TVS CREDIT

Going the distance, aiming even further.

ANNUAL REPORT 2019-20

TVS CREDIT

Let's aim for new horizons.

It has been a year like no other – not just for us at TVS Credit, but for the world at large. The events of the recent past have reconfirmed our belief that true winners are those who are always willing to go the extra mile. Experience is the fuel that drives us further, our learnings are the directions, and our values are the rudder that steers us to our goal. As we complete another year, another lap of our race towards success, we celebrate those who push the limits, always going forward no matter what.

TVS CREDIT

Empowering India. One Indian at a Time.

BOARD OF DIRECTORS
Venu Srinivasan, Chairman
Sudarshan Venu
T K Balaji
K N Radhakrishnan
V Srinivasa Rangan
Sasikala Varadachari
R Gopalan (w.e.f. 20th July, 2019)
B Sriram (w.e.f. 12th October, 2019)

AUDIT COMMITTEE
R Gopalan, Chairman
V Srinivasa Rangan
K N Radhakrishnan

NOMINATION AND REMUNERATION COMMITTEE
K N Radhakrishnan, Chairman
V Srinivasa Rangan
R Gopalan

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

RISK MANAGEMENT COMMITTEE
Sasikala Varadachari, Chairman
K N Radhakrishnan
V Srinivasa Rangan

ASSET LIABILITY MANAGEMENT COMMITTEE
B Sriram, Chairman
Sudarshan Venu
Sasikala Varadachari

INFORMATION TECHNOLOGY STRATEGY COMMITTEE
Sasikala Varadachari, 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

CHIEF EXECUTIVE OFFICER
G Venkatraman

CHIEF FINANCIAL OFFICER
V Gopalakrishnan

COMPANY SECRETARY
J Ashwin

FINANCIAL INSTITUTION
Housing Development Finance Corporation Limited

STATUTORY AUDITORS
Raghavan, Chaudhuri & Narayanan
Chartered Accountants
No. 17/12, II Floor, Casa Capitol,
Wood Street, Ashoknagar,
Bengaluru - 560 025.
Tel. : 080-2556 7578 / 2551 4771
E-mail : sathya@nca-india.com

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

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

BANKERS
Axis Bank Limited
Allahabad Bank
Aditya Birla Finance Limited
Bank of Baroda
BNP Paribas
Canara Bank
Citibank
CTBC Bank Limited
DCB Bank Limited
Deutsche Bank
Federal Bank Limited
HDFC Bank Limited
HSBC
Indian Bank
Karnataka Bank
South Indian Bank Limited
State Bank of India
Syndicate Bank
Tata Capital Financial Services Limited
Union Bank of India
DBS Bank Limited
MUFG Bank
Catholic Syrian Bank
MUDRA
Punjab National Bank

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

NOTICE is hereby given that the twelfth Annual General Meeting 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 Monday, the 27th July, 2020 at 10.00 A.M. to transact the following businesses:

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, 2020, together with the Directors' report and the Auditors' reports thereon as circulated to the members and presented to the meeting be and the same are hereby approved and adopted."

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

   "RESOLVED THAT Mr. 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."

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

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

SPECIAL BUSINESS:

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

   "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, Mr. R Gopalan (holding DIN: 01624555), 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 his appointment as a Non-Executive and Independent Director of the Company, for a term of five consecutive years w.e.f. 20th July, 2019 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."

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

   "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, Mr. B Sriram (holding

DIN: 02993708), 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 his appointment as a Non-Executive and Independent Director of the Company, for a term of five consecutive years w.e.f. 12th October, 2019 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."

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

"RESOLVED THAT, subject to the provisions of Sections 197 and 198 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), all Non Executive Directors (NEDs) of the Company be paid in addition to sitting fees for attending the meetings of the board or of a committee thereof and travelling and stay expenses such sum as commission payable, at such intervals, for each such NEDs of the Company, as may be determined by the Board of Directors of the Company, from time to time, for each financial year, from 1st April, 2020 within the overall limit, specified under the provisions of Section 197, calculated in accordance with the provisions of Section 198 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.".

By order of the Board of Directors

Place : Chennai
Date : 27th May, 2020

J Ashwin
Company Secretary

NOTES:

i. **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 reach the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting. A person shall not act as a Proxy for more than 50 members and holding in aggregate not more than 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.**

ii. 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.

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 27th May, 2020 and shall be taken as forming part of the notice.

Item No. 4

The Board, on recommendation of the Nomination and Remuneration Committee (NRC), proposed the appointment of Mr. R Gopalan, (holding DIN: 01624555) 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 Companies (Appointment and Qualification of Directors) Rules 2014. In the opinion of the NRC and the Board, Mr. R Gopalan fulfils the conditions specified under the Act, 2013 and the rules made thereunder , for the proposed appointment as a NE-ID by the shareholders of the Company and he is independent of the management of the Company.

NRC evaluated his skills, experience and knowledge in the fields of finance, management, administration and corporate governance and other fit and proper criteria laid down under RBI Regulations. The Board considered that the proposed appointment of Mr. R Gopalan as Director will be of immense benefit to the Company.

The Board also felt that the core skills / expertise / competencies of Mr. R Gopalan would be required for the Company in the context of its business(es) and sector(s) to function effectively.

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 Mr. R Gopalan who was appointed as an Additional Director and who holds office up to 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 20th July, 2019 and not liable to retire by rotation during his tenure of appointment.

The Company has received a consent in writing from Mr. R Gopalan to act as a Director in Form DIR-2, intimating to the effect that he is not disqualified to be appointed as a Director and a declaration in writing that he meets the criteria of independence as provided under Section 149(6) of the Act, 2013.

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, during office hours as stated above.

The Company has also received a notice from a member under Section 160 of the Act, 2013, proposing the candidature of Mr. R Gopalan for the office of Director of the Company. Except Mr. R Gopalan, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution relating to his appointment as a NE-ID of the Company.

Accordingly, the Directors recommend the ordinary resolution in relation to appointment of Mr. R Gopalan as a NE-ID for approval of the shareholders, as set out in Item No.4 of this Notice.

Item No. 5

The Board, on recommendation of the NRC, proposed the appointment of Mr. B Sriram, (holding DIN: 02993708) 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 Companies (Appointment and Qualification of Directors) Rules 2014. In the opinion of the NRC and the Board, Mr. B Sriram fulfils the conditions specified under the Act, 2013 and the rules made thereunder , for the proposed appointment as a NE-ID by the shareholders of the Company and he is independent of the management of the Company.

NRC evaluated his skills, experience and knowledge in the fields of banking, finance, management and corporate governance and other fit and proper criteria laid down under RBI Regulations. The Board considered that the proposed appointment of Mr. B Sriram as Director will be of immense benefit to the Company.

The Board also felt that the core skills / expertise / competencies of Mr. B Sriram would be required for the Company in the context of its business(es) and sector(s) to function effectively.

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 Mr. B Sriram who was appointed as an Additional Director and who holds office up to 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 12th October, 2019 and not liable to retire by rotation during his tenure of appointment.

The Company has received a consent in writing from Mr. B Sriram to act as a Director in Form DIR-2, intimating to the effect that he is not disqualified to be appointed as a Director and a declaration in writing that he meets the criteria of independence as provided under Section 149(6) of the Act, 2013.

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, during office hours as stated above.

The Company has also received a notice from a member under Section 160 of the Act, 2013, proposing the candidature of Mr. B Sriram for the office of Director of the Company.

Except Mr. B Sriram, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution relating to his appointment as a NE-ID of the Company.

Accordingly, the Directors recommend the ordinary resolution in relation to appointment of Mr. B Sriram as a NE-ID for approval of the shareholders, as set out in Item No.5 of this Notice.

Item No. 6

In terms of Section 197 of the Act, 2013 remuneration payable to Non- Executive Directors would be within the limits specified for every year, subject to approval of the shareholders of the Company at a general meeting.

The Board was of the opinion that NEDs would have to be recognised and compensated:

i. For their significant contributions towards achieving the present growth of the Company;

ii. For the time spent by them in deliberating the operational and other issues, their increased involvement and participation in meetings of various committees and the Board and for advising the management of the Company;

iii. Their increased role/functions and enhanced responsibility, consequent to the introduction of various compliance requirements under the Act and RBI regulations, from time to time and the Company also derives substantial benefit through their expertise and advice.

Any payment by way of remuneration to NEDs would require an approval of the shareholders of the Company as per the provisions of the Act.

The Board, therefore, decided to pay remuneration including commission to NEDs in such manner, as the Board may determine, from time to time, for each financial year, within the overall limit approved by the shareholders subject to performance of the Company.

Hence, the Board, at its meeting held on 27th May, 2020, approved this proposal on the recommendation of NRC to seek the approval of the shareholders for payment of remuneration commencing from 1st April, 2020 to such NEDs for each financial year and, therefore, recommends the special resolution, as set out in Item No.6 of this Notice.

All NEDs of the Company and their relatives are interested in the resolution set out at Item No.6 of this Notice.

Inspection of documents

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

By order of the Board of Directors

Place : Chennai
Date : 27th May, 2020

J Ashwin
Company Secretary

The Directors have pleasure in presenting the Twelfth Annual Report and the audited accounts of the Company for the year ended 31st March, 2020.

1. BUSINESS AND FINANCIAL PERFORMANCE

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

₹ in Cr

Particulars	Year ended	
	31-03-2020	31-03-2019
Revenue from Operations	1,989.64	1,601.32
Other Income	25.04	32.85
Total	**2,014.68**	**1,634.17**
Finance Costs	699.81	557.46
Fees & Commission, Employee benefit, Administrative & other Operating expenses	802.73	661.08
Depreciation and amortisation expenses	20.10	15.22
Impairment and loss on de-recognition of financial instruments	273.73	184.45
Total	**1,796.37**	**1,418.20**
Profit / (Loss) before Tax & Exceptional Item	**218.31**	**215.97**
Less : Exceptional item	8.00	-
Profit / (Loss) before tax	**210.31**	**215.97**
Less: Tax expense		
- Current Tax	60.00	82.39
- Deferred Tax	(0.20)	(14.72)
Profit / (Loss) after tax	**150.51**	**148.30**
Other Comprehensive Income	(17.65)	(0.60)
Total Comprehensive Income	**132.86**	**147.70**
Balance brought forward from previous year	388.35	240.65
Surplus / (Deficit) carried to Balance Sheet	**521.21**	**388.35**

Company's Performance

During the year under review, the assets under management stood at ₹9,215 Cr as against ₹8,335 Cr during the previous year registering a growth of 11%. Total income during the financial year 2019-20 increased to ₹2,014.68 Cr from ₹1,634.17 Cr during the financial year, an increase of 23% over the previous year. The profit before tax and exceptional items for the year has also improved and stood at ₹218.31 Cr as against ₹215.97 Cr during the previous year.

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

Key Performances during the Financial Year

The Company disbursed ₹3,223 Cr of Two-Wheeler Loans as against ₹3,265 Cr in the previous year, registering a de-growth of 1.3%. The Company continues to be the leading financier for TVS Motor Company Ltd.

The Company disbursed ₹740 Cr of Used Car Loans as against ₹1,123 Cr in the previous year by focussing more on profitable areas.

The Company disbursed ₹1,172 Cr in overall Tractor Loan segment as against ₹832 Cr in the previous year, registering a growth of 41%.

In Consumer Durable Loans, the Company disbursed ₹1,025 Cr to 5.2 lakh customers as against ₹1,046 Cr to 5.3 lakh customers in the previous year.

The Company scaled up its Used Commercial Vehicle finance and disbursed ₹574 Cr during the current year as against ₹268 Cr in the previous year.

The Company also did Cross-Selling business to its existing customers to the tune of ₹525 Cr as against ₹479 Cr during the previous year registering a growth of 9.6%.

In line with Company's long-term vision of being preferred financier with diversified and profitable portfolios, the Company commenced Medium Small and Micro Enterprises (MSME) financing. The Company has scaled up MSME financing through 5 branches in Tamilnadu and Karnataka in addition to financing through Pan-India alliance programmes and made disbursal of ₹326 Cr during the financial year.

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Outlook

GDP outlook for FY21 is forecasted to be around 1.8% to 1.9% due to sharp contraction of private consumption as a result of large scale loss of income across the economy on account of COVID-19 outbreak. Besides, both domestic supply and demand disruptions (on the back of weak external demand) are expected to result in a sharp growth deceleration in FY21.

Current Account Deficit (CAD) outlook for FY21 will be around 0.2% of GDP due to culmination of softer prices of commodity and crude oil. 10-Yr G-sec yield stood at 6.2% as at end March 2020 as compared to 7.5% as at end March 2019. Outlook of FY21 will be expected to be higher at 6.5% despite lower inflation and softer policy rates, higher market borrowings amid fiscal slippage will push up yields.

Industry Developments

1. Non-Banking Finance Companies (NBFCs)

The Assets Under Management (AUM) of NBFCs grew by around 6% to 8% translating estimated value of ₹ 25.4 Trillion. AUM growth was at decadal low in FY20. There is de-growth in both Corporate loan segment and Retail loan segment. Retail loan de-growth was mainly due to demand slowdown in the vehicle segment, which contributes almost 50% to the overall Retail-NBFC AUM. Corporate loan growth shrinkage is due to weaker offtake in the small and medium enterprises (SME) segment led to slower growth.

Non-banks largely cater to the self-employed borrower segment in the retail space, where the cash flows are expected to be more volatile in the current situation vis-à-vis their salaried counterparts. Other non-bank (non-retail) exposures are to entities or SMEs with relatively moderate risk profiles, which accentuates their credit risk in the current scenario. The outlook for NBFCs is, therefore, negative at present, as the business growth and all key performance parameters (asset quality, solvency, liquidity and earnings) are expected to weaken over the next 1-2 quarters and recovery in the latter part of the next fiscal would depend on the overall economic turnaround. Non-banks, which are already facing funding constraints and an expected increase in delinquencies, are likely to focus more on collections at least in the near term. Non-bank are turning cautious and tightening lending norms post COVID-19, while reiterating concerns around unsecured retail credit.

2. Two-Wheeler

With around 18% year-on-year decline in wholesale despatches, the domestic Two-wheeler industry witnessed the worst volume contraction in more than a decade during FY2020. Over the past 18 months, the two-wheeler customer has been facing rising cost of ownership amidst slowing macroeconomic growth and liquidity constraints. Demand headwinds would continue over the near term amidst weak global and domestic economic sentiments which have been further aggravated by COVID-19 pandemic. Demand may revive, albeit at muted space, in second half of FY21, supported by pickup in economic activity, agri-trends and availability of BS-VI vehicles, which provides clean and safe mode of mobility. Two-wheeler demand largely rural-driven may recover at a faster pace than rest of the automotive industry.

The demand for personal mobility will increase due to customers' need to ensure personal safety. With the growing aspirations of common man and good financing options being made available, there is fundamental headroom for increase in penetration which will lead to increase in demand and growth in coming years

Two-wheeler finance is estimated to de-grow by 8% to 10% since affected by unprecedented COVID-19, however, the damage can be minimised to some extent because of increase in farm income due to Rabi harvest, improved rural development and availability of attractive financing options.

3. Passenger Vehicle

Domestic passenger vehicle (PV) industry is in the grip of slowdown for the last 4-6 quarters, amid slowdown in economy and tighter financing environment. Moreover, inventory destocking at dealerships has taken further toll on wholesale despatches. Impact of COVID-19 on economy and consumers' confidence will result in deferral of discretionary purchases like cars and H1FY21 likely to witness muted retail demand. Recovery in rural income and improvement in overall economic activity remain crucial to have any meaningful improvement in retail demand offtake.

Used Car sales are growing at greater than 20% CAGR in last 3 fiscal years mainly due to shorter car replacement cycles and increasing market penetration as more than 60% of used car purchase are by first time buyers. Considering de-growth of new passenger vehicle, lower cost factor, more preference to private transport due to COVID-19, the used car segment will comparatively fair better.

The used car segment is estimated to be bigger (in volume terms) than the new car market. Used car provides with an opportunity for affordable entry into car market and also some down-trading might happen due to the current economic conditions. Low finance penetration in this segment provides an opportunity for growth.

4. Tractor

The growth of Tractor declined in FY20, despite normal monsoon, mainly due to higher inventory levels, slowdown in rural construction activities, de-growth in Kharif production. Now Agri tractor demand contributes only 75% and commercial contributes 25%. It is expected that Agri tractor demand contribution will increase to 85% because of increase in crop output. In FY21, the tractor industry is expected to decline by 6%-8% owing to unprecedented COVID-19 crisis; however, it is the least affected segment comparatively. Above normal monsoon expectations and healthy reservoir levels should help growth revival.

NBFC credit performance to tractor is expected to be impacted by tepid tractor sales, further accentuated by the base effect of AUM growth in last year. With low rural income growth, low demand in commercial tractor sales, the outlook for FY21 is expected to decline by ~6%. The haulage segment (estimated to be 40-50% of the overall non-bank portfolio) would be affected as the economic activity slows. However, the agri segment would be relatively less impacted.

5. Consumer Durable

The consumer durables demand is estimated to decline by around 14-16% in FY21. On the supply side, companies will take some time to streamline the supply chain and manage inventories and are hopeful of revival in demand and opening of outlets with improvement in COVID-19 situation.

The loan disbursals in the consumer durables segment is set to de-grow at a rate of ~10-12% in FY21 owing to COVID-19 and tight credit underwriting norms might get implemented by NBFCs and lower income growth inducing customer to spend lower on discretionary items.

6. Commercial Vehicle (CV)

The slowdown in the domestic CV industry, which started from H2 FY2019, has accentuated during FY2020, with volumes contracting by sharp 19%. The segment has been impacted by double whammy of excess capacity along with subdued freight availability, which has suppressed freight rates and kept profitability of fleet operators under pressure. Coupled with tight liquidity in the NBFC space, and expectations of a GST rate cut, fleet operators had deferred their vehicle purchases in the current scenario. In FY2021, CV industry is expected to de-grow by ~14% owing to slump in demand due to COVID-19 and increase in vehicle cost due to BS-VI. The customers will prefer used CV's since the cost of ownership will be lower and the industrial activity is expected to revive gradually. However, sizeable share of older vehicles plying the roads given subdued new CV volumes and regulatory restrictions on age of vehicles will be deterrent.

NBFC credit to new CV segment grew 11% year-on-year (y-o-y) while used CV segment registered a growth of 13% y-o-y. New CV disbursement rate is witnessing a downward trend since Q4 FY2019 as demand has slowed. In FY2021, new CV segment is expected to de-grow by ~15-17%, used CV by ~9-11% and overall ~9-10% owing to impact of COVID-19, lower industrial activity and subdued demand scenario. However, with growth of ecommerce industry and logistics aggregators, there will be increase in demand for SCV, LCV and ICV vehicles.

7. MSME

Currently accounting for 29% of India's GDP, the MSME sector comprises 63.3 million enterprises and employs more than 110 million of India's population across rural and urban areas. The MSME sector has registered a CAGR of around 10% in gross value addition over the last five years.

The COVID-19 impact has been devastating on Indian start-ups and SMEs which were considered the backbone of the Indian economy.

Owing to COVID-19, all the industries are hit tremendously with no activity and it is estimated that it will take at least six months for everything to get normalised. In such scenarios, the credit to MSME sector is estimated to de-grow by ~4% owing to adverse outcomes looming large on the economy and clampdown on economic activity in the past few weeks owing to COVID-19.

Opportunities

Even though NBFCs have been diversifying into various lending segments – niche presence in few specific segments has remained a key success mantra for most NBFCs. Developing suitable innovative products to address B2B requirements and digital lending solutions to SME ecosystems will be key focus areas of growth. With increasing presence across geographies, relatively faster turnaround time and adaption of new technology platforms, there is wider scope for NBFCs to improve their retail finance penetrations. Cross-selling of existing products, mining of existing good payment track customers in the current situation and generating fee-based income has also been the emerging opportunities.

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

To ensure optimum utilisation of available opportunities, the Company will be focussing on :

- Working in close coordination with TVS Motor Company through integration of systems, providing attractive financing schemes and expansion on fast recovering geographies and segments
- Undertaking measures to improve productivity and optimise cost across products
- In Used CV financing, focus will be on SCV, LCV & ICV segments and extending finance to existing customers with proven track record along with tighter credit norms
- Since agri economy is least impacted by COVID-19, expansion to new tractor dealers with better credit will be explored
- High affordability and low risk segment customers for cross-selling
- Focus on current tie-ups and early revival sectors for MSME ecosystem finance along with tightening of credit filters across all sectors

- Leverage digital marketplaces and Fin Tech companies to co-originate MSME loans in the identified sectors

Threats

Due to minimal GDP outlook, NBFC credit growth will decline around 3% to 4% in extremely challenging environment. Underscoring that COVID-19 and its aftermath will affect many businesses, the SME and retail segments will be more affected than the corporate segment. Resumption of timely repayments after moratorium, which only provides near-term respite, remains doubtful, especially for the unorganised segments with limited alternative funding avenues. NPAs are expected to rise 150 bps to 200 bps in FY21 since debt servicing ability of borrowers likely to be hit due to pandemic–led economic slowdown. With low credit growth, challenges in recovery / collections, likely rise in credit cost, weakness in asset quality will adversely affect profitability in FY21.

New Regulatory Framework – Reserve Bank of India

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

- Appointment of Chief Risk Officer (CRO) for NBFCs with asset size of more than ₹50 Billion
- Amending KYC master directions with reference to changes made in Aadhaar and Other Laws (amendment) Ordinance, 2019 and amendments made by GoI to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 vide Gazette Notification G.S.R. 108(E) dated 13th February, 2019, permitting Video-based Customer Identification Process (V-CIP) as a consent-based alternate method of establishing the customer's identity, for customer onboarding
- Prudential Framework for Resolution of Stressed Assets in terms of the provisions of Section 35AA of the Banking Regulation Act, 1949, for initiation of insolvency proceedings against specific borrowers under the Insolvency and Bankruptcy Code, 2016 (IBC)
- NBFCs not to charge foreclosure charges/pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s)
- Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies
- Restructuring of Advances given to MSME sector subject to certain stipulations
- Regulatory guidelines on Implementing of IND-AS on finalisation of accounts by NBFCs
- COVID-19 - Operational and Business Continuity Measures: Steps to be taken by the banks/ financial institutions as a part of their existing operational and business continuity plans for preventing and controlling the local transmission of disease
- COVID-19 - Regulatory Package: Regulatory measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses

Key Initiatives during the Year

1. **Alternative Sourcing models and Network expansion**

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

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

- Implemented new process and system for cross-selling Personal Loans to existing customers of Two-Wheeler, Used Car & Tractor having good repayment history & good credit bureau score
- Integration with Customer Service Centre (CSC) for sourcing leads for Company's Loans and for receiving payments from customers in rural areas
- Integration with external partners for Tyre and Fuel Loan requests from their network of users into Company's MSME system
- Developed Alliance Partner Portal for Channel Partner Usage with respect to MSME Loans
- Integration with consumer OEM dealers to source loans and to enable customer repayment tracking
- Straight-Through Process for Two-Wheeler Loan customers to apply online and obtain soft sanction
- Straight-Through Process for Used Car Dealer Partners to check eligibility on behalf of customers

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

2. **Recovery Management**

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

The Company simplified the collection updating process and online Hypothecation cancellation form generation by automating through Robotics Process Automation (RPA). The Company also introduced image-based Auto Debit mandate registration process for Consumer durable financing to expedite process timelines. Besides, the Company implemented Chatbot & WhatsApp Bot on the Company's website for automating the frequently asked queries at Call Centre.

3. **Quality**

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

Information Technology

The Company strengthened its security landscape by implementing prioritised cyber security projects focussing on access management, Network Security, Data Protection and Secured Development. Regulatory and Compliance standards were adhered by completing IPv6 migration, applications VAPT and all mobile applications security wrapping. It successfully performed Business Continuity & Disaster Recovery Drills. Implemented the Reserve Bank of India Information Technology framework recommendations for the NBFC sector and ensured compliance to the same.

During COVID-19 period, secured VPN access was provided to users to connect to organisational resources and perform their day-to-day activities seamlessly. Desktops, Laptops & accessories for Internet connectivity were arranged for the end users in a timely manner to work from home. Calls were redirected to the IT Helpdesk Team directly from the Toll-free number for continuous support to the employees.

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

Marketing

The Company has launched the new TVS Credit visual identity in-line with the changing business model and focus. The Company continues to strive to create best-in-class user experience for its customers and channel partners through digital points like Saathi app, interactive chatbot in the website and conducting NPS and brand health researches. The Company has conducted TVS Credit E.P.I.C. – first campus connect contest which garnered over 10,000 registrations across more than 500 B-Schools and Engineering colleges. The Company also implemented innovative ambient branding across dealerships in order to increase brand visibility and saliency. In partnership with NGO, the Company provided vocational training to customers and their families in Tier 3/Tier 4 towns towards enriching their lives and empowering their aspirations. The Company also increased its engagement with customers through campaigns on social media channels. The Company has won several awards ranging from NBFC Leadership award by eLets, Drivers of Digital Awards by Inkspell Media, Champions of Rural Markets by the Economic Times, and Big 50 CIO Innovators Award by Trescon CIO.

During COVID-19 period, the Company provided:

- Calenderised communication to employees, customers and partners focussing on the following objectives: 1. Awareness Creation, 2. Employee Engagement and 3. Business Continuity
- Our daily employee communication focussed on key elements such as overall guidelines for COVID-19 symptoms, precautions, government guidelines, Work from Home Guidelines, Employee engagement, People Measures, etc.
- In order to ensure maximum reach, the Company used multiple medium such as SMS, mailers, posters , LinkedIn and WhatsApp. Guidelines were converted into Visual SOPs in order to ensure ease of understanding for all employees
- In terms of moratorium-related customer communication, spirit and tonality has been in line with Company's core brand values of Empathy and Pro-activeness
- For both existing and prospective customers, innovative social media campaigns are being run with tips on continuous learning, ways to reconnect with loved ones during COVID-19 and tips on staying mentally and physically fit during this period

Human Resources

People remain the most valuable assets of the Company. The Company has developed a robust human resource management framework to maximise employee performance. The Company is professionally managed with senior management team having rich experience and long tenure with the Company. The Company has created succession roadmap to build leadership pipeline and also has undertaken many initiatives to develop organisational leadership and culture. The Company continuously focuses on Talent management and leadership development processes which included development centres, Individual development plan and upskilling programs. The Company uses contemporary technology and automation for recruitment process, training and performance monitoring to improve productivity. The Company has also launched continuous employee recognition and training programmes to develop a talented workforce to meet day-to-day business challenges. The cornerstone of our people strategy is to ensure that talent development, internal mobility, promotion, rewards and performance work in a well synchronised manner to reinforce our values - Nurturing, Innovation and Empowerment. The Company also introduced change management process programme named "Last Mile Connectivity" with objective that the final doer (called Last Mile) of the required action understands the change and is able to execute the required changes confidently. The Company has won an award for better attrition prediction model under the category "Talent Accelerator – Future Ready Workforce" at the Digital Transformation Awards 2019.

During COVID-19, the core objectives that drove the Response Action Plan were Awareness creation, Employee Well – Being and Business Continuity. Emergency financial assistance, transport arrangements to medical emergencies, medical assistance for pregnant ladies / elderly parents and children support has been provided to employees. Virtual Learning and Recognition played a vital role in keeping the employees engaged and motivated during this period.

