

# **TVS MOTOR COMPANY LIMITED**

**Nineteenth Annual Report 2010-2011**

**Board of Directors**  
 VENU SRINIVASAN  
 Chairman & Managing Director  
 H. LAKSHMANAN  
 T. KANNAN  
 C. R. DUA  
 K. S. BAJPAI  
 R. RAMAKRISHNAN  
 PRINCE ASIRVATHAM

**Audit Committee**  
 T. KANNAN  
 Chairman  
 C.R. DUA  
 R. RAMAKRISHNAN  
 PRINCE ASIRVATHAM

**Investors' Grievance Committee**  
 T. KANNAN  
 Chairman  
 VENU SRINIVASAN  
 R. RAMAKRISHNAN

**President & CEO** K.N. RADHAKRISHNAN

**Executive Vice President - Finance** S.G. MURALI

**Company Secretary** K.S. SRINIVASAN

**Auditors** SUNDARAM & SRINIVASAN  
 Chartered Accountants,  
 New No.4, (Old No.23)  
 Sir C.P. Ramaswamy Road,  
 Alwarpet, Chennai - 600 018.

**Shares listed with** Madras Stock Exchange Ltd.,  
 Chennai.  
 Bombay Stock Exchange Ltd.,  
 Mumbai.  
 National Stock Exchange of India  
 Ltd., Mumbai.

**Share Transfer Agent** Sundaram-Clayton Limited  
 New No. 22, Old No. 31  
 Railway Colony, 3rd Street,  
 Mehta Nagar, Chennai - 600 029.  
 Tel : 044 - 2374 1889, 2374 2939  
 Fax: 044 - 2374 1889

**E-mail** [kr.raman@scl.co.in](mailto:kr.raman@scl.co.in)  
[sclshares@gmail.com](mailto:sclshares@gmail.com)  
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[ks.srinivasan@scl.co.in](mailto:ks.srinivasan@scl.co.in)

**Bankers** STATE BANK OF INDIA  
 Corporate Accounts Group Branch,  
 Sigapi Achi Building,  
 18/3, Rukmani Lakshmi pathy Salai,  
 Egmore, Chennai - 600 008.  
 STATE BANK OF MYSORE  
 Industrial Finance Branch,  
 Midford Garden Road,  
 Bengaluru - 560 001.

**Registered office**  
 "Jayalakshmi Estates", 29 (Old No.8), Haddows Road,  
 Chennai - 600 006, Tamil Nadu, India.  
 Tel : 044 - 2827 2233  
 Fax : 044 - 2825 7121

**Factories**  
 Post Box No. 4, Harita, Hosur - 635 109, Tamil Nadu, India.  
 Tel : 04344 - 276780  
 Fax : 04344 - 276016

Post Box No. 1, Byathahalli village,  
 Kadakola Post, Mysore - 571 311, Karnataka, India.  
 Tel : 0821 - 2596560  
 Fax : 0821 - 2596530 / 2596533

Bhatian Village, Nalagarh Post & Taluk  
 Solan District - 174 101, Himachal Pradesh, India.  
 Tel : 01795 - 220494  
 Fax : 01795 - 220496

**Website : [www.tvsmotor.in](http://www.tvsmotor.in)**

**Subsidiary Companies**  
 Sundaram Auto Components Limited, Chennai  
 TVS Energy Limited, Chennai  
 TVS Housing Limited, Chennai  
 TVS Wind Energy Limited, Chennai  
 TVS Wind Power Limited, Chennai  
 TVS Motor Company (Europe) B.V., Amsterdam  
 TVS Motor (Singapore) Pte. Limited, Singapore  
 PT. TVS Motor Company Indonesia, Jakarta

<b>CONTENTS</b>	<b>Page No.</b>
Financial Highlights	2
Notice to the shareholders	3
Directors' Report to the shareholders	6
Report on Corporate Governance	15
Auditors' Report to the shareholders	27
Balance Sheet	30
Profit and Loss Account	31
Schedules	32
Notes on Accounts	40
Cash Flow Statement	65
Statement under Section 212 of the Companies Act, 1956	66
General Business Profile	67
Auditors' Report on Consolidated Accounts	69
Consolidated Accounts	70
Financial information of subsidiaries as per Section 212(8) of the Companies Act, 1956	92

Financial Highlights

Rupees in crores

Details	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Sales and other income	6,299	4,485	3,741	3,310	3,921	3,306	2,955	2,856	2,726	1,944
Profit before interest, depreciation, amortisation and tax	466	304	247	219	254	318	332	316	295	151
Profit before tax	248	76	31	35	91	168	200	215	201	83
Profit after tax	195	88	31	32	67	117	138	138	128	54
Net fixed assets	995	983	1,036	1,043	1,003	794	770	704	533	440
Share capital	48	24	24	24	24	24	24	24	23	23
Reserves and surplus	952	842	786	798	786	742	655	551	400	300
Networth	999	835	735	769	751	673	614	562	423	323
Total borrowings	785	1,003	906	666	634	385	187	119	122	167
Earnings per share * (Rs.)	4.10	1.85	0.66	0.67	1.40	2.47	2.90	2.92	2.77	1.17
Dividend per share (Rs.)	1.10	1.20	0.70	0.70	0.85	1.30	1.30	1.30	1.20	0.90
Book value per share * (Rs.)	20.81	17.40	15.32	16.02	15.65	14.02	12.79	11.71	9.20	7.02
EBITDA / turnover (%)	7.4	6.8	6.6	6.6	6.5	9.6	11.2	11.1	10.8	7.8
Profit before tax / turnover (%)	3.9	1.7	0.8	1.1	2.3	5.1	6.8	7.5	7.4	4.3
Return on capital employed (%)	16.3	8.0	5.6	2.8	10.4	18.3	23.8	30.1	34.2	18.6
Return on net worth (%)	21.3	11.2	4.1	4.1	9.2	18.0	23.4	28.1	34.3	15.9

\* calculated after considering bonus issue

## Notice to Shareholders

NOTICE is hereby given that the nineteenth annual general meeting of the Company will be held at 'The Music Academy', New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai - 600 014, on Wednesday, the 14<sup>th</sup> day of September 2011, at 10.00 A.M to transact the following business:

### ORDINARY BUSINESS

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

RESOLVED THAT the audited balance sheet as at 31<sup>st</sup> March 2011 and the profit and loss account of the Company for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting, be and the same are hereby, approved and adopted.

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

RESOLVED THAT Mr K S Bajpai, director who retires by rotation and being eligible 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 C R Dua, director who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a director of the Company.

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

RESOLVED THAT the retiring auditors M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, having the firm registration no. 004207S issued by The Institute of Chartered Accountants of India, be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of this annual general meeting till the conclusion of the next annual general meeting of the Company on such remuneration as may be fixed in this behalf by the board of directors of the Company.

By order of the board

Bengaluru  
July 29, 2011

K S SRINIVASAN  
Company Secretary

Registered Office:  
"Jayalakshmi Estates",  
No.29 (Old No.8), Haddows Road,  
Chennai - 600 006.

Notes:

- 1) **A member, entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting.**
- 2) The register of members and the share transfer register will remain closed for two days viz., 4<sup>th</sup> August 2011 and 5<sup>th</sup> August 2011 for the purpose of payment of second interim dividend declared for the financial year 2010-11 by the board of directors at their meeting held on 29<sup>th</sup> July 2011.

#### Green Initiative in Corporate Governance

Ministry of Corporate Affairs has undertaken a 'Green Initiative in Corporate Governance' to promote paperless compliances by the companies through electronic mode. Members can now receive notices, annual reports and other documents through electronic mode by registering their email addresses with the Company.

The Company would like to avail this opportunity for sending notices / annual reports / other documents (documents) to the members in the electronic mode to their email addresses already registered and available (i) in the records of depositories, which have been made available to the Company by them; or (ii) in the records of Share Transfer Agent of the Company namely Sundaram-Clayton Limited (STA).

