in profit or loss	4.92	(1.32)	3.60	0.76	-	0.76	1.04	-	1.04
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.79)	(0.79)	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	(0.26)	-	(0.26)	(0.29)	-	(0.29)	(0.18)	-	(0.18)
Experience (gains)/losses	1.36	-	1.36	1.65	-	1.65	5.55	-	5.55
Total amount recognised in other comprehensive (income)/Losses	1.10	(0.79)	0.31	1.36	-	1.36	5.37	-	5.37
Employer contributions	-	(8.52)	(8.52)	-	-	-	(2.14)	-	(2.14)
Benefit payments	(0.40)	0.40	(0.00)	-	-	-	-	-	-
As on 31 st March, 2022	27.74	(30.56)	(2.81)	13.80	-	13.80	24.54	-	24.54

Details	Gratuity		Pension		Compensated Absences	
	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021
Discount Rate	5.36%	4.99%	6.13%	5.98%	5.17%	4.82%
Salary Growth Rate	6.00%	6.00%	5.50%	5.50%	6.00%	6.00%
Attrition Rate	36.00%	36.00%	0.00%	0.00%	36.00%	36.00%
Retirement Age	58	58	60	60	58	58
Mortality inclusive of provision for disability	100% of Indian Assured Lives Mortality (IALM)					

(i) Sensitivity Analysis

FY 2021-22

Particulars	Gratuity			Pension			Compensated Absences		
	Change in Assumption	Due to increase in assumption	Due to decrease in assumption	Change in Assumption	Due to increase in assumption	Due to decrease in assumption	Change in Assumption	Due to increase in assumption	Due to decrease in assumption
Discount Rate	0.50%	27.41	28.09	1.00%	12.05	15.91	0.50%	24.28	24.81
Salary Growth Rate	0.50%	28.08	27.41	1.00%	15.99	11.97	0.50%	24.81	24.28
Mortality	5.00%	27.74	27.74	5.00%	13.69	13.91	5.00%	24.54	24.54

FY 2020-21

Particulars	Gratuity 2019-20			Pension 2019-20			Compensated Absences 2019-20		
	Change in Assumption	Due to increase in assumption	Due to decrease in assumption	Change in Assumption	Due to increase in assumption	Due to decrease in assumption	Change in Assumption	Due to increase in assumption	Due to decrease in assumption
Discount Rate	0.50%	21.85	22.40	1.00%	10.11	13.59	0.50%	20.05	20.50
Salary Growth Rate	0.50%	22.39	21.86	1.00%	13.66	10.04	0.50%	20.49	20.05
Mortality	5.00%	22.12	22.12	5.00%	11.58	11.78	5.00%	20.27	20.27

(All amounts in ₹ Crore unless otherwise stated)

NOTE 33 Employee Benefit Obligations (Contd.)

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

Particulars	
Within the next 12 months (next annual reporting period)	8.42
Between 2 and 5 years	18.20
Beyond 5 years	4.64
Total	31.26

(iii) Risk exposure:

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

Asset volatility

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

Changes in bond yields

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

(iv) Defined contribution plans:

The Company's contribution to defined contribution plan viz., provident fund, of ₹25.99 (31st March, 2021: ₹18.75) has been recognised in the Statement of Profit and Loss. There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28th February, 2019 on components / allowances paid to employees that need to be taken into account while computing an employer's contribution to provident fund under the EPF Act. The Company is in the process of evaluating the method of computation of its PF contribution in relation to above judgement and would record any further effect in its financial statements, on receiving further clarification on the subject.

NOTE 34 Fair Value Measurements

Financial assets and financial liabilities measured at amortised cost, including their levels in the fair value hierarchy:

Particulars	Carrying Amount		Fair Value Hierarchy	Fair Value	
	31 st March, 2022	31 st March, 2021		31 st March, 2022	31 st March, 2021
Financial assets:					
Cash and Cash equivalents	956.23	653.14	Level 3	956.23	653.14
Other Bank Balances	6.00	0.87	Level 3	6.00	0.87
Trade Receivables	37.90	25.87	Level 3	37.90	25.87
Loans	14,014.30	11,154.95	Level 3	14,014.30	11,154.95
Investments	12.01	12.01	Level 3	12.01	12.01
<u>Other Financial Assets</u>					
Employees Related Receivables	4.85	4.13	Level 3	4.85	4.13
Security Deposit for Leased Premises	8.27	7.49	Level 3	8.27	7.49
Advances to Related Parties	38.10	73.21	Level 3	38.75	59.39
Other Financial Assets - Related Parties	0.02	0.04	Level 3	0.02	0.04
Other Financial Assets - Non-Related Parties	0.00	6.42	Level 3	0.00	6.42
Deposit with Service Providers	6.39	4.39	Level 3	6.39	4.39
Total	15,084.07	11,942.52		15,084.72	11,928.70

(All amounts in ₹ Crore unless otherwise stated)

NOTE 34 Fair Value Measurements (Contd.)

Particulars	Carrying Amount		Fair Value Hierarchy	Fair Value	
	31 st March, 2022	31 st March, 2021		31 st March, 2022	31 st March, 2021
Financial Liabilities					
Trade Payables	333.78	229.35	Level 3	333.78	229.35
Debt Securities	2,213.68	1,170.85	Level 3	2,213.68	1,170.85
Borrowings other than Debt Securities	9,457.10	8,041.11	Level 3	9,457.10	8,041.11
Subordinated Liabilities	1,293.34	942.79	Level 3	1,293.34	942.79
Other Financial Liabilities	230.68	207.09	Level 3	230.68	207.09
Total	13,528.58	10,591.19		13,528.58	10,591.19

Financial assets and liabilities measured at fair value (Level 2)

Particulars	31 st March, 2022	31 st March, 2021
Financial Assets		
Derivative Financial Instruments	64.06	-
Total Financial Assets	64.06	-
Financial Liabilities		
Derivative Financial Instruments	-	14.57
Total Financial Assets	-	14.57

There were no transfers between any levels during the year.

(i) Fair value hierarchy

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

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

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

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

ii. Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- The Management assessed that Cash and Cash equivalents, bank balance other than Cash and Cash equivalents, receivable, other financial assets, payables and other financial liabilities approximates their carrying amount largely due to short-term maturities of these instruments. The fair value of the investments have been considered as the carrying value of these investments since these investments have been made in the subsidiaries of the Company.
- The majority of borrowings are floating rate borrowings, the carrying value is representative of the fair value.
- The fair values for advance to related parties and rent advance were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
- The fair value of forward foreign exchange contracts and cross currency interest rate swaps (CCIRS) is determined using forward exchange rates at the balance sheet date.

(All amounts in ₹ Crore unless otherwise stated)

NOTE 35 Financial Risk Management

The Company's financial assets include loan and advances, investments and cash and cash equivalents that derive directly from its operations. The Company's financial liabilities comprise mainly borrowings from banks, commercial papers and debentures.

The Company is exposed to various risks such as credit risk, liquidity risk, foreign currency risks and interest rate risks.

The Board of Directors have the overall responsibility for the establishment of governance and oversight in relation to the Company's Risk management framework. The Board of Directors have established Committees such as the Risk Management Committee and Asset Liability Committee for developing and monitoring the Company's risk management policies and treasury policies. The Committees report regularly to the Board of Directors on its activities.

The Company's Risk management policies are established to identify and analyse the various risks faced by the Company, to set appropriate risk benchmarks limits and controls and to monitor risks and adherence to limits from time to time. The Risk Management Committee oversees how management monitors compliance with the risk management policies and procedures and other governance framework and reviews the adequacy of the risk management framework in relation to the various risks faced by the Company from time to time.

(A) Credit Risk

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

Loans

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on number of days past due information. The amount represents the gross carrying value of assets as on each reporting date.

Particulars	31 st March, 2022	31 st March, 2021
Gross Carrying value of Loans		
Stage-1 (Less than 30 Days)	12,776.83	9,539.60
Stage-2 (30-90 Days) [#]	1,097.14	1,481.27
Stage-3 (More than 90 Days) [*]	528.99	423.75
Total Gross carrying value as of year end	14,402.96	11,444.62

[#] Includes restructured contracts under one-time resolution framework vide RBI circular dated 6th August, 2020 and RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated 5th May, 2021 irrespective of days past due on the reporting date.

^{*} Includes restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR. No.BP.BC.45/21.04.048/2018-19 dated 7th June, 2019 irrespective of days past due on the reporting date.

Other financial assets

Credit risk with respect to other financial assets are extremely low except "Other Financial Assets - Non Related Parties". Based on the credit assessment, the historical trend of low default is expected to continue. No provision for ECL has been created for Other Financial Assets except full provision on "Other Financial Assets - Non Related Parties".

Credit Quality

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

Inputs considered in the ECL model

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

(All amounts in ₹ Crore unless otherwise stated)

NOTE 35 Financial Risk Management (Contd.)

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

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

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

Assumptions considered in the ECL model

The Company has made the following assumptions in the ECL Model:

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

Estimation Technique

The Company has applied the following estimation technique in its ECL model:

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

The Company considers a broad range of forward-looking information with reference to external forecasts of economic parameters such as GDP growth, government borrowing, private consumption expenditure, policy interest rates, etc., as considered relevant so as to determine the impact of macro-economic factors on the Company’s ECL estimates. The internal estimates of PD, LGD rates used in the ECL model may not always capture all the characteristics of the market/external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

Assessment of significant increase in credit risk

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

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

In accordance with the Board-approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27th March, 2020 and 17th April, 2020 relating to ‘COVID-19 – Regulatory Package’, the Company has offered moratorium up to six months on the payment of instalments falling due between 1st March, 2020 and 31st August, 2020 to all eligible borrowers. The Company has extended One-Time Resolution framework as for COVID-19-related Stress to eligible customers as per applicable RBI guidelines and as per the policy of the Company. The Company has classified all restructured accounts done under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June, 2019 in Stage 3 and with regard to restructured contracts done under one-time resolution framework vide RBI circular dated 6th August, 2020 and RBI/2021- 22/31/DOR.STR.REC.11 / 21.04.048/2021-22 dated 5th May, 2021 in Stage 2 irrespective of days past due status on the reporting date.

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

(All amounts in ₹ Crore unless otherwise stated)

NOTE 35 Financial Risk Management (Contd.)

Definition of default

The Company considers a financial instrument is in default when the borrower becomes 90 days past due on its contractual payments. The Company considers loans under default as 'credit impaired' and classified as Stage-3 except for restructured contracts as disclosed above.

Impairment loss

The expected credit loss allowance provision is determined as follows:

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31st March, 2022	12,776.83	1,097.14	528.99	14,402.96
Expected Credit Loss	87.80	33.25	267.61	388.66
Expected Credit Loss Rate	0.69%	3.03%	50.59%	2.70%
Net of Impairment Provision	12,689.03	1,063.89	261.38	14,014.30

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

Reconciliation of Expected Credit Loss

Particulars	Stage 1	Stage 2	Stage 3	Grand Total
Balance as at 1st April, 2020	39.23	9.50	143.38	192.11
Transfer from Stage 1	(9.66)	7.54	2.11	-
Transfer from Stage 2	2.44	(4.61)	2.17	-
Transfer from Stage 3	0.99	0.45	(1.43)	-
Loans that have derecognised during the period	(8.35)	(1.43)	(41.06)	(50.85)
New Loans originated during the year	33.56	4.26	14.78	52.61
Net Remeasurement of Loss Allowance	23.70	26.62	45.49	95.80
Balance as at 31st March, 2021	81.90	42.34	165.43	289.67
Transfer from Stage 1	(29.74)	18.52	11.22	-
Transfer from Stage 2	2.12	(12.60)	10.48	-
Transfer from Stage 3	4.64	2.41	(7.05)	-
Loan that have derecognised during the period	(21.70)	(19.63)	(90.95)	(132.28)
New Loans originated during the year	60.76	2.65	17.14	80.55
Net Remeasurement of Loss Allowance	(10.17)	(0.44)	161.34	150.73
Balance as at 31st March, 2022	87.81	33.25	267.61	388.67

Concentration of Credit Risk

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

	31 st March, 2022	31 st March, 2021
Carrying value		
Concentration by geographical region in India		
South	5,619.30	4,426.79
West	3,870.72	3,123.68
East	2,517.92	2,042.22
North	2,395.02	1,851.93
Total Loans as at reporting period	14,402.96	11,444.62

(All amounts in ₹ Crore unless otherwise stated)

NOTE 35 Financial Risk Management (Contd.)

(B) Liquidity Risk

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

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

i. Financing arrangements

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

	31 st March, 2022	31 st March, 2021
Floating rate		
Expiring within one year (bank cash credit and other facilities)	1,215	1,428
Expiring beyond one year (bank loans)	-	-
	1,215	1,428

The bank cash credit and other facilities may be drawn at any time and may be terminated by the bank without notice.

ii. Maturities of financial liabilities

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

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

The table below summarises the maturity profile of the Company's non derivative financial liabilities based on contractual undiscounted payments as at the balance sheet date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Particulars	Contractual Cashflows					Total Carrying Amount
	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	
As at 31st March, 2022						
Borrowings	3,003.33	975.61	3,061.07	5,375.24	548.86	12,964.11
Security Deposit	43.70	29.13	5.26	3.28	-	81.37
Trade payables	146.85	68.12	108.65	10.16	-	333.77
Other Financial Liabilities	72.35	2.32	57.53	19.23	0.37	151.81
Total Non-Derivative Liabilities	3,266.23	1,075.18	3,232.51	5,407.92	549.23	13,531.07

Particulars	Contractual Cashflows					Total Carrying Amount
	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	
As at 31st March, 2021						
Borrowings	1,386.89	694.91	3,161.99	4,417.06	493.90	10,154.75
Security Deposit	29.41	19.61	4.44	-	-	53.46
Trade Payables	94.40	70.13	55.54	7.80	-	227.87
Other Financial Liabilities	79.14	2.10	56.76	17.10	2.27	157.37
Total Non-Derivative Liabilities	1,589.84	786.75	3,278.73	4,441.96	496.17	10,593.45

No goal is too far. India's space programme has taught us this 'universal' truth!

From the moon to Mars and beyond, India has reached ambitious milestones, making even the most developed nations sit up and take notice. On our part, we are going further to empower Indians - we've come geographically nearer via our 31,000+ distribution points across the country, and virtually closer with the power of our digital assets. To us, financial inclusion is every bit as important as business growth.



India's athletes leave no stone unturned to become champions. How can we do any less?

This has been a glorious year for Indian sportspersons. With their own hard work complemented by perfect mentoring, they showed us their best-ever performance at the Olympics and other major sporting events. Similarly, we worked to enhance our own team members' skills and make them champions. We launched a Career Accelerator Programme called Aspire, a New To Analytics programme, and many more initiatives.



(All amounts in ₹ Crore unless otherwise stated)

NOTE 35 Financial Risk Management (Contd.)

(C) Foreign Currency Risk Exposure:

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

	31 st March, 2022	31 st March, 2021
Financial liabilities		
Variable Foreign Currency Borrowings (USD 287 million) (Previous Year USD 187 million)	2,108.05	1,356.55
Derivative liabilities		
Hedged through forward contracts and CCS	2,108.05	1,356.55
Net exposure to foreign currency risk (Liabilities)	-	-

Sensitivity analysis:

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

Impact on Profit After Tax		
USD sensitivity	31 st March, 2022	31 st March, 2021
INR/USD Increases by 5%	-	-
INR/USD Decreases by 5%	-	-

(D) Fair Value Interest Rate Risk:

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31st March, 2022 and 31st March, 2021, the Company's borrowings at variable rate were mainly denominated in ₹.

The Company's floating rate borrowings are carried at amortised cost. For NBFC business, loan is the major source for running the business. In India, loans are generally available at Floating Interest Rate. And there are no such option available to obtain swap option for Floating Interest Rate linked to respective bank MCLR with fixed interest. Hence except foreign currency loans, other loans are not hedged. The Company has increased the component of fixed rate borrowings compared to last year by 22%.

(a) Interest rate risk exposure

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

	31 st March, 2022	31 st March, 2021
Variable rate borrowings	6,232.48	7,126.66
Total borrowings	12,964.11	10,154.75

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

31 st March, 2022			
	Weighted average interest rate	Balance	% of total loans
Cash credits, bank loans etc.	6.53%	6,232.48	48.07%
31 st March, 2021			
	Weighted average interest rate	Balance	% of total loans
Cash credits, bank loans etc.	7.04%	7,126.66	70.18%

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

(All amounts in ₹ Crore unless otherwise stated)

NOTE 35 Financial Risk Management (Contd.)

(b) Sensitivity

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

Impact on Profit After Tax		
Particulars	31 st March, 2022	31 st March, 2021
Interest rates – increase by 50 basis points (50 bps) *	31.16	38.00
Interest rates – decrease by 50 basis points (50 bps) *	(31.16)	(38.00)

* Holding all other variables constant

NOTE 36 Capital Management

(a) Risk management

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

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

	31 st March, 2022	31 st March, 2021
Net debt (total borrowings, less cash and cash equivalents)	12,007.88	9,501.62
Total Equity (as shown in the balance sheet)	1,863.64	1,563.70
Net debt to equity ratio	6.44	6.08

(b) Externally imposed capital restrictions

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

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

(All amounts in ₹ Crore unless otherwise stated)

NOTE 37 Leases

a) Lease Disclosures pertaining to Right-to-use Asset

Particulars	31 st March, 2022	31 st March, 2021
Building		
Gross Block		
Opening/(On transition to IND-AS 116)	18.68	25.78
Revaluation due to change in future lease rentals	-	(3.70)
Additions during the year	6.49	3.88
(Deletions during the year)	-	-
Closing Balance during the year	25.17	25.96
<i>Amortisation</i>		
Additions	-	-
Amortisation for the year	7.05	7.28
Closing Balance during the year	18.12	18.68

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

Lease Disclosures pertaining to Statement of Profit & Loss

Particulars	31 st March, 2022	31 st March, 2021
Finance charges		
Interest expense	1.99	2.02
Depreciation		
Amortisation of Right to use asset	7.05	7.28
Other expenses		
<u>Rent expenses</u>		
Expense relating to short-term leases (included in other expenses)	11.65	10.77
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)	-	-
Expense relating to variable lease payments not included in the measurement of lease liabilities	-	-
Total	20.69	20.07

d) Additional disclosures in cash flow statement

Particulars	31 st March, 2022	31 st March, 2021
Cash flow financing activities		
Principal repayments related to lease liabilities	6.56	6.92
Interest payments related to lease liabilities	1.99	2.02

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022

1. Capital Commitments

Description	31 st March, 2022	31 st March, 2021
Estimated amount of contracts remaining to be executed on Capital Account not provided for	0.78	2.52

2. Other Commitments

Description	31 st March, 2022	31 st March, 2021
Undrawn Loans sanctioned to borrowers	48.33	22.89

3. Contingent Liabilities not provided for

Claims against the Company not acknowledged as debts.