The Company duly complied with all the statutory compliances related to employment and labour laws. As on 31st March, 2020, the Company had 13,106 employees on its rolls.

Data & Analytics

The Company leveraged machine learning based credit underwriting for Two-wheeler and consumer durable loans. These automated, algorithmic models have improved credit performance and efficiencies. Besides the above, the Company also started machine learning based Intellectual Property development in collections by developing and deploying a series of models that predict propensity to pay for customers in current and overdue status. The Company also deployed an attrition prediction model already noted above. Further, the Company completed the data management and governance assessment to understand areas to strengthen underlying data to further AI and algorithmic deployments. Data lake program has also begun to modernise the analytics data infrastructure. The Company has started a data enrichment program to harness additional data and has created several customer dimensions that are being leveraged in the cross-sell program. The Company added geographic and demographic variables related to COVID-19 to refresh the algorithmic models and fine tune collections and cross-sell programs.

Funding

With equity infusion, participation from NBFCs, banks and financial institutions in the form of Tier 1 (Perpetual Debt Instrument) and Tier 2 capital (Subordinated Debt), the Company has an adequate Capital Adequacy Ratio (CAR) and Prudent Asset Liability Mix (ALM). The CRAR as on 31st March, 2020 stood at 17%. As on 31st March, 2020, cumulative ALM mismatch (within 1 year Bucket) turned positive around 9% as against accepted mismatch of 15% as per RBI Guidelines.

During the year, the Company has obtained fresh sanctions to the tune of ₹3,450 Cr (including long & short-term borrowings) to meet its business requirement. The Company has raised maiden External Commercial Borrowings (ECB) to the tune of ₹635 Cr on fully hedged basis during FY20. In these challenging situations, the Company has taken various initiatives to raise funds at the cost commensurate with its rating by way of funding mix with borrowings from Public sector banks, Private sector banks, Foreign Banks, Financial Institutions, ECB and Capital Markets.

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

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

Credit Ratings

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

Share Capital

During the year under review, the Board of Directors issued and allotted 69,76,600 equity shares at a face value of ₹10 per share with premium of ₹119 per share.

The paid-up capital of the Company accordingly stood increased from ₹178.20 Cr (17,82,05,700) equity shares of ₹10/- each to ₹185.18 Cr (18,51,82,300) equity shares of ₹10/- each as on 31st March, 2020.

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, ₹30 Crore 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 ₹211.01 Cr for the financial year 2019-20 as compared to ₹216.71 Cr in the previous year.

Subsidiary Companies

The following companies are the subsidiaries of the Company as on 31st March, 2020.

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

Performance of Subsidiaries

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

All the subsidiaries are yet to commence its operations.

Holding Company:

The National Company Law Tribunal, Chennai (NCLT), on 16th April, 2019 approved a Scheme of Arrangement (Scheme) between TVS Motor Services Limited (TVSMS), the Company and their respective shareholders and became effective from 9th May, 2019, being the date of filing of the said approved Scheme with the Ministry of Corporate Affairs.

In terms of the said scheme, TVSMS redeemed its entire Non-Cumulative Redeemable Preference Shares (NCRPS) by transferring the equity shares held by it in the Company to TVS Motor Company Limited.

Post transfer of equity shares of the Company, TVS Motor Company Limited is the holding Company and holds 84% 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

Mr. R Ramakrishnan, an Independent Director (ID) of the Company deceased on 7th July, 2019 who served as a Director for more than a decade. He was a person of versatile knowledge and business acumen which helped the Company over a decade to achieve its current growth. The Board placed on record its sincere appreciation for the invaluable contribution and guidance provided by Mr. R Ramakrishnan during his tenure as Independent Director of the Company.

As per Regulation 24 of the Listing Regulations, an ID of the holding Company to be a Director on the Board of its material subsidiary. Hence, Mr. R Gopalan, ID of TVS Motor Company Limited, the holding Company, was appointed as an ID of the Company on 20th July, 2019 in place of Mr. R Ramakrishnan.

During the year under review, Mr. B Sriram, a retired banking professional, was appointed as an ID of the Company with effect from 12th October, 2019.

The Nomination and Remuneration Committee (NRC) at their respective meetings held on 20th July, 2019 and 12th October, 2019 recommended the appointment of Mr. R Gopalan and Mr. B Sriram as IDs of the Company after evaluating their track record, integrity and other fit and proper criteria as laid down under RBI guidelines.

Based on the recommendation of the NRC, the Board being satisfied with their skills, experience and knowledge in the fields of banking finance, management and corporate governance, considered their appointment as IDs of the Company.

The Board also felt that the core skills / expertise / competencies of both IDs would be required for the Company in the context of its business(es) and sector(s) to function effectively.

In terms of the provisions of Section 149 read with Schedule IV to the Act, 2013, the appointment of NE-IDs would require approval of the shareholders of the Company.

Hence, it was proposed to appoint Mr. R Gopalan and Mr. B Sriram as Additional Directors to hold office up to the date of ensuing AGM. The Company has also received a notice from a member under Section 160 of the Act, 2013, proposing their candidature for the office of IDs of the Company. Hence, the Company is seeking approval of the shareholders for their appointment as IDs, under Section 149, 150, 152 read with Schedule IV and all other applicable provisions of the Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, effective from the date of appointment by the Board for a term of 5 (five) consecutive years, at the ensuing AGM.

Directors Liable to Retire by Rotation

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

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

The NRC at their meeting held on 27th May, 2020 recommended their re-appointment after evaluating their track record, integrity and other fit and proper criteria as laid down under RBI guidelines.

Woman Director

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

Independent Directors

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

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

Declaration and Undertaking

During the year, as per the directions of 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 IDs

During the year under review, a separate meeting of IDs was held on 10th March, 2020. All IDs were present and they were enlightened about the objectives and process involved in evaluating the performance of Board, Non-IDs, Chairman and timeliness of flow of information from management.

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

Non-Independent Directors (Non-IDs)

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

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

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

Chairman

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

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

Chairman was also nominated for the "Padma Bhushan" award, the third highest civilian award, and was conferred with the prestigious Deming 'Distinguished Service Award for Dissemination and Promotion Overseas', and becomes the First Industrialist from India to be bestowed this prestigious award for his contributions in the field of Total Quality Management (TQM).

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

IDs also recorded the growth story of the Company under the stewardship of Chairman and significant increase in Turnover & Profit.

Board

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

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

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

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

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

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

All IDs have expressed their overall satisfaction with the support received from the management and the excellent work done by the management during the year under review and also the relationship between the top management and 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 various key areas such as attendance at Board and Committee Meetings, quality of contribution to Board discussions and decisions, strategic insights or inputs regarding future growth of the Company and its performance, understanding of industry and global trends, etc.

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

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

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

Policy on appointment and remuneration of Directors, Key Managerial Personnel

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

Key Managerial Personnel

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

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

Chief Risk Officer (CRO)

The Board at its meeting held on 10th March, 2020, appointed Mr. S Rammohan as Chief Risk Officer (CRO) of the Company with defined roles and responsibilities, in terms of RBI circular RBI/2018-19/184 DNBR (PD) CC.NO.099/03.10.001/2018-19 dated 16th May, 2019.

Statutory Auditors

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

The Statutory Auditors will continue to hold office for the 2nd year in the first term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being Statutory Auditors of the Company for the financial year 2020-21.

The Auditors' Reports for the financial year 2019-20 do not contain any qualifications, reservations and adverse remarks and the same is attached with the annual financial statements.

Secretarial Audit

Mr. T N Sridharan, Practicing Company Secretary, Chennai, was appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2019-20.

As required under Section 204 of the Act, 2013, the Secretarial Audit Report for the financial year 2019-20, given by him is attached as Annexure VI to this report. The Secretarial Audit Report does not contain any qualifications, reservations or other remarks.

The Board at its meeting held on 27th May, 2020 have re-appointed Mr. T N Sridharan, Practicing Company Secretary, Chennai, as Secretarial Auditor for the financial year 2020-21.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts for the year ended 31st March, 2020, 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, 2020 on a going concern basis;

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

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 Form MGT- 9 is annexed to this Report. (Annexure I).

Number of Meetings of the Board

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

Corporate Governance

<u>Board Meetings:</u>

During the year under review, the Board met six times on 29th April, 2019, 20th July, 2019, 12th October, 2019, 4th February, 2020, 10th March, 2020 and 31st March, 2020 and the gap between two meetings did not exceed one hundred and twenty days.

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

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

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

Nomination and Remuneration Policy

Directors:

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

The Board has approved the payment of remuneration by way of profit-related commission to the Non-Executive Independent Directors, for the financial year 2019-20, based on the recommendation of the Nomination and Remuneration Committee. The approval of the shareholders by way of an ordinary resolution was obtained at the seventh annual general meeting held on 29th July, 2015, in terms of Sections 197 and 198 and any other applicable provisions of the Act 2013.

Commission:

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

As approved by the shareholders at the Annual General Meeting of the Company held on 29th July, 2015, Non-Executive and Independent Directors are being paid commission, subject to a maximum, as determined by the Board, for each such Director from the financial year 2015-16. 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.

In view of the increased involvement and participation by such NEDs and having regard to their contribution and involvement in policy issues concerning the Company's operations, the Board, on the recommendation of NRC, proposed to seek the authorisation of the Shareholders, in terms of Section 197 of the Act, 2013 to continue with the payment of commission to NEDs from 1st April 2020.

The amount of commission for every financial year will be decided by the Board.

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 2020 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 Note No. 41.7 to the financial statement.

Risk Management Policy

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

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.

Internal Control Systems

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

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

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

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.

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.

Corporate Social Responsibility initiatives

Pursuant to Section 135 of the Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company at the Board Meeting held on 27th March, 2015 approved a policy on CSR and the policy is hosted on the website of the Company. Based on the recommendation of the CSR Committee, the Board has approved the projects / programmes carried out as CSR activities by Srinivasan Services Trust (SST), to a sum of ₹3.80 Cr constituting more than 2% of the average net profits of the Company, made during the three immediately preceding financial years, towards CSR spending for the financial year 2019-20.

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

Over 24 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development. The Company spent an additional sum of ₹8 Cr by way of contribution to PM CARES Fund, which is covered under the CSR provisions of the Act, 2013.

The Company is eligible to spend on their ongoing projects/programmes, falling within the CSR activities specified under the Act, 2013, as mandated by the MCA for carrying out the CSR activities. As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on CSR, containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the Board for the financial year 2019-20 are given by way of Annexure III attached to this Report.

Policy on Vigil Mechanism

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

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

Sexual Harassment Policy

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 under review, there were no cases filed pursuant to the provisions of POSH.

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.

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 FY20 is ₹11.29 cr (previous year ₹15.55 cr). The Company did not have any foreign exchange earnings.

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.

Employees' remuneration

Details of Employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure-II. In terms of first proviso to Section 136(1) of the Act, 2013, the Annual Report, excluding the aforesaid annexure is being sent to the Shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company as mentioned in the Notice of AGM and any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company. Certain incentive / performance related payments for the financial year 2019-20 for SMPs have been reduced / deferred on account of COVID-19.

Details of Loans / Guarantees / Investments made

Furnishing the details of investments under Section 186 of the Act, 2013 for the financial year 2019-20 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.

Reporting of Fraud

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

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.

ADHERENCE TO RBI NORMS AND STANDARDS

The Company has fulfilled the prudential norms and standards as laid down by RBI pertaining to income recognition, provisioning of non-performing assets and capital adequacy. The capital adequacy ratio of the Company is 17% which is well above the prescribed minimum of 15% by RBI.

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

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

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

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: 27th May, 2020

Venu Srinivasan
Chairman

Annexure-I to Directors' Report to the Shareholders

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U65920TN2008PLC069758
ii)	Registration Date	:	05.11.2008
iii)	Name of the Company	:	TVS Credit Services Limited
iv)	Category / Sub-Category of the Company	:	Public Limited Company
v)	Address of the Registered Office and contact details	:	"Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai – 600 006 Ph. No: 044 28232115 E-mail : corpsec@scl.co.in Website: www.tvscredit.com
vi)	Whether listed Company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Sundaram-Clayton Limited "Jayalakshmi Estates", 1st Floor, No. 29 (Old No. 8), Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959 Fax : 044 - 2825 7121

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No.	Name and Address of the Company	Registered Office	CIN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act 2013
1.	TVS Motor Company Limited	"Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai – 600 006	L35921TN1992PLC022845	Holding Company	Holds 83.95% in the Company	2(46)
2.	TVS Two Wheeler Mall Private Limited	"Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	U65923TN2017PTC118211	Subsidiary Company	Holds 100%	2(87)
3.	TVS Micro Finance Private Limited		U65929TN2017PTC118238			
4.	Harita ARC Private Limited		U65999TN2017PTC118296			
5.	Harita Collection Services Private Limited		U65100TN2017PTC118290			
6.	TVS Commodity Financial Solutions Private Limited		U65929TN2017PTC118316			
7.	TVS Housing Finance Private Limited		U65999TN2017PTC118512			

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

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2019)				No. of Shares held at the end of the year (as on 31st March, 2020)				Change in shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corp.	15,30,71,353	-	15,30,71,353	85.90	15,65,59,653	-	15,65,59,653	84.54	(1.35)
Total Shareholding of Promoter (A)	15,30,71,353	-	15,30,71,353	85.90	15,65,59,653	-	15,65,59,653	84.54	(1.35)
B. Public Shareholding									
1. Institutions									
Financial Institutions		50,00,000	50,00,000	2.80	-	50,00,000	50,00,000	2.70	(0.11)
Sub-total (B)(1)		50,00,000	50,00,000	2.80	-	50,00,000	50,00,000	2.70	(0.11)
2. Non-Institutions									
a) Bodies Corp.									
i) Indian		2,01,34,347	2,01,34,347	11.30	-	2,36,22,647	2,36,22,647	12.76	1.46
Sub-total (B)(2)		2,01,34,347	2,01,34,347	11.30	-	2,36,22,647	2,36,22,647	12.76	1.46
Total Public Shareholding (B)=(B)(1)+ (B)(2)		2,51,34,347	2,51,34,347	14.10	-	2,86,22,647	2,86,22,647	15.46	1.35
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	15,30,71,353	2,51,34,347	**17,82,05,700**	**100.00**	15,65,59,653	2,86,22,647	**18,51,82,300**	**100.00**	-

(ii) Shareholding of Promoters

Name of the Promoter	Opening Balance (% of the total share capital) As on 1st April, 2019	Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance as on 31st March, 2020	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Sundaram-Clayton Limited	21,80,250 (1.33)	-	-	-		-	-	21,80,250	1.18
TVS Motor Services Limited (TVS MS)	13,47,41,600 (75.61)	06.06.2019	Transfer of shares to TVSM	13,36,51,475	-	-	-	10,90,125	0.59
TVS Motor Company Limited (TVSM)	1,83,29,753 (10.29)	06.06.2019	Transfer of shares from TVSMS	13,36,51,475	75.00	15,19,81,228	85.28	15,54,69,528	83.95
		12.10.2019	Allotment	34,88,300	1.88	15,54,69,528	85.57		

(iii) Change in Promoters' Shareholding

Name of the Promoter	Opening Balance		Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
	No. of shares	% of the total share capital					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
TVS Motor Company Limited	1,83,29,753	10.29	06.06.2019	Transfer of shares from TVSMS	13,36,51,475	75.00	151,981,228	85.28	15,54,69,528	83.95
			12.10.2019	Allotment	34,88,300	1.88	15,54,69,528	85.57		

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

Name of the Shareholder	Opening Balance		Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	Closing Balance	
	No. of shares	(% of the total share capital)				No. of shares	% of total shares of the Company
Lucas-TVS Limited	1,13,37,297	6.93	-	-	-	1,13,37,297	6.12
Housing Development Finance Corporation Limited	50,00,000	3.89	-	-	-	50,00,000	2.70
Phi Research Private Limited	35,00,000	2.10	-	-	-	35,00,000	1.89
Phi Capital Services LLP	31,16,800	1.87	-	-	-	31,16,800	1.68
TVS Motor Foundation	-	-	29.06.2019	Allotment	34,88,300	34,88,300	1.88

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

V. INDEBTEDNESS

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

(₹ in Cr)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	6045.56	1272.20	7317.76
ii) Interest accrued but not due	7.37	6.35	13.72
Total (i+ii)	**6052.93**	**1278.55**	**7331.48**
Change in Indebtedness during the financial year			
• Addition	3511.89	154.26	3666.16
• Reduction	2373.06	27.42	2400.47
Net Change	**1138.84**	**126.85**	**1265.69**
Indebtedness at the end of the financial year			
i) Principal Amount	7160.60	1398.96	8559.56
ii) Interest accrued but not due	31.17	6.43	37.60
Total (i+ii)	**7191.77**	**1405.39**	**8597.17**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Director and/or Manager: Not Applicable

B. Remuneration to other Directors:

S.No.	Particulars of Remuneration	Name of Directors					Total Amount (in ₹)
		RK*	VSR	SKV	RG$	BS#	
1.	Independent Directors Fee for attending board / committee meetings Commission Others	 60,000 3,18,936	 1,60,000 12,00,000	 1,50,000 12,00,000	 90,000 8,38,440	 1,10,000 5,62,248	 5,70,000 41,19,624
	Total (1)	3,78,936	13,60,000	13,50,000	9,28,440	6,72,248	46,89,624
		VS	SV	KNR	TKB		Total Amount (in ₹)
2.	Other Non–Executive Directors Fee for attending board / committee meetings Commission Others	 60,000 -	 1,10,000 -	 1,70,000 -	 30,000 -		 3,70,000 -
	Total (2)	60,000	1,10,000	1,70,000	30,000		3,70,000
	Total Remuneration (1)+(2)						50,59,624
	Overall Ceiling as per the Act	₹613.00 lakh					

RK - Mr. R Ramakrishnan; VSR – Mr. V Srinivasa Rangan; SKV – Ms. Sasikala Varadachari; RG – Mr. R Gopalan; BS – Mr. B Sriram; VS – Mr. Venu Srinivasan; TKB – Mr. T K Balaji; SV – Mr. Sudarshan Venu; KNR – Mr. K N Radhakrishnan

* paid for the period from 1st April, 2019 to 7th July, 2019.

$ was appointed as an Independent Director w.e.f 20th July, 2019.

was appointed as an Independent Director w.e.f 12th October, 2019.

C. Remuneration to KMP:

(₹ in Lakh)

S.No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	CS	Total
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	393.60	130.40	10.17	534.17
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	0.10	-	0.10
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-	-
5.	Others, Contribution to Provident and other funds	12.03	4.66	-	16.69
	Total	**405.63**	**135.16**	**10.17**	**550.96**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: Not Applicable

For and on behalf of the Board of Directors

Place: Chennai
Date: 27th May, 2020

Venu Srinivasan
Chairman

TVS CREDIT

Annexure-III to Directors' Report to the Shareholders

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

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

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

2. Overview of projects or programmes proposed to be undertaken:

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

3. Web-link to the CSR policy and projects or programmes: https://www.tvscredit.com/investors/rbi-compliance

4. Composition of the CSR Committee:

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

   *with effect from 20th July, 2019

5. Average net profit of the Company for last three financial years - ₹ 186.59 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) - ₹ 3.80 Cr

7. Details of CSR spent during the financial year:

   (a) Total amount spent for the financial year - ₹11.80 Cr (including ₹8 Cr spent towards PM CARES Fund)

   (b) Amount unspent, if any - Not Applicable

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

1.	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	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES)
2.	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act 2013	(i) Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; (ii) Promotion of Education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects; (iii) Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; (iv) Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and (v) Rural development projects.	• Undertaking and supporting relief or assistance of any kind relating to a public health emergency or any other kind of emergency, calamity or distress, either man-made or natural, including the creation or upgradation of healthcare or pharmaceutical facilities, other necessary infrastructure, funding relevant research or any other type of support. • Rendering financial assistance, provide grants of payments of money to the affected population.
3.	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure	Citizen Assistance and Relief in Emergency Situations
4.	Local Area / Others:	• Hosur, Padavedu, Thirukkurungudi, Navatirupati and Javadhu Hills • Mysuru and Chamrajanagar • Himachal Pradesh	Being a trust, established by the Central Government, the area of activity is not limited to a particular area and covers the whole of India.
	State & district:	- Tamil Nadu: Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts - Karnataka : Mysuru, Bengaluru Urban, and Chamrajanagar districts - Himachal Pradesh : Solan district	
	Amount outlay (budget) project or programme-wise:	₹2,100 Lakh	
5.	Amount spent on the projects or programmes:	₹766 Lakh (including contribution of the Company - ₹380 Lakh)	₹800 Lakh

6.	Sub-heads:		Not Applicable
	Direct expenses on projects / programmes:	₹2,008 Lakh (including contribution of the Company of ₹380 Lakh)	
	Overheads:	Nil	
	Cumulative expenditure up to the reporting period:	₹2,008 Lakh (including contribution of the Company of ₹380 Lakh)	

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

- Not applicable -

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

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

For and on behalf of the Board of Directors

Place: Chennai
Date: 27th May, 2020

Venu Srinivasan
Chairman & Chairman of CSR Committee

First, set the benchmark. Then, raise it.

When you aim for improvement, excellence follows, whether in the sporting arena or in the financial services sector. Our efforts to scale greater heights this year led to our Tractor Loan business appreciating by 41%, while our Used Commercial Vehicle Loan business grew by 114%. We are happy to share that our Total Income grew by 23% over the last year.

You may be good, but great lies ahead.

What makes a champion? The conviction that 'good' just isn't good enough. We strive to put this belief into practice at work, every day in every possible way. It inspires our 13,100 employees to never give up, no matter how long or winding the road, until they have reached their goal.

TVS CREDIT

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 Lakh)

S.No.	Particulars	Name of the Company					
1.	Name of the subsidiary	TVS Two Wheeler Mall Private Limited	TVS Micro Finance Private Limited	Harita ARC Private Limited	Harita Collection Services Private Ltd	TVS Commodity Financial Solutions Pvt Ltd	TVS Housing Finance Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	INR	INR
4.	Share Capital / Contribution	0.25	0.25	0.25	0.25	0.25	1200
5.	Reserves & Surplus	(0.64)	(0.64)	(0.65)	(0.65)	(0.64)	113.12
6.	Total Assets	0.24	0.24	0.25	0.25	0.24	1313.24
7.	Total Liabilities	0.24	0.24	0.25	0.25	0.24	1313.24
8.	Investments	-	-	-	-	-	-
9.	Turnover	-	-	-	-	-	-
10.	Profit/(Loss) before taxation	(0.18)	(0.18)	(0.18)	(0.18)	(0.18)	71.26
11.	Provision for taxation	-	-	-	-	-	17.98
12.	Profit/(Loss) after taxation	(0.18)	(0.18)	(0.18)	(0.18)	(0.18)	53.28
13.	Proposed Dividend	-	-	-	-	-	-
14.	% of shareholding	100%	100%	100%	100%	100%	100%

Notes:

1. All the subsidiaries are yet to commence the operations
2. Subsidiaries which have been liquidated or sold during the year - Nil.

For and on behalf of the Board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

Place : Chennai
Date : 27th May, 2020

As per our report annexed

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

V.Sathyanarayanan
Partner
Membership No.: 027716
27th May, 2020

Annexure-V to Directors' Report to the Shareholders

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

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

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

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

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, 2020, the Board comprises of eight Directors, viz.,

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

* With effect from 20th July, 2019

$ With effect from 12th October, 2019

Meetings of the Board

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

FY 2019-20	Meeting Date
April – June 2019 (Q1)	29th April, 2019
July – September 2019 (Q2)	20th July, 2019
October- December 2019 (Q3)	12th October, 2019
January- March 2020 (Q4)	4th February, 2020 10th March, 2020 31st March, 2020

Necessary quorum was present at the meetings. In compliance with the applicable provisions of the Companies Act, 2013 (the Act) and the Rules made thereunder, the Company facilitates the participation of the Directors in Board / Committee meetings through video conferencing or other audio-visual mode except in respect of such meetings/items, which are not permitted to be transacted through video conferencing as notified under the Act.

S.No.	Name of Director (M/s.)	Board Meetings		Whether present at previous AGM held on 27th June, 2019
		Held	Attended	
1.	Venu Srinivasan	6	5	Yes
2.	R Ramakrishnan *	6	1	No
3.	T K Balaji	6	3	No
4.	Sudarshan Venu	6	6	No
5.	V Srinivasa Rangan	6	6	No
6.	K N Radhakrishnan	6	5	Yes
7.	Sasikala Varadachari	6	4	No
8.	R Gopalan#	6	4	NA
9.	B Sriram$	6	4	NA

***** Ceased due to demise on 7th July, 2019

With effect from 20th July, 2019

$ With effect from 12th October, 2019

Committees of the Board

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

i. 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 Act, 2013. The composition of the Committee is in accordance with the requirements of Section 177 of the Act, 2013.

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

Brief description of terms of reference:

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

- The recommendation for appointment, remuneration and terms of appointment of auditors of the Company
- Review and monitor the auditor’s independence and performance and effectiveness of audit process
- Examination of the financial statement and the auditor’s report thereon
- Approval or any subsequent modification of transactions of the Company with related parties
- Scrutiny of inter-corporate loans and investments
- Valuation of undertakings of assets of the Company, wherever it is necessary
- Evaluation of internal financial controls and risk management systems

- Monitoring the end use of funds raised through public offers and related matters
- Monitoring, reviewing, recommending and approving all related party transactions including granting omnibus approval for RPTs having value not exceeding ₹1 cr per transaction for a period of one year
- Ratification of any RPT involving amount not exceeding ₹1 Cr entered into by a Director or officer of the Company without obtaining the approval of the Audit Committee within three months from the date of the transaction

Roles and Responsibilities:

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

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

Consequent to the demise of Mr. R Ramakrishnan, Mr. R Gopalan was appointed as member and Chairman of the Committee at the Board meeting held on 20th July, 2019.

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

Date of the Meetings	Members present (M/s)			
	R Ramakrishnan*	V Srinivasa Rangan	K N Radhakrishnan	R Gopalan#
29th April 2019	✔	✔	✔	NA
20th July 2019	NA	✔	✔	NA
12th October 2019	NA	✔	LOA	✔
4th February 2020	NA	✔	✔	✔

* Ceased due to demise on 7th July, 2019

Appointed effective 20th July, 2019

ii. Corporate Social Responsibility Committee:

In accordance with the provisions of Section 135 of the 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.

Consequent to the demise of Mr. R Ramakrishnan, Mr. R Gopalan was appointed as member of the Committee at the Board meeting held on 20th July, 2019.

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 ₹380 lakh constituting more than 2% of average net profits, for the immediate past three financial years, towards CSR spending for the current financial year 2019-20.

SST, over 24 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 29th April, 2019 and all the members were present at the meeting.

iii. 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.

Consequent to the demise of Mr. R Ramakrishnan, Mr. R Gopalan was appointed as a member and Chairman of the Committee at the Board meeting held on 20th July, 2019.

The Board at its meeting held on 4th February, 2020, reconstituted the Committee by designating Mr. K N Radhakrishnan as Chairman of the Committee in the place of Mr. R Gopalan, who continues to be a member of the Committee.