Members are requested:

- To note that the documents will also be available on the Company's website [www.tvsmotor.in](http://www.tvsmotor.in) for downloading by the members;
- To note that physical copies of the documents will also be available at the Registered Office of the Company, at No. 29, Haddows Road, Chennai - 600 006, for inspection during office hours;
- To note that members, who opted to receive the documents in electronic mode, are also entitled to receive copies of the documents free of cost, upon receipt of a requisition at any time;
- To note that those members, who are holding shares in electronic form and have not registered their email addresses with their Depository Participants (DPs), are requested to update the same with DPs;
- To note that those members, who are holding shares in physical form and have not registered their email addresses with the STA, are requested to update the same; and
- To update change of email address with the STA or with the Company or with their DPs, from time to time, for receiving the future communication on any other email address.

- 3) In terms of Section 205A read with Section 205C of the Companies Act, 1956, the dividends declared by the Company, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF) established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the report on corporate governance, forming part of the annual report.

Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the unencashed warrants immediately to the Company.

- 4) Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.
- 5) Members are requested to notify any change in their address to the Company immediately. Members holding shares in electronic form are requested to advise change of correspondence and email addresses to their DPs.
- 6) As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Members are, therefore, requested to bring their copies of the annual report to the meeting.
- 7) Members are requested to affix their signature at the space provided on the attendance slip annexed to proxy form and hand over the slip at the entrance of the meeting hall.

In terms of clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of directors who are proposed to be re-appointed in this annual general meeting, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and relationships with other directors in the Company are given below:

#### I. Mr K S Bajpai

Born on 30<sup>th</sup> March 1928, Mr K S Bajpai, was in Indian Foreign Service and retired as Ambassador to the USA.

Mr Bajpai earlier served as Ambassador to the Netherlands, Pakistan and China, and Secretary to the Government of India in the Ministry of External Affairs. He was a Visiting Professor at the University of California, Berkeley for five years, and first Professor of Non-Western Studies at Brandeis for two years, also a Visiting Fellow at Stanford University's Centre for International Security and Co-operation in 2002. For five years, he was also Senior International Advisor to Merrill Lynch, New York.

He was co-opted as a director of the Company on 27<sup>th</sup> January 2003.

He does not hold directorship in any other Company.

He does not hold any share in the Company and is not related to any director of the Company.

#### II. Mr C R Dua

Born on 3<sup>rd</sup> November 1951, Mr C R Dua is the founder of Dua Associates, which is one of the prominent law firms in India with presence in eight cities namely Delhi, Gurgaon, Mumbai, Chennai, Bengaluru, Pune, Hyderabad and Chandigarh. Mr Dua has successfully established and developed the firm which has the ability to focus on client requirements with service from various specialty practice groups within the organization and across offices.

Today Dua Associates has over two hundred professionals, including fifty partners and counsel and a total strength in excess of three hundred people. For almost a quarter century, Duas have provided a broad range of legal, consulting and now legal process services to a diverse Indian and international clientele, including private and listed companies, government agencies, Fortune 500 companies and readily recognisable brand names from the U.S., Europe, Japan and ASEAN.

Mr Dua, therefore, has a vast breadth of experience in the fields of corporate law, mergers and acquisitions, privatisations, project finance, public issues, entry strategies, foreign investment, corporate structuring / restructuring, infrastructure projects and commercial aspects of doing business in India. He has been actively involved in the process of regulatory reforms in India consistent with India's multilateral trade policy commitments. He has advised clients ranging from Fortune 500 companies to closely held and privately owned Indian and foreign companies, public sector undertakings, listed companies, Government companies, banks, international funding institutions and other financial institutions in India. He also sits on the boards and audit committees of listed Indian companies and Indian subsidiaries of multinational clients.

In the early 1990s, Mr Dua took the initiative to establish Dua Consulting, an organization which specialises in and has assisted its various multinational and domestic clients in the areas of public policy and regulatory affairs, corporate finance, technological and physical security and strategic international advisory services. The members of the consulting practice have all attained national and international recognition and prominence in their respective fields based on experience and integrity.

Mr Dua sits as a Senior Advisor to McLarty Associates, the Washington - based international strategic advisory firm.

Mr Dua has been a member of the Advisory Committee on Competition Advocacy and also of the Competition Commission Advisory Committee on Regulations of the Competition Commission of India.

Mr Dua is a founder member of the American Chamber of Commerce in India and continues to be an invited member on their Executive Board. He is currently also a

Senior Vice President of The Society of Indian Law Firms (SILF). He is also a member of BNP Paribas Group India Advisory Board. He pursues philanthropic interests by participating as a trustee in organizations engaged in education, welfare and cultural activities. Mr Dua continues to pursue his interest in tennis and is an invited member on the Executive Committee of the International Lawn Tennis Club of India.

An honours graduate of St. Stephen's College, Mr Dua holds a Masters Degree in Economics from the Delhi

School of Economics and a law degree from the Faculty of Law, University of Delhi.

He was co-opted as a director of the Company on 27<sup>th</sup> December 2001.

He is a member of the audit committee of directors of the Company.

He does not hold any share in the Company and he is not related to any director of the Company. Details of his other directorships and membership / chairmanship of committees are given below:

S. No	Name of the Company	Position held	Committee membership / chairmanship
1.	Cabot India Limited	Director	Member - Audit Committee
2.	Gillette India Limited	Director	Chairman - Audit Committee Member - Remuneration Committee
3.	House of Pearl Fashions Limited	Director	–
4.	Vodafone Essar Limited	Director	–
5.	Wimco Limited	Director	Member - Audit Committee
6.	Tractors and Farm Equipment Limited	Director	–
7.	Alcoa India Private Limited	Director	–
8.	Amit Investments Private Limited	Director	–
9.	Associated Corporate Consultants (India) Private Limited	Director	–
10.	Becton Dickinson India Private Limited	Director	–
11.	Emerson Process Management Power and Water Solutions India Private Limited	Director	–
12.	Fila Sport India Private Limited	Director	–
13.	Inapex Private Limited	Director	–
14.	LexSphere Private Limited	Director	–
15.	Linde Engineering India Private Limited	Director	–
16.	McCann-Erickson (India) Private Limited	Alternate Director	–
17.	McDonald's India Private Limited	Director	–
18.	PBE India Private Limited	Director	–
19.	Result Services Private Limited	Director	–
20.	Universal Weather and Aviation India Private Limited	Director	–
21.	UL India Private Limited	Director	–
22.	Sella Synergy India Private Limited	Director	–

## Directors' report to the Shareholders

The directors have pleasure in presenting the nineteenth annual report and the audited accounts for the year ended 31<sup>st</sup> March 2011.

### 1. FINANCIAL HIGHLIGHTS

Details	Year ended 31-03-2011	Year ended 31-03-2010
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#### QUANTITATIVE

(Numbers in lakhs)

##### Sales:

Motorcycles	8.33	6.38
Mopeds	7.05	5.71
Scoters	4.66	3.10
Three wheelers	0.39	0.15
<b>Total vehicles sold</b>	<b>20.43</b>	<b>15.34</b>

#### FINANCIAL

(Rupees in crores)

Motorcycles	2,748.88	2,046.23
Mopeds	1,235.34	952.48
Scoters	1,340.69	822.03
Spares and accessories	540.22	421.84
Three wheelers	314.35	120.53
Other income	119.18	121.57
Sales (net of excise duty) and other income	6,298.66	4,484.68
EBITDA	466.00	303.62
Interest and finance charges (net)	46.99	63.17
Amortisation	63.67	61.75
Depreciation	107.25	102.53
Profit before tax	248.09	76.17
Provision for tax (including deferred tax and fringe benefit tax)	53.51	(11.84)
Profit for the year (after tax)	194.58	88.01
Surplus brought forward	34.12	33.02
Profit available for appropriation	228.70	121.03

#### APPROPRIATIONS

First Interim dividend	23.76	16.63
Second Interim dividend payable	28.51	11.88
Tax on dividend paid	3.95	2.83
Provision for dividend tax	4.26	1.53
Transfer to general reserve	32.75	54.04
Surplus carried forward	135.47	34.12

### 2. DIVIDEND

The board of directors of the Company at their meeting held on 20<sup>th</sup> January 2011, declared first interim dividend of Re.0.50 per share (50%) for the year 2010-11 absorbing a sum of Rs.27.71 Cr including dividend distribution

tax. The same was paid to the shareholders on 1<sup>st</sup> February 2011.