Description	31 st March, 2022	31 st March, 2021
Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹0.36 Cr)	7.70	7.70
Legal cases filed by borrowers against the Company	1.48	1.23

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

- The Code on Social Security, 2020 ('The Code') relating to employee benefits during employment and post-employment benefits, received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Ministry of Labour and Employment has also released draft rules thereunder on 13th November, 2020 and has invited suggestions from stakeholders, which are under consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.
- 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 ₹50.75 crore and liabilities (comprising of borrowings from Banks and Institution, current liabilities and provisions) of ₹298.75 crore. TVSFS issued Unsecured Redeemable Bonds to the Company, for the excess of liabilities over assets of ₹248 crore. 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. The advance from TVSMS to the Company pertaining to this transaction stands at ₹38.10 crore as at 31st March, 2022 as per IND-AS fair valuation and advance is fully secured.
- Pursuant to para 2 of general instructions for preparation of financial statements of a NBFC as mentioned in Division III of Schedule III of The Companies Act, 2013, the current and non-current classification has not been provided.
- Exceptional items of ₹5 crore represents the contribution made by the Company towards COVID-related expenses for the year ended 31st March, 2022.

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

8. Related Party Disclosure

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

Nature of Relationship	Parties Name
Reporting Enterprise	TVS Credit Services Limited
Holding Company	TVS Motor Company Limited Sundaram-Clayton Limited (holding company of TVS Motor Company Limited)
Ultimate Holding Company	TV Sundram Iyengar & Sons Private Limited (up to 4 th February, 2022) TVS Holdings Private Limited (with effect from 4 th February, 2022)
Subsidiaries	TVS Housing Finance Private Limited Harita ARC Private Limited TVS Two Wheeler Mall Private Limited TVS Micro Finance Private Limited (up to 3 rd September, 2021) Harita Collection Services Private Limited (up to 3 rd September, 2021) TVS Commodity Financial Solutions Private Limited (up to 9 th February, 2022)
Fellow Subsidiary	TVS Motor Services Limited Sundaram Auto Components Limited TVS Automobile Solutions Private Limited
Associate of Holding Company	Emerald Haven Realty Limited

Transactions with related parties and balance outstanding as at the end of the year:

S.No.	Name of the Related Party	Nature of Transactions	31 st March, 2022	31 st March, 2021
1	TVS Motor Services Limited	Advance received	41.33	6.37
		Unwinding of advance	6.23	1.38
		Balance outstanding [Dr/(Cr)]	38.10	73.21
2	TVS Motor Company Limited	Contribution towards Equity Share Capital	6.17	6.78
		Contribution towards Security Premium	93.83	93.22
		Services Rendered	9.03	21.55
		Availing of Services	8.34	6.96
		Balance outstanding [Dr/(Cr)]	(2.80)	8.49
3	Sundaram-Clayton Limited	EMI Payment	0.11	0.10
		Availing of Services	3.92	3.08
		Balance outstanding [Dr/(Cr)]	(0.48)	0.03
4	Sundaram Auto Components Limited	EMI Payment	0.11	0.11
		Balance outstanding [Dr/(Cr)]	0.04	0.15

The Company has not granted any Loans or Advances in the nature of loans to Promoters, Directors, Key Managerial Personnel and the related parties, either severally or jointly with any other person, which are (a) Repayable on demand; or (b) Without specifying any terms or period of repayment.

9. Segment Reporting

There is no separate reportable segment as per IND-AS 108 on 'Operating Segments' for the Company since it is primarily engaged in the business of financing.

- The Company has the process, whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, Company has reviewed and ensured that adequate provision as required under any law/ accounting standard for material foreseeable losses on such long-term contracts have been made in the books of accounts.
- The Company has no transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.
- The Company is in compliance with the number of layers prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- There have been no events after the reporting date that require disclosure in the Financial Statements.
- Prior period figures have been regrouped, wherever necessary, to conform to the current period presentation.

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

15. Disclosure of ratios:

S.No.	Particulars	31 st March, 2022	31 st March, 2021
a.	Current Ratio	NA	NA
b.	Total Borrowings	12,964.11	10,154.75
	Shareholders' Equity	1,863.64	1,563.70
	Debt-Equity Ratio [total borrowings/shareholders' equity]	6.96	6.49
c.	Debt Service Coverage Ratio	NA	NA
d.	Return on Equity Ratio	7.04%	6.61%
e.	Inventory Turnover Ratio	NA	NA
f.	Trade Receivable Turnover Ratio	NA	NA
g.	Trade Payable Turnover Ratio	NA	NA
h.	Net Capital Turnover Ratio	NA	NA
i.	Net Profit Ratio	4.38%	4.33%
j.	Return on Capital Employed Ratio	NA	NA
k.	Return on Investment Ratio	NA	NA
l.	Capital to Risk-Weighted Assets Ratio (CRAR) (Calculated as per RBI guidelines)	18.64%	18.51%
m.	Tier I CRAR (Calculated as per RBI guidelines)	12.31%	13.45%
n.	Tier II CRAR (Calculated as per RBI guidelines)*	6.34%	5.06%
o.	Liquidity Coverage Ratio (LCR) (Calculated as per RBI guidelines)#	133%	207%

* The Company has issued Subordinated Debenture of ₹449 Cr during FY 2021-22

The LCR is more than regulatory requirement

Notes:

- i. Certain ratios/line items marked with remark "N/A" are not applicable since the Company is a Non-banking Financial Company registered with the Reserve Bank of India
 - ii. Return on Equity Ratio = Profit after tax/Average Networkth
 - iii. Net profit ratio (%) = Profit after Tax/Total Income
16. No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
17. No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
18. There is no "undisclosed income" which has been reported by the Company during the assessment.
19. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

20.1 Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial Company (as required in terms of Annex II as amended from time to time of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016)

S.No.	Description	Amount Outstanding	Amount Overdue
		as at 31 st March, 2022	
	Liabilities		
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
A	Debentures	-	-
	- Secured	449.02	-
	- Unsecured (other than falling within the meaning of public deposits)	-	-
B	Deferred Credits	-	-
C	Term Loans (including Sub-Ordinated Debt)	10,778.41	-
D	Inter-Corporate Loans and Borrowings	-	-
E	Commercial Paper	1,795.29	-
F	Other Loans:	-	-
	i. Cash Credit & WCDL	11.08	-
	ii. Securitised Trust Borrowing	-	-
	Total	13,033.80	-

S.No.	Description	Amount Outstanding as at 31 st March, 2022	Amount Outstanding as at 31 st March, 2021
			Assets
(2)	Break-up of Loans and Advances including bills receivable (other than those included in (4) below) :		
(a)	Secured	11,212.15	9,509.84
(b)	Unsecured considered good	3,190.81	1,934.78
(3)	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities:		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed assets	-	-
	(iii) Other Loan counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
	Total	14,402.96	11,444.62

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

S.No.	Description	Amount Outstanding	Amount Overdue
		as at 31 st March, 2022	
4.	Current Investments:		
	1. Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	Long-term Investments:		
	1. Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted:		
	(i) Shares: (a) Equity	12.01	12.01
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Pass-through Certificates - Securitisation)	-	-
	Total	12.01	12.01

(5)	Borrower group-wise classification of assets financed as in (2) and (3) above			
	Category	Amount (Net of provisions for Non-performing assets)		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	0.59	-	0.59
	(c) Other related parties	-	-	-
	2. Other than related parties	11,007.23	3,127.97	14,135.19
	Total	11,007.82	3,127.97	14,135.79

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

(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	12.01	12.01
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2	Other than related parties	-	-
	Total	12.01	12.01

(7) Other Information		Amount
(i)	Gross Non-performing assets	
	(a) Related Parties	-
	(b) Other than related parties	528.99
(ii)	Net Non-performing assets	
	(a) Related Parties	-
	(b) Other than related parties	267.17
(iii)	Assets acquired in satisfaction of debt	-

Disclosures required in terms of Annexure XIV of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1st September, 2016 (Updated as on 22nd February, 2019) "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

(A) Capital Adequacy Ratio

Description	2021-22	2020-21
Tier I Capital	1,780.70	1,543.83
Tier II Capital	916.80	580.67
Total Capital	2,697.51	2,124.50
Total Risk Weighted Assets	14,469.18	11,480.43
Amount of Subordinated Debt as Tier II Capital (Discounted Value)	829.00	530.00
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	12.31%	13.45%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	6.34%	5.06%
Total (%)	18.64%	18.51%
Amount of perpetual debt raised and qualifying as Tier I capital during the year	-	-
Amount of subordinated debt raised and qualifying as Tier II capital during the year	449.00	400.00

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

(B) Investment

S.No.	Description	2021-22	2020-21
1.	Value of Investments		
	i) Gross Value of Investments		
	a) In India	12.01	12.01
	b) Outside India	-	-
	ii) Provision for Depreciation		
	a) In India	-	-
	b) Outside India	-	-
	iii) Net Value of Investments		
	a) In India	12.01	12.01
	b) Outside India	-	-
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) Derivative

The Company has fully hedged all its foreign currency borrowing at the time of drawal of each loan.

(D) Exposure to Real Estate sector, both Direct and Indirect

Description	2021-22	2020-21
(a) Direct/Indirect Exposure (Net of Advances from Customers)		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		
- Individual housing loans up to ₹15 Lakhs	-	-
- Individual housing loans more than ₹15 Lakhs	-	-
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office building, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.)		
- Fund Based	-	-
- Non-Fund Based	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other Securitised exposures -		
a. Residential	-	-
b. Commercial Real Estate	-	-
Fund-based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFC's)	12.00	12.00

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

(E) Exposure to Capital Market

S.No.	Description	2021-22	2020-21
i	Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	-	-
ii	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds.	-	-
iii	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as 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)	-	-

(F) Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities

Time Bucket	As at 31 st March, 2022					
	Deposits	Advances	Invest-ments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Up to 1 month	-	956.56	-	1,018.14	-	-
Over 1 month up to 2 months	-	823.86	-	730.64	-	189.38
Over 2 months up to 3 months	-	941.62	-	875.79	-	189.38
Over 3 months up to 6 months	-	1,727.76	-	672.59	-	303.02
Over 6 months up to 1 year	6.00	3,085.52	-	3,061.07	-	-
Over 1 year up to 3 years	-	6,067.93	-	3,478.83	-	1,488.04
Over 3 years up to 5 years	-	791.81	-	408.37	-	-
Over 5 years	-	7.90	12.01	548.86	-	-
Grand Total	6.00	14,402.96	12.01	10,794.29	-	2,169.82

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

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

Category	Less than ₹ 1 Lakh		₹ 1 Lakh- ₹ 25 Lakhs		₹ 25 Lakhs and Above		Total	
	Count	Value	Count	Value	Count	Value	Count	Value
A Person Involved								
Staff	78	0.27	26	1.17	0	-	104	1.44
Staff & Others	0	-	1	0.04	0	-	1	0.04
Others	1	0.01	4	0.27	2	1.43	7	1.72
Staff and Customers	79	0.28	31	1.49	2	1.43	112	3.20
B Type of Fraud								
Misappropriation and Criminal breach of trust	79	0.28	26	1.13	1	0.57	106	1.97
Fraudulent encashment / manipulation of books of accounts	0	-	0	-	0	-	0	-
Unauthorised credit facility extended	0	-	0	-	0	-	0	-
Cheating and Forgery	0	-	5	0.36	1	0.87	6	1.22
Total	79	0.28	31	1.49	2	1.43	112	3.20

Note:

Out of the above, ₹0.65 crore has been recovered and the Company has made adequate provision for the balance recoverable. The above information is prepared based on the information available with the Company and relied upon by the auditors.

20.2 Disclosure relating Securitisation

(a) Outstanding amount of Securitised assets of as per books of SPVs

S.No.	Description	2021-22	2020-21
1.	No. of SPVs sponsored by the NBFC for securitisation transactions	-	-
2.	Total amount of securitised assets as per books of the SPVs sponsored by NBFC's	-	-
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)	-	-
	- Second Loss	-	-
	- Others	-	-
4.	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Loss	-	-
	ii) Exposure to third-party securitisations		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third-party securitisations		
	- First loss	-	-
	- Others	-	-

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

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

S.No.	Description	2021-22		2020-21	
		Non-Current	Current	Non-Current	Current
1	Excess Interest Spread Receivable	-	-	-	-
2	Unrealised gain on Securitisation Transactions	-	-	-	-

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

Description	2021-22	2020-21
No. of Accounts	-	-
Aggregate value (net of Provisions) of accounts sold to SC/RC	-	-
Aggregate Consideration	-	-
Additional Consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate Gain/Loss over net book value	-	-

(d) Details of Assignment Transactions undertaken by NBFCs

Description	2021-22	2020-21
No. of Accounts	-	-
Aggregate value (net of Provisions) of accounts sold	-	-
Aggregate Consideration	-	-
Additional Consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate Gain/Loss over net book value	-	-

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

S.No.	Movement of NPA	2021-22	2020-21
(I)	Net NPA to Net advances (%)	1.85%	3.41%
(II)	Movement of gross NPA*		
	a. Opening Balance	567.10	370.66
	b. Additions during the year	527.95	614.12
	c. Reductions during the year	267.52	152.10
	d. Write off during the year	298.54	265.58
	e. Closing Balance	528.99	567.10
(III)	Movement of Net NPA		
	a. Opening Balance	383.70	227.28
	b. Additions during the year	335.18	357.87
	c. Reductions during the year	158.96	114.75
	d. Write off during the year	298.54	86.70
	e. Closing Balance	261.38	383.70
(IV)	Movement of Provision for NPAs**		
	a. Opening Balance	183.40	143.38
	b. Provisions made during the Year	192.77	137.66
	c. Reductions/Write off during the year	108.55	97.64
	d. Closing Balance	267.61	183.40

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

- # The Reserve Bank of India (RBI) vide its circular no.RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22, dated 12th November, 2021 on “Prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances - Clarifications”, had clarified / harmonised certain aspects of extant regulatory guidelines with a view to ensuring uniformity in the implementation of IRACP norms across all lending institutions. The Company has since taken necessary steps to implement the provisions of this circular under IRACP norms for regulatory purpose. The aforementioned circular has no impact on the financial results for the quarter and year ended 31st March, 2022, as the Company continues to prepare financial statements in accordance with Indian Accounting Standards (‘IND-AS’) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and the RBI circular dated 13th March, 2020 on “Implementation of Indian Accounting Standards”.
- * NPA figures includes provision on assets taken over from Chennai Business Consulting Services Limited (erstwhile TVS Finance and Services Limited) vide BTA dated 21/04/2010.
- ** NPA figures mentioned above includes Restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June, 2019.

(b) Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated 6th August, 2020 and RBI/2021- 22/31/DOR.STR.REC.11 /21.04.048/2021-22 dated 5th May, 2021 are given below:

	(A)	(B)	(C)	(D)	(E)
Type of Borrower	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A), amount written off during the half-year	Of (A), amount paid by borrowers during the half-year	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of this half-year (A)
Personal Loans	279.45	32.18	14.22	76.15	163.47
Corporate persons	13.69	0.42	-	1.07	12.20
Of which, MSMEs	13.05	0.42	-	0.97	11.66
Others	0.64	-	-	0.10	0.54
Total	293.14	32.60	14.22	77.22	175.67

During the year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the applicable guidelines issued by the RBI.

(c) Disclosure on restructured accounts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June, 2019

Particulars	Amount	
Restructured loans as on 1 st April, 2021	Amount Outstanding	180.66
	Provision thereon	29.63
Fresh restructuring during the year	Amount Outstanding	18.45
	Provision thereon	8.27
Reductions during the year	Amount Outstanding	68.68
	Provision thereon	(21.48)
Write-off of restructured accounts during the year	Amount Outstanding	35.81
	Provision thereon	7.31
Restructured loans as on 31 st March, 2022	Amount Outstanding	94.62
	Provision thereon	52.07

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

(d) Provisions and Contingencies

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

Description	31 st March, 2022	31 st March, 2021
Provision / Impairment allowance towards NPA (Net)	102.18	40.02
Provision / Impairment allowance towards Standard Assets	(3.19)	57.54
Provision for General Loss	-	(8.45)
Provision / Impairment allowance on Trade Receivables & Other Financial Assets	7.85	17.45
Provision made towards Income Tax	64.84	46.52
Total	171.68	153.08

**20.4 Disclosure as required by DOR (NBFC).CC.PD.No.109/22.10.106/2019-20
Comparison between ECL as per books and RBI provision as at 31st March, 2022**

Asset Classification as per RBI Norms	Asset classification as per IND-AS 109	Gross Carrying Amount as per IND-AS 109	Loss Allowances (Provisions) as required under IND-AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between IND-AS 109 provisions and IRACP norms
Performing Assets						
Standard	Stage 1	12,776.83	87.80	12,689.03	51.11	36.69
	Stage 2	1,097.14	33.25	1,063.89	21.25	11.99
Subtotal		13,873.97	121.05	13,752.92	72.36	48.69
Non-Performing Assets (NPA)						
Substandard	Stage 3	351.07	158.90	192.17	68.29	90.61
Doubtful - up to 1 year	Stage 3	142.56	73.35	69.21	36.58	36.77
1 to 3 years	Stage 3	7.45	7.45	(0.00)	3.00	4.45
More than 3 years	Stage 3	2.42	2.42	-	1.38	1.04
Subtotal for doubtful		152.44	83.22	69.21	40.96	42.26
Loss	Stage 3	25.48	25.48	-	25.48	-
Subtotal for NPA		528.99	267.61	261.38	134.74	132.87
Total	Stage 1	12,776.83	87.80	12,689.03	51.11	36.69
	Stage 2	1,097.14	33.25	1,063.89	21.25	11.99
	Stage 3 *	528.99	267.61	261.38	134.74	132.87
	Total	14,402.96	388.66	14,014.30	207.10	181.56

* Includes restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June, 2019 irrespective of days past due on the reporting date.