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

Date of the Meetings	Members present (M/s)			
	R Ramakrishnan*	V Srinivasa Rangan	K N Radhakrishnan	R Gopalan#
29th April, 2019	✔	✔	✔	NA
20th July, 2019	NA	✔	✔	NA
22nd July, 2019	NA	✔	✔	LOA
12th October, 2019	NA	✔	LOA	✔
10th March, 2020	NA	✔	✔	✔

* Ceased due to demise on 7th July, 2019

Appointed effective 20th July, 2019

<u>Remuneration criteria to Directors</u>:

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

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

iv. Risk Management Committee:

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

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

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

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

Consequent to the demise of Mr. R Ramakrishnan, the Board at its meeting held on 12th October, 2019 appointed Mr. B Sriram as a member and Chairman of the Committee with effect from 12th October, 2019.

The Board at its meeting held on 10th March, 2020, reconstituted the Committee by designating Ms Sasikala Varadachari as Chairman of the Committee and appointing Mr. V Srinivasa Rangan as a member of the Committee.

Mr. B Sriram ceased to be a member of the Committee effective 10th March, 2020.

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

Date of the Meetings	Members present (M/s)				
	R Ramakrishnan*	Sasikala Varadachari	K N Radhakrishnan	B Sriram#	V Srinivasa Rangan$
29th April, 2019	LOA	✔	LOA	NA	NA
6th September, 2019	NA	✔	✔	NA	NA
12th October, 2019	NA	✔	LOA	✔	NA
10th March, 2020	NA	✔	✔	✔	NA

* Ceased due to demise on 7th July, 2019

Appointed effective 12th October, 2019

$ Appointed effective 10th March, 2020

v. 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.

Roles and responsibilities :

- Adherence to the financial and credit limits set by the Board in its operations
- Deciding business strategy on the assets and liabilities side in line with the budget and risk management objectives of the Company
- Responsible for balance sheet planning from risk return perspective and asset liability mix position
- Strategic management of interest rate risks, liquidity risks and other market risks
- Responsible for business issues like product pricing for its asset and liability products
- To review funding plan, ALM coverage, Interest rate sensitivity statements, liquid coverage ratios, fixation of limits and monitoring against limits
- Approve credit facilities from various banks / financial institutions and to authorise Directors / officials of the Company for this purpose credit facilities up to the limits delegated by the Board
- Approve and review ALCO policy and its amendments.

Consequent to the demise of Mr. R Ramakrishnan, the Board at its meeting held on 12th October, 2019 appointed Mr. B Sriram as a member and Chairman of the Committee with effect from 12th October, 2019.

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

Date of the Meetings	Members present (M/s)			
	R Ramakrishnan*	Sudarshan Venu	Sasikala Varadachari	B Sriram#
9th April, 2019	✔	✔	✔	NA
14th May, 2019	LOA	✔	✔	NA
29th June, 2019	✔	LOA	✔	NA
6th September, 2019	NA	✔	✔	✔
12th October, 2019	NA	✔	✔	✔
3rd February, 2020	NA	LOA	✔	✔

* Ceased due to demise on 7th July, 2019

appointed effective 12th October, 2019

vi. Information Technology (IT) Strategy Committee:

In line with the information technology / information systems directions issued by RBI vide their circular dated 8th June, 2017, in addition to IT Governance, the Company constituted 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.

Roles and Responsibilities:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls; and
- To review the effectiveness of IT outsourced operations.

Consequent to the demise of Mr. R Ramakrishnan, Mr. B Sriram was appointed as member of the Committee and Mr. K N Radhakrishnan was designated as Chairman of the Committee with effect from 12th October, 2019.

The Board at its meeting held on 4th February, 2020, reconstituted the Committee by appointing Mr. B Sriram as Chairman of the Committee.

Further, the Board at its meeting held on 10th March, 2020 appointed Ms. Sasikala Varadachari as a member and Chairman of the Committee in the place of Mr. B Sriram, who ceased to be a member and Chairman of the Committee, effective 10th March, 2020.

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

Date of the Meetings	Members present (M/s)							
	RK*	SV	SKV$	BS#	KNR	GV	VGK	CA
18th June, 2019	LOA	✔	NA	NA	✔	✔	✔	✔
14th December, 2019	NA	LOA	NA	✔	✔	✔	✔	✔

RK – Mr. R Ramakrishnan; SV- Mr. Sudarshan Venu; SKV- Ms. Sasikala Varadachari ; BS- Mr. B Sriram; KNR – Mr. K N Radhakrishnan; GV- Mr. G Venkatraman; VGK- Mr. V Gopalakrishnan ; CA - Mr. C Arulanandam

* Ceased due to demise on 7th July, 2019

$ appointed effective 10th March, 2020

appointed effective 12th October, 2019

vii. Credit Sanction Committee:

The Board at its meeting held on 10th March, 2020 constituted the Credit Sanction Committee (CSC) to consider and approve credit proposals of material nature.

Roles and Responsibilities:

- The Committee will consider all large credit proposals recommended by Business heads / Credit heads within the specified thresholds delegated to it by the Board from time to time

- Review Credit Appraisal Memo (CAM) before approving each sanction
- Review existing credit facilities on an annual basis and deferral of customer annual reviews
- CSC shall assess and recommend to the Board any credit proposals above threshold limits of CSC and to take appropriate action on the inputs / suggestion provided by the Board
- Annual review of Committee charter

The Committee to assess the credit proposal of prospective borrowers. The Credit Appraisal Memo (CAM) to incorporate (as applicable case-to-case basis) some of the qualitative information such as borrower's background, exposure details, details about KMP, shareholding pattern, track record of Directors, bankers report, rating reports and quantitative information such as financial details, group exposure details, collateral details, networth of promoters, and repayment track records.

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

Date of the Meetings	Members present (M/s)				
	B Sriram	Sudarshan Venu	G Venkatraman	V Gopalakrishnan	K Gopala Desikan
10th March, 2020	✔	LOA	✔	✔	✔

viii. 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.

Roles and Responsibilities :

- Evaluating the risks and materiality of all existing and prospective outsourcing, based on the framework approved by the Board;
- Developing and implementing sound and prudent outsourcing policies and procedures commensurate with the nature, scope and complexity of the outsourcing;
- Reviewing annually the effectiveness of policies and procedures;
- Communicating information pertaining to material outsourcing risks to the Board in a timely manner;
- Ensuring that contingency plans, based on realistic and probable disruptive scenarios, are in place and tested;
- Ensuring that there is independent review and regular audit for compliance with set policies;
- Undertaking quarterly review of outsourcing arrangements to identify new material outsourcing risks as they arise;
- Reviewing central record of all material outsourcing arrangements quarterly and placing the records before the Board / RMC half yearly;
- Reviewing compliance with contractual conditions by outsourcing service providers quarterly based on pre-defined criteria for assessment; and
- Any other activity which is required to be carried out in order to adhere to the guidelines.

During the year under review, the committee met four times on 10th June, 2019, 4th September, 2019, 10th December, 2019 and 11th March, 2020.

Related Party Transactions Policy

The Company has formulated a policy on related party transactions (RPTs). The Audit Committee reviews and approves said transactions between the Company and related parties, as defined under the 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/

iii) 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, 2020. 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 FY 2019-20 are as follows:-

S.No.	Name of the Directors (M/s.)	Sitting Fees (Amount in ₹)	Commission (Amount in ₹)
1	Venu Srinivasan	60,000	NA
2	T K Balaji	30,000	NA
3	Sudarshan Venu	1,10,000	NA
4	K N Radhakrishnan	1,70,000	NA

S.No.	Name of the Directors (M/s.)	Sitting Fees (Amount in ₹)	Commission (Amount in ₹)
5	R Ramakrishnan	60,000	3,18,936
6	V Srinivasa Rangan	1,60,000	12,00,000
7	Sasikala Varadachari	1,50,000	12,00,000
8	R Gopalan	90,000	8,38,440
9	B Sriram	1,10,000	5,62,248

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

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

SECRETARIAL AUDIT REPORT OF TVS CREDIT SERVICES LIMITED

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

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

CIN: U65920TN2008PLC069758

Authorised Capital: ₹200,00,00,000/-

Paid-up capital: ₹185,18,23,000/-

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, 2020 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, 2020 according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;

iii) The Company being unlisted public limited company, the provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;

iv) The Company has received External Commercial Borrowings of USD 40 Million from HSBC Bank (Mauritius) Ltd. and USD 50 Million from DBS Bank Ltd., Singapore in compliance with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings is applicable. Besides this, the Company has not received any Foreign Direct Investment, Overseas Direct Investment and hence the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings is not applicable;

v) Though the Company is a unlisted public limited company, 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.

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

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Rules 2009;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

vi) The Company has complied with the provisions of the other laws as applicable to the Company which inter alia includes:-

1) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;

2) Contract Labour (Regulations & Abolition) Act, 1970;

3) Compliance with the requirements of Foreign Exchange Management Act and Non Banking Finance Companies (Reserve Bank) Directions 1998 with regard to non-acceptance of Deposits from Public;

4) Compliance under Prevention of Money Laundering Act, (PMLA) 2002 for the purpose of compliance with the obligations under Know your Customer Norms/ Anti Money Laundering (AMC) standards & Fair Pricing Code (FPC) and Combating of Finance of Terrorism (CFT) obligations under PMLA,2002;

5) Motor Vehicles Act, 1938;

6) Income Tax Act, 1961 and the Income Tax Rules, 1962 and Finance Act;

7) Profession Tax, 1992;

8) Labour laws like Equal Remuneration Act, 1976 and rules made thereunder; Employees Provident Fund and Miscellaneous Provisions Act, 1952 & Employees Provident Fund Scheme, 1952; Apprentice Act, 1961; Employees' State Insurance Act, 1948; Payment of Wages Act, 1936; Payment of Gratuity Act, 1972 & the Payment of Gratuity (Central) Rules, 1972; Payment of Bonus Act, 1965 & the Payment of Bonus Rules, 1975 and other applicable employee welfare or labour legislations covering the Company and its establishments;

9) Goods and Services Tax & Rules made thereunder;

10) Indian & State Stamp Act and Rules;

11) Competition Act, 2002;

12) Trade & Merchandise Marks Act, 1958;

13) Patents Act, 1970;

14) Copyright Act, 1957 or any licences issued thereunder.

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

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

ii) The Company 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 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 ₹11.80 Cr constituting more than 2% of average net profits for the immediate past three financial years, has been spent for the financial year 2019-20 on the projects/programmes that have been identified to be undertaken for this purpose through Srinivasan Services Trust (SST), an independent Trust (NGO) in existence since 1996 and a contribution of ₹8 Cr to PM CARES Fund;

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

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

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

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

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

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

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

i) Made following Preferential allotment aggregating to 69,76,600 equity shares of ₹10/- each at a premium of ₹119/- per equity share total aggregating to ₹89,99,81,400/- on private placement basis, during the year, comprised in two allotments on the following dates to the allottees as given below and has complied with the provisions of the Companies Act, 2013 and the rules made thereunder.

Date of allotment	Name of the allottee	No. of Equity shares allotted	Nominal value of shares @ ₹10/- per share (₹)	Premium @ ₹119/- per equity share (₹)	Total Amount of preferential allotment (₹)
29/06/2019	TVS Motor Foundation	34,88,300	3,48,83,000/-	41,51,07,700/-	44,99,90,700/-
12/10/2019	TVS Motor Company Ltd.	34,88,300	3,48,83,000/-	41,51,07,700/-	44,99,90,700/-
Total		69,76,600	6,97,66,000/-	83,02,15,400/-	89,99,81,400/-

ii) Not done any Redemption/ buyback of securities;

iii) Obtained the approval of the shareholders in the 11th Annual General Meeting of the Company held on 27th June, 2019, delegating the borrowing powers to the Board of Directors u/s.180(1)(c) of the Companies Act, 2013 for borrowing up to ₹10,000 Cr and also approval u/s.180(1)(a)of the Companies Act, 2013 for creation of charge/ mortgage over the properties of the companies to secure the borrowings made as aforesaid;

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

v) Not entered into any Foreign technical collaborations during the year under review.

Signature:

Place: Chennai
Date: 19th May, 2020

Name of the Company Secretary: **T N Sridharan**
Certificate of Practice No. 4191
UDIN:F003797B000255004

CIN: U65920TN2008PLC069758

Authorised Capital: ₹200,00,00,000/-

Paid-up capital: ₹185,18,23,000/-

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.

Signature:

Name of the Company Secretary: **T N Sridharan**
Membership No. FCS 3797
Certificate of Practice No. 4191
UDIN:F003797B000255004

Place: Chennai
Date: 19th May, 2020

To the Members of TVS Credit Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of TVS Credit Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IND-AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, the 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 of the standalone financial statements in accordance with Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

S.No.	Key Audit Matter	Auditor's Response.
1	**Allowance for Impairment under IND-AS 109** The standard prescribes provisioning of stage wise Expected Credit Loss (ECL) against the loans issued by the Company, with the value of provisioning being based upon the number of days the receivable is past its due. RBI vide its directive issued on 13th March, 2020 has mandated that ECL provision under IND-AS and the provision as required under IRACP norms of RBI shall be compared. In the event the provisioning under ECL norms of IND-AS is lower than that of the IRACP norms, the shortfall shall be provided by way of an appropriation from Profit after Tax to an "Impairment Reserve".	**Principal Audit Procedures** We have understood the Company's estimation of the stage allocation of the loan assets and understood the policy in place for computation of parameters required to arrive at the expected credit loss and verified for the consistency in application of the policy. We have performed, substantive checks on the calculation, including independent calculation of the parameters, that are estimated by the Company as part of computation of ECL. We have also engaged in analytical tests including but not limited to trend analysis of the ECL number against the loan receivables in comparison to some of the other companies in the same business profile. We have compared ECL provision as computed under IND-AS and the comparative requirement under IRACP norms of RBI, ECL provision computed under IND-AS was found to be higher than the requirement under IRACP. Hence, there was no requirement for an "Impairment Reserve". The Company has also made adequate disclosure in the notes forming part of financial statements regarding the provisions held and adhered to the disclosure requirements prescribed by the RBI.

S.No.	Key Audit Matter	Auditor's Response
2	**Application of IND-AS 116** From 1st April, 2019, IND-AS 116 has to be applied on all applicable leasing contracts with the application and appropriate accounting treatment of identifying lease liability, right to use asset, interest on such lease.	**Principal Audit Procedures** The Company has employed an external agency to assist with the transition into IND-AS 116 during the financial year and has extensively documented, for each of its leases, based on a policy of general materiality, the applicability or non-applicability of the standard, to such lease. We have verified the new leases during the year for additional locations and have found that the approach applied is consistent to the policy in place and also in line with the requirements of the standard. We have also performed an independent verification of the calculation of the lease liability, interest on lease and right to use assets based on the information made available to us and found the results satisfactory.

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

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

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

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

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

Emphasis of Matter

As described in the Note no. 36 to the annual financial results, in respect of accounts overdue but standard as on 29th February, 2020 where moratorium benefit has been granted, the staging of those accounts as on 31st March, 2020 is based on the days past due status as on 29th February, 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package and accordingly, the prescribed provision has also been carried in books for such accounts. Our opinion is not modified in respect of the above matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

(e) On the basis of written representations received from the Directors as on 31st March, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2020 from being appointed as Directors in term of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the renumeration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.

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

i. The Company has disclosed the impact of pending litigations on the financial position in its standalone financial statements- Refer Note 41(3) to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, the Investor Education and Protection Fund by the Company.

for **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

V. Sathyanarayanan
Partner
Membership No. 027716
Place : Bangalore
Date : 27th May, 2020
UDIN : 20027716AAAAFH6789

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

b) Fixed assets are physically verified by the management in accordance with a regular programme at reasonable intervals. In our opinion, the interval is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies have been noticed on such verifications;

c) The title deeds of the immovable properties of the Company are held in the name of the Company.

ii) The Company is in the business of lending, and does not carry any inventory. Hence, clause (ii) to paragraph 3 of the order does not apply here;

iii) The Company has granted loans to a party covered in the register maintained under Section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest;

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

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

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

v) The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76. Hence, reporting under sub-clause (v) of paragraph 3 of the Order is not applicable to the Company;

vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Act. Therefore, the provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company;

vii) a) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, Income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax and any other material statutory dues with the appropriate authorities except for few marginal delays;

b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax, were in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable;

c) According to the information and explanations given to us, following are the details of the disputed dues that were not been deposited on account of any dispute as on 31st March, 2020:

Description	31st March, 2020 (₹ in Crore)
Disputed Income Tax Demand (adjusted out of refunds)	1.06
Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹ 0.29 crore)	7.70

viii) Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of borrowings, to financial institutions or banks. The Company does not have any borrowings from the government or debenture holder;

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

x) Based on the audit procedures adopted and the information and explanations given to us, no fraud by the Company or on the Company, by its officers or employees has been noticed or reported during the course of our audit, except for the 18 cases identified as committed upon the Company, during the year (with individual cases not exceeding ₹1 crore), in the nature of misappropriation or criminal breach of trust. The total value of such frauds committed upon the Company during the year were ₹0.60 crore of which the Company has recovered ₹0.07 crore and appropriately provided for the balance;

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

xii) The Company is not a Nidhi Company and as such this clause of the order is not applicable;

xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of the Act and details of such transactions have been disclosed in standalone IND-AS financial statements as required by the applicable accounting standards;

xiv) According to the information and explanations given to us and in our opinion, the Company has made a preferential allotment of shares during the year under review, and the requirements of Section 42 of the Act have been complied with in this regard. The amounts raised have been used for the purpose for which the funds have been raised;

xv) According to the information and explanations given to us and in our opinion, the Company has not entered into any non-cash transactions with Directors or persons connected with them;

xvi) The Company is registered under section 45-IA of the Reserve Bank Act, 1934 and has obtained the certificate of registration dated 13th April, 2010.

for **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

V. Sathyanarayanan
Partner
Membership No. 027716
Place : Bangalore
Date : 27th May, 2020
UDIN : 20027716AAAAFH6789

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

We have audited the internal financial controls over financial reporting of **TVS Credit Services Limited** (“the Company”), "Chaitanya", No.12, Khader Nawaz Khan Road, Chennai - 600 006, as of **31st March, 2020** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s and Board of Directors Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

V. Sathyanarayanan
Partner
Membership No. 027716
Place : Bangalore
Date : 27th May, 2020
UDIN : 20027716AAAAFH6789

BALANCE SHEET
AS ON 31ST MARCH, 2020

TVS CREDIT

(All amounts in ₹ Crore, unless otherwise stated)

S.No.	Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
	ASSETS			
1	**Financial Assets**			
(a)	Cash and Cash Equivalents	2	357.36	77.04
(b)	Bank balances other than (a) above	3	11.62	27.27
(c)	Derivative Financial Instruments	4	23.63	15.03
(d)	Receivables			
	i) Trade Receivables	5	54.35	52.10
(e)	Loans	6	9,455.55	8,224.91
(f)	Investments	7	12.01	12.01
(g)	Other Financial Assets	8	113.52	136.04
	Total		**10,028.04**	**8,544.40**
2	**Non-Financial Assets**			
(a)	Current Tax Assets (Net)	9	14.88	6.76
(b)	Deferred Tax Assets (Net)	10	75.82	68.65
(c)	Investment Property	11	85.16	85.16
(d)	Property, Plant and Equipment	12	19.09	21.04
(e)	Other Intangible Assets	12	6.17	8.46
(f)	Other Non-Financial Assets	13	54.57	15.65
	Total		**255.69**	**205.70**
	Total Assets		**10,283.73**	**8,750.10**
	LIABILITIES AND EQUITY			
	LIABILITIES			
1	**Financial Liabilities**			
(a)	Payables			
	I. Trade Payables			
	i) Total outstanding dues of micro enterprises and small enterprises	14	0.02	-
	ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	14	168.61	139.87
(b)	Debt Securities	15	496.19	492.44
(c)	Borrowings other than debt securities	16	7,450.59	6,185.56
(d)	Subordinated Liabilities	17	612.77	639.76
(e)	Other Financial Liabilities	18	129.70	105.12
	Total		**8,857.88**	**7,562.76**
2	**Non-Financial Liabilities**			
(a)	Provisions	19	36.42	21.59
(b)	Other Non-Financial Liabilities	20	17.40	14.65
	Total		**53.82**	**36.24**
3	**Equity**			
(a)	Equity Share Capital	21	185.18	178.21
(b)	Other Equity	22	1,186.85	972.89
	Total		**1,372.03**	**1,151.10**
	Total Liabilities and Equity		**10,283.73**	**8,750.10**
Significant Accounting Policies forming part of financial statements		**1**		
Additional Notes forming part of financial statements		**41**		

As per our report of even date

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

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : 27th May, 2020

For and on behalf of the Board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts in ₹ Crore, unless otherwise stated)

S.No.	Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	Revenue from Operations			
i)	Interest Income	23	1,821.51	1,457.43
ii)	Fees and Commission Income	24	168.13	143.89
I)	**Total Revenue from Operations**		**1,989.64**	**1,601.32**
II)	Other Income	25	25.04	32.85
III)	**Total Income (I + II)**		**2,014.68**	**1,634.17**
	Expenses			
i)	Finance Costs	26	699.81	557.46
ii)	Fees and Commission Expenses	27	129.35	80.78
iii)	Net Loss on Derecognition of Financial Instruments under Amortised Cost Category	28	209.40	151.19
iv)	Impairment of Financial Instruments	28a	64.33	33.25
v)	Employee Benefit Expenses	29	477.73	391.95
vi)	Depreciation, Amortisation and Impairment		20.10	15.22
vii)	Other Expenses	30	195.65	188.35
IV)	**Total Expenses**		**1,796.37**	**1,418.20**
V)	Profit / (Loss) before exceptional items and tax (III - IV)		**218.31**	**215.97**
VI)	Exceptional items		8.00	-
VII)	Profit / (Loss) before tax (V - VI)		**210.31**	**215.97**
VIII)	Tax Expenses	31		
	Current Tax		60.00	82.39
	Deferred Tax		(0.20)	(14.72)
IX)	Profit / (Loss) for the period (VII - VIII)		150.51	148.30
X)	Other Comprehensive Income	32		
A.	Items that will not be reclassified to Profit or Loss			
	Remeasurement of the defined benefit plans		(3.54)	(0.93)
	Income Tax relating to these items		0.89	0.32
B.	Items that will be reclassified to Profit or Loss			
	Fair value change on cash flow hedge		(20.05)	-
	Income Tax relating to these items		5.05	-
	Other Comprehensive Income (A+B)		(17.65)	(0.60)
XI)	**Total Comprehensive Income for the period (Comprising Profit / (Loss) and Other Comprehensive Income for the period) (IX + X)**		**132.86**	**147.70**
XII)	Earnings Per Share	33		
	Basic (₹)		8.25	8.67
	Diluted (₹)		8.25	8.67
Significant Accounting Policies forming part of financial statements		**1**		
Additional Notes forming part of financial statements		**41**		

As per our report of even date

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

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : 27th May, 2020

For and on behalf of the Board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2020

TVS CREDIT

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Cash Flow From Operating Activity		
Profit Before Income Tax	210.31	215.97
Adjustment For:-		
Depreciation and amortisation expense	20.10	15.22
Impairment of Financial Assets	64.33	33.25
Profit / (Loss) on disposal of PPE	(0.01)	(0.21)
Finance Charges Paid	699.81	557.46
Foreign currency (gain) / loss	(15.18)	14.55
Fair value (gain) / loss on derivatives not designated as hedges	15.03	(13.75)
Unwinding of discount on security deposits	(9.71)	(16.67)
Remeasurement of defined benefit plans	(3.54)	(0.93)
Employee Benefit Obligations	6.38	(0.66)
Cash generated from operations before working capital changes	777.21	588.27
Change in operating assets and liabilities		
(Increase) / Decrease in Trade Receivables	(5.04)	(31.54)
(Increase) / Decrease in Loans	(1,283.72)	(2,126.78)
(Increase) / Decrease in Other Financial Assets	22.52	38.27
(Increase) / Decrease in Other Non-Financial Assets	(38.91)	2.87
Increase / (Decrease) in Trade Payables	28.75	2.14
Increase / (Decrease) in Other Financial Liabilities	22.60	29.55
Increase / (Decrease) in Other Non-Financial Liabilities	2.74	(1.55)
Financing Charges paid	(699.81)	(551.86)
Cash generated from operations	**(963.36)**	**(1,834.65)**
Income taxes paid	(68.12)	(82.45)
Net cash inflow from operating activities	**(1,031.48)**	**(1,917.10)**
Cash flows from investing activities		
Payments for property, plant and equipment and Investment Property	(8.77)	(26.02)
Proceeds from sale of property, plant and equipment and Investment Property	0.01	1.00
Decrease in Deposits with Bank	15.65	26.93
Net cash inflow / (outflow) from investing activities	**6.89**	**1.92**
Cash flows from financing activities		
Proceeds from issue of Shares	90.00	119.99
Proceeds from Issue / (Repayment) of Debt Securities	3.75	98.42
Increase in / (Repayment) of Borrowings	1,222.20	1,362.82
Increase in / (Repayment) of Subordinated Liabilities	(26.99)	77.13
Payments for Principal Portion of Lease Liabilities (Refer Note 39)	(6.83)	-
Net cash inflow from financing activities	**1,282.13**	**1,658.37**
Net Increase Or (Decrease) in Cash & Cash Equivalent	**257.54**	**(256.82)**
Cash and cash equivalents at the beginning of the financial year	**(1,609.54)**	**(1,352.72)**
Cash and cash equivalents at end of the year	**(1,352.00)**	**(1,609.54)**

As per our report of even date

For and on behalf of the Board

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

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : 27th May, 2020

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

(All amounts in ₹ Crore, unless otherwise stated)

I) Equity Share Capital

	Notes	Amounts
Balance as at 1st April, 2018		166.89
Changes in equity share capital during the year	21	11.32
Balance as at 31st March 2019		178.21
Changes in equity share capital during the year	21	6.98
Balance as at 31st March, 2020		**185.18**

II) Other Equity

	Reserves and Surplus					
	Notes	Securities Premium Account	Statutory Reserve	Retained earnings	Other Reserves - Hedge Reserve	Total
Balance as at 1st April, 2018		**437.72**	**60.99**	**217.81**	-	**716.52**
Profit for the Year	22	-	-	148.30	-	148.30
Other comprehensive income	22	-	-	(0.60)	-	(0.60)
Transaction in the capacity as owners						
Transfer to statutory reserve	22	-	29.66	(29.66)	-	-
Issue of equity shares	22	108.67			-	108.67
Balance as at 31st March, 2019		**546.39**	**90.65**	**335.85**	-	**972.89**
Change in Accounting Policy (Refer Note 39)		-	-	(1.93)	-	(1.93)
Profit for the Year	22	-	-	150.51	-	150.51
Other comprehensive income	22	-	-	(2.65)	(15.00)	(17.65)
Transaction in the capacity as owners						
Transfer to statutory reserve	22	-	30.10	(30.10)	-	-
Issue of equity shares	22	83.02	-	-	-	83.02
Balance as at 31st March, 2020		**629.41**	**120.75**	**451.69**	**(15.00)**	**1,186.85**

As per our report of even date

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

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : 27th May, 2020

For and on behalf of the Board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

1. Significant Accounting Policies forming part of Financial Statements

COMPANY BACKGROUND

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

The Company has received Certificate of Registration dated 13th April, 2010 from Reserve Bank of India (RBI) and commenced Non-Banking Financial activity thereon. The Company is categorised as Systemically Important Non-Banking Finance (Non-Deposit Accepting or Holding) Company, as defined under Section 45-IA of Reserve Bank of India (RBI) Act, 1934. The Company is engaged predominantly in Automobile Financing. The Company falls under the new category of "NBFC - Investment and Credit Company (NBFC-ICC)" post RBI merger of the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) during February 2019.