The board of directors of the Company at their meeting held on 29<sup>th</sup> July 2011 declared a second interim dividend of Re.0.60 per share (60%) for the year 2010-11 absorbing a sum of Rs.32.77 Cr including dividend distribution tax. Hence, the total amount of dividend including the second interim dividend payable, for the year ended 31<sup>st</sup> March 2011 will aggregate to Rs.1.10 per share (110%) on 47,50,87,114 Equity shares of Re.1/- each.

The board of directors of the Company do not recommend any further dividend for the year under consideration.

### 3. PERFORMANCE

During the year under review, the Company for the first time achieved annual two wheeler sales of two million, a growth of 32% from 1.52 mn units sold in the previous year, driven by growth across all segments of two wheelers. The sales of three wheelers significantly increased from 14,702 Nos. in 2009-10 to 39,257 Nos. in 2010-11.

During the year, the Company strengthened its portfolio of two wheelers by launching Apache RTR 180 equipped with Anti-lock Brake System (ABS) and Max 4R motor cycle.

The Company's total revenue including other income grew from Rs.4,484.68 Cr in the previous year to Rs.6,298.66 Cr in the current year. The profit before tax (PBT) of Rs. 248.09 Cr for the year was higher by 226% than the previous year's PBT of Rs.76.17 Cr. The profit after tax (PAT) of Rs.194.58 Cr for the year was higher by 121% than the previous year's PAT of Rs.88.01 Cr.

The Company expects to grow further in the two wheeler segment, with additional sales coming from the new products launched during the year and the exports of three wheelers. The Company is well positioned to improve business performance during the year 2011-12.

### 4. BONUS SHARES

During the year, the Company issued and allotted 23,75,43,557 equity shares of Re.1/- each as bonus equity shares on 10<sup>th</sup> September 2010 in the ratio of 1:1 to the eligible shareholders of the Company as on the record date, i.e. 9<sup>th</sup> September 2010 by capitalizing an equivalent amount standing to the credit of the general reserve account of the Company as approved by the shareholders through postal ballot on 30<sup>th</sup> August 2010.

As a result, the Company's paid up equity share capital now stands at Rs. 47.51 Cr. The said issue, allotment and listing of bonus equity shares were completed within the stipulated period of two months of its declaration by the board of directors in terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

**5. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

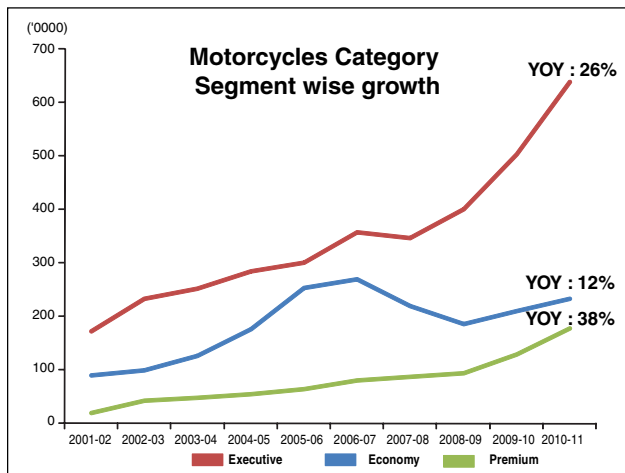
Two wheeler industry continued its impressive growth during 2010-11. The industry registered a growth of 27% with all segments recording an impressive growth.

The Company recorded an overall growth of 32% in two wheeler sales. This was driven by an impressive 50% growth in scooter segment, 23% growth in moped segment and 31% growth in the motorcycle segment. Launch of Apache RTR180 ABS has reinforced the Company's position in the Premium segment of the motorcycle market. TVS Wego in the big scooter segment has contributed considerably to the sales and the scooter segment was further strengthened with the launch of Scooty Babelicious series. The Company launched the Max 4R series to serve the load carrying need of the customers. The Company launched TVS Jive in the Executive segment, which forms 60% of the motorcycle category. During the year, the three wheeler sales have increased from 14,702 nos. in 2009-10 to 39,257 nos. in 2010-11. Sales of spare parts grew by 28%.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

The overall two wheeler sales increased by 27% from 10.5 mn numbers in 2009-10 to 13.32 mn numbers in 2010-11. This growth was mainly propelled by a 24% growth in motorcycles from 8.4 mn numbers to 10.5 mn numbers. Scooters grew by an impressive 42% from 1.5 mn numbers to 2.1 mn numbers. Mopeds registered a growth of 23% from 0.57 mn numbers to 0.70 mn numbers. Exports of two wheeler have grown by 34%. The Petrol Passenger three wheeler industry (3 plus 1 segment) grew by 36% during 2010-11 to reach 4 lakh units. Domestic market grew by 21% to reach (1.6 lakh numbers) and Export market grew by 48% (2.5 lakh numbers).

In motorcycle category, the Executive segment grew by 26% and the Premium segment by 38%. Absence of adequate retail finance in all areas continued to affect the Economy segment and it grew only by 12%.



**Industry sales of two wheelers (Domestic plus Export)**

Particulars	2009-10			2010-11		
	Sales in mn (nos.)	Growth in %	Category share	Sales in mn (nos.)	Growth in %	Category share
Motorcycles	8.44	24	80%	10.50	24	79%
Un-Geared scooters	1.49	28	14%	2.12	42	16%
Mopeds	0.57	27	6%	0.70	23	5%
Total two wheelers	10.50	25	100%	13.32	27	100%

**BUSINESS OUTLOOK AND OVERVIEW**

Tight liquidity, high interest cost and inflation are likely to result in lower GDP growth for the country during 2011-12 compared to previous year. The two wheeler industry is also consequently expected to grow at a lower rate of 12% to 14% compared to 27% growth recorded in the previous year. Commodity cost which showed a mild upward bias in the first half may come down in the second half of the year.

**COMPANY PERFORMANCE**

**New Product Launches and Initiatives**

During the year 2010-11, the following new products and variants were launched.



TVS Apache RTR 180 first Indian Motorcycle with ABS, is a technical showcase of the RTR Series. Inspired from the track, the RTR Series is a class definer when it comes to performance. The Racing DNA is further personified with the

highest in class power to weight ratio and Racing Ergonomics, which render agility and superb handling to the RTR Series.



Inspired by the new generation of young India, the Company launched the Scooty Pep+ babelicious series with five stunning colours. Along with fresh graphics, this collection is meant for young women. Scooty is known to be a pioneer with successful

fashion editions and colour innovations launched in the past. Leading the fashion trend with the babelicious series along with benefits of ease and lightweight, Scooty is further likely to consolidate its position as the most preferred scooter for young women.





Sensing the imminent need of a sturdy and durable motorcycle the Company launched TVS Max4R during the year. The noticeable differentiator is the four shock absorbers that are fitted at

the rear end of the motorcycle, so that the bike can easily carry heavy loads.

### **Two wheeler operations:**

#### **Domestic:**

The Company registered higher growth rates than the market across the segments. While motorcycle segment grew by 23%, TVS grew by 29%.