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

As at 31st March, 2021

Asset Classification as per RBI Norms	Asset classification as per IND-AS 109	Gross Carrying Amount as per IND-AS 109	Loss Allowances (Provisions) as required under IND-AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between IND-AS 109 provisions and IRACP norms
Performing Assets						
Standard	Stage 1	9,538.49	81.90	9,456.59	59.45	22.45
	Stage 2	1,482.38	42.34	1,440.04	16.70	25.64
Subtotal		11,020.87	124.24	10,896.63	76.15	48.09
Non-Performing Assets (NPA)						
Substandard	Stage 3	351.29	118.50	232.79	99.43	19.07
Doubtful - up to 1 year	Stage 3	40.23	17.23	23.00	13.53	3.70
1 to 3 years	Stage 3	4.71	2.85	1.86	2.16	0.69
More than 3 years	Stage 3	2.04	1.38	0.66	1.34	0.04
Subtotal for doubtful		46.98	21.46	25.52	17.03	4.43
Loss	Stage 3	25.48	25.48	-	25.48	-
Subtotal for NPA		423.75	165.43	258.32	141.94	23.49
Total	Stage 1	9,538.49	81.90	9,456.59	59.45	22.45
	Stage 2	1,482.38	42.34	1,440.04	16.70	25.64
	Stage 3	423.75	165.43	258.32	141.94	23.49
	Total	11,444.62	289.67	11,154.95	218.09	71.58

In terms of the above notification on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under IND-AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under IND-AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning), as at 31st March, 2022 and as at 31st March, 2021 and accordingly, no amount is required to be transferred to Impairment reserve.

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

(a) Concentration of Advances

Description	2021-22	2020-21
Total Advances to Twenty Largest Borrowers	131.36	110.79
Percentage of Advances to Twenty Largest Borrowers to Total Advances	0.91%	0.97%

(b) Concentration of Exposures

Description	2021-22	2020-21
Total Exposures to Twenty Largest Borrowers/Customers	131.36	110.79
Percentage of Exposures to Twenty Largest Borrowers to Total Advances	0.91%	0.97%

(c) Concentration of NPAs

Description	2021-22	2020-21
Total Exposure to Top Four NPA Accounts	4.18	2.14

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

(d) Sector-wise distribution of NPA's

S.No.	Sector	Percentage of NPA's to Total Advances in that Sector	
		2021-22	2020-21
1	Agriculture and Allied Activities	6.09%	5.90%
2	MSME	0.00%	0.00%
3	Corporate Borrowers	2.71%	1.60%
4	Services	0.00%	0.00%
5	Unsecured Personal Loans	3.76%	6.61%
6	Auto Loans (includes assets taken over from Chennai Business Consulting Services Limited)	3.15%	4.89%
7	Others	0.57%	2.93%

20.6 Customer Complaints

Description	2021-22	2020-21
No. of Complaints pending at the beginning of the year	43	61
No. of Complaints received during the year	3,733	2,295
No. of Complaints redressed during the year	3,769	2,313
No. of Complaints pending at the end of the year	7	43

20.7 Details of non-performing financial assets purchased/sold

Description	2021-22	2020-21
No. of Accounts	-	-
Aggregate Outstanding	-	-
Aggregate Consideration Received	-	-

20.8 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

20.9 Disclosure of penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and other regulators during the FY 2021-22 and FY 2020-21.

20.10 Details of Financing of Parent Company Products

During the year, the Company has financed 4,76,643 nos. of two-wheelers and nil nos. of three-wheelers of TVS Motor Company Limited as against 4,53,202 nos. of two-wheelers and 214 nos. of three-wheelers in the previous year.

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

20.11 Ratings assigned by Credit Rating Agencies

Description	2021-22	2020-21
Commercial Paper/Short term loans	CRISIL A1+/ICRA A1+	CRISIL A1+/ICRA A1+
Working Capital Demand Loans	CRISIL AA-/BWR AA	CRISIL AA-/BWR AA-
Cash Credit	CRISIL AA-/BWR AA	CRISIL AA-/BWR AA-
Bank Term Loans	CRISIL AA-/BWR AA	CRISIL AA-/BWR AA-
Non-Convertible Debentures - Long-Term	CRISIL AA-	CRISIL AA-
Perpetual Debt	CRISIL A+/BWR AA-	CRISIL A+/BWR A+
Subordinated Debt	CRISIL AA-/BWR AA	CRISIL AA-/BWR AA-

20.12 Directors' Sitting Fees and Commission

S.No.	Name of the Director	Nature	2021-22 [#]	2020-21 [#]
1	Mr. Venu Srinivasan	Sitting Fees	0.01	0.01
		Commission	-	-
2	Mr. T.K.Balaji	Sitting Fees*	-	0.01
		Commission	-	-
3	Mr. R.Ramakrishnan	Sitting Fees	-	-
		Commission	-	0.03
4	Mr. Sudarshan Venu	Sitting Fees	0.01	0.01
		Commission	-	-
5	Mr. K.N.Radhakrishnan	Sitting Fees	0.02	0.02
		Commission	-	-
6	Mr. V.Srinivasa Rangan	Sitting Fees	0.02	0.02
		Commission	0.13	0.13
7	Ms. Sasikala Varadhachari	Sitting Fees	0.01	0.02
		Commission	0.04	0.13
8	Mr. Balasubramanyam Sriram	Sitting Fees	0.01	0.02
		Commission	0.13	0.06
9	Mr. R. Gopalan	Sitting Fees	0.01	0.02
		Commission	0.13	0.09
10	Ms. Kalpana Unadkat	Sitting Fees	0.01	-
		Commission	0.09	-
Total			0.62	0.57

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

[#] Based on payment made during the respective financial year.

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

The Company has not exceeded the Single Borrower Limit and Group Borrowers Limit as set by Reserve Bank of India for the year ended 31st March, 2022.

20.14 Advance against Intangible Securities

The Company has not given any loans against intangible securities.

20.15 Related Party Transactions

Refer note 38(8) to the IND-AS financial statements.

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

20.16 Derivatives

1. Forward Rate Agreement/Interest Rate Swap

S.No.	Description	2021-22	2020-21
1.	Notional principal of swap agreements	2,108.05	1,356.55
2.	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
3.	Collateral required by the NBFC upon entering into swaps	-	-
4.	Concentration of credit risk arising from the swaps	-	-
5.	Fair value of the swap books	2,172.11	1,341.97

2. Exchange Traded Interest Rate (IR) Derivatives

S.No.	Description	Amount
1.	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-
2.	Notional principal amount of exchange traded IR derivatives outstanding as on 31 st March, 2022 (instrument-wise)	-
3.	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-
4.	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-

3. Disclosure on Risk Exposure in Derivatives

Towards the foreign currency loan availed, the Company has taken forward cover to hedge the foreign current risks and cross currency interest rate swap.

S.No.	Description	31 st March, 2022	31 st March, 2021
i)	Outstanding Derivatives For Hedging (Currency/Interest Rate Derivatives)	2,172.11	1,341.97
ii)	Marked to Market Positions		
	a) Asset (+)	64.06	-
	b) Liability (-)	-	14.57
iii)	Credit Exposure	2,108.05	1,356.55
iv)	Unhedged Exposures	-	-

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

There are no overseas assets owned by the Company during the year ended 31st March, 2022 and 31st March, 2021.

20.18 Drawdown from Reserves

No drawdown from reserves existed for the year ended 31st March, 2022 and 31st March, 2021.

20.19 Off balance sheet SPV sponsored

There are no SPVs which are required to be consolidated by the Company during the year ended 31st March, 2022 and 31st March, 2021.

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

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

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

20.22 Disclosures as required for liquidity risk as required by Circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4th November, 2019

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Number of significant counter parties*	25	19
Amount (₹ In Cr)	12,169.87	9,587.59
Percentage of funding concentration to total deposits	NA	NA
Percentage of funding concentration to total liabilities**	89.51%	89.92%

* Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4th November, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

** Total Liabilities has been computed as Total Assets less Equity Share Capital less Reserves & Surplus and computed basis extant regulatory ALM guidelines.

(ii) Top 20 large deposits (amount in ₹ Cr and % of total deposits) - NA

(iii) Top 10 borrowings (amount in ₹ Cr and % of total borrowings)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Total amount of top 10 borrowings	4,360.57	3,311.69
Percentage of amount of top 10 borrowings to total borrowings	33.64%	32.61%

(iv) Funding Concentration based on significant instrument/product*

Particulars	As at 31 st March, 2022	Percentage of total liabilities	As at 31 st March, 2021	Percentage of total liabilities
Loans from Bank	7,282.34	53.56%	6,676.80	62.62%
External Commercial Borrowings	2,169.82	15.96%	1,364.32	12.80%
Sub-ordinated Debts	1,193.48	8.78%	842.95	7.91%
Commercial Paper	1,788.69	13.16%	746.11	7.00%
Non-Convertible Debentures	424.99	3.13%	424.74	3.98%

* Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4th November, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

(v) Stock Ratios

S.No.	Particulars	As at 31 st March, 2022	As at 31 st March, 2021
1.	Commercial papers as a % of total public funds	13.80%	7.35%
2.	Commercial papers as a % of total liabilities	13.16%	7.00%
3.	Commercial papers as a % of total assets	11.57%	6.10%
4.	Non-convertible debentures (original maturity of less than one year) as a % of total public funds	3.28%	NA
5.	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	3.13%	NA
6.	Non-convertible debentures (original maturity of less than one year) as a % of total assets	2.75%	NA
7.	Other short-term Liabilities as a % of total public funds	41.75%	48.73%
8.	Other short-term Liabilities as a % of total liabilities	39.81%	46.41%
9.	Other short-term Liabilities as a % of total assets	35.01%	40.48%

* Other short-term liabilities is computed as current maturities of long-term debt, short-term bank borrowings including outstanding CC/WCDL and other short-term liabilities has been considered, but excludes commercial paper and non-convertible debentures (original maturity of less than one year).

* Public funds are as defined in Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

(vi) Institutional set-up for Liquidity Risk Management

The Company constituted an Asset Liability Management Committee as guideline issued by RBI to NBFCs. ALCO consists of members having requisite skill-set and expertise of the business and sector of the Company. ALCO monitors asset-liability mismatches to ensure that there are no excessive imbalances on either side of the balance sheet and also reviews Asset Liability Management strategy. The borrowing strategy of the Company has always been in tandem with assets composition with appropriate consideration for mitigation of interest rate and liquidity risk. ALCO also reviews the liquidity risk of the Company at regular intervals. The Company is maintaining adequate liquidity to manage its commitments.

The Company has taken various initiatives to raise funds at the cost commensurate with its rating by way of diversified funding mix with borrowings from Public sector banks, Private sector banks, Foreign Banks, Financial Institutions, ECB and Capital Markets. The Company raised subordinated debt (Tier 2) to the extent of ₹449 crore with maiden investment by leading Mutual funds and External Commercial Borrowings (ECB) to the tune of ₹752 crore on fully hedged basis during the year ended 31st March, 2022. Besides, the Company focussed on increasing composition of fixed rate instruments with higher tenure in order to utilise benefit of the low interest environment.

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

(vii) Disclosure on Liquidity Coverage Ratio (LCR)

Sl No	LCR Disclosure Template	Total Unweighted Value (average) (i)	Total Weighted Value (average) (ii)
	High Quality Liquid Assets		
1.	Total High Quality Liquid Assets (HQLA)	956.23	956.23
	Cash Outflows		
2.	Deposits (for deposit-taking companies)	-	-
3.	Unsecured wholesale funding (iii)	797.96	917.66
4.	Secured wholesale funding (iv)	220.17	253.20
5.	Additional requirements, of which	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	-	-
6.	Other contractual funding obligations	186.25	214.19
7.	Other contingent funding obligations	48.22	55.45
8.	TOTAL CASH OUTFLOWS	1,252.60	1,440.49
	Cash Inflows		
9.	Secured lending	604.53	453.40
10.	Inflows from fully performing exposures	352.03	264.03
11.	Other cash inflows	8.42	6.31
12.	TOTAL CASH INFLOWS	964.98	723.74
			Total Adjusted Value
	TOTAL HQLA		956.23
	TOTAL NET CASH OUTFLOWS (Weighted Value of Total Cash Outflows – Minimum of (Weighted Value of Total Cash Inflows, 75% of Weighted Value of Total Cash Outflows))		716.76
	LIQUIDITY COVERAGE RATIO (%)		133%

(i) Unweighted values calculated as outstanding balances maturing within one month (for inflows and outflows).

(ii) Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow (75%) and outflow (115%).

(iii) Unsecured wholesale funding includes cash outflow on account of Commercial Paper and other unsecured borrowing repayments.

(iv) Secured wholesale funding includes all Secured borrowing repayments.

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31st March, 2022 (Contd.)

20.23 Summary of total borrowings, receivables and provision

Category-wise breakup	2021-22	2020-21
Secured:		
Term Loan from Banks	8,244.47	5,979.22
Working Capital Demand Loan	1,197.62	1,721.89
Non-Convertible Debentures	424.99	424.74
Securitized Trust Borrowing	-	-
Unsecured:		
Term Loan from Banks	-	-
Working Capital Demand Loan	15.00	340.00
Commercial Paper	1,788.69	746.11
Subordinated Debts	1,193.48	842.95
Perpetual Debt	99.86	99.84
Total	12,964.11	10,154.75

Total Loans

Description	2021-22	2020-21
Category-wise breakup		
Secured Loans	11,212.15	9,509.84
Unsecured Loans	3,190.81	1,934.78
Total Loans	14,402.96	11,444.62
Less: Impairment Allowance	388.66	289.67
Net Loans	14,014.30	11,154.95

Total Assets Provisions

Description	31 st March, 2022	31 st March, 2021
Provision for Depreciation on Investments	-	-
Provision/Impairment allowance towards NPA	267.61	183.40
Provision/Impairment allowance towards Standard Assets	121.05	106.27
Provision/Impairment allowance for Trade Receivables and other Financial Assets	29.25	21.49
Provision for General Loss	-	-
Total	417.91	311.16

As per our report of even date

For Sundaram & Srinivasan
Chartered Accountants
ICAI Regn No. FRN 004207S

S. Usha
Partner
Membership No. 211785

Place : Chennai
Date : 4th May, 2022

For and on behalf of the Board of Directors of
TVS Credit Services Limited

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

To the Members of TVS Credit Services Limited

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **TVS Credit Services Limited** ("the Parent" / "the Holding Company") and its three subsidiaries, (the Parent / Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as on 31st March, 2022 and the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year ended 31st March, 2022, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as on 31st March, 2022 and their consolidated profit, and their consolidated cash flows for the year ended 31st March, 2022.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our Audit Addressed the Key Matter
<p>Impairment Loss Allowance</p> <p>Management's judgements in the calculation of impairment allowances have significant impact on the financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with implementation of Expected Credit Loss ("ECL") approach as required by IND-AS 109 relating to "Financial instruments."</p> <p>Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorisation of the individual asset.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none"> 1. Categorisation of loans in Stage I, II and III based on identification of: <ol style="list-style-type: none"> (a) Exposures with significant increase in credit risk since their origination and (b) Individually impaired/default exposures. 	<ul style="list-style-type: none"> • We obtained an understanding of management's assessment of impairment of loans and advances including the IND-AS 109 implementation process, internal rating model, impairment allowance policy and ECL modelling methodology. • We assessed the design and implementation and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions. • We also verified the key judgements and assumptions relating to the macro-economic scenarios including the impact of COVID-19 pandemic and the associated probability weights. • We also assessed the approach of the Group for categorisation of the loans in various stages reflecting the inherent risk in the respective loans.