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of accounts:

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

The Company has adopted IND-AS from 1st April, 2018 with effective transition date of 1st April, 2017 pursuant to MCA notification dated 31st March, 2016 and financial statements has been prepared in accordance with Division III of Schedule III of Companies Act 2013 notified by MCA on 11th October, 2018. Further, the Company follows application guidance, clarifications, circulars and directions issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFC) or other regulators, as and when they are issued and applicable.

b. Historical cost convention

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

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

c. Use of estimates

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

d. Significant estimates and judgements

The areas involving critical estimates are:

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

The areas involving critical judgements are:

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

e. Property, Plant and Equipment (PPE)

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

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

f. Depreciation

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

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

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

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

g. Investment property

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

h. Intangible assets

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

i. Financial assets and financial liabilities:

1. Classification:

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

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.

<u>Business Model Assessment</u>

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

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

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

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

Reclassifications

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

Financial liabilities

The Company classifies its financial liabilities, other than 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 fair value through profit or loss at its fair value plus/(minus), transaction costs / origination income that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt Instruments:

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

i. Amortised Cost:

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

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

ii. Fair Value through Profit or Loss:

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

3. Revenue Recognition:

i. Income from Financing Activity

a. 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.

When you embrace it, technology becomes the wind beneath your wings.

Technology never ceases to amaze us as it surges ahead. At TVS Credit, we have always used it to get closer to those Indians for whom financial assistance was but a distant dream. Towards this end, in the past year, we introduced our Chatbot and WhatsApp Bot to answer customer queries instantly, while we also simplified several processes through Robotics Process Automation.

TVS CREDIT

Those who adapt to change will always find success.

As we grew over the years, we adapted our business model and launched numerous products to fulfill the aspirations of our fellow Indians. To reflect this evolution of TVS Credit into a full-fledged financier, we launched our new Brand Identity last year.

TVS CREDIT

b. For financial assets that are not Purchases Originally Credit Impaired "POCI" but have subsequently become credit-impaired (or 'stage-3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost and interest recognised is net of expected credit loss provision.

c. Income by way of additional interest on account of delayed payment by the customers is recognised on realisation basis, due to uncertainty in collection.

ii. Other revenue from operations

a. 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.

b. Dividend income is recognised when the right to receive income is established.

c. Incomes in the nature of bounce and related charges are recognised on realisation, due to uncertainty in collection.

4. Impairment of financial assets:

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

i. Loans

ii. Trade receivables

iii. Other receivables

i. Loans and Other receivables

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

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

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

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

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

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

Measurement of ECL

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

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

ii. Trade Receivables:

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

Presentation of allowance for ECL in the statement of financial position

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

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 35. Movements in the hedging reserve in shareholders' equity are shown in Note 22.

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

7. Offsetting financial instruments

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

j. Trade and other payables

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

k. Cash and cash equivalents

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

l. Taxation

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

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

ii. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

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

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act, 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognised the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31st March, 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact recognised in the statement of profit and loss.

m. Employee Benefits:

i. 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.

ii. 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.

iii) 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.

a. 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.

b. 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:

i. 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 crore except where otherwise indicated.

ii. 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 method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

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

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

p. Borrowings cost

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

q. Cash flow statement

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

r. Earnings per share

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

s. Impairment of assets

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

t. Lease

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

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

i. The use of an identified asset,

ii. The right to obtain substantially all the economic benefits from use of the identified asset,

iii. The right to direct the use of the identified asset.

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

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

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

The lease payments are discounted using the incremental borrowing rate.

For short-term leases and low value assets (assets of less than ₹ 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.

The new standard is mandatory for financial years commencing on or after 1st April, 2019 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption. Accordingly, the Company has adopted IND-AS 116, Leases, effective 1st April, 2019 using modified retrospective method of transition. Adoption of this standard did not have a material effect on audited financial results for the year ended 31st March, 2020.

u. Segment reporting

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

v. Provisions

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

w. Contingent liabilities

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

x. Share-based payments

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

y. Equity

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

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 2 Cash and Cash Equivalents

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Cash on hand*	1.71	31.47
b)	Balance with banks		
	- current accounts	355.65	45.57
	Total	357.36	77.04

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

Cash and Cash Equivalents for the purpose of Cash Flow Statement

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Cash and Cash Equivalents as shown above	357.36	77.04
b)	Less: overdrafts utilised	1,709.36	1,686.58
	(Grouped under Borrowings (other than debt securities) - Note 16)		
	Total	(1,352.00)	(1,609.54)

NOTE 3 Bank Balance other than Cash and Cash Equivalents*

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Bank Balance other than Cash and Cash Equivalents	11.62	27.27
	Total	11.62	27.27

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

NOTE 4 Derivative Financial Instruments

S.No.	Description	As at 31st March, 2020	
		Notional amounts	Fair Value - Assets
a)	Other Derivatives - Cross Currency Swap - designated as hedges	634.84	23.63
	Total	634.84	23.63
S.No.	**Description**	**As at 31st March, 2019**	
		Notional amounts	Fair Value - Assets
b)	Derivatives not designated as hedges	237.50	15.03
	Total	237.50	15.03

NOTE 5 Trade Receivables

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Receivables considered good - Unsecured	58.38	53.34
b)	Less: Impairment Loss Allowance	4.03	1.24
c)	Receivables considered good - Unsecured (Net) (a) -(b)	54.35	52.10

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 6 Loans

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
A		Amortised Cost	
a)	Bills Purchased and Bills discounted	21.30	0.80
b)	Term Loans		
	i) Automobile Financing	8,278.96	7,157.67
	ii) Consumer Lending	1,138.30	1,075.95
	iii) Small Business Lending	209.10	129.52
c)	Total Loans - Gross (a)+(b)	9,647.66	8,363.94
d)	Less: Impairment Loss Allowance	192.11	139.03
e)	Total Loans - Net (c)-(d)	9,455.55	8,224.91
B	**Nature**		
	Secured by Tangible Assets	8,307.11	7,157.67
	Unsecured Loans	1,340.55	1,206.27
	Total Gross	9,647.66	8,363.94
	Less: Impairment Loss Allowance	192.11	139.03
	Total - Net	9,455.55	8,224.91
C i)	Loans in India		
	Public Sector	-	-
	Others	9,647.66	8,363.94
	Total Gross	9,647.66	8,363.94
	Less: Impairment Loss Allowance	192.11	139.03
	Total - Net	9,455.55	8,224.91
ii)	Loans Outside India	-	-
iii)	Total Loans (i)+(ii)	9,455.55	8,224.91

a. The stock of loan (automobile finance) includes 13,998 nos. repossessed vehicles as at Balance Sheet date. (31st March, 2019: 11,526 nos.).

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

Details of Registration are in progress or Registration No. not available:

Product	As at 31st March, 2020		As at 31st March, 2019	
	Nos.	Value	Nos.	Value
Two-Wheeler	257,142	1,000.97	507,109	1,978.48
Used Car	4,786	151.18	4,412	132.76
Tractor	8,473	312.13	4,964	172.42

c. **Transferred Loans**

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

	31st March, 2020	31st March, 2019
Total transferred receivables	12.57	62.86
Associated Secured Borrowing (Note 16)	12.57	62.86

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 7 Investments

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Investments		
	Equity instruments		
	Subsidiaries*		
i)	TVS Housing Finance Private Limited (1,20,00,000 equity shares @ ₹10/- each fully paid up)	12.00	12.00
ii)	TVS Two Wheeler Mall Private Ltd (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
iii)	TVS Commodity Financial Solutions Private Limited (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
iv)	Harita ARC Private Limited (2,500 equity shares @ ₹10 each fully paid up)	0.00	0.00
v)	TVS Micro Finance Private Limited (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
vi)	Harita Collection Services Private Limited (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
	Total – Gross (A)	12.01	12.01
	(i) Investments outside India	-	-
	(ii) Investments in India	12.01	12.01
	Total (B)	12.01	12.01
	Total	12.01	12.01
	Less: Allowance for Impairment Loss (C)	-	-
	Total - Net (D) = (A)-(C)	**12.01**	**12.01**

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

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

NOTE 8 Other Financial Assets

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Loan to Employees	8.72	7.03
b)	Security deposit for leased premises	7.54	6.60
c)	Advances to Related Parties	80.86	112.83
d)	Other Financial Assets - Related Parties	0.03	0.18
e)	Other Financial Assets - Non-Related Parties	13.03	6.48
f)	Deposit with Service Providers	3.34	2.91
	Total	**113.52**	**136.04**

NOTE 9 Current Tax Assets

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Opening Balance	6.76	6.69
b)	Add: Taxes paid	68.12	82.45
c)	Less: Taxes payable	(60.00)	(82.39)
	Total	**14.88**	**6.76**

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 10 Deferred Tax Assets/(liabilities)

The balance comprises temporary differences attributable to:

S.No.	Description	As at 31st March, 2020	Created/ (Provided) during the year	Balance as on 1st April, 2019	As at 31st March, 2019
	Deferred Tax Assets/(Liabilities) on account of :				
a)	Depreciation	4.60	(1.37)	5.97	5.97
b)	Provision for compensated absence	4.03	0.56	3.48	3.48
c)	Provision for expected credit loss	34.76	(0.71)	35.47	35.47
d)	General loss provisions	2.13	2.13	-	-
e)	Provision for gratuity	0.18	0.17	0.01	0.01
f)	Expenses disallowed under Sec 40 (a) (ia)	4.22	(1.14)	5.37	5.37
g)	Provision for pension	2.82	(0.68)	3.50	3.50
h)	Investment property	-	(3.51)	3.51	3.51
i)	Automobile financing	14.47	10.25	4.22	4.22
j)	Other Receivables from holding Company	2.73	(4.33)	7.06	7.06
k)	Mark to market on derivative	5.05	4.99	0.05	0.05
l)	Lease Accounting	0.82	(0.22)	1.03	-
	Total deferred tax Assets/(liabilities)	**75.82**	**6.14**	**69.68**	**68.65**

Balance as on 1st April, 2019 considers the effect of lease accounting (Refer Note 39).

Break-up of deferred tax expense/(benefit)	
- to statement of profit and loss	0.20
- to other comprehensive income	5.94
Total	**6.14**

NOTE 11 Investment Property

Description	Land	Building	Total
Period Ended 31st March, 2020			
Gross carrying amount as on 31st March 2019	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, 2020 (A)-(B)	**85.16**	**0.00**	**85.16**
Net Carrying value as at 31st March, 2019	**85.16**	**0.00**	**85.16**

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 11 Investment Property (Contd.)

Description	Land	Building	Total
Period Ended 31st March, 2019			
Gross carrying amount as on 31st March, 2018	85.47	0.40	85.86
Additions		-	-
Sub-total	85.47	0.40	85.86
Disposals	0.30	0.40	0.70
Closing gross carrying amount (A)	85.16	-	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, 2019 (A)-(B)	**85.16**	-	**85.16**

(i) Fair value

	As at 31st March, 2020	As at 31st March, 2019
Investment properties	414.90	414.90

NOTE 12 Property, Plant and Equipment

Description	Property, Plant and Equipment					Other Intangible Assets (Computer Software)
	Computer	Furniture & Fixtures	Office Equipment	Vehicles	Total	
Period Ended 31st March, 2020						
Gross carrying amount as on 31st March, 2019	15.67	10.33	9.72	0.02	35.74	12.78
Additions	4.78	1.00	1.50	-	7.29	1.48
Sub-total	**20.45**	**11.33**	**11.22**	**0.02**	**43.03**	**14.26**
Disposals	0.01	0.05	0.05	-	0.10	-
Closing gross carrying amount (A)	**20.44**	**11.29**	**11.17**	**0.02**	**42.93**	**14.26**
Depreciation and amortisation						
Opening accumulated depreciation	6.65	3.95	4.10	0.00	14.71	4.32
Depreciation/amortisation charge during the year*	5.31	1.94	1.97	0.00	9.21	3.77
Sub-total	**11.96**	**5.89**	**6.07**	**0.00**	**23.93**	**8.09**
Disposals	0.00	0.04	0.05	-	0.09	-
Closing accumulated depreciation and amortisation(B)	**11.96**	**5.85**	**6.02**	**0.00**	**23.83**	**8.09**
Net Carrying value as at 31st March, 2020 (A)-(B)	**8.49**	**5.44**	**5.14**	**0.02**	**19.09**	**6.17**
Net Carrying value as at 31st March, 2019	**9.02**	**6.38**	**5.62**	**0.02**	**21.04**	**8.46**

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

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 12 Property, Plant and Equipment (Contd.)

Description	Property, Plant and Equipment					Other Intangible Assets (Software)
	Computer	Furniture & Fixtures	Office Equipment	Vehicles	Total	
Period Ended 31st March, 2019						
Gross carrying amount as on 31st March, 2018	8.10	7.33	6.92	0.02	22.37	3.17
Additions	9.07	3.37	4.01	-	16.45	9.61
Sub-total	**17.17**	**10.70**	**10.92**	**0.02**	**38.82**	**12.78**
Disposals	1.50	0.37	1.20	-	3.07	-
Closing gross carrying amount (A)	**15.67**	**10.33**	**9.72**	**0.02**	**35.75**	**12.78**
Depreciation and amortisation						
Opening accumulated depreciation	1.81	1.86	1.85	0.00	5.52	1.23
Depreciation/amortisation charge during the year*	4.96	2.14	5.03	0.00	12.12	3.09
Sub-total	**6.77**	**4.00**	**6.87**	**0.00**	**17.64**	**4.32**
Disposals	0.12	0.04	2.77	-	2.93	-
Closing accumulated depreciation and amortisation (B)	**6.65**	**3.95**	**4.10**	**0.00**	**14.71**	**4.32**
Net Carrying value as at 31st March, 2019 (A)-(B)	**9.02**	**6.38**	**5.62**	**0.02**	**21.04**	**8.46**

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

NOTE 13 Other Non Financial Assets

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Dealer Commission Advance	0.72	0.41
b)	Prepaid Expenses	6.05	11.10
c)	Vendor Advance	19.81	0.69
d)	Balance with GST/Service Tax Department	2.21	3.46
e)	Right-to-use asset (Refer Note 39)	25.78	-
	Total	**54.57**	**15.65**

NOTE 14 Trade Payables

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Total outstanding dues to micro enterprises and small enterprises*	0.02	-
b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	168.61	139.87
	Total	**168.63**	**139.87**

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

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 15 Debt Securities

Description	As at 31st March, 2020	As at 31st March, 2019
At Amortised Cost		
Others		
Commercial Paper	496.19	492.44
Total (A)	**496.19**	**492.44**
Debt securities in India	496.19	492.44
Debt securities outside India	-	-
Total (B)	**496.19**	**492.44**

NOTE 16 Borrowings (Other Than Debt Securities)

Description	As at 31st March, 2020	As at 31st March, 2019
At Amortised Cost		
(a) Term loans		
i) from banks	5,728.66	4,436.11
ii) from other parties	-	-
(b) Loans repayable on demand		
(i) from banks	1,709.36	1,686.58
(c) Securitised trust borrowing	12.57	62.86
Total (A)	**7,450.59**	**6,185.56**
Borrowings in India	6,772.06	6,185.56
Borrowings outside India	678.53	-
Total (B)	**7,450.59**	**6,185.56**

NOTE 17 Subordinated Liabilities

Description	As at 31st March, 2020	As at 31st March, 2019
At Amortised Cost		
Perpetual Debt Instruments to the extent that do not qualify as equity	99.81	99.79
Other Subordinated Liabilities:		
From Banks	199.87	261.22
From Others	313.09	278.76
Total (A)	**612.77**	**639.76**
Subordinated Liabilities in India	612.77	639.76
Subordinated Liabilities outside India	-	-
Total (B)	**612.77**	**639.76**

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

(All amounts in ₹ Crore, unless otherwise stated)

Annexure

Institution	Amount outstanding as on 31st March, 2020	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
Loans repayable on demand	1,569.36	Secured		Repayable On Demand			
	140.00	Unsecured					
	1,709.36						
Term Loan							
Bank	99.98	Secured	8.05%	10	Quarterly	31/12/2020	31/03/2023
Bank	75.00	Secured	8.20%	10	Quarterly	15/07/2020	15/10/2022
Bank	199.95	Secured	8.10%	10	Quarterly	24/11/2020	24/02/2023
Bank	399.93	Secured	8.30%	10	Quarterly	27/11/2019	27/02/2022
Bank	74.99	Secured	9.00%	10	Quarterly	10/01/2019	10/03/2021
Bank	49.99	Secured	8.40%	2	2 Instalment	25/09/2019	25/09/2020
Bank	79.93	Secured	9.00%	10	Quarterly	15/11/2019	15/02/2022
Bank	25.00	Secured	7.99%	1	Bullet	01/06/2020	01/06/2020
Bank	50.00	Secured	8.05%	1	Bullet	23/10/2020	23/10/2020
Bank	100.00	Secured	8.20%	1	Bullet	06/05/2021	06/05/2021
Bank	66.66	Secured	8.40%	6	Half Yearly	28/06/2019	28/12/2021
Bank	33.34	Secured	8.40%	6	Half Yearly	28/07/2019	28/01/2022
Bank	150.00	Unsecured	8.35%	1	Bullet	19/05/2020	19/05/2020
Bank	24.99	Secured	8.30%	12	Quarterly	16/02/2018	16/11/2020
Bank	63.33	Secured	8.85%	12	Quarterly	23/06/2018	23/03/2021
Bank	125.00	Secured	8.65%	36	Monthly	26/10/2018	26/09/2021
Bank	241.62	Secured	7.25%	36	Monthly	30/09/2019	30/08/2022
Bank	166.67	Secured	7.50%	36	Monthly	30/10/2019	30/09/2022
Bank	500.00	Secured	7.00%	36	Monthly	19/04/2020	19/03/2023
Bank	59.96	Secured	8.95%	10	Quarterly	21/08/2018	21/11/2020
Bank	477.58	Secured	8.75%	10	Quarterly	04/11/2019	04/02/2022
Bank	290.05	Secured	8.35%	12	Quarterly	28/03/2019	27/12/2021
Bank	249.95	Secured	8.35%	12	Quarterly	06/05/2020	06/02/2023
Bank	112.50	Secured	8.40%	4	Half Yearly	17/03/2020	17/09/2021
Bank	100.00	Secured	8.30%	4	Half Yearly	18/06/2021	18/12/2022
Bank	20.00	Secured	8.40%	10	Quarterly	29/05/2018	29/08/2020
Bank	50.00	Secured	8.40%	12	Quarterly	01/10/2018	01/06/2021
Bank	150.78	Secured	8.25%	1	Bullet	26/08/2022	26/08/2022
Bank	150.78	Secured	8.25%	1	Bullet	16/09/2022	16/09/2022
Bank	30.00	Secured	8.65%	10	Quarterly	21/09/2018	21/12/2020
Bank	188.48	Secured	8.63%	1	Bullet	29/05/2022	29/05/2022
Bank	188.48	Secured	8.63%	1	Bullet	10/06/2022	10/06/2022
Bank	139.78	Secured	9.00%	10	Quarterly	30/09/2019	30/12/2021
Bank	200.00	Secured	8.25%	1	Bullet	13/10/2020	13/10/2020
Bank	199.93	Secured	8.40%	1	Bullet	19/11/2022	19/11/2022
Bank	299.95	Secured	8.40%	10	Quarterly	20/05/2020	20/08/2022
Bank	44.27	Secured	6.43%	10	Quarterly	10/03/2020	10/06/2022
Bank	249.78	Secured	8.20%	10	Quarterly	20/12/2020	20/03/2023
	5,728.66						
Securitised Trust Borrowings	**12.57**						

(All amounts in ₹ Crore, unless otherwise stated)

Institution	Amount outstanding as on 31st March, 2020	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
Subordinated Liabilities							
Perpetual Debt	99.81	Unsecured	11.50%	1	Bullet	24/11/2027	24/11/2027
Bank	24.94	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	25.00	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	49.97	Unsecured	9.50%	1	Bullet	29/05/2023	29/05/2023
Bank	50.00	Unsecured	9.90%	1	Bullet	24/07/2023	24/07/2023
Bank	49.96	Unsecured	10.09%	1	Bullet	28/04/2022	28/04/2022
Others	14.50	Unsecured	9.20%	1	Bullet	30/06/2020	30/06/2020
Others	49.92	Unsecured	11.25%	1	Bullet	27/09/2021	27/09/2021
Others	98.71	Unsecured	10.90%	1	Bullet	07/08/2024	07/08/2024
Others	49.96	Unsecured	12.25%	1	Bullet	30/09/2020	30/09/2020
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	50.00	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
	612.77						

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

(All amounts in ₹ Crore, unless otherwise stated)

Institution	Amount outstanding as on 31st March, 2019	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
Bank	150.00	Secured	8.40%	4	Half Yearly	01/03/2020	01/09/2021
Bank	208.32	Secured	8.80%	30	Monthly	01/04/2019	01/09/2021
Bank	136.00	Secured	8.80%	9	Quarterly	01/04/2019	01/03/2021
Bank	209.69	Secured	9.50%	8	Quarterly	01/07/2019	01/04/2021
Bank	140.00	Secured	9.80%	8	Quarterly	01/08/2019	01/05/2021
Bank	201.34	Secured	9.75%	10	Quarterly	01/09/2019	01/12/2021
Bank	150.00	Secured	9.40%	6	Half Yearly	01/06/2019	01/12/2021
Bank	456.12	Secured	9.50%	11	Quarterly	01/06/2019	01/12/2021
Bank	99.89	Secured	9.10%	10	Quarterly	01/11/2019	01/02/2022
Bank	499.89	Secured	8.80%	10	Quarterly	01/11/2019	01/02/2022
Bank	601.06	Secured	9.40%	10	Quarterly	01/11/2019	01/02/2022
Bank	214.43	Secured	8.90%	1	Bullet	29/01/2018	29/11/2019
	4,436.11						
Securitised Trust Borrowings	**62.86**						
Subordinated Liabilities							
Perpetual Debt	99.79	Unsecured	11.50%	1	Bullet	24/11/2027	24/11/2027
Bank	25.00	Unsecured	9.70%	1	Bullet	01/09/2022	01/09/2022
Others	29.00	Unsecured	9.30%	2	Annual	01/06/2019	01/06/2020
Bank	12.50	Unsecured	9.75%	2	Annual	01/06/2019	01/06/2020
Others	49.94	Unsecured	12.25%	1	Bullet	01/09/2020	01/09/2020
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	49.88	Unsecured	11.30%	1	Bullet	01/09/2021	01/09/2021
Others	49.94	Unsecured	10.02%	1	Bullet	01/04/2022	01/04/2022
Others	50.00	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
Bank	24.92	Unsecured	9.70%	1	Bullet	01/09/2022	01/09/2022
Bank	50.39	Unsecured	10.05%	1	Bullet	01/05/2023	01/05/2023
Bank	50.00	Unsecured	10.39%	1	Bullet	01/07/2023	01/07/2023
Bank	98.41	Unsecured	10.90%	1	Bullet	01/08/2024	01/08/2024
	639.76						

Details of Security

i. Term Loan received from Banks and Other Parties of ₹ 5578.66 inclusive of Current and Non-Current Dues (Previous Year: 4436.11 as on 31st March, 2019) is secured against hypothecation of receivables under the financing activity of the Company.

ii. Working Capital Demand Loan and Cash Credit of ₹ 1,569.36 (Previous Year: ₹ 1,546.58 as at 31st March, 2019) is secured by hypothecation of receivables under the financing activity of the Company.

External Commercial Borrowings

During the year, the Company had raised funds in the overseas market amounting to ₹ 634.84 (equivalent to USD 90 million) under External Commercial Borrowings (ECB) accessed through automatic route after receiving the Loan Registration Number from RBI as per ECB Master Directions. These are unlisted instruments, for total duration of 3 years and the loan has been fully hedged. The net proceeds from the issue of these ECB were applied for the purpose of on-lending, in accordance with the directions issued by the RBI.

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 18 Other Financial Liabilities

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Interest Accrued But Not Due	37.60	13.72
b)	Employee Related Liabilities	24.05	38.05
c)	Security Deposit	39.02	48.04
d)	Delinquency Fund	-	5.31
e)	Lease liability	29.03	-
	Total	**129.70**	**105.12**

NOTE 19 Provisions

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Pension	11.22	10.02
b)	Gratuity	0.73	0.04
c)	Compensated Absences	16.02	11.53
d)	General Loss Provisions*	8.45	-
	Total	**36.42**	**21.59**

*Refer Note 36 and Note 41.10.5

NOTE 20 Other Non Financial Liabilities

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
	Others		
a)	Statutory Dues	17.40	14.65
	Total	**17.40**	**14.65**

NOTE 21 Equity Share capital

	Description	As at 31st March, 2020	As at 31st March, 2019
a)	**Authorised Share Capital:**		
	20,00,00,000 Equity Shares of ₹10 each	200.00	200.00
	(Previous Year 20,00,00,000 Equity Shares)		
		200.00	**200.00**
b)	**Issued, Subscribed and Fully Paid-up Share Capital:**		
	18,51,82,300 number of Equity Shares of ₹10 each	185.18	178.21
	(Previous year 17,82,05,700 Equity Shares of ₹10 each)		
c)	**Par Value per Share**	₹10 each	₹10 each
d)	**Number of Equity Shares at the beginning of the year**	178,205,700	166,885,700
	Add: Preferential Allotment made during the year	6,976,600	11,320,000
	Number of Equity Shares at the end of the year	185,182,300	178,205,700

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 21 Equity Share Capital (Contd.)

e)	**Equity Shares held by Holding Companies**		
	Particulars	**No. of Shares**	**No. of Shares**
	Holding Company - TVS Motor Company Limited	155,469,528	18,329,753
	Sundaram Clayton Limited (Holding Company of TVS Motor Company Limited)	2,180,250	2,180,250
	Holding Company in Previous year - TVS Motor Services Limited (including nominees)	1,090,125	134,741,600

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 31st March, 2020**		**As at 31st March, 2019**	
		No. of Shares	**% of Holding**	**No. of Shares**	**% of Holding**
	TVS Motor Company Limited	155,469,528	83.95	18,329,753	10.29
	Lucas-TVS Limited	11,337,297	6.12	11,337,297	6.36
	TVS Motor Services Limited	1,090,125	0.59	134,741,600	75.61

NOTE 22 Other Equity

Description	As at 31st March, 2020	As at 31st March, 2019
a) Securities Premium Reserves	629.41	546.39
b) Statutory Reserve	120.75	90.65
c) Retained Earnings	451.69	335.85
d) Other Reserves - Hedging Reserve	(15.00)	-
Total reserves and surplus	**1,186.85**	**972.89**

a) Securities premium reserves	**As at 31st March, 2020**	**As at 31st March, 2019**
Opening balance	546.39	437.72
Additions during the year	83.02	108.67
Deductions/Adjustments during the year	-	-
Closing balance	**629.41**	**546.39**

b) Statutory reserve	**As at 31st March, 2020**	**As at 31st March, 2019**
Opening balance	90.65	60.99
Transfer from retained earnings	30.10	29.66
Deductions/Adjustments during the year	-	-
Closing balance	**120.75**	**90.65**

c) Retained earnings	**As at 31st March, 2020**	**As at 31st March, 2019**
Opening balance	335.85	217.81
Lease Equalisation restatement on 1st April, 2019*	(1.93)	-
Balance as on 1st April, 2019	333.92	217.81
Net profit for the period	150.51	148.30
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation net off tax	(2.64)	(0.60)
Transaction in the capacity as owners		
Statutory Reserve	(30.10)	(29.66)
Closing balance	**451.69**	**335.85**

* Refer Note 39

d) Other Reserves - Hedge Reserve	**As at 31st March, 2020**	**As at 31st March, 2019**
Opening balance	-	-
Add: Change in fair value of hedging instruments, net off tax	(15.00)	-
Closing balance	**(15.00)**	**-**

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 22 Other Equity (Contd.)