TVS grew by 50% in the scooter segment. Entry of Wego has further strengthened TVS scooter portfolio. Mopeds grew by 23% with growth coming from both southern and non southern markets.

The Company's products are distributed by network of dealers and authorised service centers across India. The Company will continuously seek to increase distribution reach.

#### **Exports:**

TVS crossed a new milestone in exports with all time high sales of 2.23 lakh numbers. The growth of 37% over last year is driven by improved sales in South Asian market, Africa, Brazil and foray into Mexico.

### **Three wheeler operations:**

The Company has cumulatively sold over 58,700 vehicles till March 2011 in India and in international markets since launch.

During the year 2010-11, TVS Motor launched a new customer service initiative "TVS Service Anytime Anywhere (24x7)" in three major cities, which is first of its kind in the industry.

The Company has exported three wheelers to 18 countries. Export of three wheelers provides an excellent opportunity in the current year.

### **Opportunities and Threats:**

Growth in two wheeler demand will come mainly from rising population in target age and income groups. Increased use of personal transport would also be a significant demand driver. Smaller towns are expected to contribute more to the industry growth. TVS StaR City and TVS Sport motorcycles stand to gain from this. Customer acceptance and high customer satisfaction of TVS Jive are expected to result in higher sales. Buoyant rural economy is expected to drive the demand for MAX 4R.

Apache RTR 180 ABS has further strengthened the Company's position in the Premium segment.

The Company has a strong presence in the sub 100cc ungeared scooter segment. The launch of TVS Wego in the large scooter segment further increases the Company's growth prospects in the scooter category.

The rising interest cost, tight liquidity and high inflation may however impact the growth prospect during 2011-12.

## **OPERATIONS REVIEW**

### **Quality:**

The Company has significantly improved the quality of all its existing and new products. Steps have also been taken to improve the quality of after-sales service. The combination of these measures has enabled the Company to achieve best in class customer satisfaction.

### **Total Quality Management (TQM):**

The Company has adopted the philosophies of TQM as the cornerstone of its management. In an attempt to standardize, strengthen and deepen the understanding, the Company has formalized and documented these philosophies titled as "TVS Way". The Company has continued to benefit from 100% participation of employees in TQM activities, for the fifth year in succession. The employees have completed and presented more than 1,600 projects through QC Circles and Cross Functional Teams for the year 2010-11 towards achieving Company's objectives.

During 2010-11, the Company received and implemented on an average 47 suggestions per employee. The Company has won the first prize for "Excellence in Suggestion Scheme" from INSSAN (Indian National Suggestion Scheme Association) for the eighth consecutive year.

### **Cost management:**

The Company continues its rigorous focus on its costs through an effective deployment system. Value engineering and aggressive global sourcing projects are being pursued to reduce material costs and also to partially neutralize input material cost increases.

### **Research and Development (R&D):**

The Company's strong R&D team is supported by modern computer aided laboratory, capable of developing new and innovative products. It has state-of-art facilities for engine testing, noise, vibration and harshness (NVH) measurements and life testing. At present, more than 600 engineers are working on development of new products and in other advanced areas of technology. The Company works with leading technological research laboratories and institutions. The Company is also working on development of fuel-efficient

technologies and CO<sub>2</sub> reduction technologies to remain ahead of needs of consumers and environment regulations.

R&D has developed and launched a new 110cc 4 stroke ungeared scooter with disc brake system for export market. R&D has developed and launched a new 150cc 4 stroke liquid cooled engine for Indonesian Market. R&D has also developed and launched a 180cc 4 stroke motorcycle with ABS technology.

R&D team has so far published 72 technical papers in national and international conferences.

### **Information technology:**

The Company has been using enterprise wide system to integrate all the business processes within the Company as well as integrating suppliers' and dealers' business processes. Several projects have been implemented during the year to improve productivity and quality. The Company also uses Product Lifecycle Management to reduce the new product development lead time, control cost and improve quality. During the year, the Company has developed applications and dashboards to monitor and improve product quality using early watch and alert system.

Dealer Management System (DMS) - developed by the Company has been extended to all dealers of the Company. DMS also helps the Company to exchange information between the Company and dealers online and provides business intelligence for undertaking initiatives to improve sales, service, product development and customer satisfaction.

### **RISKS AND CONCERNS**

The fragility in global economic recovery is a major concern. Apart from the political unrest in some countries, tight monetary stance, the contagion of hardening crude and commodity prices in international markets are expected to impact Indian economy significantly. Any failure of monsoon could trigger significant supply constraints further fuelling inflation and interest rates. The success of new launches is important to maintain the momentum for the Company.

Government of India has indicated that with effect from 1<sup>st</sup> October 2011, the current DEPB scheme applicable to exports of two wheeler and three wheeler may be replaced by a duty drawback scheme. Industry expects the new scheme to adequately protect the current benefits to ensure continued competitiveness in the global markets.

### **INTERNAL CONTROL AND THEIR ADEQUACY**

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are

safeguarded and protected against any loss and that all the transactions are properly authorized, recorded and reported.

### **HUMAN RESOURCE DEVELOPMENT**

Human Resource Development is focussed and aligned to business needs towards improved performance and business results through the HR roadmap evolved over the years. The key components of the roadmap are - Employee engagement, resourcing, performance and compensation management, Competency based development, Career and succession planning and Organisation building.

The Company continues to be an employer of choice in most engineering schools and polytechnics in the country. The online performance management system has been streamlined across plants and locations including the field staff. Learning Management System (LMS) was leveraged fully for the functional competencies at entry level roles in the engineering streams. Competency assessment and development through various training programs have improved the capability of engineers for their delivery on the job. Skill Training Centre focusing on training and enhancement of fundamental skills have been expanded to other processes such as painting, welding, maintenance and material handling. Talent review conducted as a part of the talent management process has improved the rigour in identifying potential and providing individual development plans. Towards leadership development, the key competencies have been identified and exclusive assessment and development workshops conducted to cover top 200 of the senior management team.

The Company continues to maintain its record on industrial relations without any interruption in work.

As on 31<sup>st</sup> March 2011, the Company had 4,589 employees on its rolls.

### **ENVIRONMENT, HEALTH AND SAFETY (EHS)**

The Company bagged the "Parivartan Sustainability Leadership Award" for 2011. This award is for Water Conservation Thought Leadership to recognize Indian companies, which have embraced sustainability in their business operations and supply chain and have shown leadership by taking initiatives for making their products, processes and facilities sustainable.

Efforts in material stewardship and 4R measures have helped to effectively manage the waste generated across the operations. Significant reduction in generation of paint sludge has been achieved through introduction of robot in painting operation. Introduction of advanced waste-water treatment technologies, simplification of treatment processes and optimization of chemical dosing through automation have resulted in reduction of chemical sludge generation.

A number of energy saving initiatives viz., optimal utilization of different equipments; heat loss elimination and efficiency improvements in the ovens and boilers; optimisation of higher rating motors and pumps and LED based street lights have resulted in reduction of specific fuel by 5% and specific power by 7% in comparison to previous year.

Rigor in implementing hazard control measures and effective safety training to all new recruits have further improved the safety standards in the Company.

The Company has been recertified second time under Environmental Management System (ISO14001:2004) and Occupational Health and Safety Management System (OHSAS 18001:2007).

**CORPORATE SOCIAL RESPONSIBILITY**

Srinivasan Services Trust (SST), co-sponsored by the Company with the vision of building self reliant rural community, was established in 1996. Over 15 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.