Key Audit Matter	How our Audit Addressed the Key Matter
<p>2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate an ECL based on experience.</p> <p>3. The impact of different future macroeconomic conditions in the determination of ECL.</p> <p>These judgements required the models to be reassessed including the impact of COVID-19 pandemic to measure the ECL.</p> <p>Management has made several interpretations and assumptions when designing and implementing models that are compliant with the standard.</p> <p>The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions. Given the significance of judgements and the high complexity related particularly to the calculation of ECL we considered this area as a Key Audit Matter.</p>	<ul style="list-style-type: none"> For a sample of financial assets, we tested the correctness of staging, reasonableness of PD, accuracy of LGD and ECL computation. We have also verified the compliance of circulars issued by Reserve Bank of India from time to time during the year on this subject. <p>As a result of the above audit procedures, no material differences were noted. We confirm the adequacy of disclosures made in the financial statements.</p>
<p>IT Systems and Controls</p> <p>The Group's key financial accounting and reporting processes are highly dependent on the automated controls in information systems.</p> <p>Any control lapses, validation failures, incorrect input data and wrong extraction of data may result in the financial accounting and reporting records being mis-stated.</p>	<p>We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, programme development and computer operations.</p> <p>We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</p> <p>We have focussed on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p> <p>Reliance was also placed on the System Audit report of the Group.</p> <p>Based on our review no material weakness was found in the IT Systems and Controls.</p>

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

- The Parent's/Holding Company's Board of Directors is responsible for the other information. The other information comprises the Board Report, but does not include the consolidated financial statements, standalone financial statements, and our auditor's report thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries are traced from their financial statements audited by the other auditor.
- If, based on the work we have performed, we conclude that there is a material mis-statement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's/ Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated

cash flows of the Group in accordance with the Accounting Standards and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and 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 mis-statement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent/ Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

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

in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

Other Matter

- a. We did not audit the financial statements/financial information of three subsidiaries, whose financial statements / financial information reflect total assets of ₹14.39 crore as on 31st March, 2022, total revenues of ₹0.67 crore and net cash outflows amounting to ₹0.06 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, and our report in terms of Sub-Section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of the other auditor.
- b. Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditor on the separate financial statements of the subsidiaries referred to in the Other Matter section above we report, to the extent applicable that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the accounting Standards specified under Section 133 of the Act.
- e. On the basis of the written representations received from the Directors of the Parent/ Holding Company as on 31st March, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries, none of the Directors of the Group, is disqualified as on 31st March, 2022 from being appointed as a Director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the Auditors' Reports of the Parent/Holding company and subsidiaries. Our report expresses an

unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended,
- a. The managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Group has disclosed the impact of pending litigations on its financial position in its financial statements in Note No.38.
 - ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The derivate contracts being in the nature of the hedge contracts, the Group does not anticipate any material losses from the same.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiaries incorporated in India.
 - iv. (a) The respective Managements of the Company and its Subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that and to their auditors, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that and their auditors, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
 - v. The Group has not declared or paid any dividend during the year.

For **Sundaram and Srinivasan**
Chartered Accountants
Firm Registration No.: 004207S

S. Usha
Partner
Membership Number: 211785
UDIN: 22211785AIJALI8521

Place : Chennai
Date : 04th May, 2022

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' Section of our Report of even date)

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

In conjunction with our audit of the consolidated financial statements of TVS Credit Services Limited as of and for the year ended 31st March, 2022, we have audited the internal financial controls over financial reporting of TVS Credit Services Limited (hereinafter referred to as "Parent") its three Subsidiaries, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiaries, which is incorporated in India, in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiaries, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and (3) Provide

reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent which is a Company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as on 31st March, 2022 based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

The Internal Financial Control Over Financial Reporting for the Subsidiaries in the Group is not applicable since the Company's turnover as per last audited financial statements is less than ₹50 crore and its borrowings from banks and financial institutions at any time during the year is less than ₹25 crore, the Company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls vide notification dated 13th June, 2017.

For **Sundaram and Srinivasan**
Chartered Accountants
FRN: 004207S

S. Usha
Partner
Membership Number: 211785
UDIN: 22211785AIJALI8521

Date : 4th May, 2022
Place : Chennai

CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

Particulars		Note No.	As at 31 st March, 2022	As at 31 st March, 2021
ASSETS				
1	Financial Assets			
(a)	Cash and Cash Equivalents	2	970.46	666.87
(b)	Bank Balances other than (a) above	3	6.00	0.87
(c)	Derivative Financial Instruments	4	64.06	-
(d)	Receivables			
	i) Trade Receivables	5	37.90	25.87
(e)	Loans	6	14,014.30	11,154.95
(f)	Other Financial Assets	7	57.61	96.12
	Total		15,150.33	11,944.68
2	Non-Financial Assets			
(a)	Current Tax Assets (Net)	8	7.10	17.26
(b)	Deferred Tax Assets (Net)	9	140.23	115.69
(c)	Investment Property	10	85.16	85.16
(d)	Property, Plant and Equipment	11	20.22	16.53
(e)	Right-to-use Asset	11	18.12	18.68
(f)	Other Intangible Assets	11	1.35	4.04
(g)	Other Non-Financial Assets	12	39.81	26.98
	Total		311.99	284.34
	Total Assets		15,462.32	12,229.02
LIABILITIES AND EQUITY				
LIABILITIES				
1	Financial Liabilities			
(a)	Derivative Financial Instruments	4	-	14.57
(b)	Payables			
	I. Trade Payables			
	i) Total Outstanding dues of micro enterprises and small enterprises	13	3.55	-
	ii) Total Outstanding dues of creditors other than micro enterprises and small enterprises	13	330.26	229.37
(c)	Debt Securities	14	2,213.68	1,170.85
(d)	Borrowings other than Debt Securities	15	9,457.10	8,041.11
(e)	Subordinated Liabilities	16	1,293.34	942.79
(f)	Other financial liabilities	17	230.68	207.57
	Total		13,528.61	10,606.26
2	Non-Financial Liabilities			
(a)	Provisions	18	38.34	33.74
(b)	Other Non-Financial Liabilities	19	29.57	23.64
	Total		67.91	57.38
3	Equity			
(a)	Equity Share Capital	20	201.20	191.94
(b)	Other Equity	21	1,664.60	1,373.44
	Total		1,865.80	1,565.38
	Total Liabilities and Equity		15,462.32	12,229.02
	Significant Accounting Policies forming part of financial statements	1		
	Additional Notes forming part of financial statements	37		

As per our report of even date

For and on behalf of the Board of Directors of
TVS Credit Services Limited

For Sundaram & Srinivasan
Chartered Accountants
ICAI Regn No. FRN 004207S

S. Usha
Partner
Membership No. 211785
Place : Chennai
Date : 4th May, 2022

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

Particulars		Note No.	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Revenue from Operations				
i)	Interest income	22	2,446.60	2,041.85
ii)	Fee and Commission Income	23	300.52	196.76
I)	Total Revenue from Operations		2,747.12	2,238.61
II)	Other Income	24	8.97	3.11
III)	Total Income (I + II)		2,756.09	2,241.72
Expenses				
i)	Finance Costs	25	782.13	729.44
ii)	Fees and Commission Expenses		208.52	135.17
iii)	Impairment of Financial instruments	26	554.15	466.79
iv)	Employee Benefit Expenses	27	711.78	584.81
v)	Depreciation, Amortisation and Impairment		19.12	19.92
vi)	Other Expenses	28	323.54	199.42
IV)	Total Expenses		2,599.24	2,135.55
V)	Profit/(Loss) before exceptional items and tax		156.85	106.17
VI)	Exceptional items		5.00	-
VII)	Profit/(Loss) before tax		151.85	106.17
VIII)	Tax Expenses	29		
	Current Tax		65.01	46.72
	Deferred Tax		(34.36)	(38.10)
IX)	Profit/(Loss) for the year		121.20	97.55
X)	Other Comprehensive Income	30		
A.	Items that will not be reclassified to Profit or Loss - Itemwise			
	Remeasurement of the defined benefit plans		(1.67)	(3.50)
	Income Tax relating to these items		0.42	0.88
B.	Items that will be reclassified to Profit or Loss - Itemwise			
	Fair value change on cash flow hedge		40.71	(3.55)
	Income Tax relating to these items		(10.25)	0.89
	Other Comprehensive Income (A+B)		29.21	(5.28)
XI)	Total Comprehensive Income for the year (Comprising Profit/(Loss) and other comprehensive income for the year)		150.41	92.27
XII)	Earnings Per Share	32		
	Basic (₹)		6.20	5.22
	Diluted (₹)		6.20	5.22
Significant Accounting Policies forming part of financial statements		1		
Additional Notes forming part of financial statements		37		

As per our report of even date

For Sundaram & Srinivasan
Chartered Accountants
ICAI Regn No. FRN 004207S

S. Usha
Partner
Membership No. 211785
Place : Chennai
Date : 4th May, 2022

For and on behalf of the Board of Directors of
TVS Credit Services Limited

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

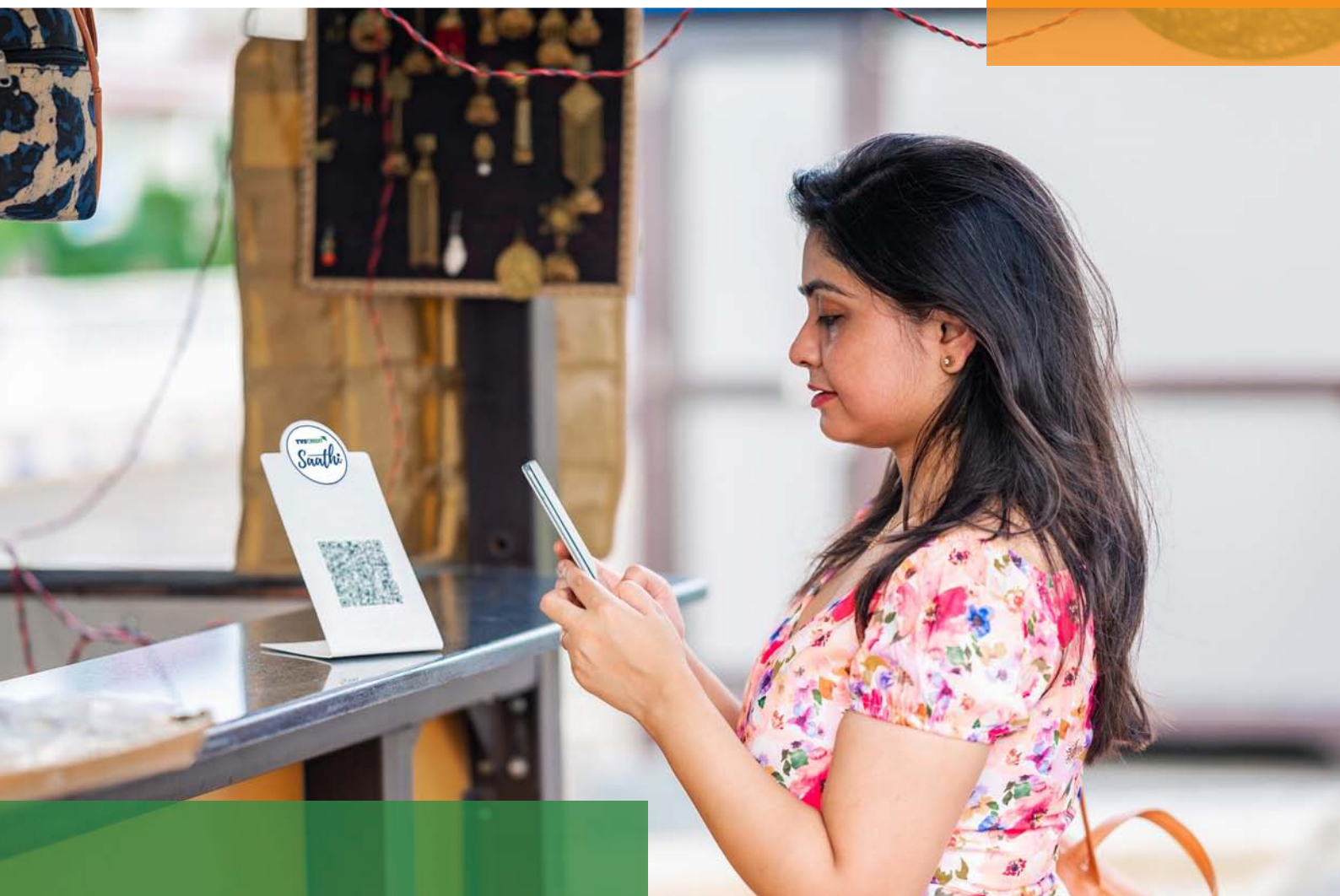
With the world's largest vaccination programme, India has proved that every target is achievable.

Our country and its citizens mobilised admirably to face the pandemic, creating history with the largest-ever vaccination drive. We were inspired by this to push our limits and win accolades across our various functions. We were ranked among the Best BFSI Brands of 2022 by both Dun & Bradstreet and The Economic Times, while our marketing initiatives bagged 7 honours at the PRCI Excellence Awards. Our campus challenge, E.P.I.C, was listed among the Top 20 Prestigious B-School Competitions.



The growing reach of the internet, along with affordable smartphones, has put India on the fast track of economic growth.

With over 750 million users and counting, India has the world's second largest population of internet users. This revolution has touched young people across cities, towns and villages, and fuelled their aspirations. To cater to their needs, we made it much easier to acquire our loan products and services online, through self-service channels such as the TVS Credit Saathi App and our website. As a result, we witnessed a threefold growth in our digitally-sourced business.



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

Particulars	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Cash Flow from Operating Activity		
Profit Before Income Tax	151.85	106.17
Adjustment For:-		
Depreciation and Amortisation Expense	19.12	19.92
Impairment of Financial Assets	106.83	106.57
(Profit)/Loss on disposal of Property, Plant and Equipment	(0.14)	(0.33)
Finance Charges	782.13	729.43
Unwinding of Discount on Security Deposits	(6.80)	(2.68)
Remeasurement of defined Benefit Plans	(1.67)	(3.50)
Employee Benefit Obligations	4.60	5.77
Cash generated from operations before working capital changes	904.07	855.18
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Trade Receivables	(13.43)	22.02
(Increase)/Decrease in Loans	(2,958.35)	(1,796.96)
(Increase)/Decrease in other Financial Assets	39.10	13.16
(Increase)/Decrease in Other Non-Financial Assets	(12.83)	1.81
Increase/(Decrease) in Trade Payables	104.44	60.74
Increase/(Decrease) in Other Financial Liabilities	29.83	41.69
Increase/(Decrease) in Other Non-Financial Liabilities	5.93	6.24
Financing Charges paid	(767.76)	(688.58)
Cash used in Operations	(2,517.15)	(1,378.53)
Income Taxes paid	(54.85)	(49.09)
Net Cash Outflow from Operating Activities	(2,572.00)	(1,427.62)
Cash Flow from Investing Activities		
Payments for Property, Plant and Equipment and Investment Property	(13.10)	(8.00)
Proceeds from sale of Property, Plant and Equipment and Investment Property	0.05	0.36
Decrease in Deposits with Bank	(5.13)	23.50
Net Cash Inflow / (Outflow) from Investing Activities	(18.18)	15.86
Cash Flow from Financing Activities		
Proceeds from Issue of Shares	150.00	99.98
Proceeds from Issue/(Repayment) of Debt Securities (net)	1,042.83	674.66
Proceeds/(Repayment) of Borrowings (net)	1,507.21	887.64
Proceeds/(Repayment) of Subordinated Liabilities (net)	350.55	330.02
Payments of Lease Liabilities	(8.55)	(8.94)
Net Cash Inflow from Financing Activities	3,042.04	1,983.36
Net increase or (decrease) in Cash & Cash equivalents	451.86	571.60
Cash and Cash equivalents at the beginning of the year	509.98	(61.62)
Cash and Cash equivalents at the end of the year	961.84	509.98

As per our report of even date

For Sundaram & Srinivasan
Chartered Accountants
ICAI Regn No. FRN 004207S

S. Usha
Partner
Membership No. 211785
Place : Chennai
Date : 4th May, 2022

For and on behalf of the Board of Directors of
TVS Credit Services Limited

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

1. Equity Share Capital

	Notes	Amounts
Balance as at 1st April, 2020		185.18
Changes in equity share capital during the year	21	6.76
Balance as at 31st March, 2021		191.94
Changes in equity share capital during the year	21	9.26
Balance as at 31st March, 2022		201.20

2. Other Equity

	Notes	Reserves and Surplus				Total
		Securities Premium Account	Statutory Reserve	Retained Earnings	Other Reserves - Hedge Reserve	
Balance as at 1st April, 2020		629.41	120.75	452.78	(15.00)	1,187.94
Change in accounting policy		-	-	-	-	-
Profit for the year	21	-	-	97.55	-	97.55
Other comprehensive income	21	-	-	(2.62)	(2.66)	(5.28)
<u>Transaction in the capacity as owners</u>						
Transfer to statutory reserve	21	-	19.40	(19.40)	-	-
Issuance of equity shares	21	93.23	-	-	-	93.23
Balance as at 31st March, 2021		722.64	140.15	528.31	(17.66)	1,373.44
Profit for the year	21	-	-	121.20	-	121.20
Other comprehensive income	21	-	-	(1.25)	30.46	29.21
<u>Transaction in the capacity as owners</u>						
Transfer to statutory reserve	21	-	24.15	(24.15)	-	-
Issuance of equity shares	21	140.74	-	-	-	140.74
Balance as at 31st March, 2022		863.38	164.29	624.12	12.80	1,664.59

As per our report of even date

For Sundaram & Srinivasan
Chartered Accountants
ICAI Regn No. FRN 004207S

S. Usha
Partner
Membership No. 211785

Place : Chennai
Date : 4th May, 2022

For and on behalf of the Board of Directors of
TVS Credit Services Limited

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

1 Significant Accounting Policies forming part of Financial Statements

COMPANY BACKGROUND

TVS Credit Services Limited ('the Company') (CIN U65920TN2008PLC069758) is a public limited company incorporated and domiciled in India. The registered office is located at "Chaitanya", No.12 Khader Nawaz Khan Road, Nungambakkam, Chennai – 600006, Tamil Nadu, India. The Company with its subsidiaries is collectively referred to as a Group.

The Company received Certificate of Registration (No. N-07-00783) dated 13th April, 2010 from Reserve Bank of India (RBI) and commenced Non-Banking Financial activity thereon. The Company is a Systemically Important Non-Deposit taking Non-Banking Finance Company, as defined under Section 45-IA of Reserve Bank of India (RBI) Act, 1934. The Company is engaged in providing Automobile Finance, Consumer Durable Loans and Small Business Loans. The Company is categorised as "NBFC - Investment and Credit Company (NBFC-ICC)" vide RBI circular DNBR (PD) CC.No.097/03.10.001/2018-19 dated 22nd February, 2019.