Statutory Reserves

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

Securities Premium

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

Retained Earnings

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

NOTE 23 Interest Income

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
On Financial assets measured at amortised cost:		
Interest on Loans	1,820.49	1,454.17
Interest on Deposits with Bank	1.02	3.27
Total	**1,821.51**	**1,457.43**

NOTE 24 Fees and Commission Income

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Fee-based Income	112.80	88.36
Commission Income	11.17	15.31
Service Income	44.16	40.22
Total	**168.13**	**143.89**

NOTE 25 Other Income

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Bad Debts Recovered	11.57	9.16
Other Non-Operating Income	3.75	7.02
Unwinding of discount on security deposits and receivable for investments	9.72	16.67
Total	**25.04**	**32.85**

NOTE 26 Finance Costs

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
On Financial liabilities measured at amortised cost		
Interest Cost	665.85	535.14
- Interest on Borrowings	553.55	425.24
- Interest on Debt Securities	50.12	71.30
- Interest on subordinated Liabilities	62.18	38.60
Other Finance Charges	33.96	22.31
Total	**699.81**	**557.46**

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 27 Fee and Commission Expenses

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Business Promotion and Recovery Cost	129.35	80.78
Total	**129.35**	**80.78**

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

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Loss on Sale of Repossessed Assets	53.80	74.37
Bad Debts Written off	155.60	76.82
Total	**209.40**	**151.19**

NOTE 28a Impairment of Financial Instruments

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Impairment on standard Assets (Stage 1 & 2)	14.32	12.58
Impairment on NPA (Stage 3)	38.77	19.43
Impairment on Trade Receivables	2.79	1.24
General Loss Provisions*	8.45	-
Total	**64.33**	**33.25**

* Refer Note 36 & Note 41.10.5

NOTE 29 Employee Benefit Expenses

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries and Wages	427.28	352.97
Contribution to Provident and other funds	28.97	18.52
Staff Welfare	21.48	20.47
Total	**477.73**	**391.95**

NOTE 30 Other Expenses

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Auditors Fees and Expenses*	0.51	0.45
Communication Costs	55.84	42.91
Directors Fees, Allowances & Expenses	0.50	0.56
Corporate Social Responsibility **	3.80	2.60
Donation	4.20	6.42
Repairs & Maintenance	2.05	1.40
Rent, Taxes and Energy Costs (refer Note 39)	15.64	23.69
Insurance Expenses	1.80	1.46
Legal and Professional Charges	48.95	44.27
Others	15.89	12.49
Printing and Stationery	3.07	2.82
Travelling and Conveyance	43.40	49.27
Total	**195.65**	**188.35**

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 30 Other Expenses (Contd.)

*Auditors Fees and Expenses

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Statutory Audit	0.24	0.25
Tax Audit	0.07	0.07
Certification	0.15	0.10
Reimbursement of Expenses	0.05	0.03
Auditors Fees and Expenses	**0.51**	**0.45**

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

a. Gross amount required to be spent during the year is ₹3.80 crore

b. Amount spent during the year - ₹11.80 crore

c. Amounts spent towards PM CARES Fund: ₹8 crore which is shown as exceptional items in the Statement of Profit and Loss.

S.No.	Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
a.	Construction/acquisition of any asset	-	-
b.	Expenses incurred through trusts	3.80	2.60
c.	Donation to PM CARES Fund	8.00	-
	Total	**11.80**	**2.60**

NOTE 31 Income Tax Expenses

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
(a) Income tax expense		
Current tax		
Current tax on profits for the year	60.00	82.39
Tax profits relating to prior period	-	-
Total current tax expense	**60.00**	**82.39**
Deferred tax		
Decrease (increase) in deferred tax assets	(0.20)	(14.72)
(Decrease) increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	**(0.20)**	**(14.72)**
Income tax expense	59.80	67.67
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	210.31	215.97
Tax at the Indian tax rate of 25.17% (PY – 34.61%)	52.93	74.75
Tax effect of amounts which are permanent differences in nature in calculation of taxable income	6.87	(7.08)
Income tax expense	59.80	67.67

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 32 Other Comprehensive Income

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Items that will not be reclassified to profit or loss		
Remeasurement of the defined benefit plans	(3.54)	(0.93)
Fair value change on cash flow hedge	(20.05)	-
Income tax relating to these items	5.94	0.33
Other Comprehensive Income	**(17.65)**	**(0.60)**

NOTE 33 Earnings Per Share

	Year ended 31st March, 2020	Year ended 31st March, 2019
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	8.25	8.67
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	8.25	8.67
(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	150.51	148.30
Diluted earnings per share		
Profit attributable to equity holders of the Company		
- used in calculating basis earnings per share	150.51	148.30
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	182,496,787	170,988,778
(e) Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	182,496,787	170,988,778

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 34 Employee Benefit Obligations

Defined Benefit Obligation

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

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

Particulars	Gratuity			Pension			Compensated Absences		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
1st April, 2018	**10.03**	**(6.44)**	**3.59**	**10.02**	**-**	**10.02**	**8.65**	**-**	**8.65**
Current service cost	1.48	-	1.48	0.18	-	0.18	-	-	-
Interest expense/(income)	0.66	(0.62)	0.04	-	-	-	0.54	-	0.54
Total amount recognised in profit or loss	**2.14**	**(0.62)**	**1.52**	**0.18**	**-**	**0.18**	**0.54**	**-**	**0.54**
Remeasurements	-	-	-	-	-	-	-	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.01	0.01	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	0.04	-	0.04	0.21	-	0.21	0.05	-	0.05
Experience (gains)/losses	0.91	-	0.91	(0.39)	-	(0.39)	3.88	-	3.88
Total amount recognised in other comprehensive (income)/Losses	**0.95**	**0.01**	**0.96**	**(0.18)**	**-**	**(0.18)**	**3.93**	**-**	**3.93**
Employer contributions	-	(6.02)	(6.02)	-	-	-	-	-	-
Benefit payments	(0.96)	0.96	(0.00)	-	-	-	(1.59)	-	(1.59)
31st March, 2019	**12.15**	**(12.11)**	**0.04**	**10.02**	**-**	**10.02**	**11.53**	**-**	**11.53**
1st April, 2019	**12.15**	**(12.11)**	**0.04**	**10.02**	**-**	**10.02**	**11.53**	**-**	**11.53**
Current service cost	1.90	-	1.90	-	-	-	-	-	-
Interest expense/(income)	0.93	(0.89)	0.04	0.71	-	0.71	0.80	-	0.80
Total amount recognised in profit or loss	**2.83**	**(0.89)**	**1.94**	**0.71**	**-**	**0.71**	**0.80**	**-**	**0.80**
Remeasurements	-	-	-	-	-	-	-	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.19	0.19	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	0.48	-	0.48	1.83	-	1.83	0.44	-	0.44
Experience (gains)/losses	2.37	-	2.37	(1.33)	-	(1.33)	5.43	-	5.43
Total amount recognised in other comprehensive (income)/Losses	**2.85**	**0.19**	**3.04**	**0.49**	**-**	**0.49**	**5.87**	**-**	**5.87**
Employer contributions	-	(4.30)	(4.30)	-	-	-	-	-	-
Benefit payments	(1.73)	1.73	-	-	-	-	(2.19)	-	(2.19)
31st March, 2020	**16.11**	**(15.38)**	**0.73**	**11.22**	**-**	**11.22**	**16.02**	**-**	**16.02**

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 34 Employee Benefit Obligations (Contd.)

Details	Gratuity		Pension		Compensated Absence	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Discount Rate	5.46%	6.72%	6.32%	7.27%	5.30%	6.68%
Salary Growth Rate	6.00%	6.00%	5.50%	5.50%	6.00%	6.00%
Mortality inclusive of provision for disability	100% of Indian Assured Lives Mortality (IALM)					

i. Sensitivity Analysis

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

Particulars	Gratuity 2018-19			Pension 2018-19			Compensated Absences 2018-19		
	Change in Assump-tion	Due to increase in assump-tion	Due to decrease in assump-tion	Change in Assump-tion	Due to increase in assump-tion	Due to decrease in assump-tion	Change in Assump-tion	Due to increase in assump-tion	Due to decrease in assump-tion
Discount Rate	0.50%	12.02	12.3	1%	8.45	11.57	0.50%	11.41	11.65
Salary Growth Rate	0.50%	12.29	12.02	1%	11.65	8.38	0.50%	11.65	11.41
Mortality	5.00%	12.15	12.15	5%	9.79	9.92	5.00%	11.53	11.53

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)	4.93
Between 2 and 5 years	10.45
Beyond 5 years	2.83
Total	**18.21**

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 ₹ 17.86 (31st March, 2019: ₹ 10.56) 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.

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 35 Fair Value Measurements

Financial instruments by category

	Measurement Level	31st March, 2020	31st March, 2019
Financial assets carried at amortised cost			
Loans	Level 3	9,455.55	8,224.91
Trade Receivables	Level 3	54.35	52.10
Cash and Cash Equivalents		357.36	77.04
Other Bank Balances		11.62	27.27
Loan to Employees	Level 3	8.72	7.03
Advances to Related Parties	Level 3	80.86	110.17
Other Financial Assets - Related Parties	Level 3	0.03	2.85
Other Financial Assets - Non Related Parties	Level 3	13.03	6.48
Security Deposit for Leased Premises	Level 3	7.54	6.60
Deposit with Service Providers	Level 3	3.34	2.91
Financial assets carried at fair value through profit and loss			
Cross Currency Swap	Level 2	-	15.03
Financial assets carried at fair value through Other Comprehensive Income			
Derivative Financial Instruments	Level 2	23.63	-
Total financial assets		**10,016.03**	**8,532.39**
Financial liabilities carried at amortised cost			
Trade Payables	Level 3	168.63	139.87
Debt Securities	Level 3	496.19	492.44
Borrowings other than Debt Securities	Level 3	7,450.59	6,185.56
Subordinated Liabilities	Level 3	612.77	639.76
Security Deposit Received	Level 3	39.02	48.04
Other Financial Liabilities	Level 3	90.68	57.09
Total financial liabilities		**8,857.88**	**7,562.76**

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:

Financial assets and liabilities measured at fair value - recurring fair value measurements (Level 2)	**31st March, 2020**	**31st March, 2019**
Financial assets		
Cross Currency Swap	-	15.03
Derivative Financial Instruments	23.63	-
Total financial assets	**23.63**	**15.03**
Fair value of Financial assets and liabilities carried at amortised cost (Level - 3)	**31st March, 2020**	**31st March, 2019**
Financial assets		
Loan to Employees	8.72	7.03
Advances to Related Parties	86.11	114.35
Security Deposit for Leased Premises	7.54	6.60
Total financial assets	**102.38**	**127.98**

There were no transfers between any levels during the year.

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 35 Fair Value Measurements (Contd.)

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

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

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

ii. Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

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

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

iii. Valuation process

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

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

31st March, 2020	Carrying amount	Fair value
Financial assets		
Loan to Employees	8.72	8.72
Advances to Related Parties	80.86	86.11
Security Deposit for Leased Premises	7.54	7.54
Total financial assets	**97.13**	**102.38**
31st March, 2019	**Carrying amount**	**Fair value**
Loan to Employees	7.03	7.03
Advances to Related Parties	110.17	114.35
Security Deposit for Leased Premises	6.60	6.60
Total financial assets	**123.80**	**127.98**

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

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

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 36 Financial Risk Management

(A) Credit Risk

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

Other Financial Assets

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

Loans

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

Particulars	31st March, 2020	31st March, 2019
Gross Carrying value of Loans		
Stage-1 (Less than 30 Days)	8,407.16	7,767.27
Stage-2 (31-90 Days)	869.84	321.98
Stage-3 (More than 90 Days)	370.66	274.69
Total Gross Carrying Value on Reporting Date	**9,647.66**	**8,363.94**

Credit Quality

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

Inputs considered in the ECL model

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

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

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

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

Assumptions considered in the ECL model

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

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

Estimation Technique

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

- "Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 36 Financial Risk Management (Contd.)

- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining 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.

Assessment of significant increase in credit risk

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

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

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27th March, 2020 and 17th April, 2020 relating to 'COVID-19 – Regulatory Package', the Company has offered moratorium upto three months on the payment of instalments falling due between 1st March, 2020 and 31st May, 2020 to all eligible borrowers.

For staging classification under ECL computation, the Company has exercised standstill option of asset classification for overdue standard accounts classified under Stage 2 as at 29th February, 2020, for which moratorium has been granted. Above relaxation has not been deemed to be automatically triggering significant increase in credit risk based on assessment of the Company. During the moratorium period, the Company continues to recognise interest income and has made the judgement that the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 3 classification criteria.

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. The Company has followed same methodologies and assumptions for impairment loss allowance calculations followed in earlier quarters with additional consideration for COVID-19 related impact and the associated support packages in the measurement of impairment loss allowance. Since the Company's impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates.

Definition of default

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

Impairment loss

The expected credit loss allowance provision is determined as follows:

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

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31st March, 2019	7,767.27	321.98	274.69	8,363.94
Expected Credit Loss	30.99	3.43	104.61	139.03
Expected Credit Loss Rate	0.40%	1.06%	38.08%	1.66%
Net of Impairment Provision	7,736.28	318.55	170.08	8,224.91

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 36 Financial Risk Management (Contd.)

Reconciliation of Expected Credit Loss

Particulars	Stage-1	Stage-2	Stage-3	Grand Total
Balance as at 1st April, 2018	**19.75**	**2.08**	**82.94**	104.77
Transfer to Stage 1	(2.14)	1.06	1.08	-
Transfer to Stage 2	0.21	(1.18)	0.98	-
Transfer to Stage 3	1.34	0.63	(1.97)	-
Loans that have derecognised during the period	(4.32)	(0.60)	(25.43)	(30.36)
New Loans originated during the year	22.44	1.47	13.25	37.16
Net Remeasurement of Loss Allowance	(6.28)	(0.02)	33.75	27.45
Balance as at 31st March, 2019	**30.99**	**3.43**	**104.61**	**139.03**
Transfer to Stage 1	(4.92)	3.27	1.66	-
Transfer to Stage 2	0.28	(1.90)	1.61	-
Transfer to Stage 3	0.71	1.33	(2.04)	-
Loan that have derecognised during the period	(6.58)	(0.72)	(25.18)	(32.49)
New Loans originated during the year	25.12	3.91	12.98	42.02
Net Remeasurement of Loss Allowance	(6.37)	0.18	49.74	43.55
Balance as at 31st March, 2020	**39.23**	**9.50**	**143.38**	**192.11**

Concentration of Credit Risk

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

	31st March, 2020	31st March, 2019
Carrying value		
Concentration by geographical region in India		
South	3,822.92	3,356.79
West	2,091.72	1,999.24
East	1,602.03	1,227.55
North	2,130.99	1,780.36
Total Loans as at reporting period	**9,647.66**	**8,363.94**

(B) Liquidity Risk

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

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

i. Financing arrangements

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

	31st March, 2020	31st March, 2019
Floating rate		
Expiring within one year (bank overdraft and other facilities)	332.04	653.09
Expiring beyond one year (bank loans)	-	-
	332.04	653.09

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

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 36 Financial Risk Management (Contd.)

ii. Maturities of financial liabilities

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

a. All non-derivative financial liabilities, and

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

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

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

Contractual maturities of financial liabilities	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
31st March, 2019						
Non-derivatives						
Borrowings	700.70	384.42	2,765.44	2,569.02	898.18	7,317.76
Security Deposit Received	-	22.27	22.48	3.29	-	48.04
Trade Payables	8.78	93.89	37.21	-	-	139.87
Other Financial Liabilities	22.01	0.91	34.17	-	-	57.09
Total non-derivative liabilities	**731.49**	**501.48**	**2,859.30**	**2,572.31**	**898.18**	**7,562.76**

NOTE 37 Financial Risk Management

(a) Foreign currency risk exposure

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

	31st March, 2020	31st March, 2019
Financial liabilities		
Variable Foreign Currency Borrowings	634.84	252.68
Derivative liabilities		
Hedged through derivatives	634.84	-
Hedged through CCS	-	257.59
Net exposure to foreign currency risk (liabilities)	-	(4.90)

(b) Sensitivity analysis:

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

Impact on profit after tax		
USD sensitivity	31st March, 2020	31st March, 2019
INR/USD Increases by 5%	-	(0.16)
INR/USD Decreases by 5%	-	0.16

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 37 Financial Risk Management

(i) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31st March, 2020 and 31st March, 2019, the Company's borrowings at variable rate were mainly denominated in INR, USD.

The Company's floating rate borrowings are carried at amortised cost. For NBFC, business loan is the major source for running the business. In India, loans are mostly available at Floating Rate Interest. And there are no such option available to obtain an option for swapping the Floating Rate Interest with Fixed Interest. Hence, except foreign currency loans, other loans are not hedged.

(a) Interest rate risk exposure

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

	31st March, 2020	31st March, 2019
Variable rate borrowings	7,173.54	6,324.62
Total borrowings	**8,559.56**	**7,317.76**

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

	31st March, 2020		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	8.30%	7,173.54	83.81%
	31st March, 2019		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	9.12%	6,324.62	86.43%

An analysis by maturities is provided in Note 36 B (ii) above.

(b) Sensitivity

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

	Impact on profit after tax	
	31st March, 2020	31st March, 2019
Interest rates – increase by 50 basis points*	32.03	23.93
Interest rates – decrease by 50 basis points*	(32.03)	(23.93)

* Holding all other variables constant.

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 38 Capital Management

(a) Risk management

The Risk Management policy includes identification of element of risks, including those which in the opinion of Board may lead to Company not meeting its financial objectives. The risk management process has been established across the Company and designed 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 6 times to the total equity, the Company monitors the ratio as below Net Debt divided by total equity

	31st March, 2020	31st March, 2019
Net debt (total borrowings, less cash and cash equivalents)	8,202.20	7,240.72
Total Equity (as shown in the balance sheet)	1,372.03	1,151.10
Net debt to equity ratio	**5.98**	**6.29**

(b) Externally imposed capital restrictions

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

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

NOTE 39 Transition Notes on adoption of IND-AS 116

The Company has adopted IND-AS 116 'Leases' with the date of initial application being 1st April, 2019. IND-AS 116 replaces IND-AS 17 – Leases. The Company has applied IND-AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1st April, 2019. As a result, the comparative information has not been restated. In adopting IND-AS 116, the Company has applied the below practical expedients:

a. The Company has not reassessed whether a contract is, or contains, a lease at the date of initial application

b. The Company applied a single discount rate for all leases arrangements since they have reasonably similar characteristics

c. The Company relied on its assessment of whether leases are onerous applying IND-AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per IND-AS 36 Impairment of assets

d. The Company has treated the leases with remaining lease term of less than 12 months as "short term leases"

e. The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition

f. The Company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

g. Effective 1st April, 2019, the Company has applied IND-AS 116 "Leases", using the modified retrospective approach. As a result, the Company has recognised Right of Use - assets amounting to ₹21.93 crores and lease liability of ₹24.89 crore, with net impact of ₹1.93 crore recognised in retained earnings as at 1st April, 2019 and ₹1.03 crore in deferred tax.

Measurement of lease liabilities

The lease liabilities as at 1st April, 2019 can be reconciled to the operating lease commitments as of 31st March, 2019, as follows:

Particulars	Amount
Operating lease commitments disclosed as at 31st March, 2019	47.36
Weighted average incremental borrowing rate as at 1st April, 2019	8.75%
Discounted using the lessee's incremental borrowing rate of at the date of initial application	37.44
Adjustments as a result of a different treatment of extension and termination options	(12.54)
Lease liabilities as at 1st April, 2019	24.89

When you take the road less travelled, you go further.

For those willing to leave the beaten track, the business world offers so many roads to success. We tailored our products to our customers' needs and circumstances, by offering flexible repayment terms, collateral options and usage-based pricing. For MSMEs, we introduced unique products like used machine finance, machine refinance and new entrepreneur loans. Our end-to-end digital processes made every customer journey a speedy one.

TVS CREDIT

When you never stop training, you never stop winning.

We constantly upgrade our people's skills, and reward them when their efforts bear fruit. Our training modules, including our recently launched CAP Millennial Programme, keep our team members in winning shape. Our Rewards & Recognition Programme has also been launched, to ensure year-round acclaim and benefits for those who raise their performance while upholding our values.

TVS CREDIT

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 39 Transition Notes on adoption of IND-AS 116 (Contd.)

Lease Disclosures pertaining to Right to use Asset

Particulars	Amount
Gross Block - Building	
Opening/(On transition to IND-AS 116)	21.93
Additions during the year	10.97
Deletions during the year	-
Closing Balance during the year	32.90
Amortisation	
Additions	-
Amortisation for the year	7.12
Closing Balance during the year	25.78

Company has exercised the option of short-term leases and low value asset exemption.

Lease Disclosures pertaining to Statement of Profit & Loss

Particulars	Amount
Finance charges	
Interest expense	2.32
Depreciation	
Amortisation of Right to use asset	7.12
Other expenses	
Rent expenses	
Expense relating to short-term leases (included in other expenses)	8.33
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)	-
Expense relating to variable lease payments not included in the measurement of lease liabilities	-
Total	**17.77**

Lease Disclosures pertaining to Cash Flow Statement

Particulars	Amount
Cash flow from financing activities	
Principal repayments related to lease liabilities	6.83
Interest payments related to lease liabilities	2.32

NOTE 40

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act, 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognised the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31st March, 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact recognised in the statement of profit and loss.

(All amounts in ₹ Crore, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020

1. Capital Commitments

Description	31st March, 2020	31st March, 2019
Estimated amount of contracts remaining to be executed on Capital Account not provided for	2.18	2.58

2. Other Commitments

Description	31st March, 2020	31st March, 2019
Undrawn Loans sanctioned to borrowers	1.99	29.58

3. Contingent Liabilities not provided for:

Claims against the Company not acknowledged as debts.

Description	31st March, 2020	31st March, 2019
Disputed Income Tax Demand (adjusted out of refunds)	1.06	1.06
Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹ 0.29 Cr)	7.70	6.72
Legal cases filed by borrowers against the Company	1.64	1.29

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

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 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), during 2010-11 at book value and the same is repayable by TVSMS in 6 years. Instalment of ₹ 41.33 crore due in March 2020 has been paid by TVSMS. Accordingly, the advance from TVSMS to the Company pertaining to this transaction stands at ₹ 78.20 crore as at 31st March, 2020 as per IND-AS fair valuation. Advance is partly secured to the extent of ₹ 52.15 crore and balance portion of ₹ 26.05 crore is unsecured. Considering the intrinsic value of land lying with TVSMS and equity shares held by TVSMS in the Company, the unsecured advance is considered good and recoverable.

5. Pursuant to para 2 of general instructions for preparation of financial statements of a NBFC as mentioned in Division III of Schedule III of The Companies Act, 2013, the current and non-current classification has not been provided.

6. As at the balance sheet date, the Company has received dues of ₹ 0.01 crore (PY – ₹ 0.38 crore) included under bank balances, arising out of the assigned asset and the same is shown under payables (Note No. 14)

(All amounts in ₹ Crore, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (Contd.)

7. Related Party Disclosure

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

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

S.No.	Name of the Related Party	Nature of Transactions	Amount 2019-20	Amount 2018-19
1	TVS Motor Services Limited	Advance received	41.33	25.16
		Unwinding of advance	9.36	16.18
		Balance outstanding (Dr)	80.86	112.83
2	TVS Motor Company Limited	Contribution towards Equity Share Capital	3.49	11.32
		Contribution towards Security Premium	41.51	108.67
		Services Rendered	42.51	19.33
		Availing of services	5.76	4.79
		Balance outstanding (Dr)	18.92	16.66
3	Sundaram Clayton Limited	EMI Payment	0.10	0.11
		Availing of services	4.23	3.98
		Balance outstanding (Cr)	0.16	0.43
4	Sundaram Auto Components Limited	EMI Payment	0.10	0.10
		Balance outstanding (Dr)	0.26	0.38
5	Harita ARC Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
6	TVS Commodity Financial Solutions Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
7	TVS Two Wheeler Mall Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)		-
8	TVS Micro Finance Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
9	Harita Collection Services Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)		-
10	TVS Housing Finance Private Limited	Investments in Equity	-	-
		Advance Repaid	0.16	
		Pre operative Expenses	-	0.05
		Balance outstanding (Dr)	-	0.16
11	Emerald Haven Realty Limited	EMI Payment	0.47	0.18
		Balance outstanding (Dr)	-	0.47
12	TVS Automobile Solutions Private Limited (TASL)	Working Capital Financing	45.78	-
		Receivable Financing to Franchisees of TASL	13.68	-
		Balance outstanding (Dr)	2.06	-

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

(All amounts in ₹ Crore, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (Contd.)

8. Segment Reporting

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

9. 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.

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

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

S.No.	Description	Amount Outstanding	Amount Overdue
		as at 31st March, 2020	
	Liabilities		
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**		
A	Debentures	-	-
	- Secured	-	-
	- Unsecured (other than falling within the meaning of public deposits)	99.81	-
B	Deferred Credits	-	-
C	Term Loans (including Sub Ordinated Debt)	6,241.63	-
D	Inter-corporate loans and borrowings	-	-
E	Commercial paper	496.19	-
F	Other loans:		-
	i. Cash Credit	1,709.36	
	ii. Securitised Trust Borrowing	12.57	
	Total	**8,559.56**	-

	Assets		
(2)	**Break-up of Loans and Advances including bills receivable(other than those included in (4) below) :**		
(a)	Secured	8,307.11	-
(b)	Unsecured considered good	1,340.55	-
(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	**9,647.66**	

TVS CREDIT

(All amounts in ₹ Crore, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (Contd.)

S.No.	Description	Amount Outstanding as at 31st March, 2020	Amount Overdue as at 31st March, 2020
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	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Pass through Certificates - Securitisation)	-	-
	Total	**-**	-

(5)	**Borrower group-wise classification of assets financed as in (2) and (3) above**			
	Category	**Amount (Net of provisions for Non-performing assets)**		
		Secured	**Unsecured**	**Total**
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	0.86	2.06	2.92
	(c) Other related parties	-	-	-
	2. Other than related parties	8211.49	1289.87	9501.36
	Total	**8212.35**	**1291.93**	**9504.28**

(All amounts in ₹ Crore, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (Contd.)