At present, SST is working in 1,000 villages, spread across Tamil Nadu, Karnataka, Maharashtra, Gujarat and Himachal Pradesh. Its major focus areas are: Economic Development, Health, Education, Environment and Infrastructure. Its significant achievements are:

- Through partnership with the community helped to form over 2,635 Self Help Groups (SHG).
- The Infant Mortality Rate and Maternal Mortality Rate reduced to 2 /1000 live births and 25 / one lakh births.
- 100% enrolment of children in schools and over 36,000 adult women made literate.
- Proper solid and liquid waste management practices adopted in 662 villages.
- Over 1,62,000 hectares of degraded forests reforested and 13,000 hectares of dry lands covered by watershed development activities.
- Over 39,657 families have taken up income generating activities. They earn an additional income from Rs.2,000/- to Rs.4,000/- per month.
- SHG members have a group saving of Rs.10.01 Cr.
- Over 61,600 of the families living in these villages have a monthly income around Rs.10,000/- per family.

Over 200 persons are involved in the activities, consisting of employees, volunteers, field directors, doctors, etc.

Charitable organisations, voluntary institutions, commercial entities have also joined the Company as 'Partners in Progress'.

**CAUTIONARY STATEMENT**

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

**6. SUBSIDIARY COMPANIES**

As on date of this report, the following are the subsidiaries of the Company:

Name of the Company	Subsidiary of
Sundaram Auto Components Limited TVS Energy Limited TVS Housing Limited TVS Motor Company (Europe) B.V. TVS Motor (Singapore) Pte. Limited	TVS Motor Company Limited
PT.TVS Motor Company Indonesia	TVS Motor (Singapore) Pte. Limited
TVS Wind Power Limited TVS Wind Energy Limited	TVS Energy Limited

During the year under review, the Company acquired the entire paid up capital of Rs.5 lakhs of TVS Housing Limited (TVS Housing) and thereby TVS Housing became a wholly owned subsidiary of the Company effective 21<sup>st</sup> June 2010.

During the year under review, the subsidiary company viz., TVS Energy Limited subscribed to the equity capital of TVS Wind Power Limited (TVS Wind Power) and TVS Wind Energy Limited (TVS Wind Energy) amounting to Rs. 4.10 Cr and Rs. 10.15 Cr respectively, constituting 73% of the paid up equity capital of these special purpose vehicles (SPVs).

SPVs therefore became subsidiaries of TVS Energy Limited effective 16<sup>th</sup> February 2011 in terms of Section 4(1)(b) of the Companies Act, 1956 (the Act) and thereby they became subsidiaries of the Company in terms of Section 4(1)(c) of the Act effective that date. TVS Wind Power and TVS Wind Energy closed their accounts for the first year, for a short period from 6<sup>th</sup> January 2011 to 31<sup>st</sup> March 2011 to coincide with the closing of the annual accounts of the holding company, viz., 31<sup>st</sup> March 2011.

**7. CONSOLIDATED FINANCIAL STATEMENTS**

As required under the Listing Agreement with the Stock Exchanges, the consolidated financial statements of the

Company and all its subsidiaries are attached. The consolidated financial statements have been prepared in accordance with the relevant Accounting Standards as prescribed under Section 211(3C) of the Act. These financial statements disclose the assets, liabilities, income, expenses and other details of the Company, its subsidiaries and associates.

The Ministry of Corporate Affairs (MCA) vide its circular No. 2 in file No. 51/12/2007-CL-III dated 8<sup>th</sup> February 2011 has granted general exemption under Section 212(8) of the Act, for holding companies from attaching annual reports of subsidiaries along with the annual report of the holding companies without seeking any approval of the Central Government. However, this is subject to fulfillment of conditions as stipulated in the said circular granting exemption to the holding company and passing of a resolution by the board in this regard.

The board of directors at their meeting held on 29<sup>th</sup> April 2011 passed necessary resolution for complying with all the conditions enabling the circulation of annual report of the Company without attaching all the documents referred to in Section 212(1) of the Act, of the subsidiary companies to the shareholders of the Company.

The annual accounts, reports and other documents of the subsidiary companies will be made available to the members, on receipt of a request from them. The annual accounts of the subsidiary companies will be available at the registered office of the Company and at the registered offices of the respective subsidiary companies concerned. If any member or investor wishes to inspect the same, it will be available during the business hours of any working day of the Company.

A statement giving the following information in aggregate of each subsidiary including subsidiaries of subsidiaries consisting of (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend has been attached with the consolidated balance sheet of the Company in compliance with the conditions of the said circular issued by MCA.

### **Performance of subsidiaries:**

#### ***PT.TVS Motor Company Indonesia (PT.TVS)***

During the year, PT.TVS Motor Company Indonesia (PT.TVS) increased its sale of two wheelers from 15,000 nos. to 19,800 nos., registering a growth of about 32%. The company's export initiatives proved successful as the company also exported about 4,700 nos. of vehicles to various countries.

The turnover of the company increased from Rs. 68.31 Cr in 2009-10 to Rs. 85.36 Cr in 2010-11. Increased margin

and control over costs helped PT.TVS to reduce its operating loss level to Rs.39.84 Cr compared to Rs.64.23 Cr incurred in the last year.

PT.TVS continued its network expansion and as at the end of March 2011, the Company had its network across 16 provinces with 160 dealerships across Indonesia. During the year under review, the Company launched a new re-style version of TVS Neo and a refresh of TVS RockZ. The company also launched a double disc version of Apache and all these products are well accepted in the market. The company was quite successful in launching good quality products and more than 50,000 satisfied customers bear testimony to this fact. PT.TVS's products have won several awards for its superior style, design and features from leading auto magazines. PT.TVS tied up with leading finance companies to extend retail finance to its products.

During the first quarter of the current financial year 2011-12, the company was able to improve its sales to 7,000 nos. as against 5,700 nos. during the corresponding period of the last year. In May 2011, the company launched a new 150 cc hi-technology bebek TVS Tormax motorcycle in the market and it is expected to bring in additional sales numbers.

#### ***Sundaram Auto Components Limited (SACL)***

The continued growth in automotive industry has enabled SACL to record its improved performance this year also.

During the year, SACL achieved a growth of 44% in the sale of Rubber and Plastics components business. SACL also earned a profit after tax of Rs.8.2 Cr during the year 2010-11 as against Rs.10 Cr in the previous year.

Due to abnormal increase in price of rubber and increase in fixed costs, the profitability of SACL was affected and resulted in lower contribution and consequently lower profits during 2010-11.

With the stability in commodity prices, SACL expects an improved performance during 2011-12.

SACL was awarded "National Best Partner for Business Development" by Hyundai Mobis in recognition of outstanding performance and achievement in India during the year.

SACL declared and paid an interim dividend of Rs.3/- per share (30%) for the year ended 31<sup>st</sup> March 2011.

#### ***TVS Energy Limited (TVS Energy)***

During the year, TVS Energy successfully commissioned the Wind Energy project with a capacity of 9.35 MW at Gandamanur in Theni district, Tamil Nadu for captive consumption and 14.4 MW at Vagaikulam in Tirunelveli

district, Tamil Nadu for sale of energy to Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) under Renewable Energy Certificate (REC) scheme.

It has registered the 14.40 MW project under REC scheme with the National Load Despatch Centre (central agency) and under Generation Based Incentive scheme with Indian Renewable Energy Development Agency Limited. Its entire revenue of Rs.2.79 Cr from operations was on account of wheeling of energy generated from 9.35 MW project to the captive consumer.

It has also promoted two SPVs namely TVS Wind Energy and TVS Wind Power as its subsidiaries for setting-up of 10.5 MW Wind Energy Capacity in Theni district, Tamil Nadu for wheeling energy to Captive Consumers. It has also signed agreements with Engineering Procurement and Construction (EPC) supplier for setting-up this Wind Energy Capacity.

### **Investment in subsidiaries:**

During the year under review, the Company made additional investment in its subsidiary, PT.TVS to the tune of Rs.59.56 Cr in non cumulative, non convertible and redeemable shares of PT.TVS.

The Company also invested a sum of Rs.14.25 Cr in the equity capital of TVS Energy Limited during the year under review.