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of accounts

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

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

Principles of Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

The subsidiary companies considered in consolidated financial statements are:

S.No.	Name of the Subsidiary	Proportion of Ownership (Interest/Voting Power -%)		Reporting Date
		2021-22	2020-21	
1	Harita ARC Services Private Limited	100%	100%	31 st March, 2022
2	Harita Collection Services Private Limited	0%	100%	31 st March, 2022
3	TVS Commodity Financial Solutions Private Limited	0%	100%	31 st March, 2022
4	TVS Housing Finance Private Limited	100%	100%	31 st March, 2022
5	TVS Micro Finance Private Limited	0%	100%	31 st March, 2022
6	TVS Two Wheeler Mall Private Limited	100%	100%	31 st March, 2022

All the subsidiaries are incorporated in India

b. Historical cost convention

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

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

c. Use of estimates

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

d. Significant estimates and judgements

The areas involving critical estimates are:

- (a) Determining inputs into the ECL measurement model - (Refer Note 33)
- (b) Estimation of defined benefit obligation - (Refer Note 32)

The areas involving critical judgements are:

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

e. Property, plant and equipment (PPE)

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

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

f. Depreciation

Depreciation is provided on straight-line basis over the estimated useful lives of the assets. Useful life estimated by the Company is in line with the useful life prescribed under Part C of Schedule II of the Companies Act, 2013 except in the case of mobile phone, based on the technical evaluation wherein the useful life is considered as 2 years.

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

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

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

g. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the

assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

h. Intangible assets

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

i. Financial Assets and financial liabilities

1) Classification

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

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

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

Business Model Assessment

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

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

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

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

Reclassifications

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

Financial Liabilities

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

2) Measurement

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

Debt Instruments:

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

i. Amortised Cost:

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

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

ii. Fair Value through Other Comprehensive Income (FVOCI):

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Fair Value through Profit or Loss (FVTPL):

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

iv. Investment in Subsidiaries:

Investments in Subsidiary and Associate are measured at cost as per Ind AS 27 – Separate Financial Statements.

3) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

A) Interest Income:

- (1) Interest income is recognised using the Effective Interest Rate (EIR) method for all financial assets measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to its gross carrying amount. The calculation of the effective interest rate includes transaction costs and transaction income that are directly attributable to the acquisition of a financial asset.
- (2) For credit-impaired financial assets, interest income is calculated by applying the effective interest rate to their amortised cost of credit impaired assets. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.
- (3) Income by way of additional interest on account of delayed payment by the customers is recognised on realisation basis, due to uncertainty in collection.

B) Dividend Income:

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

C) Fees and Commission Income:

- (1) Fees and commission income that are not integral part of the effective interest rate on the financial asset are recognised as the performance obligations are performed and there is no significant financing component of the consideration.
- (2) Incomes in the nature of bounce and related charges are recognised on realisation, due to uncertainty in collection.

- (3) The Company recognises revenue from contract with customers based on five-step model as set out in IND-AS 115, Revenue from Contracts with Customers to determine when to recognise revenue and at what amount. Revenue is measured based on the consideration specified in the contract with a customers. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

D) Other Income:

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

4) Impairment of financial assets

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

- i. Loans and Other Receivables
- ii. Trade Receivables

i. Loans and Other receivables

Expected credit losses are measured through a loss allowance at an amount equal to:

- 1) The 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- 2) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the expected life of the financial instrument).

Both Life Time ECLs (LTECL) and 12 months ECLs are calculated on collective basis.

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

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

Stage	Past due	ECL
Stage 1	30 Days past due	12-Month ECL
Stage 2	31-90 Days Past Due	Life-time ECL
Stage 3	More than 90 Days Past Due	Life-time ECL

Measurement of ECL

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

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

ii. Trade Receivables

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

Presentation of allowance for ECL in the statement of financial position

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

Collateral repossessed:

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

Write-off:

Loans are written-off when there is no reasonable expectation of recovering in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets and financial liabilities

A financial asset is derecognised only when:

- The Company has transferred the contractual rights to receive cash flows from the financial asset or the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.
- Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.
- Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised, if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.
- On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) The consideration received (including any new asset obtained less any new liability assumed) and (ii) Any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

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

6) Derivatives

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

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

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 33. Movements in the hedging reserve in shareholder's equity are shown in Note 21.

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

7) Offsetting financial instruments

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

j. Trade and other payables

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

k. Cash and Cash equivalents

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

l. Taxation

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

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

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

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

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

m. Employee Benefits

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

(c) Post-employment Obligation:

The Company operates the following post-employment schemes:

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

(i) Pension and gratuity obligation:

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

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

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

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

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

(ii) Provident fund:

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

n. Functional Currency

(a) Functional and presentation currencies:

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

(b) Transactions and balances:

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

o. Borrowings

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

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

p. Borrowings cost

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

q. Cash Flow Statement

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

r. Earnings Per Share

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

s. Impairment of non-financial assets

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

t. Lease

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under IND-AS 116. The Company as a lessee, assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves:

- (a) The use of an identified asset,
- (b) The right to obtain substantially all the economic benefits from use of the identified asset,
- (c) The right to direct the use of the identified asset.

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

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

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

The lease payments are discounted using the incremental borrowing rate.

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

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

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

u. Segment reporting

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

v. Provisions

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

w. Contingent liabilities

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

x. Equity

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

(All amounts in ₹ Crore unless otherwise stated)

NOTE 2 Cash and Cash equivalents

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Cash on hand*	5.69	15.42
b)	Balance with banks		
	- Current accounts	950.78	638.02
	- Deposits	13.99	13.43
	Total	970.46	666.87

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

Cash and Cash Equivalents considered in the cash flow statement

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Cash and Cash equivalents as shown above	970.46	666.87
b)	Less: Overdrafts utilised (Grouped under Borrowings (other than debt securities) - Note 16)	8.62	156.89
	Total	961.84	509.98

NOTE 3 Bank Balance other than Cash and Cash equivalents*

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Bank Balance other than Cash and Cash equivalents	6.00	0.87
	Total	6.00	0.87

* Balance maintained in Fixed Deposits as Cash Collateral towards Cash Credit (CC) facilities.

NOTE 4 Derivative Financial Instruments

S.No.	Description	As at 31 st March, 2022		
		Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
a)	Other Derivatives - Cross Currency Swap Derivatives designated as cash flow hedges	2,108.05	64.06	-
	Total		64.06	-
S.No.	Description	As at 31 st March, 2021		
		Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
b)	Other Derivatives - Cross Currency Swap Derivatives designated as cash flow hedges	1,356.55	-	14.57
	Total		-	14.57

The Company has a Board approved policy for entering into derivative transactions. Derivative transactions comprises of Cross Currency Interest Rate Swaps (CCIRS). The Company undertakes such transactions for hedging interest/foreign exchange risk on borrowings. The Asset Liability Management Committee periodically monitors and reviews the risks involved.

The notional amount for CCIRS represents underlying foreign currency borrowings for which the Company has entered to hedge the variable interest rate and foreign exchange risks.

(All amounts in ₹ Crore unless otherwise stated)

NOTE 5 Trade Receivables

S.No.	Particulars	Outstanding for following periods from due date of payment as at 31 st March, 2022					
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
i.	Undisputed Trade receivables – considered good	37.90	-	-	-	-	37.90
ii.	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
iii.	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
iv.	Disputed Trade Receivables – considered good	-	-	-	-	-	-
v.	Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
vi.	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
	Total	37.90	-	-	-	-	37.90

S.No.	Particulars	Outstanding for following periods from due date of payment as at 31 st March, 2021					
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
i.	Undisputed Trade receivables – considered good	24.24	0.03	0.21	0.02	-	24.49
ii.	Undisputed Trade Receivables – which have significant increase in credit risk	1.38	-	-	-	-	1.38
iii.	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
iv.	Disputed Trade Receivables – considered good	-	-	-	-	-	-
v.	Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
vi.	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
	Total	25.61	0.03	0.21	0.02	-	25.87

NOTE 6 Loans

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
		Amortised Cost	
a)	Term Loans		
	i) Automobile Financing	11,143.53	9,442.57
	ii) Consumer Lending	2,519.56	1,532.76
	iii) Small Business Lending	739.87	469.29
	Total Loans - Gross	14,402.96	11,444.62
b)	Less: Impairment Loss Allowance	388.66	289.67
c)	Total Loans - Net (a) - (b)	14,014.30	11,154.95
	Nature		
a)	Secured by Tangible Assets	11,212.15	9,509.84
b)	Unsecured Loans	3,190.81	1,934.78
c)	Total Gross (a) + (b)	14,402.96	11,444.62
d)	Less: Impairment Loss Allowance	388.66	289.67
e)	Total - Net (c) - (d)	14,014.30	11,154.95

(All amounts in ₹ Crore unless otherwise stated)

NOTE 6 Loans (Contd.)

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
i)	Loans in India		
	Public Sector	-	-
	Others	14,402.97	11,444.62
	Total Gross	14,402.97	11,444.62
	Less: Impairment Loss Allowance	388.67	289.67
	Total - Net	14,014.30	11,154.95
ii)	Loans Outside India	-	-
iii)	Total Loans (i) +(ii)	14,014.30	11,154.95

- Secured indicates loans secured, wholly or partly, by way of hypothecation of automobile assets and/or equitable mortgage of property and/or equipment.
- The stock of loan (automobile finance) includes 11,926 nos. repossessed vehicles as at Balance Sheet date. (31st March, 2021: 13,292 nos.).
- The term loans include loans given to related parties (refer note 37(6)) and these loans which have been granted to related parties are specified with terms or period of repayment. These loans have been classified under Stage 1 category at the various reporting periods and related impairment provision as per the Company's accounting policy has been created.

NOTE 7 Other Financial Assets

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Employees Related Receivables	4.85	4.62
b)	Security Deposit for Leased Premises	8.27	7.49
c)	Advances to Related Parties	38.10	73.21
d)	Other Financial Assets - Non Related Parties	9.41	9.41
e)	Deposit with Service Providers	6.39	4.38
	Total Gross (A)	67.02	99.11
	Less: Allowance for Impairment Loss (B)	9.41	2.99
	Total (A)-(B)	57.61	96.12

NOTE 8 Current Tax Assets (net)

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Opening Balance	17.26	14.88
b)	Add: Taxes paid	54.85	49.10
c)	Less: Taxes Payable	(65.01)	(46.72)
	Total	7.10	17.26

(All amounts in ₹ Crore unless otherwise stated)

NOTE 9 Deferred Tax Assets/(Liabilities)

The balance comprises temporary differences attributable to:

S.No.	Description	As at 31 st March, 2020	Charge/(credit) to profit and loss	Charge/(credit) to OCI	As at 31 st March, 2021	Charge/(credit) to profit and loss	Charge/(credit) to OCI	As at 31 st March, 2022
	Deferred tax assets/(liabilities) on account of :							
a)	Difference between depreciation as per Books of Account and the Income Tax Act, 1961	4.60	0.47	-	5.07	0.17	-	5.24
b)	Provision for Compensated Absences and Gratuity	4.22	0.40	0.94	5.55	1.50	0.15	7.20
c)	Impairment allowance for financial instruments	46.77	31.54	-	78.31	22.81	-	101.12
d)	Expenses Disallowed under Section 40 (a) (ia)	4.22	1.88	-	6.10	4.47	-	10.57
e)	Provision for Pension	2.82	0.17	(0.06)	2.93	0.26	0.28	3.47
f)	Impact of effective interest rate adjustment on Financial Assets	4.59	3.97	-	8.56	9.12	-	17.68
g)	Impact of unwinding the advances to related parties	2.73	(0.35)	-	2.38	(1.57)	-	0.81
h)	Mark-to-market on derivatives	5.05	-	0.89	5.94	-	(10.25)	(4.30)
i)	Impact of effective interest rate adjustment on Financial Liabilities	-	-	-	-	(2.52)	-	(2.52)
j)	Impact of Lease Accounting as per IND-AS 116	0.82	0.02	-	0.84	0.12	-	0.96
	Total deferred tax Assets/(liabilities)	75.82	38.10	1.77	115.69	34.36	(9.82)	140.23

NOTE 10 Investment Property

Description	Land	Building	Total
Year ended 31 st March, 2022			
Gross carrying amount as of 1 st April, 2021	85.16	-	85.16
Additions	-	-	-
Sub-total	85.16	-	85.16
Disposals	-	-	-
Closing gross carrying amount (A)	85.16	-	85.16
Depreciation and amortisation	-	-	-
Opening accumulated depreciation	-	-	-
Depreciation/amortisation charge during the year	-	-	-
Sub-total	-	-	-
Disposals	-	-	-
Closing accumulated depreciation and amortisation (B)	-	-	-
Net Carrying value as at 31st March, 2022 (A)-(B)	85.16	-	85.16
Net Carrying value as at 31st March, 2021	85.16	-	85.16

(All amounts in ₹ Crore unless otherwise stated)

NOTE 10 Investment Property (Contd.)

Description	Land	Building	Total
Year ended 31 st March, 2021			
Gross carrying amount as of 1 st April, 2020	85.16	0.00	85.16
Additions	-	-	-
Sub-total	85.16	0.00	85.16
Disposals	-	-	-
Closing gross carrying amount (A)	85.16	0.00	85.16
Depreciation and amortisation	-	-	-
Opening accumulated depreciation	-	-	-
Depreciation/amortisation charge during the year	-	-	-
Sub-total	-	-	-
Disposals	-	-	-
Closing accumulated depreciation and amortisation (B)	-	-	-
Net Carrying value as at 31st March, 2021 (A)-(B)	85.16	0.00	85.16

(i) Fair value

	As at 31 st March, 2022	As at 31 st March, 2021
Investment properties	411.15	414.90

a) The fair value of the investment property is based on the independent valuation obtained by the Company.

b) The title deed of the investment property is in the name of the Company.

NOTE 11 Property, Plant and Equipment, Right-to-use Asset and Intangible assets

Description	Property, Plant and Equipment					Right-to-use Asset	Intangible Assets (Computer Software)
	Computer	Furniture & fixtures	Office equipment	Vehicles	Total		
Year ended 31st March, 2022							
Gross Carrying Amount as on 31 st March, 2021	23.41	11.87	13.08	0.02	48.38	33.08	16.08
Additions	9.38	0.83	1.64	1.15	13.00	6.49	0.10
Adjustment due to revaluation and acquisitions through business combinations	-	-	-	-	-	-	-
Sub-total	32.79	12.70	14.72	1.17	61.38	39.57	16.18
Disposals	0.05	0.14	0.13	-	0.32	-	-
Closing Gross Carrying Amount (A)	32.74	12.56	14.59	1.17	61.06	39.57	16.18
Depreciation and Amortisation							
Opening Accumulated Depreciation	16.85	7.30	7.69	0.01	31.85	14.40	12.04
Depreciation/Amortisation charge during the year	5.54	1.38	2.21	0.15	9.28	7.05	2.79
Sub-Total	22.39	8.68	9.90	0.16	41.13	21.45	14.83
Disposals	0.04	0.12	0.13	-	0.29	-	-
Closing accumulated depreciation and amortisation (B)	22.35	8.56	9.77	0.16	40.84	21.45	14.83
Net Carrying value as at 31st March, 2022 (A)-(B)	10.39	4.00	4.82	1.01	20.22	18.12	1.35
Net Carrying value as at 31st March, 2021	6.56	4.57	5.39	0.01	16.53	18.68	4.04

(All amounts in ₹ Crore unless otherwise stated)

NOTE 11 Property, Plant and Equipment, Right-to-use Asset and Intangible assets (Contd.)

Description	Property, Plant and Equipment					Right-to-use Asset	Intangible Assets (Computer Software)
	Computer	Furniture & fixtures	Office equipment	Vehicles	Total		
Year ended 31st March, 2021							
Gross Carrying Amount as on 31 st March, 2020	20.44	11.29	11.17	0.02	42.92	32.90	14.26
Additions	3.35	0.63	2.20	-	6.18	0.18	1.82
Adjustment due to revaluation and acquisitions through business combinations	-	-	-	-	-	-	-
Sub-total	23.79	11.92	13.37	0.02	49.10	33.08	16.08
Disposals	0.38	0.05	0.29	-	0.72	-	-
Closing Gross Carrying Amount (A)	23.41	11.87	13.08	0.02	48.38	33.08	16.08
Depreciation and Amortisation							
Opening Accumulated Depreciation	11.96	5.85	6.02	0.00	23.83	7.12	8.09
Depreciation/Amortisation charge during the year	5.25	1.49	1.95	0.01	8.70	7.28	3.95
Sub-Total	17.21	7.34	7.97	0.01	32.53	14.40	12.04
Disposals	0.36	0.04	0.28	-	0.68	-	-
Closing Accumulated Depreciation and Amortisation (B)	16.85	7.30	7.69	0.01	31.85	14.40	12.04
Net Carrying value as at 31st March, 2021 (A)-(B)	6.56	4.57	5.39	0.01	16.53	18.68	4.04

There are no proceedings that have been initiated or pending against the Company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1998 and rules made thereunder.