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

(7)	Other Information	Amount
(i)	Gross Non-performing assets	
	(a) Related Parties	-
	(b) Other than related parties	370.66
(ii)	Net Non-performing assets	
	(a) Related Parties	-
	(b) Other than related parties	227.28
(iii)	Assets acquired in satisfaction of debt	-

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

Capital Adequacy Ratio

Description	2019-20	2018-19
Tier I Capital	1401.89	1142.42
Tier II Capital	265.72	357.14
Total Capital	**1667.61**	**1499.56**
Total Risk Weighted Assets	**9813.40**	**8566.28**
Amount of Subordinated Debt as Tier II Capital (Discounted Value)	220.00	322.73
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	14.29%	13.34%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	2.71%	4.17%
Total (%)	**17.00%**	**17.51%**
Amount of perpetual debt raised and qualifying as Tier I capital during the year	-	99.79
Amount of subordinated debt raised and qualifying as Tier II capital during the year	-	98.41

(All amounts in ₹ Crore, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (Contd.)

a. Investments

S.No.	Description	2019-20	2018-19
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	-	-

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

Description	2019-20	2018-19
(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 Lakh		
- individual housing loans more than ₹15 Lakh	-	-
(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

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

(All amounts in ₹ Crore, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (Contd.)

c. Exposure to Capital Market

S.No.	Description	2019-20	2018-19
i	Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds, the corpus of which is not exclusively invested in corporate debt.	-	-
ii	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds.	-	-
iii	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken a primary security.	-	-
iv	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances.	-	-
v	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	-	-
vi	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
vii	Bridge loans to companies against expected equity flows/issues.	-	-
viii	All exposures to Venture Capital Funds (both registered and unregistered)	-	-

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

Time Bucket	As at 31st March, 2020					
	Deposits	Advances	Invest-ments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Up to 1 month	-	232.00	-	256.99	-	-
Over 1 months up to 2 months	-	151.25	-	541.06	-	-
Over 2 months up to 3 months	-	208.70	-	158.30	-	-
Over 3 months up to 6 months	-	1,054.70	-	582.44	-	-
Over 6 months up to 1 year	11.62	3,311.71	-	3,187.76	-	-
Over 1 year up to 3 years	-	3,929.12	-	2,830.99	-	678.53
Over 3 years up to 5 years	-	580.91	-	223.68	-	-
Over 5 years	-	35.89	12.01	99.81	-	-
Grand Total	**11.62**	**9,504.28**	**12.01**	**7,881.03**	**-**	**678.53**

(All amounts in ₹ Crore, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (Contd.)

e. 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 Lakh		₹ 25 Lakh and above		Total	
		Count	Value	Count	Value	Count	Value	Count	Value
A	**Person Involved**								
	Staff	6	0.03	11	0.28	1	0.29	18	0.60
	Customers/Showroom Managers	-	-	-	-	-	-	-	-
	Others	1	0.004	1	0.12	-	-	2	0.12
	Staff and Customers	**7**	**0.03**	**12**	**0.40**	**1**	**0.29**	**20**	**0.72**
B	**Type of Fraud**								
	Misappropriation and Criminal breach of trust	6	0.03	11	0.37	-	-	17	0.40
	Fraudulent encashment / manipulation of books of accounts	-	-	-	-	-	-	-	-
	Unauthorised credit facility extended	-	-	-	-	-	-	-	-
	Cheating and Forgery	1	0.004	1	0.03	1	0.29	3	0.32
	Total	**7**	**0.03**	**12**	**0.40**	**1**	**0.29**	**20**	**0.72**

Note:

Out of the above, ₹0.07 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.

10.2 Note on Securitisation

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

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

S.No.	Description	2019-20	2018-19
1.	No. of SPVs sponsored by the NBFC for securitisation transactions	1 nos.	3 nos.
2.	Total amount of securitised assets as per books of the SPVs sponsored by NBFC's	12.31	54.16
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	7.54 2.08	19.08 6.37
	- 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)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (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	2019-20		2018-19	
		Non-Current	Current	Non-Current	Current
1	Excess Interest Spread receivable	0.88	0.18	1.40	3.99
2	Unrealised gain on Securitisation Transactions	0.88	0.18	1.40	3.99

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

Description	2019-20	2018-19
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	2019-20	2018-19
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	-	-

10.3 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.	NPA Movement	2019-20	2018-19
(I)	**Net NPA to Net advances (%)**	**2.39%**	**2.06%**
(II)	**Movement of Stage 3 (gross)***		
	a. Opening Balance	274.69	221.09
	b. Additions during the year	361.34	235.34
	c. Reductions during the year	109.77	104.28
	d. Write off during the year	155.60	77.47
	e. Closing Balance	370.66	274.69
(III)	**Movement of Stage 3 (net)**		
	a. Opening Balance	170.08	138.14
	b. Additions during the year	179.13	134.42
	c. Reductions during the year	77.47	73.46
	d. Write off during the year	44.46	29.02
	e. Closing Balance	227.28	170.08
(IV)	**Movement of Provision for Stage 3***		
	a. Opening Balance	104.61	82.94
	b. Provisions made during the Year	83.54	59.78
	c. Reductions/Write off during the year	44.77	38.11
	d. Closing Balance	143.38	104.61

*Stage 3 figures mentioned above includes provision on assets takenover from Chennai business consulting services limited (erstwhile TVS Finance Services Ltd. vide BTA dated 21st April, 2010)

(All amounts in ₹ Crore, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (Contd.)

b. Movement of Contingent Standard Assets Provision

S.No.	Description	31st March, 2020	31st March, 2019
(i)	Movement of Contingent Provision against Standard Assets (Stage 1 & Stage 2)		
	a) Opening Balance	34.41	21.83
	b) Additions during the year	21.63	17.51
	c) Reductions during the year	7.31	4.93
	d) Closing Balance	48.73	34.41

c. Provisions and Contingencies

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

Description	31st March, 2020	31st March, 2019
Provision for Depreciation on Investments	-	-
Provision/Impairment allowance towards NPA (Stage 3 Assets) (Net)	38.77	19.43
Provision/Impairment allowance towards Standard Assets (Stage 1 & 2 Assets)	14.32	12.58
Provision for General Loss	8.45	-
Provision/Impairment allowance for trade receivables	2.79	1.24
Provision made towards Income Tax	60.00	82.39
	124.33	115.64

10.4 Disclosure as required by DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

Asset Classification as per RBI Norms	Asset classifi-cation 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	8,407.16	39.23	8,367.93	33.63	5.60
	Stage 2	869.84	9.50	860.34	3.48	6.02
Subtotal		9,277.00	48.73	9,228.27	37.11	11.62
Non-Performing Assets (NPA)						
Substandard	Stage 3	275.52	80.35	195.17	50.99	29.36
Doubtful - up to 1 year	Stage 3	38.09	18.97	19.12	13.09	5.88
1 to 3 years	Stage 3	27.30	15.73	11.57	12.28	3.45
More than 3 years	Stage 3	4.27	2.85	1.42	2.47	0.38
Subtotal for doubtful		69.66	37.55	32.11	27.84	9.71
Loss	Stage 3	25.48	25.48	-	25.48	-
Subtotal for NPA		370.66	143.38	227.28	104.31	39.07
Total	**Stage 1**	**8,407.16**	**39.23**	**8,367.93**	**33.63**	**5.60**
	Stage 2	**869.84**	**9.50**	**860.34**	**3.48**	**6.02**
	Stage 3	**370.66**	**143.38**	**227.28**	**104.31**	**39.07**
	Total	**9,647.66**	**192.11**	**9,455.55**	**141.42**	**50.69**

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, 2020 and accordingly, no amount is required to be transferred to impairment reserve.

(All amounts in ₹ Crore, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (Contd.)

10.5 Disclosure on Asset Classification under the prudential norms on Income Recognition, Asset Classification as required by circular DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April, 2020

a.	Amounts outstanding in SMA / Overdue category for the cases where moratorium benefit extended	321.49
b.	Amounts outstanding where the asset classification benefit is extended	168.92
c.	Amount of provision made for the quarter ended 31st March, 2020	8.45
d.	Provisions adjusted during the respective accounting periods against slippages and the residual provisions	-

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

a) **Concentration of Advances**

Description	2019-20	2018-19
Total Advances to Twenty Largest Borrowers	81.32	13.29
Percentage of advances to twenty largest borrowers to Total Advances	0.76%	0.16%

b) **Concentration of Exposures**

Description	2019-20	2018-19
Total Exposures to Twenty Largest Borrowers/Customers	81.32	13.29
Percentage of exposures to twenty largest borrowers to Total Advances	0.76%	0.16%

c) **Concentration of NPAs**

Description	2019-20	2018-19
Total Exposure to Top Four NPA Accounts	1.15	1.05

d) **Sector-wise distribution of NPA's**

S.No.	Sector	Percentage of NPA's to Total Advances in that Sector	
		2019-20	2018-19
1	Agriculture and Allied Activities	3.87%	3.71%
2	MSME	-	-
3	Corporate Borrowers	0.20%	2.13%
4	Services	-	-
5	Unsecured Personal Loans	8.47%	15.08%
6	Auto Loans (includes assets taken over from Chennai Business Consulting Services Limited)	3.90%	3.36%
7	Others	2.37%	-

(All amounts in ₹ Crore, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (Contd.)

10.7 Customer Complaints

Description	2019-20 (Nos.)	2018-19 (Nos.)
No. of Complaints pending at the beginning of the year	19	79
No. of Complaints received during the year	2,389	1,690
No. of Complaints redressed during the year	2,347	1,750
No. of Complaints pending at the end of the year	61	19

10.8 Details of non-performing financial assets purchased/sold

Description	2019-20	2018-19
No. of Accounts	62	-
Aggregate Outstanding	0.06	-
Aggregate Consideration Received	0.02	-

10.9 Registration under Other Regulators

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

10.10 Penalties imposed by RBI and Other Regulators

No penalties have been imposed by RBI and other regulators during FY 2019-20 and FY 2018-19.

10.11 Details of Financing of Parent Company Products

During the year, the Company has financed 5,70,679 nos. of two-wheelers and 2,329 nos. of three-wheelers of TVS Motor Company Limited as against 6,53,690 lakh nos. of two-wheelers and 2,387 nos. of three-wheelers in the previous year.

10.12 Ratings assigned by Credit Rating Agencies

Description	2019-20	2018-19
Commercial Paper	CRISIL/ICRA:A1+	CRISIL/ICRA:A1+
Working Capital Demand Loans	CRISIL/BWR:AA-	CRISIL/BWR:AA-
Cash Credit	CRISIL/BWR:AA-	CRISIL/BWR:AA-
Bank Term Loans	CRISIL/BWR:AA-	CRISIL/BWR:AA-
Non-Convertible Debentures - Long Term	CRISIL:AA-	CRISIL:AA-
Perpetual Debt	CRISIL/BWR: A+	CRISIL/BWR: A+
Subordinated Debt	CRISIL:AA-	CRISIL:AA-

(All amounts in ₹ Crore, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (Contd.)

10.13 Directors' Sitting Fees and Commission

S.No.	Name of the Director	Nature	2019-20#	2018-19#
1	Mr. Venu Srinivasan	Sitting Fees*	0.00	0.00
		Commission	-	-
2	Mr. T.K.Balaji	Sitting Fees*	0.00	0.00
		Commission	-	-
3	Mr. R.Ramakrishnan	Sitting Fees	0.01	0.02
		Commission	0.13	0.12
4	Mr. Sudarshan Venu	Sitting Fees	0.01	0.01
		Commission	-	-
5	Mr. S.Santhanakrishnan	Sitting Fees*	-	0.00
		Commission	0.04	0.12
6	Mr. K.N.Radhakrishnan	Sitting Fees	0.02	0.01
		Commission	-	-
7	Mr. V.Srinivasa Rangan	Sitting Fees	0.02	0.01
		Commission	0.13	0.12
8	Mr. Anupam Thareja	Sitting Fees*	-	0.00
		Commission	-	-
9	Ms. Sasikala Varadhachari	Sitting Fees	0.01	0.01
		Commission	0.10	0.09
10	Mr. Balasubramanyam Sriram	Sitting Fees	0.01	-
		Commission	-	-
11	Mr. R. Gopalan	Sitting Fees	0.01	-
		Commission	-	-
	Total		**0.50**	**0.52**

* The amounts mentioned are below the rounding off norms of the Company.
# Based on payments made during the respective financial years.

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

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

10.15 Advance against Intangible Securities

Company has not given any loans against intangible securities.

10.16 Derivatives

1. Forward Rate Agreement/Interest Rate Swap

S.No.	Description	2019-20	2018-19
(i).	Notional principal of swap agreements	634.84	237.50
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii)	Collateral required by the NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	Fair value of the swap books	658.47	252.68

(All amounts in ₹ Crore, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (Contd.)

2. Exchange Traded Interest Rate (IR) Derivatives

S.No.	Description	Amount
(i)	Notional principal amount of exchange-traded IR derivatives undertaken during the year (instrument wise)	-
(ii)	Notional principal amount of exchange-traded IR derivatives outstanding as on 31st March, 2020 (instrument wise)	-
(iii)	Notional principal amount of exchange-traded IR derivatives outstanding and not "highly effective" (instrument wise)	-
(iv)	Mark-to-market value of exchange-traded IR derivatives outstanding and not "highly effective" (instrument wise)	-

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	31st March, 2020	31st March, 2019
i)	Outstanding Derivatives		
	For Hedging (Currency/Interest Rate Derivatives)	658.47	252.68
ii)	Marked to Market Positions		
	a) Asset (+)	23.63	15.18
	b) Liability (-)		
iii)	Credit Exposure	634.84	237.50
iv)	Unhedged Exposures	-	-

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

There are no overseas assets owned by the Company.

10.18 Drawdown from Reserves

No drawdown from reserves existed for the year.

10.19 Off balance sheet SPV sponsored

There are no SPVs which are required to be consolidated.

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

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

10.22 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 31st March, 2020
Number of significant counter parties*	21
Amount (₹ In Crore)	8,128.76
Percentage of funding concentration to total deposits	NA
Percentage of funding concentration to total liabilities	79.04%

* 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.

(All amounts in ₹ Crore, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (Contd.)

(ii) Top 10 borrowings (amount in ₹ Crore and % of total borrowings)

Particulars	As at 31st March, 2020
Total amount of top 10 borrowings	3,461.85
Percentage of amount of top 10 borrowings to total borrowings	40.44%

(iii) Funding Concentration based on significant instrument/product*

Particulars	As at 31st March, 2020	Percentage of total liabilities
Loans from Bank	6,759.49	65.73%
External Commercial Borrowings	678.53	6.60%
Sub-ordinated Debts	512.96	4.99%
Perpetual Debt Instrument	99.81	0.97%
Commercial Paper	496.19	4.83%

* 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.

(iv) Stock Ratios

	Particulars	As at 31st March, 2020
(i)	Commercial papers as a % of total liabilities	4.83%
(ii)	Commercial papers as a % of total assets	4.83%
(iii)	Other short- term Liabilities as a % of total liabilities	48.52%
(iv)	Other short- term Liabilities as a % of total assets	48.52%

(v) Institutional set-up for liquidity risk management

The Company constituted an Asset Liability management committee as per guideline issued by RBI to NBFCs. ALCO consists of members having requisite skill set and expertise of the business of the Company. ALCO monitors asset liability mismatches to ensure that there are no excessive imbalances on either side of the balance sheet and reviews Asset Liability Management (ALM) strategy. ALCO also reviews the liquidity risk of the company at regular intervals. The Company maintains adequate liquidity to manage its commitments.

The Company has diversified its borrowing mix by sourcing different type of borrowings. During the year, the Company had raised nearly USD 90 Million in the form External Commercial Borrowing (ECB) on fully hedged basis from reputed foreign banks. As on 31st March 2020, the Company has positive ALM of 9.5% as against stipulated negative limits of 15% by RBI.

(All amounts in ₹ Crore, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (Contd.)

10.23 Summary of total borrowings, receivables and provision

Category-wise breakup	2019-20	2018-19
Secured:		
Term Loan from Banks	5,578.67	4,436.11
Working Capital Demand Loan	1,569.36	1,546.58
Securitised Trust Borrowing	12.57	62.86
Unsecured:		
Term Loan from Banks	150.00	140.00
Working Capital Demand Loan	140.00	
Commercial Paper	496.19	492.44
Subordinated Debts	512.96	539.97
Perpetual Debt	99.81	99.79
Total	**8,559.56**	**7,317.75**

Total Loans

Description	2019-20	2018-19
Category wise breakup		
Secured Loans	8307.11	7157.67
Unsecured Loans	1340.55	1206.27
Total Loans	9647.66	8363.94
Less: Impairment Allowance	192.11	139.03
Net Loans	9455.55	8224.91

Total Assets Provisions

Description	31st March, 2020	31st March, 2019
Provision for Depreciation on Investments	-	-
Provision/Impairment allowance towards NPA (Stage 3 Assets)	143.38	104.61
Provision/Impairment allowance towards Standard Assets (Stage 1 & 2 Assets)	48.73	34.41
Provision/Impairment allowance for trade receivables	4.03	1.24
Provision for General Loss	8.45	-
	204.59	**104.77**

As per our report of even date

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

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : 27th May, 2020

For and on behalf of the Board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

To the members of TVS Credit Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of TVS Credit Services Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March, 2020, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act 2013, ('the Act') in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('IND-AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2020, the consolidated profit, consolidated total comprehensive Income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response
1	**Allowance for Impairment under IND-AS 109** The standard prescribes provisioning of stage wise Expected Credit Loss against the loans issued by the Company, with the value of provisioning being based upon the number of days the receivable is past its due. RBI vide its directive issued on 13th March, 2020 has mandated that ECL provision under IND-AS and the provision as required under IRACP norms of RBI shall be compared. In the event, the provisioning under ECL norms of IND-AS is lower than that of the IRACP norms, the shortfall shall be provided by way of an appropriation from Profit after Tax to an "Impairment Reserve".	**Principal Audit Procedures** We have understood the Company's estimation of the stage allocation of the loan assets and understood the policy in place for computation of parameters required to arrive at the expected credit loss and verified for the consistency in application of the policy. We have performed, substantive checks on the calculation, including independent calculation of the parameters, that are estimated by the Company as part of computation of ECL. We have also engaged analytical tests including but not limited to trend analysis of the ECL number against the loan receivables in comparison to some of the other companies in the same business profile. We have compared ECL provision as computed under IND-AS and the comparative requirement under IRACP norms of RBI, ECL provision computed under IND-AS was found to be higher than the requirement under IRACP. Hence, there was no requirement for an "Impairment Reserve". The Company has also made adequate disclosure in the notes forming part of financial statements regarding the provisions held and adhered to the disclosure requirements prescribed by the RBI.

S.No.	Key Audit Matter	Auditor's Response
2	**Application of IND-AS 116** From 1st April, 2019, IND-AS 116 has to be applied on all applicable leasing contracts with the application and appropriate accounting treatment of identifying lease liability, right to use asset, interest on such lease.	**Principal Audit Procedures** The Company has employed an external agency to assist with the transition into IND-AS 116 during the financial year and has extensively documented, for each of its leases, based on a policy of general materiality, the applicability or non-applicability of the standard, to such lease. We have verified the new leases during the year for additional locations and have found that the approach applied is consistent to the policy in place and also in line with the requirements of the standard. We have also performed an independent verification of the calculation of the lease liability, interest on lease and right to use assets based on the information made available to us and found the results satisfactory.

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

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

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

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

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

Emphasis of Matter

As described in the Note no. 35 to the consolidated financial statements, in respect of accounts overdue but standard as on 29th February, 2020 where moratorium benefit has been granted, the staging of those accounts as on 31st March, 2020 is based on the days past due status as on 29th February, 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package and accordingly, the prescribed provision has also been carried in books for such accounts. Our opinion is not modified in respect of the above matter.

Responsibilities of Management and Board of Directors, for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group, in accordance with the IND-AS and other accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group, are responsible for overseeing the financial reporting process of each of the companies in the Group.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company, its subsidiary companies which are incorporated in India and outside India, has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the companies in the Group, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by 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 misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

We did not audit the financial statements/financial information of six subsidiaries, whose financial statements / financial information reflect total assets of ₹13.14 crore as at 31st March, 2020, total revenues of ₹0.72 crore and net cash outflows amounting to ₹0.28 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have 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 these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

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

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

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books 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 Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the Directors of the Group companies, is disqualified as on 31st March, 2020 from being appointed as a Director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group consisting of subsidiaries, which are all incorporated in India, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

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

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. - Refer Note 40(3) to the consolidated financial statements.

   ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies.

for **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

V. Sathyanarayanan
Partner
Membership No. 027716
Place : Bangalore
Date : 27th May, 2020
UDIN : 20027716AAAAFI1221

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2020, we have audited the internal financial controls over financial reporting of **TVS Credit Services Limited** (hereinafter referred to as the ‘Holding Company’), "Chaitanya", No.12, Khader Nawaz Khan Road, Chennai - 600 006, and its subsidiaries.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company, its subsidiaries, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies which are all incorporated in India, have, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **31st March, 2020,** based on internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to its subsidiary companies and, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

for **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

V. Sathyanarayanan
Partner
Membership No. 027716
Place : Bangalore
Date : 27th May, 2020
UDIN : 20027716AAAAFI1221

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

(All amounts in ₹ Crore, unless otherwise stated)

	Particulars	Note No.	As at 31st March, 2020	As at 31st March 2019
	ASSETS			
1	**Financial Assets**			
(a)	Cash and Cash Equivalents	2	357.74	77.71
(b)	Bank balances other than (a) above	3	24.37	39.43
(c)	Derivative Financial Instruments	4	23.63	15.03
(d)	Receivables			
	i) Trade Receivables	5	54.35	52.10
(e)	Loans	6	9,455.55	8,224.91
(f)	Other Financial Assets	7	113.48	135.85
	Total		**10,029.12**	**8,545.03**
2	**Non-Financial Assets**			
(a)	Current Tax Assets (Net)	8	14.89	6.71
(b)	Deferred Tax Assets (Net)	9	75.82	68.65
(c)	Investment Property	10	85.16	85.16
(d)	Property, Plant and Equipment	11	19.09	21.04
(e)	Other Intangible Assets	11	6.17	8.46
(f)	Other Non Financial Assets	12	54.57	15.65
	Total		**255.70**	**205.67**
	Total Assets		**10,284.82**	**8,750.70**
	LIABILITIES AND EQUITY			
	LIABILITIES			
1	**Financial Liabilities**			
(a)	Payables			
	I. Trade Payables			
	i) Total outstanding dues of micro enterprises and small enterprises	13	0.02	-
	ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	168.61	139.87
(b)	Debt Securities	14	496.19	492.44
(c)	Borrowings other than Debt Securities	15	7,450.59	6,185.56
(d)	Subordinated Liabilities	16	612.77	639.76
(e)	Other Financial Liabilities	17	129.70	105.13
	Total		**8,857.88**	**7,562.76**
2	**Non-Financial Liabilities**			
(a)	Provisions	18	36.42	21.59
(b)	Other Non-Financial Liabilities	19	17.40	14.65
	Total		**53.82**	**36.24**
3	**Equity**			
(a)	Equity Share Capital	20	185.18	178.21
(b)	Other Equity	21	1,187.94	973.49
	Total		**1,373.12**	**1,151.70**
	Total Liabilities and Equity		**10,284.82**	**8,750.70**
Significant Accounting Policies forming part of financial statements		**1**		
Additional Notes forming part of financial statements		**40**		

As per our report of even date

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

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : 27th May, 2020

For and on behalf of the Board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

TVS CREDIT

(All amounts in ₹ Crore, unless otherwise stated)

	Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	Revenue from Operations			
i)	Interest income	22	1,822.23	1,458.19
ii)	Fee and Commission Income	23	168.13	143.89
I)	**Total Revenue from Operations**		**1,990.36**	**1,602.08**
II)	Other Income	24	25.04	32.85
III)	**Total Income (I + II)**		**2,015.40**	**1,634.93**
	Expenses			
i)	Finance Costs	25	699.81	557.46
ii)	Fees and Commission Expenses	26	129.35	80.78
iii)	Net Loss on derecognition of financial instruments under amortised cost category	27	209.40	151.19
iv)	Impairment of Financial Instruments	27a	64.33	33.25
v)	Employee Benefit Expenses	28	477.73	391.95
vi)	Depreciation, Amortisation and Impairment		20.10	15.22
vii)	Other expenses	29	195.66	188.37
IV)	**Total Expenses**		**1,796.38**	**1,418.22**
V)	Profit/(Loss) before exceptional items and tax (III - IV)		**219.02**	**216.71**
VI)	Exceptional items		8.00	-
VII)	Profit/(Loss) before tax (V - VI)		**211.02**	**216.71**
VIII)	Tax Expenses	30		
	Current Tax		60.18	82.64
	Deferred Tax		(0.20)	(14.72)
IX)	Profit/(Loss) for the period (VII - VIII)		151.04	148.79
X)	Profit/(Loss) attributable to non-controlling interest		-	-
XI)	Profit for the year attributable to owners (IX - X)		151.04	148.79
XII)	Other Comprehensive Income	31		
A.	Items that will not be reclassified to Profit or Loss - Itemwise			
	Remeasurement of the defined benefit plans		(3.54)	(0.93)
	Income Tax relating to these items		0.89	0.32
B.	Items that will be reclassified to Profit or Loss - Itemwise			
	Fair value change on cash flow hedge		(20.05)	
	Income Tax relating to these items		5.05	
	Other Comprehensive Income for the year, net of tax (A+B)		(17.65)	(0.60)
XIII)	Other Comprehensive Income attributable to non-controlling interest		-	-
XIV)	Other Comprehensive Income attributable to owners (XIII - XIV)		(17.65)	(0.60)
XV)	Total Comprehensive Income attributable to the owners (XI + XIV)		**133.39**	**148.19**
XVI)	Earnings Per Share	32		
	Basic (₹)		8.28	8.70
	Diluted (₹)		8.28	8.70
Significant Accounting Policies forming part of financial statements		**1**		
Additional Notes forming part of financial statements		**40**		

As per our report of even date

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

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : 27th May, 2020

For and on behalf of the Board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Cash Flow From Operating Activity		
Profit Before Income Tax	211.02	216.71
Adjustment For:-		
Depreciation and amortisation expense	20.10	15.22
Impairment of Financial Assets	64.33	33.25
Profit/(Loss) on disposal of PPE	(0.01)	(0.21)
Finance Charges Paid	699.81	557.46
Foreign currency gain	(15.18)	14.55
Fair Value Losses on derivatives not designated as hedges	15.03	(13.75)
Unwinding of discount on security deposits	(9.71)	(16.67)
Remeasurement of defined benefit plans	(3.54)	(0.93)
Employee Benefit Obligations	6.38	(0.66)
Cash generated from operations before working capital changes	777.21	588.27
Change in operating assets and liabilities		
(Increase)/Decrease in Trade Receivables	(5.04)	(31.54)
(Increase)/Decrease in Loans	(1,283.72)	(2,126.78)
(Increase) in Other Financial Assets	22.36	38.34
(Increase)/Decrease in Other Non-Financial Assets	(38.91)	2.87
Increase/(Decrease) in Trade Payables	28.75	2.14
Increase/(Decrease) in Other Financial Liabilities	22.60	29.55
Increase/(Decrease) in Other Non-Financial Liabilities	2.74	(1.55)
Financing Charges paid	(699.81)	(551.86)
Cash generated from operations	(962.80)	(1,833.85)
Income taxes paid	(68.36)	(82.60)
Net cash inflow from operating activities	(1,031.16)	(1,916.45)
Cash flows from investing activities		
Payments for property, plant and equipment and Investment Property	(8.77)	(26.02)
Proceeds from sale of property, plant and equipment and Investment Property	0.01	1.00
Decrease in Deposits with Bank	15.06	26.33
Net cash outflow from investing activities	6.30	1.32
Cash flows from financing activities		
Proceeds from issue of Shares	90.00	119.99
Proceeds from Issue/(Repayment) of Debt Securities	3.75	98.42
Proceeds/(Repayment) of Borrowings	1,222.20	1,362.82
Proceeds/(Repayment) of Subordinated Liabilities	(26.99)	77.13
Payments for Principal Portion of Lease Liabilities (Refer Note 38)	(6.83)	-
Net cash inflow (outflow) from financing activities	**1,282.13**	**1,658.37**
Net Increase Or (Decrease) in Cash & Cash equivalent	**257.27**	**(256.76)**
Cash and cash equivalents at the beginning of the financial year	**(1,608.88)**	**(1,352.12)**
Cash and cash equivalents at end of the year	**(1,351.61)**	**(1,608.88)**

As per our report of even date

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

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : 27th May, 2020

For and on behalf of the Board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

(All amounts in ₹ Crore, unless otherwise stated)

1. Equity Share Capital

	Notes	Amounts
Balance as at 1st April, 2018		166.89
Changes in equity share capital during the year	20	11.32
Balance as at 31st March, 2019		178.21
Changes in equity share capital during the year	21	6.98
Balance as at 31st March, 2020		**185.18**

2. Other Equity

	Notes	Reserves and Surplus				
		Securities Premium Account	Statutory Reserve	Retained earnings	Other Reserves - Hedge Reserve	Total
Balance as at 1st April, 2018		**437.72**	**60.99**	**217.92**	**-**	**716.63**
Profit for the year	21	-	-	148.79	-	148.79
Other comprehensive income	21	-	-	(0.60)	-	(0.60)
Transaction in the capacity as owners						
Transfer to statutory reserve	21	-	29.66	(29.66)	-	-
Issue of equity shares	21	108.67	-	-	-	108.67
Balance as at 31st March, 2019		**546.39**	**90.65**	**336.45**	**-**	**973.49**
Change in accounting policy (Refer Note 38)		-	-	(1.93)	-	(1.93)
Profit for the year	21	-	-	151.04	-	151.04
Other comprehensive income	21	-	-	(2.65)	(15.00)	(17.65)
Transaction in the capacity as owners						
Transfer to statutory reserve	21	-	30.10	(30.10)	-	-
Issue of equity shares	21	83.02	-	-	-	83.02
Balance as at 31st March, 2020		**629.41**	**120.75**	**452.78**	**(15.00)**	**1,187.94**

As per our report of even date

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

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : 27th May, 2020

For and on behalf of the Board

Venu Srinivasan
Chairman

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Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

1. Significant Accounting Policies forming part of Financial Statements

BRIEF DESCRIPTION OF THE GROUP

TVS Credit Services Limited ('the Company') is a public limited company incorporated and domiciled in India. The registered office is located at "Chaitanya", No. 12 Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006, Tamil Nadu, India. The Company with its subsidiaries is collectively referred to as the "Group".