## **8. DIRECTORS**

In terms of the Articles of Association of the Company, Mr K S Bajpai and Mr C R Dua, directors of the Company, are liable to retire by rotation at the ensuing annual general meeting of the Company, and being eligible, offer themselves for re-appointment.

The brief resume of these directors and other information have been detailed in the notice convening the annual general meeting of the Company. Appropriate resolutions for their re-appointment are being placed for approval of the shareholders at the ensuing annual general meeting. The directors recommend their re-appointment as directors of the Company.

## **9. AUDITORS**

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, the statutory auditors of the Company, retire at the ensuing annual general meeting and are eligible for re-appointment.

The Company has received a letter from them, stating that the appointment, if made, will be within the prescribed limit under Section 224(1B) of the Act.

## **10. COST AUDITOR**

The board of directors, subject to the approval of the Central Government, appointed Mr A N Raman, a Cost Accountant within the meaning of the Cost & Works Accountants Act, 1959 and holding a valid certificate of practice No.5359, as a Cost Auditor for conducting the Cost Audit for the financial year 2011-2012. The audit committee of directors recommended his appointment subject to the compliance of the requirements as stipulated in circular no.15/2011 dated 11<sup>th</sup> April 2011 issued by MCA.

The Company has received a letter from the Cost Auditor, stating that the appointment, if made, will be within the prescribed limit under Section 224(1B) of the Act. The Central Government has also accorded its approval for the appointment.

The Company filed the Cost Audit Report in terms of Cost Accounting Records (Motor Vehicles) Rules, 1997 for the financial year 2009-2010 on 17<sup>th</sup> September 2010 which was due to be filed with the MCA on or before 30<sup>th</sup> September 2010.

## **11. CORPORATE GOVERNANCE**

The Company has been practicing the principles of good corporate governance over the years and lays strong emphasis on transparency, accountability and integrity.

A separate section on Corporate Governance and a certificate from the statutory auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement(s) with the Stock Exchange(s) form part of this Annual Report.

The chairman and managing director and the executive vice president - finance of the Company have certified to the board on financial statements and other matters in accordance with the clause 49 (V) of the Listing Agreement pertaining to CEO / CFO certification for the financial year ended 31<sup>st</sup> March 2011.

## **12. STATUTORY STATEMENTS**

### **Conservation of energy, technology absorption and foreign exchange earnings and outgo**

As per the requirements of Section 217(1)(e) of the Act, read with the Companies (Disclosure of particulars in the report of board of directors) Rules 1988, the information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure I to this report.

### Particulars of employees

The particulars required pursuant to Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975 as amended, are given in Annexure II to this report. However, in terms of the provisions of Section 219(1)(b)(iv) of the Act, the Directors' Report (excluding Annexure II) is being sent to all the members of the Company. Any member interested in obtaining a copy of the said Annexure may write to the Company Secretary at the registered office of the Company.

### Public Deposits

The Company has not accepted any deposit from the public within the meaning of Section 58A of the Act, for the year ended 31<sup>st</sup> March 2011.

### Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Act, with respect to Directors' Responsibility Statement, it is hereby stated -

- i. that in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2011, the applicable Accounting Standards had been followed and that there are no material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company

at the end of the financial year and of the profit of the Company for the year under review;

- iii. that the directors had taken proper and sufficient care for the 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; and
- iv. that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2011 on a "going concern basis."

### ACKNOWLEDGEMENT

The directors gratefully acknowledge the continued support and co-operation received from the holding company i.e. Sundaram-Clayton Limited, Chennai. The directors thank the bankers, investing institutions, customers, dealers, vendors and sub-contractors 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.

The directors also thank the investors for their continued faith in the Company.

For and on behalf of the Board

Bengaluru  
July 29, 2011

VENU SRINIVASAN  
Chairman

## Annexure I to directors' report to the shareholders

### Information pursuant to Section 217(1)(e) of the Companies Act, 1956

#### A CONSERVATION OF ENERGY

1. Measures taken during the year 2010-11:

- i. Optimal utilisation of plant and equipments;
- ii. Optimisation of the compressed air system and energy efficient practices;
- iii. Heat loss elimination and efficiency improvements in the ovens and boilers;
- iv. Light Emitting Diode (LED) based street lights;
- v. Optimisation of higher rating motors and pumps; and
- vi. Other miscellaneous energy efficient projects.

These measures have resulted in an annual saving of approximately Rs.1.1 Cr.

2. Proposed measures during the year 2011-12:

- i. Alternate source of power to reduce power cost;
- ii. Optimal utilisation of plant and equipments;
- iii. LED / Induction lamps for Gangways and service bays;
- iv. Providing Variable Frequency Drives (VFDs) for higher rating motors and pumps; and
- v. Other miscellaneous energy efficient projects.

These measures are expected to yield an annual saving of approximately Rs.1.5 Cr.

#### B TECHNOLOGY ABSORPTION FOR 2010-11

1. Specific areas in which R&D was carried out by the Company:

- i. Designed, developed and launched new 110cc 4stroke un-gearred scooter with disc brake system for export market;
- ii. Designed, developed and launched new variant for 100cc 4stroke motor cycle for Economy segment;
- iii. Designed, developed and launched new 180cc 4stroke motor cycle with ABS for Premium segment;
- iv. Designed, developed and launched all TVS motor products meeting 2010 emission norms;
- v. Designed, developed and launched a new variant for 110cc 4stroke bebek vehicle for Indonesian market; and

- vi. Designed and developed a new 150cc 4stroke two wheeler with liquid cooled engine for ASEAN market.

2. Future plan of action:

- i. Development of new technologies for reduction of emission and CO<sub>2</sub>;
- ii. Development of new technologies and new features to meet customer demands;
- iii. Development of technologies including alternate materials for reducing weight and cost;
- iv. Development of new technologies to improve fit and finish quality of products; and
- v. Development of new technologies to improve noise, vibration and harshness (NVH).

3. Expenditure on R&D:

	(Rs. in Cr)
Capital expenditure	21.76
Revenue expenditure	78.16
<b>Total</b>	<u>99.92</u>
Total expenditure as a percentage of turnover	1.59 %

4. Data relating to imported technology:

(Technology imported during the last 5 years reckoned from the beginning of the financial year)	Nil
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#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Export activities:

During the year, export of two wheelers is 2.23 lakh units and three wheelers is 0.17 lakh units. The Company expanded its presence to 58 countries.

The Company continued export of components and sub-assemblies to its subsidiary in Indonesia.

2. Total foreign exchange earned and used:

	(Rs. in Cr)
Foreign exchange used	666.62
Foreign exchange earned	882.84

For and on behalf of the Board

Bengaluru  
July 29, 2011

VENU SRINIVASAN  
Chairman

## Report on Corporate Governance

### 1. Company's philosophy on code of governance

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

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

The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct and Ethics and the Code of Conduct for Prevention of Insider Trading for board and senior management personnel.

### 2. Board of directors

The board of directors (the board), which consists of eminent persons with considerable professional expertise and experience, provides leadership and guidance to the management, thereby enhancing stakeholders' value.

#### 2.1 Composition and category of directors:

As on 31<sup>st</sup> March 2011, the total strength of the board is seven. As the Company has an executive chairman viz., Mr Venu Srinivasan who is the chairman and managing director, the board is required, in terms of clause 49 of the Listing Agreement, to have fifty per cent of its directors as non-executive and independent directors.

Accordingly, the board has four non-executive and independent directors viz., M/s T Kannan, C R Dua,

K S Bajpai and Prince Asirvatham and two non-executive and non-independent directors, viz., M/s H Lakshmanan and R Ramakrishnan. Thus, the composition of the board is in conformity with the Listing Agreement.

#### 2.2 Board meetings:

The Company, in consultation with the directors, prepares and circulates a tentative annual calendar for meetings of the committees / board in order to assist the directors for planning their schedules well in advance to participate in the meetings.