NOTE 12 Other Non-Financial Assets

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Dealer Commission Advance	0.17	0.21
b)	Prepaid Expenses	24.11	17.65
c)	Vendor Advance	9.30	5.60
d)	Balances with Government authorities	3.42	3.52
e)	Gratuity	2.81	-
	Total	39.81	26.98

(All amounts in ₹ Crore unless otherwise stated)

NOTE 13 Trade Payables

S.No.	Particulars	Outstanding for following periods from due date of payment as at 31 st March, 2022				
		<1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	Undisputed dues - MSME*	3.55	-	-	-	3.55
(ii)	Undisputed dues - Others	324.29	1.15	0.03	4.79	330.26
(iii)	Disputed dues - MSME*	-	-	-	-	-
(iv)	Disputed dues - Others	-	-	-	-	-
	Total	327.84	1.15	0.03	4.79	333.81

S.No.	Particulars	Outstanding for following periods from due date of payment as at 31 st March, 2021				
		<1 Year	1-2 years	2-3 years	More than 3 years	Total
(i)	Undisputed dues - MSME*	-	-	-	-	-
(ii)	Undisputed dues - Others	221.67	0.16	1.62	5.92	229.37
(iii)	Disputed dues - MSME*	-	-	-	-	-
(iv)	Disputed dues - Others	-	-	-	-	-
	Total	221.67	0.16	1.62	5.92	229.37

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

NOTE 14 Debt Securities

Description	As at 31 st March, 2022	As at 31 st March, 2021
At Amortised Cost		
Commercial Paper (Unsecured)	1,788.69	746.11
Non-Convertible Debentures (Secured)	424.99	424.74
Total (A)	2,213.68	1,170.85
Debt securities in India	2,213.68	1,170.85
Debt securities outside India	-	-
Total (B)	2,213.68	1,170.85

(All amounts in ₹ Crore unless otherwise stated)

NOTE 15 Borrowings (Other Than Debt Securities)

Description	As at 31 st March, 2022	As at 31 st March, 2021
At Amortised Cost		
(a) Term loans (Secured)		
i) From banks	6,069.73	4,590.31
ii) From other parties	4.93	24.59
iii) External Commercial Borrowings	2,169.82	1,364.32
(b) Loans repayable on demand		
i) Cash credit from banks (Secured)	8.62	156.89
ii) Working capital demand loans (Secured)	1,189.00	1,565.00
iii) Working capital demand loans (Unsecured)	15.00	340.00
Total (A)	9,457.10	8,041.11
Borrowings in India	7,287.28	6,676.80
Borrowings outside India	2,169.82	1,364.32
Total (B)	9,457.10	8,041.11

NOTE 16 Subordinated Liabilities

Description	As at 31 st March, 2022	As at 31 st March, 2021
At Amortised Cost - Unsecured		
(a) Perpetual Debt Instruments to the extent that do not qualify as equity	99.86	99.84
(b) Other Subordinated Liabilities		
(i) From Banks	199.98	199.93
(ii) From Others	993.50	643.02
Total (A)	1,293.34	942.79
Subordinated Liabilities in India	1,293.34	942.79
Subordinated Liabilities outside India	-	-
Total (B)	1,293.34	942.79

- Refer Annexure for the terms of the debt securities, borrowings and subordinated liabilities.
- The Company has utilised the borrowed funds for the purposes for which the fund is obtained.
- The Company has not been declared wilful defaulter by any Bank or financial Institution or other lender.
- There are no charges or satisfaction yet to be registered with ROC beyond the statutory time period.

(All amounts in ₹ Crore unless otherwise stated)

Annexure

Institution	As on 31 st March, 2022	Type of Security	Interest Rate	Total Instalment	No. of Instalments Remaining	Frequency	Repayable From	Repayable To
Debt Securities								
Commercial Paper	299.28	Unsecured	4.41%	1	1	Bullet	21/04/2022	21/04/2022
Commercial Paper	199.43	Unsecured	4.41%	1	1	Bullet	25/04/2022	25/04/2022
Commercial Paper	199.40	Unsecured	4.41%	1	1	Bullet	26/04/2022	26/04/2022
Commercial Paper	49.85	Unsecured	4.41%	1	1	Bullet	26/04/2022	26/04/2022
Commercial Paper	298.15	Unsecured	4.65%	1	1	Bullet	20/05/2022	20/05/2022
Commercial Paper	148.98	Unsecured	4.65%	1	1	Bullet	25/05/2022	25/05/2022
Commercial Paper	247.48	Unsecured	4.90%	1	1	Bullet	16/06/2022	16/06/2022
Commercial Paper	148.37	Unsecured	4.90%	1	1	Bullet	22/06/2022	22/06/2022
Commercial Paper	98.91	Unsecured	4.90%	1	1	Bullet	22/06/2022	22/06/2022
Commercial Paper	49.42	Unsecured	4.90%	1	1	Bullet	28/06/2022	28/06/2022
Commercial Paper	49.42	Unsecured	4.90%	1	1	Bullet	28/06/2022	28/06/2022
Non Convertible Debentures	300.00	Secured	8.35%	1	1	Bullet	22/03/2023	22/03/2023
Non Convertible Debentures	25.00	Secured	8.35%	1	1	Bullet	22/03/2023	22/03/2023
Non Convertible Debentures	99.99	Secured	7.40%	1	1	Bullet	08/04/2022	08/04/2022
	2,213.68							
Loan repayable on demand								
	1,197.62	Secured	5.80% - 7.85%	Repayable on demand				
	15.00	Unsecured						
	1,212.62							
Term Loan								
Bank	199.98	Secured	7.35%	1.00	1.00	Bullet	19/11/2022	19/11/2022
Bank	97.50	Secured	6.30%	8.00	6.00	Quarterly	24/12/2021	24/09/2023
Bank	174.98	Secured	5.90%	8.00	7.00	Quarterly	18/02/2022	18/11/2023
Bank	299.96	Secured	5.60%	8.00	8.00	Quarterly	29/06/2022	29/03/2024
Bank	249.96	Secured	6.30%	8.00	8.00	Quarterly	21/12/2022	21/09/2024
Bank	250.00	Secured	6.30%	8.00	8.00	Quarterly	31/05/2023	28/02/2025
Bank	83.32	Secured	7.40%	11.00	4.00	Quarterly	06/08/2020	06/02/2023
Bank	249.95	Secured	7.45%	12.00	10.00	Quarterly	31/12/2021	24/09/2024
Bank	22.50	Secured	6.90%	10.00	3.00	Quarterly	15/07/2020	15/10/2022
Bank	79.98	Secured	6.90%	10.00	4.00	Quarterly	24/11/2020	24/02/2023
Bank	50.00	Secured	7.90%	4.00	2.00	Half yearly	18/06/2021	18/12/2022
Bank	41.66	Secured	5.17%	36.00	5.00	Monthly	30/09/2019	30/08/2022
Bank	33.33	Secured	6.28%	36.00	6.00	Monthly	30/10/2019	29/09/2022
Bank	166.67	Secured	5.85%	36.00	12.00	Monthly	19/04/2020	19/03/2023
Bank	141.67	Secured	5.90%	36.00	17.00	Monthly	21/09/2020	21/08/2023
Bank	116.67	Secured	5.29%	36.00	21.00	Monthly	31/01/2021	31/12/2023
Bank	374.96	Secured	5.25%	36.00	27.00	Monthly	25/07/2021	24/06/2024
Bank	416.67	Secured	5.00%	36.00	30.00	Monthly	28/10/2021	28/09/2024
Bank	229.17	Secured	5.29%	36.00	33.00	Monthly	31/01/2022	31/12/2024
Bank	499.89	Secured	5.60%	37.00	37.00	Monthly	30/04/2022	30/04/2025
Bank	249.78	Secured	6.10%	8.00	8.00	Quarterly	28/06/2023	28/03/2025
Bank	150.00	Secured	6.95%	1.00	1.00	Bullet	25/10/2024	25/10/2024
Bank	100.00	Secured	7.40%	6.00	4.00	Half yearly	12/08/2021	01/02/2024
Bank	249.77	Secured	6.80%	12.00	12.00	Quarterly	25/06/2022	25/03/2025
Bank	99.93	Secured	7.35%	10.00	4.00	Quarterly	20/12/2020	20/03/2023

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022**



(All amounts in ₹ Crore unless otherwise stated)

Institution	As on 31 st March, 2022	Type of Security	Interest Rate	Total Instalment	No. of Instalments Remaining	Frequency	Repayable From	Repayable To
Bank	124.94	Secured	7.25%	10.00	5.00	Quarterly	04/02/2021	04/05/2023
Bank	39.99	Secured	7.25%	10.00	4.00	Quarterly	31/12/2020	30/03/2023
Bank	199.96	Secured	7.30%	10.00	8.00	Quarterly	19/12/2021	19/03/2024
Bank	66.63	Secured	7.40%	36.00	24.00	Monthly	30/04/2021	30/03/2024
Bank	200.00	Secured	6.95%	10.00	10.00	Quarterly	29/04/2022	29/07/2024
Bank	200.00	Secured	6.95%	10.00	10.00	Quarterly	13/05/2022	13/08/2024
Bank	59.99	Secured	7.35%	10.00	2.00	Quarterly	20/05/2020	20/08/2022
Bank	200.00	Secured	7.00%	1.00	1.00	Bullet	27/10/2024	27/10/2024
Bank	199.94	Secured	6.45%	1.00	1.00	Bullet	24/05/2024	24/05/2024
Bank	150.00	Secured	6.10%	1.00	1.00	Bullet	23/09/2022	23/09/2022
Others	4.93	Secured	6.43%	10.00	1.00	Quarterly	10/03/2020	10/06/2022
Bank-ECB	189.38	Secured	8.57%	1.00	1.00	Bullet	31/05/2022	31/05/2022
Bank-ECB	189.38	Secured	8.57%	1.00	1.00	Bullet	10/06/2022	10/06/2022
Bank-ECB	151.51	Secured	8.06%	1.00	1.00	Bullet	26/08/2022	26/08/2022
Bank-ECB	151.51	Secured	8.06%	1.00	1.00	Bullet	16/09/2022	16/09/2022
Bank-ECB	378.07	Secured	6.94%	1.00	1.00	Bullet	13/07/2023	13/07/2023
Bank-ECB	356.04	Secured	6.94%	1.00	1.00	Bullet	19/10/2023	19/10/2023
Bank-ECB	753.93	Secured	6.92%	1.00	1.00	Bullet	02/12/2024	02/12/2024
	8,244.50							
Subordinated Liabilities								
Perpetual Debt	99.86	Unsecured	11.50%	1	1	Bullet	25/11/2027	25/11/2027
Other Subordinated Liabilities:								
Bank	49.99	Unsecured	8.60%	1	1	Bullet	29/05/2023	29/05/2023
Bank	50.00	Unsecured	8.94%	1	1	Bullet	24/07/2023	24/07/2023
Bank	25.00	Unsecured	9.70%	1	1	Bullet	01/09/2022	01/09/2022
Bank	24.99	Unsecured	9.70%	1	1	Bullet	01/09/2022	01/09/2022
Others	99.30	Unsecured	10.90%	1	1	Bullet	07/08/2024	07/08/2024
Others	112.91	Unsecured	9.40%	1	1	Bullet	10/06/2026	10/06/2026
Others	34.36	Unsecured	9.40%	1	1	Bullet	10/06/2026	10/06/2026
Others	99.00	Unsecured	8.85%	1	1	Bullet	02/06/2027	02/06/2027
Others	35.00	Unsecured	8.85%	1	1	Bullet	11/06/2027	11/06/2027
Others	35.00	Unsecured	8.85%	1	1	Bullet	11/06/2027	11/06/2027
Others	30.00	Unsecured	8.85%	1	1	Bullet	11/06/2027	11/06/2027
Others	200.00	Unsecured	8.85%	1	1	Bullet	11/06/2027	11/06/2027
Others	50.00	Unsecured	8.85%	1	1	Bullet	11/06/2027	11/06/2027
Others	50.00	Unsecured	10.02%	1	1	Bullet	28/04/2022	28/04/2022
Others	147.93	Unsecured	9.40%	1	1	Bullet	26/08/2026	26/08/2026
Others	50.00	Unsecured	11.25%	1	1	Bullet	01/05/2022	01/05/2022
Others	100.00	Unsecured	10.00%	1	1	Bullet	01/07/2026	01/07/2026
Total	1,193.45							
Subordinated Liabilities Total	1,293.31							

(All amounts in ₹ Crore unless otherwise stated)

Institution	Amount Outstanding as on 31 st March, 2021	Type of Security	Interest Rate	Total Instalment	No. of Instalments Remaining	Frequency	Repayable From	Repayable To
Debt Securities								
Commercial Paper	249.10	Unsecured	4.75%	1	1	Bullet	29/04/2021	29/04/2021
Commercial Paper	248.54	Unsecured	4.60%	1	1	Bullet	18/05/2021	18/05/2021
Commercial Paper	248.47	Unsecured	4.60%	1	1	Bullet	20/05/2021	20/05/2021
Non Convertible Debentures	99.74	Secured	7.40%	1	1	Bullet	08/04/2022	08/04/2022
Non Convertible Debentures	300.00	Secured	8.35%	1	1	Bullet	22/03/2023	22/03/2023
Non Convertible Debentures	25.00	Secured	8.35%	1	1	Bullet	22/03/2023	22/03/2023
	1,170.85							
Loan repayable on demand								
	1,721.89	Secured	6.25% - 7.50%	Repayable on demand				
	340.00	Unsecured						
	2,061.89							
Term Loan								
Bank	100.00	Secured	8.00%	1.00	1.00	Bullet	06/05/2021	06/05/2021
Bank	25.00	Secured	6.62%	1.00	1.00	Bullet	25/05/2021	25/05/2021
Bank	37.50	Secured	7.90%	4.00	1.00	Half Yearly	17/03/2020	17/09/2021
Bank	41.67	Secured	7.50%	36.00	6.00	Monthly	26/10/2018	26/09/2021
Bank	123.98	Secured	7.50%	12.00	3.00	Quarterly	28/03/2019	27/12/2021
Bank	33.33	Secured	8.00%	6.00	2.00	Half Yearly	28/06/2019	28/12/2021
Bank	59.89	Secured	7.35%	10.00	3.00	Quarterly	30/09/2019	30/12/2021
Bank	16.67	Secured	8.00%	6.00	2.00	Half Yearly	28/07/2019	28/01/2022
Bank	238.90	Secured	7.85%	10.00	4.00	Quarterly	04/11/2019	04/02/2022
Bank	39.97	Secured	7.90%	10.00	4.00	Quarterly	15/11/2019	15/02/2022
Bank	199.97	Secured	7.35%	10.00	4.00	Quarterly	27/11/2019	27/02/2022
Bank	179.97	Secured	7.35%	10.00	6.00	Quarterly	20/05/2020	20/08/2022
Bank	141.64	Secured	5.10%	36.00	17.00	Monthly	30/09/2019	30/08/2022
Bank	100.00	Secured	5.50%	36.00	18.00	Monthly	30/10/2019	30/09/2022
Bank	52.50	Secured	6.90%	10.00	7.00	Quarterly	15/07/2020	15/10/2022
Bank	199.96	Secured	7.45%	1.00	1.00	Bullet	19/11/2022	19/11/2022
Bank	100.00	Secured	7.90%	4.00	4.00	Half Yearly	18/06/2021	18/12/2022
Bank	166.63	Secured	7.50%	12.00	8.00	Quarterly	06/05/2020	06/02/2023
Bank	159.97	Secured	6.90%	10.00	8.00	Quarterly	24/11/2020	24/02/2023
Bank	333.33	Secured	5.85%	36.00	24.00	Monthly	19/04/2020	19/03/2023
Bank	199.86	Secured	7.35%	10.00	8.00	Quarterly	20/12/2020	20/03/2023
Bank	79.99	Secured	7.25%	10.00	8.00	Quarterly	31/12/2020	31/03/2023
Bank	224.89	Secured	8.00%	10.00	9.00	Quarterly	04/02/2021	04/05/2023
Bank	179.87	Secured	7.80%	10.00	9.00	Quarterly	30/03/2021	30/06/2023
Bank	241.67	Secured	5.90%	36.00	29.00	Monthly	21/09/2020	21/08/2023
Bank	130.00	Secured	6.30%	8.00	8.00	Quarterly	24/12/2020	24/09/2023
Bank	199.96	Secured	5.90%	8.00	8.00	Quarterly	18/02/2022	18/11/2023
Bank	183.33	Secured	5.00%	36.00	33.00	Monthly	31/01/2021	31/12/2023
Bank	150.00	Secured	7.40%	6.00	6.00	Half Yearly	12/08/2021	12/02/2024
Bank	250.00	Secured	7.30%	10.00	10.00	Quarterly	19/12/2021	19/03/2024
Bank	299.93	Secured	5.60%	8.00	8.00	Quarterly	29/06/2022	29/03/2024
Bank	99.95	Secured	7.40%	36.00	36.00	Monthly	30/04/2021	30/03/2024

(All amounts in ₹ Crore unless otherwise stated)

Institution	Amount Outstanding as on 31 st March, 2021	Type of Security	Interest Rate	Total Instalment	No. of Instalments Remaining	Frequency	Repayable From	Repayable To
Others	24.59	Secured	6.43%	10.00	5.00	Quarterly	10/03/2020	10/06/2022
Bank-ECB	182.56	Secured	8.57%	1.00	1.00	Bullet	29/05/2022	29/05/2022
Bank-ECB	182.56	Secured	8.57%	1.00	1.00	Bullet	10/06/2022	10/06/2022
Bank-ECB	146.05	Secured	8.06%	1.00	1.00	Bullet	26/08/2022	26/08/2022
Bank-ECB	146.05	Secured	8.06%	1.00	1.00	Bullet	16/09/2022	16/09/2022
Bank-ECB	363.87	Secured	6.94%	1.00	1.00	Bullet	13/07/2023	13/07/2023
Bank-ECB	343.22	Secured	6.94%	1.00	1.00	Bullet	19/10/2023	19/10/2023
	5,979.22							
Subordinated Liabilities								
Perpetual Debt	99.84	Unsecured	11.50%	1	1	Bullet	25/11/2027	25/11/2027
Other Subordinated Liabilities								
Bank	49.99	Unsecured	10.02%	1	1	Bullet	28/04/2022	28/04/2022
Bank	25.00	Unsecured	9.70%	1	1	Bullet	29/09/2022	29/09/2022
Bank	24.97	Unsecured	9.70%	1	1	Bullet	29/09/2022	29/09/2022
Bank	49.98	Unsecured	8.70%	1	1	Bullet	29/05/2023	29/05/2023
Bank	50.00	Unsecured	9.76%	1	1	Bullet	24/07/2023	24/07/2023
Others	49.98	Unsecured	11.25%	1	1	Bullet	01/05/2022	01/05/2022
Others	50.00	Unsecured	11.75%	1	1	Bullet	01/07/2021	01/07/2021
Others	49.96	Unsecured	11.30%	1	1	Bullet	27/09/2021	27/09/2021
Others	99.00	Unsecured	10.90%	1	1	Bullet	07/08/2024	07/08/2024
Others	146.62	Unsecured	9.40%	1	1	Bullet	10/06/2026	10/06/2026
Others	100.00	Unsecured	10.00%	1	1	Bullet	01/07/2026	01/07/2026
Others	122.46	Unsecured	9.40%	1	1	Bullet	26/08/2026	26/08/2026
Others	25.00	Unsecured	9.40%	1	1	Bullet	26/08/2026	26/08/2026
Total	842.96							
Subordinated Liabilities Total	942.79							

Details of Security

- Non Convertible Debentures of ₹424.99 inclusive of Current and Non-Current Dues (Previous Year: ₹424.74 as on 31st March, 2021) is fully secured by exclusive floating charge against hypothecation of receivables under the financing activity of the Company.
- Term Loan received from Banks and Other Parties of ₹8,244.50 inclusive of Current and Non-Current Dues (Previous Year: ₹5,979.22 as on 31st March, 2021) is fully secured by exclusive floating charge against hypothecation of receivables under the financing activity of the Company.
- Working Capital Demand Loan and Cash Credit of ₹1,197.62 (Previous Year: ₹1,721.88 as at 31st March, 2021) is fully secured by exclusive floating charge against hypothecation of receivables under the financing activity of the Company.