The Company has received Certificate of Registration dated 13th April, 2010 from Reserve Bank of India (RBI) and commenced Non-Banking Financial activity thereon. The Company is categorised as Systemically Important Non-Banking Finance (Non-Deposit Accepting or Holding) Company, as defined under Section 45-IA of Reserve Bank of India (RBI) Act, 1934. The Company is engaged predominantly in Automobile Financing. The Company falls under the new category of "NBFC - Investment and Credit Company (NBFC-ICC)" post RBI merger of the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) during February 2019.

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of accounts:

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

The Company has adopted IND-AS from 1st April, 2018 with effective transition date of 1st April, 2017 pursuant to MCA notification dated 31st March, 2016 and financial statements has been prepared in accordance with Division III of Schedule III of Companies Act 2013 notified by MCA on 11th October, 2018. Further, the Company follows application guidance, clarifications, circulars and directions issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFC) or other regulators, as and when they are issued and applicable.

Principles of Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

The subsidiary companies considered in consolidated financial statements are:

S.No.	Name of the Subsidiary	Proportion of Ownership (interest/voting power -%)		Reporting Date
		2019-20	2018-19	
1	Haritha ARC Services Private Limited	100%	100%	31-03-2020
2	Haritha Collection Services Private Limited	100%	100%	31-03-2020
3	TVS Commodity Financial Solutions Private Limited	100%	100%	31-03-2020
4	TVS Housing Finance Private Limited	100%	100%	31-03-2020
5	TVS Micro Finance Private Limited	100%	100%	31-03-2020
6	TVS Two Wheeler Mall Private Limited	100%	100%	31-03-2020

All the subsidiaries are incorporated in India

b. Historical cost convention

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

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

c. Use of estimates

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

d. Significant estimates and judgements

The areas involving critical estimates are:

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

The areas involving critical judgements are:

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

e. Property, Plant and Equipment (PPE)

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

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

f. Depreciation

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

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

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

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

g. Investment property

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

h. Intangible assets

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

i. Financial assets and financial liabilities:

1. Classification

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

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.

<u>Business model assessment</u>

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

<u>Assessment of whether contractual cash flows are solely payments of principal and interest</u>

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.

<u>Reclassifications</u>

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 fair value through profit or loss at its fair value plus/(minus), transaction costs / origination Income that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt Instruments:

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

a. 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.

b. Fair Value through profit or loss:

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

3. Revenue Recognition

a. Income from financing activity

i. 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.

ii. For financial assets that are not Purchases Originally Credit Impaired "POCI" but have subsequently become credit-impaired (or 'stage-3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost and interest recognised is net of expected credit loss provision.

iii. 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. Other revenue from operations

i. 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.

ii. Dividend income is recognised when the right to receive income is established.

iii. Incomes in the nature of bounce and related charges are recognised on realisation, due to uncertainty in collection.

4. Impairment of Financial Assets

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

i. Loans

ii. Trade receivables

iii. Other receivables

i. Loans and Other receivables

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

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

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

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

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

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

<u>Measurement of ECL</u>

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

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

ii. Trade Receivables:

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

<u>Presentation of allowance for ECL in the statement of financial position</u>

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.

<u>Write-off</u>

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.

When your reach and coverage rise, so does your performance.

Just faster is never enough - you have to go further, too. We did just that in order to get closer to our customers. One way in which we achieved this was to set up Used Commercial Vehicle Loan nano-branches near transport hubs. For the convenience of businesses, we opened several MSME Loan branches near industrial zones. We also expanded our Two Wheeler Loan network by increasing our presence in 485 TVS Motor dealerships.

TVS CREDIT

The Company designates derivatives taken on foreign external currency 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 21.

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

7. Offsetting Financial Instruments

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

j. Trade and other payables

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

k. Cash and cash equivalents

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

l. Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted 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 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.

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act, 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognised the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31st March, 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact recognised in the statement of profit and loss.

m. Employee benefits:

a) Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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

c) Post-employment Obligation:

The Company operates the following post-employment schemes:

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

i. Pension and gratuity obligation:

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

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

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

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

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

ii. Provident fund:

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

n. Functional currency:

a) Functional and presentation currencies:

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

b) Transactions and balances:

- Foreign currency transactions are translated into functional currency using exchange rates at the date of transaction

- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss

o. Borrowings

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

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

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

p. Borrowings cost:

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

q. Cash flow statement

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

r. Earnings per share

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

s. Impairment of 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

The new standard is mandatory for financial years commencing on or after 1st April, 2019 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption. Accordingly, the Company has adopted IND-AS 116, Leases, effective 1st April, 2019 using modified retrospective method of transition. Adoption of this standard did not have a material effect on audited financial results for the year ended 31st March, 2020.

u. Segment reporting

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

v. Provisions

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

w. Contingent liabilities

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

x. Share-based payments

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

y. Equity

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

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 2 Cash and Cash Equivalents

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Cash on hand*	1.71	31.47
b)	Balance with banks		
	- current accounts	356.03	46.23
	Total	**357.74**	**77.71**

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

Cash and Cash Equivalents for the purpose of Cash Flow Statement

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Cash and Cash Equivalents as shown above	357.74	77.71
b)	Less: overdrafts utilised	1,709.36	1,686.58
	(Grouped under Borrowings (other than debt securities) - Note 16)		
	Total	**(1,351.61)**	**(1,608.88)**

NOTE 3 Bank Balance other than Cash and Cash Equivalents*

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Bank Balance other than Cash and Cash Equivalents	24.37	39.43
	Total	**24.37**	**39.43**

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

NOTE 4 Derivative Financial Instruments

S.No.	Description	As at 31st March, 2020	
		Notional amounts	Fair Value - Assets
a)	Other Derivatives - Cross Currency Swap - designated as hedges	634.84	23.63
	Total	**634.84**	**23.63**
S.No.	**Description**	**As at 31st March, 2019**	
		Notional amounts	**Fair Value - Assets**
b)	Derivatives not designated as hedges	237.50	15.03
	Total	**237.50**	**15.03**

NOTE 5 Trade Receivables

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Receivables considered good - Unsecured	58.38	53.34
b)	Less: Impairment Loss Allowance	4.03	1.24
c)	Receivables considered good - Unsecured (Net) (a) -(b)	54.35	52.10

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 6 Loans

S.No.		Description	As at 31st March, 2020	As at 31st March, 2019
			Amortised Cost	
A	a)	Bills Purchased and Bills discounted	21.30	0.80
	b)	Term Loans		
		i) Automobile Financing	8,278.96	7,157.67
		ii) Consumer Lending	1,138.30	1,075.95
		iii) Small Business Lending	209.10	129.52
	c)	Total Loans - Gross (a)+(b)	9,647.66	8,363.94
	d)	Less: Impairment Loss Allowance	192.11	139.03
	e)	Total Loans - Net (c)-(d)	9,455.55	8,224.91
B		**Nature**		
		Secured by Tangible Assets	8,307.11	7,157.67
		Unsecured Loans	1,340.55	1,206.27
		Total Gross	9,647.66	8,363.94
		Less: Impairment Loss Allowance	192.11	139.03
		Total - Net	9,455.55	8,224.91
C	i)	Loans in India		
		Public Sector	-	-
		Others	9,647.66	8,363.94
		Total Gross	9,647.66	8,363.94
		Less: Impairment Loss Allowance	192.11	139.03
		Total - Net	9,455.55	8,224.91
	ii)	Loans Outside India	-	-
	iii)	Total Loans (i)+(ii)	9,455.55	8,224.91

a. The stock of loan (automobile finance) includes 13998 nos. repossessed vehicles as at Balance Sheet date. (31st March, 2019: 11526 nos.)

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

Details of Registration are in progress or Registration No. not available:

Product	As at 31st March, 2020		As at 31st March, 2019	
	Nos.	Value	Nos.	Value
Two-Wheeler	257,142	1,000.97	507,109	1,978.48
Used Car	4,786	151.18	4,412	132.76
Tractor	8,473	312.13	4,964	172.42

c. **Transferred Loans**

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

	31st March, 2020	31st March, 2019
Total transferred receivables	12.57	62.86
Associated Secured Borrowing (Note 16)	12.57	62.86

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 7 Other Financial Assets

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Loan to Employees	8.72	7.03
b)	Security Deposit for Leased Premises	7.54	6.60
c)	Advances to Related Parties	80.86	112.83
d)	Other Financial Assets - Related Parties	-	-
e)	Other Financial Assets - Non Related Parties	13.02	6.48
f)	Deposit with Service Providers	3.34	2.91
	Total	**113.48**	**135.85**

NOTE 8 Current Tax Assets

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Opening Balance	6.76	6.74
b)	Add: Taxes Paid	68.32	82.60
c)	Less: Taxes Payable	(60.18)	(82.64)
	Total	**14.89**	**6.71**

NOTE 9 Deferred Tax Assets/(liabilities)

The balance comprises temporary differences attributable to:

S.No.	Description	As at 31st March, 2020	Created/ (Provided) during the year	Balance as on 1st April, 2019	As at 31st March, 2019
	Deferred Tax Assets/(Liabilities) on account of:				
a)	Depreciation	4.60	(1.37)	5.97	5.97
b)	Provision for compensated absence	4.03	0.56	3.48	3.48
c)	Provision for expected credit loss	34.76	(0.71)	35.47	35.47
d)	General loss provisions	2.13	2.13	-	-
e)	Provision for gratuity	0.18	0.17	0.01	0.01
f)	Expenses disallowed under Sec 40 (a) (ia)	4.22	(1.14)	5.37	5.37
g)	Provision for pension	2.82	(0.68)	3.50	3.50
h)	Investment property	-	(3.51)	3.51	3.51
i)	Automobile financing	14.47	10.25	4.22	4.22
j)	Other receivables from holding company	2.73	(4.33)	7.06	7.06
k)	Mark to market on derivative	5.05	4.99	0.05	0.05
l)	Lease accounting	0.82	(0.22)	1.03	-
	Total Deferred Tax Assets/(Liabilities)	**75.82**	**6.14**	**69.68**	**68.65**

Balance as on 1st April, 2019 considers the effect of lease accounting (Refer Note 38)

Break-up of deferred tax expense/(benefit)	
- to statement of profit and loss	0.20
- to other comprehensive income	5.94
Total	6.14

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 10 Investment Property

Description	Land	Building	Total
Period Ended 31st March, 2020			
Gross carrying amount as on 31st March, 2019	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	-	-	-
Openig accumulated depreciation	-	-	-
Depreciation/amortisation charge during the year	-	-	-
Sub-total	**-**	**-**	**-**
Disposals	-	-	-
Closing accumulated depreciation and amortisation (B)	**-**	**-**	**-**
Net Carrying value as at 31st March, 2020 (A)-(B)	**85.16**	**0.00**	**85.16**
Net Carrying value as at 31st March, 2019	**85.16**	**0.00**	**85.16**

Description	Land	Building	Total
Period Ended 31st March, 2019			
Gross carrying amount as on 31st March, 2018	85.47	0.40	85.86
Additions		-	-
Sub-total	85.47	0.40	85.86
Disposals	0.30	0.40	0.70
Closing gross carrying amount (A)	85.16	-	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, 2019 (A)-(B)	**85.16**	-	**85.16**

(i) Fair value

	As at 31st March, 2020	As at 31st March, 2019
Investment properties	414.90	414.90

The fair values of investment properties have been determined by independent valuers.

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 11 Property, Plant and Equipment

Description	Property, Plant and Equipment					Other Intangible Assets (Computer Software)
	Computer	Furniture & Fixtures	Office Equipment	Vehicles	Total	
Period Ended 31st March, 2020						
Gross carrying amount as on 31st March, 2019	15.67	10.33	9.72	0.02	35.74	12.78
Additions	4.78	1.00	1.50	-	7.29	1.48
Sub-total	**20.45**	**11.33**	**11.22**	**0.02**	**43.03**	**14.26**
Disposals	0.01	0.05	0.05	-	0.10	-
Closing gross carrying amount (A)	**20.44**	**11.29**	**11.17**	**0.02**	**42.93**	14.26
Depreciation and amortisation						
Opening accumulated depreciation	6.65	3.95	4.10	0.00	14.71	4.32
Depreciation/amortisation charge during the year*	5.31	1.94	1.97	0.00	9.21	3.77
Sub-total	**11.96**	**5.89**	**6.07**	**0.00**	**23.93**	**8.09**
Disposals	0.00	0.04	0.05	-	0.09	-
Closing accumulated depreciation and amortisation (B)	**11.96**	**5.85**	**6.02**	**0.00**	**23.83**	**8.09**
Net Carrying value as at 31st March, 2020 (A)-(B)	**8.49**	**5.44**	**5.14**	**0.02**	**19.09**	**6.17**
Net Carrying value as at 31st March, 2019	**9.02**	**6.38**	**5.62**	**0.02**	**21.04**	**8.46**

Description	Property, Plant and Equipment					Other Intangible Assets (Software)
	Computer	Furniture & Fixtures	Office Equipment	Vehicles	Total	
Period Ended 31st March, 2019						
Gross carrying amount as on 31st March, 2018	8.10	7.33	6.92	0.02	22.37	3.17
Additions	9.07	3.37	4.01	-	16.45	9.61
Sub-total	**17.17**	**10.70**	**10.92**	**0.02**	**38.82**	**12.78**
Disposals	1.50	0.37	1.20	-	3.07	-
Closing gross carrying amount (A)	**15.67**	**10.33**	**9.72**	**0.02**	**35.75**	**12.78**
Depreciation and amortisation						
Opening accumulated depreciation	1.81	1.86	1.85	0.00	5.52	1.23
Depreciation/amortisation charge during the year*	4.96	2.14	5.03	0.00	12.12	3.09
Sub-total	**6.77**	**4.00**	**6.87**	**0.00**	**17.64**	**4.32**
Disposals	0.12	0.04	2.77	-	2.93	-
Closing accumulated depreciation and amortisation (B)	**6.65**	**3.95**	**4.10**	**0.00**	**14.71**	**4.32**
Net Carrying value as at 31st March, 2019 (A)-(B)	**9.02**	**6.38**	**5.62**	**0.02**	**21.04**	**8.46**

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

NOTE 12 Other Non-Financial Assets

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Dealer Commission Advance	0.72	0.41
b)	Prepaid Expenses	6.05	11.10
c)	Vendor Advance	19.81	0.69
d)	Balance with GST/Service Tax Department	2.21	3.46
e)	Right-to-use asset (Refer Note 38)	25.78	-
	Total	**54.57**	**15.65**

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 13 Trade Payables

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Total outstanding dues to micro enterprises and small enterprises*	0.02	-
b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	168.61	139.87
	Total	**168.63**	**139.87**

* 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 31st March, 2020	As at 31st March, 2019
At Amortised Cost		
Others		
Commercial Paper	496.19	492.44
Total (A)	**496.19**	**492.44**
Debt securities in India	496.19	492.44
Debt securities outside India	-	-
Total (B)	**496.19**	**492.44**

NOTE 15 Borrowings (Other Than Debt Securities)

Description	As at 31st March, 2020	As at 31st March, 2019
At Amortised Cost		
(a) Term loans		
i) from banks	5,728.66	4,436.11
ii) from other parties	-	-
(b) Loans repayable on demand		
i) from banks	1,709.36	1,686.58
(c) Securitised trust borrowing	12.57	62.86
Total (A)	**7,450.59**	**6,185.56**
Borrowings in India	6,772.06	6,185.56
Borrowings outside India	678.53	-
Total (B)	**7,450.59**	**6,185.56**

NOTE 16 Subordinated Liabilities

Description	As at 31st March, 2020	As at 31st March, 2019
At Amortised Cost		
Perpetual Debt Instruments to the extent that do not qualify as equity	99.81	99.79
Other Subordinated Liabilities:		
From Banks	199.87	261.22
From Others	313.09	278.76
Total (A)	**612.77**	**639.76**
Subordinated Liabilities in India	612.77	639.76
Subordinated Liabilities outside India	-	-
Total (B)	**612.77**	**639.76**

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

(All amounts in ₹ Crore, unless otherwise stated)

Annexure

Institution	Amount outstanding as on 31st March, 2020	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
Loans repayable on demand	1,569.36	Secured		Repayable On Demand			
	140.00	Unsecured					
	1,709.36						
Term Loan							
Bank	99.98	Secured	8.05%	10	Quarterly	31/12/2020	31/03/2023
Bank	75.00	Secured	8.20%	10	Quarterly	15/07/2020	15/10/2022
Bank	199.95	Secured	8.10%	10	Quarterly	24/11/2020	24/02/2023
Bank	399.93	Secured	8.30%	10	Quarterly	27/11/2019	27/02/2022
Bank	74.99	Secured	9.00%	10	Quarterly	10/01/2019	10/03/2021
Bank	49.99	Secured	8.40%	2	2 Instalment	25/09/2019	25/09/2020
Bank	79.93	Secured	9.00%	10	Quarterly	15/11/2019	15/02/2022
Bank	25.00	Secured	7.99%	1	Bullet	01/06/2020	01/06/2020
Bank	50.00	Secured	8.05%	1	Bullet	23/10/2020	23/10/2020
Bank	100.00	Secured	8.20%	1	Bullet	06/05/2021	06/05/2021
Bank	66.66	Secured	8.40%	6	Half Yearly	28/06/2019	28/12/2021
Bank	33.34	Secured	8.40%	6	Half Yearly	28/07/2019	28/01/2022
Bank	150.00	Unsecured	8.35%	1	Bullet	19/05/2020	19/05/2020
Bank	24.99	Secured	8.30%	12	Quarterly	16/02/2018	16/11/2020
Bank	63.33	Secured	8.85%	12	Quarterly	23/06/2018	23/03/2021
Bank	125.00	Secured	8.65%	36	Monthly	26/10/2018	26/09/2021
Bank	241.62	Secured	7.25%	36	Monthly	30/09/2019	30/08/2022
Bank	166.67	Secured	7.50%	36	Monthly	30/10/2019	30/09/2022
Bank	500.00	Secured	7.00%	36	Monthly	19/04/2020	19/03/2023
Bank	59.96	Secured	8.95%	10	Quarterly	21/08/2018	21/11/2020
Bank	477.58	Secured	8.75%	10	Quarterly	04/11/2019	04/02/2022
Bank	290.05	Secured	8.35%	12	Quarterly	28/03/2019	27/12/2021
Bank	249.95	Secured	8.35%	12	Quarterly	06/05/2020	06/02/2023
Bank	112.50	Secured	8.40%	4	Half Yearly	17/03/2020	17/09/2021
Bank	100.00	Secured	8.30%	4	Half Yearly	18/06/2021	18/12/2022
Bank	20.00	Secured	8.40%	10	Quarterly	29/05/2018	29/08/2020
Bank	50.00	Secured	8.40%	12	Quarterly	01/10/2018	01/06/2021
Bank	150.78	Secured	8.25%	1	Bullet	26/08/2022	26/08/2022
Bank	150.78	Secured	8.25%	1	Bullet	16/09/2022	16/09/2022
Bank	30.00	Secured	8.65%	10	Quarterly	21/09/2018	21/12/2020
Bank	188.48	Secured	8.63%	1	Bullet	29/05/2022	29/05/2022
Bank	188.48	Secured	8.63%	1	Bullet	10/06/2022	10/06/2022
Bank	139.78	Secured	9.00%	10	Quarterly	30/09/2019	30/12/2021
Bank	200.00	Secured	8.25%	1	Bullet	13/10/2020	13/10/2020
Bank	199.93	Secured	8.40%	2	Bullet	19/11/2022	19/11/2022
Bank	299.95	Secured	8.40%	10	Quarterly	20/05/2020	20/08/2022
Bank	44.27	Secured	6.43%	10	Quarterly	10/03/2020	10/06/2022
Bank	249.78	Secured	8.20%	10	Quarterly	20/12/2020	20/03/2023
	5,728.66						
Securitised Trust Borrowings	**12.57**						

Institution	Amount outstanding as on 31st March, 2020	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
Subordinated Liabilities							
Perpetual Debt	99.81	Unsecured	11.50%	1	Bullet	24/11/2027	24/11/2027
Bank	24.94	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	25.00	Unsecured	9.70%	1	Bullet	29/09/2022	29/09/2022
Bank	49.97	Unsecured	9.50%	1	Bullet	29/05/2023	29/05/2023
Bank	50.00	Unsecured	9.90%	1	Bullet	24/07/2023	24/07/2023
Bank	49.96	Unsecured	10.09%	1	Bullet	28/04/2022	28/04/2022
Others	14.50	Unsecured	9.20%	1	Bullet	30/06/2020	30/06/2020
Others	49.92	Unsecured	11.25%	1	Bullet	27/09/2021	27/09/2021
Others	98.71	Unsecured	10.90%	1	Bullet	07/08/2024	07/08/2024
Others	49.96	Unsecured	12.25%	1	Bullet	30/09/2020	30/09/2020
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	50.00	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
	612.77						

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

Institution	Amount outstanding as on 31st March, 2019	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
Bank	150.00	Secured	8.40%	4	Half Yearly	01/03/2020	01/09/2021
Bank	208.32	Secured	8.80%	30	Monthly	01/04/2019	01/09/2021
Bank	136.00	Secured	8.80%	9	Quarterly	01/04/2019	01/03/2021
Bank	209.69	Secured	9.50%	8	Quarterly	01/07/2019	01/04/2021
Bank	140.00	Secured	9.80%	8	Quarterly	01/08/2019	01/05/2021
Bank	201.34	Secured	9.75%	10	Quarterly	01/09/2019	01/12/2021
Bank	150.00	Secured	9.40%	6	Half Yearly	01/06/2019	01/12/2021
Bank	456.12	Secured	9.50%	11	Quarterly	01/06/2019	01/12/2021
Bank	99.89	Secured	9.10%	10	Quarterly	01/11/2019	01/02/2022
Bank	499.89	Secured	8.80%	10	Quarterly	01/11/2019	01/02/2022
Bank	601.06	Secured	9.40%	10	Quarterly	01/11/2019	01/02/2022
Bank	214.43	Secured	8.90%	1	Bullet	29/01/2018	29/11/2019
	4,436.11						
Securitised Trust Borrowings	**62.86**						
Subordinated Liabilities							
Perpetual Debt	99.79	Unsecured	11.50%	1	Bullet	24/11/2027	24/11/2027
Bank	25.00	Unsecured	9.70%	1	Bullet	01/09/2022	01/09/2022
Others	29.00	Unsecured	9.30%	2	Annual	01/06/2019	01/06/2020
Bank	12.50	Unsecured	9.75%	2	Annual	01/06/2019	01/06/2020
Others	49.94	Unsecured	12.25%	1	Bullet	01/09/2020	01/09/2020
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	49.88	Unsecured	11.30%	1	Bullet	01/09/2021	01/09/2021
Others	49.94	Unsecured	10.02%	1	Bullet	01/04/2022	01/04/2022
Others	50.00	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
Bank	24.92	Unsecured	9.70%	1	Bullet	01/09/2022	01/09/2022
Bank	50.39	Unsecured	10.05%	1	Bullet	01/05/2023	01/05/2023
Bank	50.00	Unsecured	10.39%	1	Bullet	01/07/2023	01/07/2023
Bank	98.41	Unsecured	10.90%	1	Bullet	01/08/2024	01/08/2024
	639.76						

Details of Security

a. Term Loan received from Banks and Other Parties of ₹5578.66 inclusive of Current and Non-Current Dues (Previous Year: ₹ 4436.11 as on 31st March, 2019) is secured against hypothecation of receivables under the financing activity of the Company.

b. Working Capital Demand Loan and Cash Credit of ₹1,569.36 (Previous Year: ₹1,546.58 as at 31st March, 2019) is secured by hypothecation of receivables under the financing activity of the Company.

External Commercial Borrowings

During the year, the Company had raised funds in the overseas market amounting to ₹634.84 (equivalent to USD 90 million) under External Commercial Borrowings (ECB) accessed through automatic route after receiving the Loan Registration Number from RBI as per ECB Master Directions. These are unlisted instruments, for total duration of 3 years and the loan has been fully hedged. The net proceeds from the issue of these ECB were applied for the purpose of on-lending, in accordance with the directions issued by the RBI.