The Company regularly places, before the board for its review, the information as required under Annexure 1A to clause 49 of the Listing Agreement such as annual operating plans, capex budget and its quarterly updates, quarterly results, minutes of meetings of audit committee and other committees of the board, quarterly details of foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any, etc.

Comprehensively drafted notes for each agenda item along with back ground materials, wherever necessary, are circulated well in advance to the committee / board, to enable them for making value addition as well as exercising their business judgment in the committee / board meetings. Presentations are also being made by the business heads on the Company's operations, marketing strategy, IT strategy, HR initiatives in board meetings.

During the year 2010-2011, the board met four times on 21<sup>st</sup> April 2010, 21<sup>st</sup> July 2010, 21<sup>st</sup> October 2010 and 20<sup>th</sup> January 2011 and the gap between two meetings did not exceed four months.



2.3 Attendance and other directorships:

The details of attendance of the directors at the board meetings during the year and at the last

annual general meeting held on 8<sup>th</sup> September 2010 and also the number of other directorships and committee memberships / chairmanships as on 31<sup>st</sup> March 2011 are as follows:

Name of the Director (M/s)	Category	Attendance particulars		Number of other directorships and committee memberships / chairmanships		
		Board meetings	Last annual general meeting	Other directorships*	Committee memberships**	Committee chairmanships
Venu Srinivasan	CMD	4	Yes	16	4	1
H Lakshmanan	NE-NI	4	Yes	21	10	5
T Kannan	NE-I	3	Yes	8	5	2
C R Dua	NE-I	2	No	22	4	1
K S Bajpai	NE-I	2	Yes	–	–	–
R Ramakrishnan	NE-NI	4	Yes	12	5	2
Prince Asirvatham	NE-I	4	No	2	2	1

CMD : Chairman & Managing Director

NE-NI : Non-executive - Non-Independent

NE-I: Non-executive - Independent

\* includes private companies and companies incorporated outside India.

\*\* includes committees where the director holds the position of chairman.

None of the directors on the board is a member of more than ten committees or chairman of more than five committees across all the companies in which they are directors. Chairmanships / Memberships of committees include only Audit and Shareholders / Investors' Grievance committee as covered in clause 49 of the Listing Agreement, as per the disclosures made by the directors.

2.4 Access to information and Updation to directors:

The board reviews all information provided periodically for discussion and consideration at its meetings in terms of clause 49 of the Listing Agreement. Functional heads are present whenever necessary and apprise all the directors about the developments. They also make presentations to the board and audit committee of directors.

Apart from this, the observations of audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the statutory auditors of the Company are placed and discussed with functional heads by the committee / board. The board also reviews the declarations made by the chairman and managing director and company secretary regarding compliance of all applicable laws on quarterly basis.

Decisions taken at the meetings of the committee / board are communicated to the functional heads. Action taken report on decisions of previous meetings is placed at every succeeding meeting of the board / committee for reporting the compliance.

2.5 Code of Business Conduct and Ethics for members of the board and senior management personnel:

The Company has in place the Code of Business Conduct and Ethics for member of the board and senior management personnel (the Code) approved by the board. The Code has been communicated to directors and the senior management personnel. The Code has also been displayed on the Company's website [www.tvsmotor.in](http://www.tvsmotor.in).

All the members of the board and senior management personnel have confirmed compliance with the Code for the year ended 31<sup>st</sup> March 2011. The annual report contains a declaration to this effect signed by the chairman and managing director and company secretary as compliance officer for the Code.

2.6 Appointment / Re-appointment of directors:

In terms of clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of directors, proposed to be re-appointed, nature of

their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and their relationships, if any, with other directors are provided in the notice convening the ensuing annual general meeting of the Company.

### 3. Audit Committee

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.

#### 3.1 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:

- a. Overseeing the Company's financial reporting process and the disclosure of financial information.
- b. Reviewing with the management quarterly and annual financial statements before submission to the board for approval with particular reference to the matters specified in the Listing Agreement.
- c. Reviewing the statement of related party transactions and transactions with companies in which one or more director(s) of the Company is / are deemed to be interested / concerned.
- d. Discussing the nature and scope of audit including internal audit prior to the commencement of the audit and areas of concern, if any, arising post audit.
- e. Reviewing the reports of internal auditors and ensuring that adequate follow-up action is taken by the management on observations and recommendations made by the internal auditors.
- f. Reviewing the findings of any internal investigations by the internal auditors into matters of suspected fraud or irregularity or a failure of internal control systems, of a material nature, if any.
- g. Recommending to the board the appointment / re-appointment / replacement of the statutory auditors and the fees payable for audit and approving the payment for any other services rendered by the statutory auditors.

- h. Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.
- i. Reviewing the management discussion, analysis of financial conditions and results of operations and other matters specified under clause 49 of the Listing Agreement.
- j. Reviewing the financial statements, in particular the investments made by the unlisted subsidiaries.
- k. Reviewing the cost audit report.
- l. Reviewing with the management, the annual financial statements before submission to the board, in particular:
  - a. Any change in accounting policies and practices;
  - b. Major accounting entries passed, based on exercise of judgment by management;
  - c. Significant adjustments arising out of audit;
  - d. Compliance with accounting standards; and
  - e. Disclosure of contingent liabilities.
- m. Approving the appointment of the Chief Financial Officer after assessing the qualifications, experience, background, etc. of the candidate.
- n. In addition, reviewing of such other functions as envisaged under Section 292A of the Act and clause 49 of the Listing Agreement with Stock Exchanges.

#### 3.2 Composition, name of members and the chairman:

As at 31<sup>st</sup> March 2011, the Audit Committee consists of the following non-executive independent / non-independent directors:

Name of the directors (M/s)	Status
T Kannan C R Dua Prince Asirvatham	Non-executive and Independent director
R Ramakrishnan	Non-executive and Non-Independent director

Mr T Kannan, Chairman of the Audit Committee, is a Non-executive and Independent director. Mr K S Srinivasan, company secretary acts as the secretary of the Audit Committee.

Chairman of the Audit Committee was present at the last annual general meeting held on 8<sup>th</sup> September 2010.

The composition of the committee is in accordance with the requirements of clause 49 of the Listing Agreement read with Section 292A of the Act.

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

Date of the Meeting	Members present (M/s)
20.04.2010	T Kannan, C R Dua, Prince Asirvatham and R Ramakrishnan
20.07.2010	T Kannan, Prince Asirvatham and R Ramakrishnan
20.10.2010	T Kannan, Prince Asirvatham and R Ramakrishnan
19.01.2011	T Kannan, C R Dua, Prince Asirvatham and R Ramakrishnan

#### 4. Subsidiary companies

- (i) The Company's Indian subsidiary companies do not fall under the definition of "material non listed Indian subsidiary".
- (ii) The Audit Committee of directors however reviews the financial statements and in particular the investments made by unlisted subsidiary companies.
- (iii) The minutes of the board meetings of direct unlisted Indian subsidiary companies are periodically placed before the board. The board is periodically informed about all significant transactions and arrangements entered into by these unlisted subsidiaries.

#### 5. Disclosures

##### 5.1 Materially significant related party transactions:

During the year, the Company has not entered into any transaction of material nature with the directors, their relatives or management, which is in conflict with the interests of the Company.

The transactions with the related parties, namely its promoters, its subsidiary and associate companies etc., of routine nature have been reported elsewhere in the annual report, as per Accounting Standard 18 (AS 18) issued by The Companies (Accounting Standards) Rules, 2006 / The Institute of Chartered Accountants of India.

The Audit Committee also reviews, *inter alia* the following aspects:

- (i) related party transactions undertaken by the Company in the ordinary course of business;
- (ii) material individual transactions, if any, which were not in the normal course of business; and
- (iii) material individual transactions, if any, with related parties or others, which were not at arm's length basis.