External Commercial Borrowings

During the year, the Company had raised funds in the overseas market amounting to ₹751.50 crore (equivalent to USD 100 million) under External Commercial Borrowings (ECB) accessed through automatic route after receiving the Loan Registration Number from RBI as per ECB Master Directions. These are unlisted instruments, for total duration of 3 years and the loan has been fully hedged. The net proceeds from the issue of these ECB were applied for the purpose of on-lending, in accordance with the ECB directions issued by the RBI.

(All amounts in ₹ Crore unless otherwise stated)

NOTE 17 Other Financial Liabilities

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Interest Accrued but Not Due	69.69	76.43
b)	Employee Related Liabilities	57.66	55.66
c)	Security Deposit	81.37	53.46
d)	Lease Liability (refer Note 36)	21.96	22.02
	Total	230.68	207.57

NOTE 18 Provisions

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Pension	13.80	11.68
b)	Gratuity	-	1.80
c)	Compensated absences	24.54	20.26
	Total	38.34	33.74

NOTE 19 Other Non-Financial Liabilities

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
	Others		
a)	Statutory Dues	29.57	23.64
	Total	29.57	23.64

NOTE 20 Equity Share Capital

S.No.	Description	As at 31 st March, 2022	As at 31 st March, 2021
a)	Authorised Share Capital: 250,000,000 Equity Shares of ₹10 each (Previous Year 200,000,000 Equity Shares)	250.00	200.00
		250.00	200.00
b)	Issued, Subscribed and Fully Paid-up Share Capital: 201,196,900 number of equity shares of ₹10 each (Previous year 191,937,700 equity shares of ₹10 each)	201.20	191.94
c)	Par Value per Share	₹10 each	₹10 each
d)	Number of equity shares at the beginning of the year	191,937,700	185,182,300
	Changes in equity share capital due to prior period errors	-	-
	Restated number of equity shares at the beginning of the year	191,937,700	185,182,300
	Add: Preferential Allotment made during the year	9,259,200	6,755,400
	Number of equity shares at the end of the year	201,196,900	191,937,700
e)	Equity Shares held by Holding Companies		
	Particulars	No. of Shares	No. of Shares
	Holding Company - TVS Motor Company Limited	168,397,728	162,224,928
	Sundaram-Clayton Limited (Holding Company of TVS Motor Company Limited)	2,180,250	2,180,250

(All amounts in ₹ Crore unless otherwise stated)

NOTE 20 Equity Share Capital (Contd.)

f)	Number of shares held by shareholders more than 5% of total shares as at the end of the year				
	Name of the Shareholders	As at 31 st March, 2022		As at 31 st March, 2021	
		No. of Shares	% of Holding	No. of Shares	% of Holding
	TVS Motor Company Limited	168,397,728	83.70%	162,224,928	84.52%
	Lucas-TVS Limited	11,337,297	5.63%	11,337,297	5.91%

g)	Shares held by Promoters at the the End of Year				
	S.No.	Promoter Name	No. of Shares	% of Total Shares	% change during the year
	1	TVS Motor Company Limited	168,397,728	83.70%	(0.82%)
	2	Sundaram Clayton Limited	2,180,250	1.08%	(0.06%)
	3	TVS Motor Services Limited	1,090,125	0.54%	(0.03%)

NOTE 21 Other Equity

Description	As at 31 st March, 2022	As at 31 st March, 2021
a) Securities Premium Reserves	863.38	722.64
b) Statutory Reserve	164.30	140.15
c) Retained Earnings	624.12	528.31
d) Other Reserves	12.80	(17.66)
Total Reserves and Surplus	1,664.60	1,373.44

a) Securities Premium Reserves	As at 31 st March, 2022	As at 31 st March, 2021
Opening balance	722.64	629.41
Additions during the year	140.74	93.23
Deductions/Adjustments during the year	-	-
Closing balance	863.38	722.64

b) Statutory Reserve	As at 31 st March, 2022	As at 31 st March, 2021
Opening balance	140.15	120.75
Transfer from retained earnings	24.15	19.40
Deductions/Adjustments during the year	-	-
Closing balance	164.30	140.15

c) Retained earnings	As at 31 st March, 2022	As at 31 st March, 2021
Opening balance	528.31	452.78
Net profit for the year	121.20	97.55
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation net-off tax	(1.25)	(2.62)
Transaction in the capacity as owners		
Statutory Reserve	(24.15)	(19.40)
Closing balance	624.12	528.31

d) Other Reserves - Hedge Reserve	As at 31 st March, 2022	As at 31 st March, 2021
Opening balance	(17.66)	(15.00)
Add: Change in fair value of hedging instruments, net of tax for the year	30.46	(2.66)
Closing balance	12.80	(17.66)

(All amounts in ₹ Crore unless otherwise stated)

NOTE 21 Other Equity (Contd.)

Securities Premium

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

Statutory Reserves:

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

Retained Earnings:

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

NOTE 22 Interest Income

Description	Period ended 31 st March, 2022	Year ended 31 st March, 2021
On Financial assets measured at amortised cost:		
Interest on Loans	2,444.16	2,039.16
Interest on Deposits with Bank	2.44	2.69
Total	2,446.60	2,041.85

NOTE 23 Fees and Commission Income

Description	Period ended 31 st March, 2022	Year ended 31 st March, 2021
Fee-based Income	255.95	146.68
Commission Income	-	2.64
Service Income	44.57	47.44
Total	300.52	196.76

NOTE 24 Other Income

Description	Period ended 31 st March, 2022	Year ended 31 st March, 2021
Unwinding of discount on security deposits and receivable for investments	6.80	2.68
Other Non Operating Income	0.26	0.43
Interest on income tax refund	1.91	-
Total	8.97	3.11

NOTE 25 Finance Costs

Description	Period ended 31 st March, 2022	Year ended 31 st March, 2021
On Financial liabilities measured at amortised cost		
Interest Cost		
- Interest on Borrowings	547.34	544.45
- Interest on Debt Securities	85.47	77.85
- Interest on Subordinated Liabilities	102.12	66.83
- Interest on Lease Liabilities	1.99	2.02
Other Finance Charges	45.21	38.29
Total	782.13	729.44

(All amounts in ₹ Crore unless otherwise stated)

NOTE 26 Impairment of Financial Instruments

Description	Period ended 31 st March, 2022	Year ended 31 st March, 2021
On Financial Instruments measured at Amortised Cost		
Bad Debts Written off (net)	231.29	252.00
Net Loss on Sale of Repossessed Assets	216.03	108.23
Impairment Provision on Loans	98.98	89.11
Impairment Provision on Trade Receivables and Other Financial Assets	7.85	17.45
Total	554.15	466.79

NOTE 27 Employee Benefit Expenses

Description	Period ended 31 st March, 2022	Year ended 31 st March, 2021
Salaries and Wages	638.95	537.00
Contribution to Provident and other funds	40.92	31.43
Staff Welfare	31.91	16.38
Total	711.78	584.81

NOTE 28 Other Expenses

Description	Period ended 31 st March, 2022	Year ended 31 st March, 2021
Travelling and Conveyance	91.45	38.18
Communication Costs	91.45	62.50
Rent, Taxes and Energy Costs (Refer Note 36c)	25.48	21.54
Directors Sitting Fees & Commission Expenses	0.73	0.57
Corporate Social Responsibility **	3.50	4.00
Donation	-	0.03
Repairs & Maintenance	3.44	2.47
Insurance Expenses	0.51	1.37
Legal and Prof Charges	81.82	50.73
Auditors Fees and Expenses*	0.53	0.53
Printing and Stationery	5.81	3.78
Others	18.82	13.72
Total	323.54	199.42

***Auditors Fees and Expenses**

Description	Period ended 31 st March, 2022	Year ended 31 st March, 2021
Statutory Audit	0.24	0.24
Tax Audit	0.07	0.07
Certification	0.15	0.15
Reimbursement of Expenses	0.07	0.07
Auditors Fees and Expenses#	0.53	0.53

Includes audit fee of ₹0.23 Cr paid to previous auditor

(All amounts in ₹ Crore unless otherwise stated)

NOTE 28 Other Expenses (Contd.)

** Expenditure incurred on Corporate Social Responsibility activities:

Particulars	Period ended 31 st March, 2022	Year ended 31 st March, 2021
(i) Amount required to be spent by the Company during the year	3.42	3.98
(ii) Amount of expenditure incurred	3.50	4.00
(iii) Shortfall at the end of the year	-	-
(iv) Total of previous years shortfall	-	-
(v) Reason for shortfall	NA	NA
(vi) Nature of CSR activities	-	-
a. Expenses incurred through Trusts	3.50	4.00
Total	3.50	4.00

NOTE 29 Income Tax Expenses

Description	Period ended 31 st March, 2022	Year ended 31 st March, 2021
(a) Income tax expense		
Current tax on profits for the year	65.01	47.05
Tax profits relating to prior period	-	(0.53)
Total current tax expense	65.01	46.52
Deferred tax		
Decrease/(increase) in deferred tax assets	(34.36)	(38.10)
(Decrease)/increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	(34.36)	(38.10)
Income tax expense for the year	30.65	8.42
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	151.85	106.17
Tax at the Indian tax rate of 25.168% (previous year – 25.168%)	38.22	26.72
Tax effect of amounts which are permanent differences in nature in calculation of taxable income	(7.57)	(18.11)
Income tax expense	30.65	8.61

NOTE 30 Other Comprehensive Income

Description	Period ended 31 st March, 2022	Year ended 31 st March, 2021
Items that will not be reclassified to profit or loss		
Remeasurement of the defined benefit plans	(1.67)	(3.50)
Income tax relating to these items	0.42	0.88
Items that will be reclassified to profit or loss		
Fair value change on cash flow hedge	40.71	(3.55)
Income tax relating to these items	(10.25)	0.89
Other Comprehensive Income	29.21	(5.28)

(All amounts in ₹ Crore unless otherwise stated)

NOTE 31 Earnings Per Share

	Period ended 31 st March, 2022	Year ended 31 st March, 2021
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	6.20	5.22
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	6.20	5.22
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basis earnings per share	121.20	97.55
Diluted earnings per share		
Profit attributable to equity holders of the Company - Used in calculating basis earnings per share	121.20	97.55
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	195,548,365	186,986,825
(e) Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	195,548,365	186,986,825

NOTE 32 Employee Benefit Obligations

Defined Benefit Obligation

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

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

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

(All amounts in ₹ Crore unless otherwise stated)

NOTE 32 Employee Benefit Obligations (Contd.)

Particulars	Gratuity			Pension			Compensated Absences		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
As on 1 st April, 2021	22.13	(20.33)	1.80	11.68	-	11.68	20.27	-	20.27
Current service cost	3.66	-	3.66	-	-	-	-	-	-
Interest expense/(income)	1.25	(1.32)	(0.06)	0.76	-	0.76	1.04	-	1.04
Total amount recognised in profit or loss	4.92	(1.32)	3.60	0.76	-	0.76	1.04	-	1.04
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.79)	(0.79)	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	(0.26)	-	(0.26)	(0.29)	-	(0.29)	(0.18)	-	(0.18)
Experience (gains)/losses	1.36	-	1.36	1.65	-	1.65	5.55	-	5.55
Total amount recognised in other comprehensive (income)/Losses	1.10	(0.79)	0.31	1.36	-	1.36	5.37	-	5.37
Employer contributions	-	(8.52)	(8.52)	-	-	-	(2.14)	-	(2.14)
Benefit payments	(0.40)	0.40	(0.00)	-	-	-	-	-	-
As on 31st March, 2022	27.74	(30.56)	(2.81)	13.80	-	13.80	24.54	-	24.54

Details	Gratuity		Pension		Compensated Absences	
	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021
Discount Rate	5.36%	4.99%	6.13%	5.98%	5.17%	4.82%
Salary Growth Rate	6.00%	6.00%	5.50%	5.50%	6.00%	6.00%
Attrition Rate	36.00%	36.00%	0.00%	0.00%	36.00%	36.00%
Retirement Age	58	58	60	60	58	58
Mortality inclusive of provision for disability	100% of Indian Assured Lives Mortality (IALM)					

(i) Sensitivity Analysis

FY 2021-22

Particulars	Gratuity			Pension			Compensated Absences		
	Change in Assumption	Due to increase in Assumption	Due to decrease in Assumption	Change in Assumption	Due to increase in Assumption	Due to decrease in Assumption	Change in Assumption	Due to increase in Assumption	Due to decrease in Assumption
Discount Rate	0.50%	27.41	28.09	1.00%	12.05	15.91	0.50%	24.28	24.81
Salary Growth Rate	0.50%	28.08	27.41	1.00%	15.99	11.97	0.50%	24.81	24.28
Mortality	5.00%	27.74	27.74	5.00%	13.69	13.91	5.00%	24.54	24.54

FY 2020-21

Particulars	Gratuity			Pension			Compensated Absences		
	Change in Assumption	Due to increase in Assumption	Due to decrease in Assumption	Change in Assumption	Due to increase in Assumption	Due to decrease in Assumption	Change in Assumption	Due to increase in Assumption	Due to decrease in Assumption
Discount Rate	0.50%	21.85	22.40	1.00%	10.11	13.59	0.50%	20.05	20.50
Salary Growth Rate	0.50%	22.39	21.86	1.00%	13.66	10.04	0.50%	20.49	20.05
Mortality	5.00%	22.12	22.12	5.00%	11.58	11.78	5.00%	20.27	20.27

(All amounts in ₹ Crore unless otherwise stated)

NOTE 32 Employee Benefit Obligations (Contd.)

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

Particulars	
Within the next 12 months (next annual reporting period)	8.42
Between 2 and 5 years	18.20
Beyond 5 years	4.64
Total	31.26

(iii) Risk exposure:

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

Asset volatility

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

Changes in bond yields

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

(iv) Defined contribution plans:

The Company's contribution to defined contribution plan viz., provident fund, of ₹25.99 (31st March, 2021: ₹18.75) has been recognised in the Statement of Profit and Loss. There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28th February, 2019 on components / allowances paid to employees that need to be taken into account while computing an employer's contribution to provident fund under the EPF Act. The Company is in the process of evaluating the method of computation of its PF contribution in relation to above judgement and would record any further effect in its financial statements, on receiving further clarification on the subject.

NOTE 33 Fair Value Measurements

Financial assets and financial liabilities measured at amortised cost, including their levels in the fair value hierarchy:

Particulars	Carrying Amount		Fair Value Hierarchy	Fair Value	
	31 st March, 2022	31 st March, 2021		31 st March, 2022	31 st March, 2021
Financial assets:					
Cash and Cash equivalents	970.46	666.87	Level 3	970.46	666.87
Other Bank Balances	6.00	0.87	Level 3	6.00	0.87
Trade Receivables	37.90	25.87	Level 3	37.90	25.87
Loans	14,014.30	11,154.95	Level 3	14,014.30	11,154.95
<u>Other Financial Assets</u>					
Employees Related Receivables	4.85	4.62	Level 3	4.85	4.62
Advances to Related Parties	38.10	73.21	Level 3	38.75	59.39
Other Financial Assets - Related Parties	-	-	Level 3	-	-
Other Financial Assets - Non Related Parties	9.41	9.41	Level 3	9.41	9.41
Security Deposit for Leased Premises	8.27	7.49	Level 3	8.27	7.49
Deposit with Service Providers	6.39	4.38	Level 3	6.39	4.38
Total	15,095.68	11,947.68		15,096.33	11,933.85

(All amounts in ₹ Crore unless otherwise stated)

NOTE 33 Fair Value Measurements (Contd.)

Particulars	Carrying Amount		Fair Value Hierarchy	Fair Value	
	31 st March, 2022	31 st March, 2021		31 st March, 2022	31 st March, 2021
Financial liabilities:					
Trade Payables	333.81	229.37	Level 3	333.81	229.37
Debt Securities	2,213.68	1,170.85	Level 3	2,213.68	1,170.85
Borrowings other than Debt Securities	9,457.10	8,041.11	Level 3	9,457.10	8,041.11
Subordinated Liabilities	1,293.34	942.79	Level 3	1,293.34	942.79
Other financial liabilities	230.68	207.57	Level 3	230.68	207.57
Total	13,528.61	10,591.69		13,528.61	10,591.69

Financial assets and liabilities measured at fair value (Level 2)

Particulars	31 st March, 2022	31 st March, 2021
Financial Assets		
Derivative Financial Instruments	64.06	-
Total Financial Assets	64.06	-
Financial Liabilities		
Derivative Financial Instruments	-	14.57
Total Financial Assets	-	14.57

There were no transfers between any levels during the year.