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 17 Other Financial Liabilities

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Interest Accrued But Not Due	37.60	13.72
b)	Employee Related Liabilities	24.05	38.06
c)	Security Deposit	39.02	48.04
d)	Delinquency Fund	-	5.31
e)	Lease liability	29.03	-
	Total	**129.70**	**105.13**

NOTE 18 Provisions

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
a)	Pension	11.22	10.02
b)	Gratuity	0.73	0.04
c)	Compensated Absences	16.02	11.53
d)	General Loss Provisions*	8.45	-
	Total	**36.42**	**21.59**

*Refer Note 36 and Note 41.10.5

NOTE 19 Other Non-Financial Liabilities

S.No.	Description	As at 31st March, 2020	As at 31st March, 2019
	Others		
a)	Statutory Dues	17.40	14.65
	Total	**17.40**	**14.65**

NOTE 20 Equity Share Capital

	Description	As at 31st March, 2020	As at 31st March, 2019
a)	**Authorised Share Capital:**		
	20,00,00,000 Equity Shares of ₹10 each	200.00	200.00
	(Previous Year 20,00,00,000 Equity Shares)		
		200.00	**200.00**
b)	**Issued, Subscribed and Fully Paid-up Share Capital:**		
	18,51,82,300 of Equity Shares of ₹10 each	185.18	178.21
	(Previous year 17,82,05,700 Equity Shares of ₹10 each)		
c)	**Par Value per Share**	₹10 each	₹10 each
d)	**Number of Equity Shares at the beginning of the year**	178,205,700	166,885,700
	Add: Preferential Allotment made during the year	6,976,600	11,320,000
	Number of Equity Shares at the end of the year	185,182,300	178,205,700

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 20 Equity Share Capital (Contd.)

e	Equity Shares held by Holding Companies		
	Particulars	No. of Shares	No. of Shares
	Holding Company - TVS Motor Company Limited	155,469,528	18,329,753
	Sundaram Clayton Limited (Holding Company of TVS Motor Company Limited)	2,180,250	2,180,250
	Holding Company in Previous year - TVS Motor Services Limited (including nominees)	1,090,125	134,741,600

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 31st March, 2020		As at 31st March, 2019	
		No. of Shares	% of Holding	No. of Shares	% of Holding
	TVS Motor Company Limited	155,469,528	83.95	18,329,753	10.29
	Lucas-TVS Limited	11,337,297	6.12	11,337,297	6.36
	TVS Motor Services Limited	1,090,125	0.59	134,741,600	75.61

NOTE 21 Other Equity

Description	As at 31st March, 2020	As at 31st March, 2019
Securities Premium Reserves	629.41	546.39
Statutory Reserve	120.75	90.65
Retained Earnings	452.78	336.45
Other Reserves - Hedging Reserve	(15.00)	-
Total reserves and surplus	**1,187.94**	**973.49**

a) Securities premium reserves	As at 31st March, 2020	As at 31st March, 2019
Opening balance	546.39	437.72
Additions during the year	83.02	108.67
Deductions/Adjustments during the year	-	-
Closing balance	**629.41**	**546.39**

b) Statutory reserve	As at 31st March, 2020	As at 31st March, 2019
Opening balance	90.65	60.99
Transfer from retained earnings	30.10	29.66
Deductions/Adjustments during the year	-	-
Closing balance	**120.75**	**90.65**

c) Retained earnings	As at 31st March, 2020	As at 31st March, 2019
Opening balance	336.45	217.92
Lease Equalisation restatement on 1st April, 2019*	(1.93)	-
Balance as on 1st April, 2019	334.52	217.92
Net profit for the period	151.04	148.79
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation net off tax	(2.65)	(0.60)
Transaction in the capacity as owners		
Statutory Reserve	(30.10)	(29.66)
Closing balance	**452.78**	**336.45**

* Refer Note 38

d) Other Reserves - Hedging Reserve	As at 31st March, 2020	As at 31st March, 2019
Opening balance	-	-
Add: Change in fair value of hedging instruments, net off tax	(15.00)	-
Closing balance	**(15.00)**	**-**

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 21 Other Equity (Contd.)

Statutory Reserves:

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

Securities Premium

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

Retained Earnings:

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

NOTE 22 Interest Income

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
On Financial assets measured at amortised cost:		
Interest on Loans	1,820.49	1,454.17
Interest on Deposits with Bank	1.74	4.02
Total	**1,822.23**	**1,458.19**

NOTE 23 Fees and Commission Income

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Fee-based Income	112.80	88.36
Commission Income	11.17	15.31
Service Income	44.16	40.22
Total	**168.13**	**143.89**

NOTE 24 Other Income

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Bad Debts Recovered	11.57	9.16
Other Non-Operating Income	3.75	7.02
Unwinding of discount on security deposits and receivable for investments	9.72	16.67
Total	**25.04**	**32.85**

NOTE 25 Finance Costs

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
On Financial liabilities measured at amortised cost		
Interest Cost	665.85	535.14
- Interest on Borrowings	553.55	425.24
- Interest on Debt Securities	50.12	71.30
- Interest on Subordinated Liabilities	62.18	38.60
Other Finance Charges	33.96	22.31
Total	**699.81**	**557.46**

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 26 Fee and Commission Expenses

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Business Promotion and Recovery Cost	129.35	80.78
Total	**129.35**	**80.78**

NOTE 27 Net Loss on derecognition of financial instruments under amortised cost category

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Loss on Sale of Repossessed Assets	53.80	74.37
Bad Debts Written off	155.60	76.82
Total	**209.40**	**151.19**

NOTE 27a Impairment of Financial Instruments

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Impairment on Standard Assets (Stage 1 & 2)	14.32	12.58
Impairment on NPA (Stage 3)	38.77	19.43
Impairment on Trade Receivables	2.79	1.24
General Loss Provisions*	8.45	-
Total	**64.33**	**33.25**

* Refer Note 35 & Note 40.10.5

NOTE 28 Employee Benefit Expenses

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries and Wages	427.28	352.97
Contribution to Provident and other funds	28.97	18.52
Staff Welfare	21.48	20.47
Total	**477.73**	**391.95**

NOTE 29 Other Expenses

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Auditors Fees and Expenses*	0.52	0.45
Communication Costs	55.84	42.91
Directors Fees, Allowances & Expenses	0.50	0.56
Corporate Social Responsibility **	3.80	2.60
Donation	4.20	6.42
Repairs & Maintenance	2.05	1.40
Rent, Taxes and Energy Costs (refer Note 38)	15.64	23.69
Insurance Expenses	1.80	1.46
Legal and Professional Charges	48.96	44.28
Others	15.89	12.49
Printing and Stationery	3.07	2.82
Travelling and Conveyance	43.40	49.27
Total	**195.66**	**188.37**

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 29 Other Expenses (Contd.)

Auditors Fees and Expenses*

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Statutory Audit	0.25	0.25
Tax Audit	0.07	0.07
Certification	0.15	0.10
Reimbursement of Expenses	0.05	0.03
Auditors Fees and Expenses	**0.52**	**0.45**

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

a. Gross amount required to be spent during the year is ₹3.80 crore

b. Amount spent during the year - ₹11.80 crore

c. Amounts spent towards PM CARES Fund: ₹8 crore which is shown as exceptional items in the Statement of Profit and Loss

S.No.	Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
a.	Construction/acquisition of any asset	-	-
b.	Expenses incurred through trusts	3.80	2.60
c.	Donation to PM CARES Fund	8.00	-
	Total	**11.80**	**2.60**

NOTE 30 Income Tax Expenses

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
a. Income tax expense		
Current tax		
Current tax on profits for the year	60.18	82.64
Tax profits relating to prior period	-	-
Total current tax expense	**60.18**	**82.64**
Deferred tax		
Decrease (increase) in deferred tax assets	(0.20)	(14.72)
(Decrease) increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	**(0.20)**	**(14.72)**
Income tax expense	59.98	67.91
b. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	211.02	216.71
Tax at the Indian tax rate of 25.17% (PY – 34.61%)	53.11	75.00
Tax effect of amounts which are permanent differences in nature in calculation of taxable income	6.87	(7.08)
Income tax expense	59.98	67.92

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 31 Other Comprehensive Income

Description	Year ended 31st March, 2020	Year ended 31st March, 2019
Items that will not be reclassified to profit or loss		
Remeasurement of the defined benefit plans	(3.54)	(0.93)
Fair value change on cash flow hedge	(20.05)	-
Income tax relating to these items	5.94	0.33
Other Comprehensive Income	**(17.65)**	**(0.60)**

NOTE 32 Earnings Per Share

	Year ended 31st March, 2020	Year ended 31st March, 2019
a. Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	8.28	8.70
b. Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	8.28	8.70
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	151.04	148.79
Diluted earnings per share		
Profit attributable to equity holders of the Company		
- used in calculating basis earnings per share	151.04	148.79
d. Weighted average number of equity shares used as the denominator in calculating basic earnings per share	182,496,787	170,988,778
e. Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	182,496,787	170,988,778

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 33 Employee Benefit Obligations

Defined Benefit Obligation

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

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

Particulars	Gratuity			Pension			Compensated Absences		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
1st April, 2018	**10.03**	**(6.44)**	**3.59**	**10.02**	**-**	**10.02**	**8.65**	**-**	**8.65**
Current service cost	1.48	-	1.48	0.18	-	0.18	-	-	-
Interest expense/(income)	0.66	(0.62)	0.04	-	-	-	0.54	-	0.54
Total amount recognised in profit or loss	**2.14**	**(0.62)**	**1.52**	**0.18**	**-**	**0.18**	**0.54**	**-**	**0.54**
Remeasurements	-	-	-	-	-	-	-	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.01	0.01	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	0.04	-	0.04	0.21	-	0.21	0.05	-	0.05
Experience (gains)/losses	0.91	-	0.91	(0.39)	-	(0.39)	3.88	-	3.88
Total amount recognised in other comprehensive (income)/Losses	**0.95**	**0.01**	**0.96**	**(0.18)**	**-**	**(0.18)**	**3.93**	**-**	**3.93**
Employer contributions	-	(6.02)	(6.02)	-	-	-	-	-	-
Benefit payments	(0.96)	0.96	(0.00)	-	-	-	(1.59)	-	(1.59)
31st March, 2019	**12.15**	**(12.11)**	**0.04**	**10.02**	**-**	**10.02**	**11.53**	**-**	**11.53**
1st April, 2019	**12.15**	**(12.11)**	**0.04**	**10.02**	**-**	**10.02**	**11.53**	**-**	**11.53**
Current service cost	1.90	-	1.90	-	-	-	-	-	-
Interest expense/(income)	0.93	(0.89)	0.04	0.71	-	0.71	0.80	-	0.80
Total amount recognised in profit or loss	**2.83**	**(0.89)**	**1.94**	**0.71**	**-**	**0.71**	**0.80**	**-**	**0.80**
Remeasurements	-	-	-	-	-	-	-	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.19	0.19	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	0.48	-	0.48	1.83	-	1.83	0.44	-	0.44
Experience (gains)/losses	2.37	-	2.37	(1.33)	-	(1.33)	5.43	-	5.43
Total amount recognised in other comprehensive (income)/Losses	**2.85**	**0.19**	**3.04**	**0.49**	**-**	**0.49**	**5.87**	**-**	**5.87**
Employer contributions	-	(4.30)	(4.30)	-	-	-	-	-	-
Benefit payments	(1.73)	1.73	-	-	-	-	(2.19)	-	(2.19)
31st March, 2020	**16.11**	**(15.38)**	**0.73**	**11.22**	**-**	**11.22**	**16.02**	**-**	**16.02**

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 33 Employee Benefit Obligations (Contd.)

Details	Gratuity		Pension		Compensated Absence	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Discount Rate	5.46%	6.72%	6.32%	7.27%	5.30%	6.68%
Salary Growth Rate	6.00%	6.00%	5.50%	5.50%	6.00%	6.00%
Mortality inclusive of provision for disability	100% of Indian Assured Lives Mortality (IALM)					

(i) Sensitivity Analysis

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

Particulars	Gratuity 2018-19			Pension 2018-19			Compensated Absences 2018-19		
	Change in assumption	Due to increase in assumption	Due to decrease in assumption	Change in assumption	Due to increase in assumption	Due to decrease in assumption	Change in assumption	Due to increase in assumption	Due to decrease in assumption
Discount Rate	0.50%	12.02	12.3	1%	8.45	11.57	0.50%	11.41	11.65
Salary Growth Rate	0.50%	12.29	12.02	1%	11.65	8.38	0.50%	11.65	11.41
Mortality	5.00%	12.15	12.15	5%	9.79	9.92	5.00%	11.53	11.53

(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)	4.93
Between 2 and 5 years	10.45
Beyond 5 years	2.83
Total	**18.21**

(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 ₹17.86 (31st March, 2019: ₹10.56) 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.

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 34 Fair Value Measurements

Financial instruments by category

	Measurement Level	31st March, 2020	31st March, 2019
Financial assets carried at amortised cost			
Loans	Level 3	9,455.55	8,224.91
Trade Receivables	Level 3	54.35	52.10
Cash and Cash Equivalents		357.74	77.71
Other Bank Balances		24.37	39.43
Loan to Employees	Level 3	8.72	7.03
Advances to Related Parties	Level 3	80.86	110.16
Other Financial Assets - Related Parties	Level 3	-	2.67
Other Financial Assets - Non Related Parties	Level 3	13.02	6.48
Security Deposit for Leased Premises	Level 3	7.54	6.60
Deposit with Service Providers	Level 3	3.34	2.91
Financial assets carried at fair value through profit and loss			
Cross currency swap	Level 2	-	15.03
Financial assets carried at fair value through Other Comprehensive Income			
Derivative Financial Instruments	Level 2	23.63	-
Total financial assets		**10,029.14**	**8,545.04**
Financial liabilities carried at amortised cost			
Trade Payables	Level 3	168.63	139.87
Debt Securities	Level 3	496.19	492.44
Borrowings other than debt securities	Level 3	7,450.59	6,185.56
Subordinated Liabilities	Level 3	612.77	639.76
Security Deposit Received	Level 3	39.02	48.04
Other Financial Liabilities	Level 3	90.68	57.09
Total financial liabilities		**8,857.88**	**7,562.76**

(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:

Financial assets and liabilities measured at fair value - recurring fair value measurements (Level 2)	**31st March, 2020**	**31st March, 2019**
Financial assets		
Cross Currency Swap	-	15.03
Derivative Financial Instruments	23.63	-
Total financial assets	23.63	15.03
Fair value of Financial assets and liabilities carried at amortised cost (Level - 3)	**31st March, 2020**	**31st March, 2019**
Financial assets		
Loan to Employees	8.72	7.03
Advances to Related Parties	86.11	114.35
Security Deposit for Leased Psremises	7.54	6.60
Total financial assets	**102.38**	**127.98**

There were no transfers between any levels during the year.

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 34 Fair Value Measurements (Contd.)

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

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

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

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

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

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

(iii) Valuation process

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

(iv) Fair value of financial assets and liabilities measured at amortised cost

31st March, 2020	Carrying amount	Fair value
Financial assets		
Loan to Employees	8.72	8.72
Advances to Related Parties	80.86	86.11
Security Deposit for Leased Premises	7.54	7.54
Total financial assets	**97.13**	**102.38**
31st March, 2019	**Carrying amount**	**Fair value**
Loan to Employees	7.03	7.03
Advances to Related Parties	110.17	114.35
Security Deposit for Leased Premises	6.60	6.60
Total financial assets	**123.80**	**127.98**

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

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

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 35 Financial Risk Management

(A) Credit Risk

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

Other Financial Assets

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

Loans

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

Particulars	31st March, 2020	31st March, 2019
Gross Carrying value of Loans		
Stage-1 (Less than 30 Days)	8,407.16	7,767.27
Stage-2 (31-90 Days)	869.84	321.98
Stage-3 (More than 90 Days)	370.66	274.69
Total Gross Carrying value on Reporting Date	**9,647.66**	**8,363.94**

Credit Quality

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

Inputs considered in the ECL model

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

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

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

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

Assumptions considered in the ECL model

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

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

Estimation Technique

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

- "Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 35 Financial Risk Management (Contd.)

- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining 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.

Assessment of significant increase in credit risk

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

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

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27th March, 2020 and 17th April, 2020 relating to 'COVID-19 – Regulatory Package', the Company has offered moratorium up to three months on the payment of instalments falling due between 1st March, 2020 and 31st May, 2020 to all eligible borrowers.

For staging classification under ECL computation, the Company has exercised standstill option of asset classification for overdue standard accounts classified under Stage 2 as at 29th February 2020, for which moratorium has been granted. Above relaxation has not been deemed to be automatically triggering, significant increase in credit risk based on assessment of the Company. During the moratorium period, the Company continues to recognise interest income and has made the judgement that the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 3 classification criteria.

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. The Company has followed same methodologies and assumptions for impairment loss allowance calculations followed in earlier quarters with additional consideration for COVID-19 related impact and the associated support packages in the measurement of impairment loss allowance. Since the Company's impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates.

Definition of default

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

Impairment loss

The expected credit loss allowance provision is determined as follows:

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

	Stage-1	Stage-2	Stage-3	Grand Total
Gross Balance as at 31st March, 2019	7,767.27	321.98	274.69	8,363.94
Expected Credit Loss	30.99	3.43	104.61	139.03
Expected Credit Loss Rate	0.40%	1.06%	38.08%	1.66%
Net of Impairment Provision	7,736.28	318.55	170.08	8,224.91

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 35 Financial Risk Management (Contd.)

Reconciliation of Expected Credit Loss

Particulars	Stage-1	Stage-2	Stage-3	Grand Total
Balance as at 1st April, 2018	**19.75**	**2.08**	**82.94**	**104.77**
Transfer to Stage-1	(2.14)	1.06	1.08	-
Transfer to Stage-2	0.21	(1.18)	0.98	-
Transfer to Stage-3	1.34	0.63	(1.97)	-
Loans that have derecognised during the period	(4.32)	(0.60)	(25.43)	**(30.36)**
New Loans originated during the year	22.44	1.47	13.25	**37.16**
Net Remeasurement of Loss Allowance	(6.28)	(0.02)	33.75	**27.45**
Balance as at 31st March, 2019	**30.99**	**3.43**	**104.61**	**139.03**
Transfer to Stage-1	(4.92)	3.27	1.66	-
Transfer to Stage-2	0.28	(1.90)	1.61	-
Transfer to Stage-3	0.71	1.33	(2.04)	-
Loan that have derecognised during the period	(6.58)	(0.72)	(25.18)	**(32.49)**
New Loans originated during the year	25.12	3.91	12.98	**42.02**
Net Remeasurement of Loss Allowance	(6.37)	0.18	49.74	**43.55**
Balance as at 31st March 2020	**39.23**	**9.50**	**143.38**	**192.11**

Concentration of Credit Risk

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

	31st March, 2020	31st March, 2019
Carrying value		
Concentration by geographical region in India		
South	3,822.92	3,356.79
West	2,091.72	1,999.24
East	1,602.03	1,227.55
North	2,130.99	1,780.36
Total Loans as at reporting period	**9,647.66**	**8,363.94**

(B) Liquidity Risk

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

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

(i) Financing arrangements

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

	31st March, 2020	31st March, 2019
Floating rate		
Expiring within one year (bank overdraft and other facilities)	332.04	653.09
Expiring beyond one year (bank loans)		
	332.04	653.09

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

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 35 Financial Risk Management (Contd.)

(ii) Maturities of financial liabilities

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

a. All non-derivative financial liabilities, and

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

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

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

Contractual maturities of financial liabilities	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
31st March 2019						
Non-derivatives						
Borrowings	700.70	384.42	2,765.44	2,569.02	898.18	7,317.76
Security Deposit Received	-	22.27	22.48	3.29	-	48.04
Trade Payables	8.78	93.89	37.21	-	-	139.87
Other Financial Liabilities	22.01	0.91	34.17	-	-	57.09
Total non-derivative liabilities	**731.49**	**501.48**	**2,859.30**	**2,572.31**	**898.18**	**7,562.76**

NOTE 36 Financial Risk Management

(a) Foreign currency risk exposure:

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

	31st March, 2020	31st March, 2019
Financial liabilities		
Variable Foreign Currency Borrowings(USD 90 million)	634.84	252.68
Derivative liabilities		
Hedged through derivatives	634.84	-
Hedged through CCS	-	257.59
Net exposure to foreign currency risk (liabilities)	-	(4.90)

(b) Sensitivity analysis:

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

Impact on profit after tax		
USD sensitivity	31st March, 2020	31st March, 2019
INR/USD Increases by 5%	-	(0.16)
INR/USD Decreases by 5%	-	0.16

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 36 Financial Risk Management (Contd.)

(i) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31st March, 2020 and 31st March, 2019, the Company's borrowings at variable rate were mainly denominated in INR, USD.

The Company's floating rate borrowings are carried at amortised cost. For NBFC, business loan is the major source for running the business. In India, loans are mostly available at Floating Rate Interest. And there are no such option available to obtain an option for swapping the Floating Rate Interest with Fixed Interest. Hence, except foreign currency loans, other loans are not hedged.

(a) Interest rate risk exposure

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

	31st March, 2020	31st March, 2019
Variable rate borrowings	7,173.54	6,324.62
Total borrowings	**8,559.56**	**7,317.76**

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

	31st March, 2020		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	8.30%	7,173.54	83.81%
	31st March, 2019		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	9.12%	6,324.62	86.43%

An analysis by maturities is provided in Note 36 B (ii) above.

(b) Sensitivity

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

	Impact on profit after tax	
	31st March, 2020	31st March, 2019
Interest rates – increase by 50 basis points (50 bps)*	32.03	23.93
Interest rates – decrease by 50 basis points (50 bps)*	(32.03)	(23.93)

* Holding all other variables constant.

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 37 Capital management

a. Risk management

The Risk Management policy includes identification of element of risks, including those which in the opinion of Board may lead to Company not meeting its financial objectives. The risk management process has been established across the Company and designed 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 6 times to the total equity, the Company monitors the ratio as below Net Debt divided by total equity.

	31st March, 2020	31st March, 2019
Net debt (total borrowings, less cash and cash equivalents)	8,201.82	7,240.06
Total Equity (as shown in the balance sheet)	1,373.12	1,151.70
Net debt to equity ratio	**5.97**	**6.29**

b. Externally imposed capital restrictions

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

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

NOTE 38 Transition Notes on adoption of IND-AS 116

The Company has adopted IND-AS 116 'Leases' with the date of initial application being 1st April, 2019. IND-AS 116 replaces IND-AS 17 – Leases. The Company has applied IND-AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1st April, 2019. As a result, the comparative information has not been restated. In adopting IND-AS 116, the Company has applied the below practical expedients:

a. The Company has not reassessed whether a contract is, or contains, a lease at the date of initial application

b. The Company applied a single discount rate for all lease arrangements since they have reasonably similar characteristics

c. The Company relied on its assessment of whether leases are onerous applying IND-AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per IND-AS 36 Impairment of assets

d. The Company has treated the leases with remaining lease term of less than 12 months as "short term leases"

e. The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition

f. The Company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

g. Effective 1st April, 2019, the Company has applied IND-AS 116 "Leases", using the modified retrospective approach. As a result, the Company has recognised Right of Use - assets amounting to ₹21.93 crore and lease liability of ₹24.89 crore, with net impact of ₹1.93 crore recognised in retained earnings as at 1st April, 2019 and ₹1.03 crore in deferred tax.

Measurement of lease liabilities

The lease liabilities as at 1st April, 2019 can be reconciled to the operating lease commitments as of 31st March, 2019, as follows:

Particulars	Amount
Operating lease commitments disclosed as at 31st March, 2019	47.36
Weighted average incremental borrowing rate as at 1st April, 2019	8.75%
Discounted using the lessee's incremental borrowing rate of at the date of initial application	37.44
Adjustments as a result of a different treatment of extension and termination options	(12.54)
Lease liabilities as at 1st April, 2019	24.89

(All amounts in ₹ Crore, unless otherwise stated)

NOTE 38 Transition Notes on adoption of IND-AS 116 (Contd.)

Lease Disclosures pertaining to Right to use Asset

Particulars	Amount
Gross Block - Building	
Opening/(On transition to IND-AS 116)	21.93
Additions during the year	10.97
Deletions during the year	-
Closing Balance during the year	32.90
Amortisation	
Additions	-
Amortisation for the year	7.12
Closing Balance during the year	25.78

Company has exercised the option of short-term leases and low value asset exemption.

Lease Disclosures pertaining to Statement of Profit & Loss

Particulars	Amount
Finance charges	
Interest expense	2.32
Depreciation	
Amortisation of Right to use asset	7.12
Other expenses	
Rent expenses	
Expense relating to short-term leases (included in other expenses)	8.33
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)	-
Expense relating to variable lease payments not included in the measurement of lease liabilities	-
Total	**17.77**

Lease Disclosures pertaining to Cash Flow Statement

Particulars	Amount
Cash flow from financing activities	
Principal repayments related to lease liabilities	6.83
Interest payments related to lease liabilities	2.32

NOTE 39

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act, 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognised the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31st March, 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact recognised in the statement of profit and loss.

(All amounts in ₹ Crore, unless otherwise stated)

40. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020

1. Capital Commitments

Description	31st March, 2020	31st March, 2019
Estimated amount of contracts remaining to be executed on Capital Account not provided for	2.18	2.58

2. Other Commitments

Description	31st March, 2020	31st March, 2019
Undrawn Loans sanctioned to borrowers	1.99	29.58

3. Contingent Liabilities not provided for:

Claims against the Company not acknowledged as debts.

Description	31st March, 2020	31st March, 2019
Disputed Income Tax Demand (adjusted out of refunds)	1.06	1.06
Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹0.29 crore)	7.70	6.72
Legal cases filed by borrowers against the Company	1.64	1.29

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 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), during 2010-11 at book value and the same is repayable by TVSMS in 6 years. Instalment of ₹41.33 crore due in March 2020 has been paid by TVSMS. Accordingly, the advance from TVSMS to the Company pertaining to this transaction stands at ₹78.20 crore as at 31st March, 2020 as per IND-AS fair valuation. Advance is partly secured to the extent of ₹52.15 crore and balance portion of ₹26.05 crore is unsecured. Considering the intrinsic value of land lying with TVSMS and equity shares held by TVSMS in the Company, the unsecured advance is considered good and recoverable.

5. Pursuant to para 2 of general instructions for preparation of financial statements of a NBFC as mentioned in Division III of Schedule III of The Companies Act, 2013, the current and non-current classification has not been provided.

6. As at the balance sheet date, the Company has received dues of ₹0.01 crore (PY – ₹0.38 crore) included under bank balances, arising out of the assigned asset and the same is shown under payables (Note No. 13).

(All amounts in ₹ Crore, unless otherwise stated)

40. Additional Notes forming part of Financial Statements for the year ended 31st March, 2020 (Contd.)

7. Related Party Disclosures

Disclosures in respect of Related Parties and their Relationship where transaction exists

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

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

S.No.	Name of the Related Party	Nature of Transactions	Amount 2019-20	Amount 2018-19
1	TVS Motor Services Limited	Advance received	41.33	25.16
		Unwinding of advance	9.36	16.18
		Balance outstanding (Dr)	80.86	112.83
2	TVS Motor Company Limited	Contribution towards Equity Share Capital	3.49	11.32
		Contribution towards Security Premium	41.51	108.67
		Services Rendered	42.51	19.33
		Availing of Services	5.76	4.79
		Balance outstanding (Dr)	18.92	16.66
3	Sundaram Clayton Limited	EMI Payment	0.10	0.11
		Availing of Services	4.23	3.98
		Balance outstanding (Cr)	0.16	0.43
4	Sundaram Auto Components Limited	EMI Payment	0.10	0.10
		Balance outstanding (Dr)	0.26	0.38
5	Emerald Haven Realty Limited	EMI Payment	0.47	0.18
		Balance outstanding (Dr)	-	0.47
6	TVS Automobile Solutions Private Limited (TASL)	Working Capital Financing	45.78	-
		Receivable Financing to Franchisees of TASL	13.68	-
		Balance outstanding (Dr)	2.06	-

As per our report of even date

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

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : 27th May, 2020

For and on behalf of the Board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

Registered Office:
Chaitanya, No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600006