(i) Fair value hierarchy

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

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

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

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

ii. Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- The Management assessed that Cash and Cash equivalents, bank balance other than Cash and Cash equivalents, receivable, other financial assets, payables and other financial liabilities approximates their carrying amount largely due to short-term maturities of these instruments. The fair value of the investments have been considered as the carrying value of these investments since these investments have been made in the subsidiaries of the Company.
- The majority of borrowings are floating rate borrowings, the carrying value is representative of the fair value.
- The fair values for advance to related parties and rent advance were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
- The fair value of forward foreign exchange contracts and cross currency interest rate swaps (CCIRS) is determined using forward exchange rates at the balance sheet date.

(All amounts in ₹ Crore unless otherwise stated)

NOTE 34 Financial Risk Management

The Company's financial assets include loan and advances, investments and cash and cash equivalents that derive directly from its operations. The Company's financial liabilities comprise mainly borrowings from banks, commercial papers and debentures.

The Company is exposed to various risks such as Credit risk, Liquidity risk, Foreign currency risks and Interest rate risks.

The Board of Directors have the overall responsibility for the establishment of governance and oversight in relation to the Company's Risk Management Framework. The Board of Directors have established Committees such as the Risk Management Committee and Asset Liability Committee for developing and monitoring the Company's risk management policies and treasury policies. The Committees reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the various risks faced by the Company, to set appropriate risk benchmarks limits and controls and to monitor risks and adherence to limits from time to time. The Risk Management Committee oversees how management monitors compliance with the risk management policies and procedures and other governance framework and reviews the adequacy of the Risk management framework in relation to the various risks faced by the Company from time to time.

(A) Credit Risk

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

Loans

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

Particulars	31 st March, 2022	31 st March, 2021
Gross Carrying value of Loans		
Stage-1 (Less than 30 Days)	12,776.83	9,539.60
Stage-2 (30-90 Days)#	1,097.14	1,481.27
Stage-3 (More than 90 Days)*	528.99	423.75
Total Gross carrying value as on reporting date	14,402.96	11,444.62

Includes restructured contracts under one-time resolution framework vide RBI circular dated 6th August, 2020 and RBI/2021- 22/31/ DOR.STR.REC.11 /21.04.048/2021-22 dated 5th May, 2021 irrespective of days past due on the reporting date.

* Includes restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR. No.BP.BC.45/21.04.048/2018-19 dated 7th June, 2019 irrespective of days past due on the reporting date.

Other financial assets

Credit risk with respect to other financial assets are extremely low except "Other Financial Assets - Non Related Parties". Based on the credit assessment, the historical trend of low default is expected to continue. No provision for ECL has been created for Other Financial Assets except full provision on "Other Financial Assets - Non Related Parties".

Credit quality

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

Inputs considered in the ECL model

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

(All amounts in ₹ Crore unless otherwise stated)

NOTE 34 Financial Risk Management (Contd.)

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

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

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

Assumptions considered in the ECL model

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

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

Estimation Technique

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

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

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

The Company considers a broad range of forward-looking information with reference to external forecasts of economic parameters such as GDP growth, government borrowing, private consumption expenditure, policy interest rates, etc., as considered relevant so as to determine the impact of macro-economic factors on the Company's ECL estimates. The internal estimates of PD, LGD rates used in the ECL model may not always capture all the characteristics of the market/external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

Assessment of Significant Increase in Credit Risk

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

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

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27th March, 2020 and 17th April, 2020 relating to ‘COVID-19 – Regulatory Package’, the Company has offered moratorium up to six months on the payment of instalments falling due between 1st March, 2020 and 31st August, 2020 to all eligible borrowers. The Company has extended One-Time Resolution framework as for COVID-19-related stress to eligible customers as per applicable RBI guidelines and as per the policy of the Company. The Company has classified all restructured accounts done under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June, 2019 in Stage 3 and with regard to restructured contracts done under one-time resolution framework vide RBI circular dated 6th August, 2020 and RBI/2021- 22/31/ DOR.STR.REC.11 /21.04.048/2021-22 dated 5th May, 2021 in Stage 2 irrespective of days past due status on the reporting date.

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

(All amounts in ₹ Crore unless otherwise stated)

NOTE 34 Financial Risk Management (Contd.)

Definition of default

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

Impairment loss

The expected credit loss allowance provision is determined as follows:

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31st March, 2022	12,776.83	1,097.14	528.99	14,402.96
Expected Credit Loss	87.80	33.25	267.61	388.66
Expected Credit Loss Rate	0.69%	3.03%	50.59%	2.70%
Net of Impairment Provision	12,689.03	1,063.89	261.38	14,014.30

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

Reconciliation of Expected Credit Loss

Particulars	Stage 1	Stage 2	Stage 3	Grand Total
Balance as at 1st April, 2020	39.23	9.50	143.38	192.11
Transfer from Stage 1	(9.66)	7.54	2.11	-
Transfer from Stage 2	2.44	(4.61)	2.17	-
Transfer from Stage 3	0.99	0.45	(1.43)	-
Loans that have derecognised during the period	(8.35)	(1.43)	(41.06)	(50.85)
New Loans originated during the year	33.56	4.26	14.78	52.61
Net Remeasurement of Loss Allowance	23.70	26.62	45.49	95.80
Balance as at 31st March, 2021	81.90	42.34	165.43	289.67
Transfer from Stage 1	(29.74)	18.52	11.22	-
Transfer from Stage 2	2.12	(12.60)	10.48	-
Transfer from Stage 3	4.64	2.41	(7.05)	-
Loan that have derecognised during the period	(21.70)	(19.63)	(90.95)	(132.28)
New Loans originated during the year	60.76	2.65	17.14	80.55
Net Remeasurement of Loss Allowance	(10.17)	(0.44)	161.34	150.73
Balance as at 31st March, 2022	87.81	33.25	267.61	388.67

Concentration of Credit Risk

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

	31 st March, 2022	31 st March, 2021
Carrying value		
Concentration by geographical region in India		
South	5,619.30	4,426.79
West	3,870.72	3,123.68
East	2,517.92	2,042.22
North	2,395.02	1,851.93
Total Loans as at reporting period	14,402.96	11,444.62

(All amounts in ₹ Crore unless otherwise stated)

NOTE 34 Financial Risk Management (Contd.)

(B) Liquidity Risk

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

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

i. Financing arrangements

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

	31 st March, 2022	31 st March, 2021
Floating rate		
Expiring within one year (bank overdraft and other facilities)	1,215.35	1,427.87
Expiring beyond one year (bank loans)	-	-
	1,215.35	1,427.87

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

ii. Maturities of financial liabilities

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

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

The table below summarises the maturity profile of the Company's non derivative financial liabilities based on contractual undiscounted payments as at the balance sheet date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Particulars	Contractual Cashflows					Total carrying Amount
	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	
As at 31st March, 2022						
Borrowings	3,003.33	975.61	3,061.07	5,375.24	548.86	12,964.11
Security Deposit	43.70	29.13	5.26	3.28	-	81.37
Trade payables	146.85	68.12	108.65	10.16	-	333.77
Other Financial Liabilities	72.35	2.32	57.53	19.23	0.37	151.81
Total non-derivative liabilities	3,266.23	1,075.18	3,232.51	5,407.92	549.23	13,531.07
Particulars	Contractual Cashflows					Total carrying Amount
	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	
As at 31st March, 2021						
Borrowings	1,386.89	694.91	3,161.99	4,417.06	493.90	10,154.75
Security Deposit	29.41	19.61	4.44	-	-	53.46
Trade Payables	94.40	70.13	55.54	7.80	-	227.87
Other Financial Liabilities	79.14	2.10	56.76	17.10	2.27	157.36
Total non-derivative liabilities	1,589.84	786.75	3,278.73	4,441.96	496.17	10,593.45

(All amounts in ₹ Crore unless otherwise stated)

NOTE 34 Financial Risk Management (Contd.)

(C) Foreign Currency Risk Exposure:

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

	31 st March, 2022	31 st March, 2021
Financial liabilities		
Variable Foreign Currency Borrowings (USD 287 million) (Previous Year USD 187 million)	2,108.05	1,356.55
Derivative liabilities		
Hedged through forward contracts and CCS	2,108.05	1,356.55
Net exposure to foreign currency risk (Liabilities)	-	-

Sensitivity analysis:

The Company has hedged all its foreign currency exposures by entering into CCS/Forwards contracts, it shall not be subject to any sensitivity on settlement due to foreign currency fluctuation due to the movements in foreign exchanges i.e. USD. Forward Contract & Cross Currency Swap are to buy USD for Hedging Foreign Currency Loan. The Company shall not maintained as per IND-AS 109 to be considered as Foreign Currency Loan.

Impact on Profit After Tax		
USD Sensitivity	31 st March, 2022	31 st March, 2021
INR/USD Increases by 5%	-	-
INR/USD Decreases by 5%	-	-

(D) Fair Value Interest Rate Risk:

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31st March, 2022 and 31st March, 2021, the Company's borrowings at variable rate were mainly denominated in INR.

The Company's floating rate borrowings are carried at amortised cost. For NBFC business, loan is the major source for running the business. In India, loans are generally available at Floating Interest Rate. And there are no such option available to obtain swap option for Floating Interest Rate linked to respective bank MCLR with Fixed Interest. Hence except foreign currency loans, other loans are not hedged. The Company has increased the component of fixed rate borrowings compared to last year by 22%.

(a) Interest rate risk exposure

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

Particulars	31 st March, 2022	31 st March, 2021
Variable rate borrowings	6,232.48	7,126.66
Total borrowings	12,964.11	10,154.75

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

Particulars	31 st March, 2022		
	Weighted average interest rate	Balance	% of total loans
Cash credits, bank loans etc.	6.53%	6,232.48	48.07%

Particulars	31 st March, 2021		
	Weighted average interest rate	Balance	% of total loans
Cash credits, bank loans etc.	7.04%	7,126.66	70.18%

An analysis by maturities is provided in note 34 B (ii) above.

(All amounts in ₹ Crore unless otherwise stated)

NOTE 34 Financial Risk Management (Contd.)

(b) Sensitivity

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

Impact on Profit After Tax		
Particulars	31 st March, 2022	31 st March, 2021
Interest rates – increase by 50 basis points (50 bps) *	31.16	38.00
Interest rates – decrease by 50 basis points (50 bps) *	(31.16)	(38.00)

* Holding all other variables constant

NOTE 35 Capital Management

(a) Risk management

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

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

Particulars	31 st March, 2022	31 st March, 2021
Net debt (total borrowings, less cash and cash equivalents)	11,993.65	9,487.89
Total Equity (as shown in the balance sheet)	1,865.80	1,565.38
Net debt to equity ratio	6.43	6.06

(b) Externally imposed capital restrictions

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

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

(All amounts in ₹ Crore unless otherwise stated)

NOTE 36 Leases

a Lease Disclosures pertaining to Right to use Asset

Particulars	31 st March, 2022	31 st March, 2021
Building		
Gross Block		
Opening/(On transition to IND-AS 116)	18.68	25.78
Revaluation due to change in future lease rentals	-	(3.70)
Additions during the year	6.49	3.88
(Deletions during the year)	-	-
Closing Balance during the year	25.17	25.96
<i>Amortisation</i>		
Additions	-	-
Amortisation for the year	7.05	7.28
Closing Balance during the year	18.12	18.68

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

Lease Disclosures pertaining to Statement of Profit & Loss

Particulars	31 st March, 2022	31 st March, 2021
Finance charges		
Interest expense	1.99	2.02
Depreciation		
Amortisation of Right to use asset	7.05	7.28
Other expenses		
<u>Rent expenses</u>		
Expense relating to short-term leases (included in other expenses)	11.65	10.77
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)	-	-
Expense relating to variable lease payments not included in the measurement of lease liabilities	-	-
Total	20.69	20.07

d Additional disclosures in cash flow statement

Particulars	31 st March, 2022	31 st March, 2021
Cash flow financing activities		
Principal repayments related to lease liabilities	6.56	6.92
Interest payments related to lease liabilities	1.99	2.02

(All amounts in ₹ Crore unless otherwise stated)

37. Additional notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

1. Capital Commitments

Description	31 st March, 2022	31 st March, 2021
Estimated amount of contracts remaining to be executed on Capital Account not provided for	0.78	2.52

2. Other Commitments

Description	31 st March, 2022	31 st March, 2021
Estimated amount of contracts remaining to be executed on Capital Account not provided for	48.33	22.89

3. Contingent Liabilities not provided for

Claims against the Company not acknowledged as debts.

Description	31 st March, 2022	31 st March, 2021
Disputed Income Tax Demand (adjusted out of refunds)	-	-
Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹0.36 Cr)	7.70	7.70
Legal cases filed by borrowers against the Company	1.48	1.23

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

4. Pursuant to a Business Transfer Agreement (BTA) entered into with TVS Finance and Services Limited (TVSFS) on 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 ₹50.75 crores and liabilities (comprising of borrowings from Banks and Institution, current liabilities and provisions) of ₹298.75 crore. TVSFS issued Unsecured Redeemable Bonds to the Company, for the excess of liabilities over assets of ₹248 crore. 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. The advance from TVSMS to the Company pertaining to this transaction stands at ₹37.06 crore as at 31st March, 2021 as per IND-AS fair valuation and advance is fully secured.

5. Pursuant to para 2 of general instructions for preparation of financial statements of a NBFC as mentioned in Division III of Schedule III of The Companies Act, 2013, the current and non-current classification has not been provided.

6. Related Party Disclosure

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

Nature of Relationship	Parties Name
Reporting Enterprise	TVS Credit Services Limited
Holding Company	TVS Motor Company Limited Sundaram-Clayton Limited (holding company of TVS Motor Company Limited)
Ultimate Holding Company	T V Sundram Iyengar & Sons Private Limited (up to 4 th February, 2022) TVS Holdings Private Limited (with effect from 4 th February, 2022)
Subsidiaries	TVS Housing Finance Private Limited Harita ARC Private Limited TVS Two Wheeler Mall Private Limited TVS Micro Finance Private Limited (up to 3 rd September, 2021) Harita Collection Services Private Limited (up to 3 rd September, 2021) TVS Commodity Financial Solutions Private Limited (up to 9 th February, 2022)
Fellow Subsidiary	TVS Motor Services Limited Sundaram Auto Components Limited TVS Automobile Solutions Private Limited
Associate of Holding Company	Emerald Haven Realty Limited

(All amounts in ₹ Crore unless otherwise stated)

37. Additional notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022 (Contd.)

Transactions with related parties and balance outstanding as at the end of the year:

S.No.	Name of the Related Party	Nature of Transactions	31 st March, 2022	31 st March, 2021
1	TVS Motor Services Limited	Advance received	41.33	6.37
		Unwinding of advance	6.23	1.38
		Balance outstanding [Dr/(Cr)]	38.10	73.21
2	TVS Motor Company Limited	Contribution towards Equity Share Capital	6.17	6.78
		Contribution towards Security Premium	93.83	93.22
		Services Rendered	9.03	21.55
		Availing of Services	8.34	6.96
		Balance outstanding [Dr/(Cr)]	(2.80)	8.49
3	Sundaram-Clayton Limited	EMI Payment	0.11	0.10
		Availing of Services	3.92	3.08
		Balance outstanding [Dr/(Cr)]	(0.48)	0.03
4	Sundaram Auto Components Limited	EMI Payment	0.11	0.11
		Balance outstanding [Dr/(Cr)]	0.04	0.15

The Company has not granted any Loans or Advances in the nature of loans to Promoters, Directors, Key Managerial Personnel and the related parties, either severally or jointly with any other person, which are (a) Repayable on demand; or (b) Without specifying any terms or period of repayment.

7. The Company has no transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.
8. The Company is in compliance with the number of layers prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
9. There have been no events after the reporting date that require disclosure in the Financial Statements.
10. Prior period figures have been regrouped, wherever necessary, to conform to the current period presentation.
11. No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
12. No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
13. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(All amounts in ₹ Crore unless otherwise stated)

37. Additional notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022 (Contd.)

14. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for the year ended 31st March, 2022

Name of the Entity	Net Assets		Share in Profit/(Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of Consolidated Net Assets	₹ in Cr	As a % of Consolidated Profit/(Loss)	₹ in Cr	As a % of Consolidated Other Comprehensive Income	₹ in Cr	As a % of Consolidated Total Comprehensive Income	₹ in Cr
Parent								
TVS Credit Services Limited	99.88%	1,863.64	99.59%	120.73	100.00%	29.21	99.67%	149.94
Subsidiaries								
TVS Housing Finance Private Limited	0.76%	14.22	0.41%	0.50	0.00%	-	0.33%	0.50
Haritha ARC Private Limited	0.00%	(0.01)	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
TVS Two Wheeler Mall Private Limited	0.00%	(0.01)	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
Inter Company Eliminations	(0.64%)	(12.01)	0.00%	-	0.00%	-	0.00%	-
Total	100.00%	1,865.83	100.00%	121.23	100.00%	29.21	100.00%	150.44

As per our report of even date

For Sundaram & Srinivasan
Chartered Accountants
ICAI Regn No. FRN 004207S

S. Usha
Partner
Membership No. 211785
Place : Chennai
Date : 4th May, 2022

For and on behalf of the Board of Directors of
TVS Credit Services Limited

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

The logo for TVS CREDIT, with 'TVS' in blue and 'CREDIT' in green, followed by a green square icon with a white diagonal line. The background features a large, stylized, pixelated silhouette of a person in a dynamic pose, holding a long staff or spear.

TVS CREDIT

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Corporate Office:

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