##### 5.2 Disclosure of accounting treatment:

The Company follows the Accounting Standards issued by The Companies (Accounting Standards) Rules, 2006 / The Institute of Chartered Accountants of India.

The Central Government has issued a notification on 31<sup>st</sup> March 2009 amending the existing AS11 relating to 'The effects of changes in foreign exchange rates' and extended one more year upto 31<sup>st</sup> March 2012 vide Notification dated 11<sup>th</sup> May 2011. By this amendment, companies are permitted to add / deduct from the carrying cost of depreciable assets, exchange differences arising out of exchange rate fluctuations with corresponding adjustments in general reserve and provision for depreciation. In order to give effect to the aforesaid amendment, companies are required to exercise their option in this regard. The option once exercised is irrevocable.

This has been effected in the computation of the results of the Company. Exchange difference with regard to External commercial borrowings other than relating to acquisition of capital assets are added to or deducted from Foreign Currency Monetary Item Translation Difference Account.

##### 5.3 Risk Management:

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

The Company has constituted a Risk Mitigation Committee including the Chief Executive Officer and the Chief Financial Officer of the Company. The Committee meets periodically to review the risk management and mitigation plans.

5.4 Instances of non-compliances, if any:

There was no instance of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital markets during the last three years.

5.5 Disclosure by senior management personnel:

The senior management personnel have made disclosures to the board relating to all material, financial and other transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.

5.6 CEO and CFO Certification:

The chairman and managing director (CEO) and executive vice president - finance (CFO) of the Company have certified to the board on financial and other matters in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO / CFO certification for the financial year ended 31<sup>st</sup> March 2011.

5.7 Compliance with mandatory / non-mandatory requirements:

The Company has complied with all applicable mandatory requirements in terms of clause 49 of the Listing Agreement. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

5.8 Code of Conduct for Prevention of Insider Trading:

In compliance with the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations 1992, as amended till date, the Company has a comprehensive Code of conduct for prevention of inside trading and the same is being strictly adhered to by the directors, senior management personnel and other persons covered by this Code. The Code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with the shares of the Company and cautioning them on the consequences of non-compliances thereof.

The Company regularly follows closure of trading window prior to the publication of price sensitive

information. The Company has been informing the directors, senior management personnel and other persons covered by the Code about the same and advising not to trade in Company's securities during the closure of trading window period.

5.9 Management discussion and analysis report:

The management discussion and analysis report forms part of the directors' report.

6. Remuneration Committee

The board has not constituted a remuneration committee as the need for forming such committee has not arisen.

6.1 Remuneration to directors:

The remuneration payable to the chairman and managing director is fixed by the board within the limits approved by the shareholders in terms of the relevant provisions of the Act.

During the year, the board determined the commission payable to CMD at Rs.7.75 Cr, being 3% of the net profit computed in accordance with Section 349 of the Act.

As approved by the shareholders at the annual general meeting of the Company held on 14<sup>th</sup> August 2008, Non-executive and Independent directors are being paid commission not exceeding 1% of the net profits of the Company subject to a maximum, as determined by the board, for each such director for every financial year for a period of five years from 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2013.

Sitting fee of Rs.20,000/- each is paid to the Non-executive directors for every meeting of the board and / or committee thereof attended by them, which is within the limits prescribed under the Act.

6.2 Particulars of sitting fees / commission paid to the Non-executive and Independent / non-independent directors, during the financial year 2010-2011, are as follows:

(Rs. in lakhs)

Name of the Director (M/s)	Sitting fees	Commission	Total
H Lakshmanan	1.20	–	1.20
T Kannan	2.00	10.00	12.00
C R Dua	0.80	10.00	10.80
K S Bajpai	0.40	10.00	10.40
R Ramakrishnan	2.80	–	2.80
Prince Asirvatham	1.60	10.00	11.60

6.3 Details of shareholdings of Non-executive directors in the Company as on 31<sup>st</sup> March 2011:

S.No	Name of the Director (M/s)	No. of Equity shares held
1.	T Kannan	1,31,180
2.	H Lakshmanan	56,870
3.	R Ramakrishnan	1,08,000
4.	C R Dua	–
5.	K S Bajpai	–
6.	Prince Asirvatham	10,000

7. Investors' Grievance Committee

7.1 The Investors' Grievance Committee consists of three members viz., M/s T Kannan, Non-executive and Independent director, Venu Srinivasan, executive and non-independent director and R Ramakrishnan, Non-executive and non-independent director. Mr T Kannan, Non-executive and Independent director, is the chairman of the committee.

7.2 As required by Securities and Exchange Board of India (SEBI), Mr K S Srinivasan, company secretary is the compliance officer of the Investors' Grievance Committee. For any clarification / complaint, the shareholders may contact Mr K S Srinivasan, company secretary.

7.3 The Committee oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. The Committee also looks into redressal of investors' grievances pertaining to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The Company, in order to expedite the process of share transfers, has delegated the power of share transfers to an officer of the STA. The Company, as a matter of policy, disposes of investors' complaints within a span of seven days.

7.4 Complaints received and redressed during the year 2010-2011:

S.No	Nature of complaints	No. of complaints
1.	Non-receipt of share certificates	9
2.	Non-receipt of dividend warrants	27
3.	Non-receipt of annual reports	3
4.	Others - Non crediting of bonus shares, indemnity for duplicate share certificate, demat rejection, etc.,	8
	<b>TOTAL</b>	<b>47</b>

7.5 All the queries and complaints received during the financial year ended 31<sup>st</sup> March 2011, were duly redressed and no queries were pending at the year end.

All requests for dematerialization of shares were carried out within the stipulated time period and no share certificate was pending for dematerialization.

7.6 Reconciliation of Share Capital Audit:

A qualified Practising Company Secretary carries out a Reconciliation of Share Capital (RSC) Audit on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital and places the report for perusal of the Board.

The RSC audit report confirms that the total issued and listed capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

8. General body meeting

8.1 Location and time where the annual general meetings were held during the last three years:

Year	Location	Date	Time
2007-08	Sathguru Gnanananda Hall, Naradha Gana Sabha Trust, No.314, T.T.K. Road, Chennai - 600 018	14.8.2008	10.30 AM
2008-09	The Music Academy, New No.168, (Old No.306), T.T.K. Road, Royapettah, Chennai - 600 014	17.8.2009	10.15 AM
2009-10	Sathguru Gnanananda Hall, Naradha Gana Sabha Trust, No.314, T.T.K. Road, Chennai - 600 018	08.9.2010	10.00 AM

8.2 Special resolutions passed in the previous three annual general meetings (AGM):

During the last three years, namely 2007-08 to 2009-10, approval of the shareholders were obtained by passing special resolutions as follows:

Year	Subject	Date of AGM
2007-08	Payment of commission to Non-executive independent directors of the Company for five years w.e.f. 01.04.2008	14.08.2008
2008-09	Nil	17.08.2009
2009-10	Nil	08.09.2010

8.3 None of the subjects placed before the shareholders in the last / ensuing annual general meeting required / requires approval by a Postal Ballot.

8.4 Postal Ballot:

The board earlier sought the consent of shareholders of the Company by way of ordinary resolutions through Postal Ballot as per the notice to the shareholders issued on 21<sup>st</sup> July 2010, for (i) increasing the authorised share capital of the Company in terms of Sections 16, 94 and other applicable provisions of the Act ; and (ii) capitalization of Rs.23,75,43,557/- by issue of bonus equity shares in the proportion of one new equity share of Re.1/- each for every one equity share of Re.1/- each held by the shareholders, as on the record date, viz., 9<sup>th</sup> September 2010, fixed for this purpose.

These ordinary resolutions were passed by the shareholders of the Company with overwhelming majority.

The results of the Postal Ballot are given below:

Particulars	No. / % of votes cast in favour	No. / % of votes cast against
Resolution (i)	15,28,00,720 / 99.99%	12,868 / 0.01%
Resolution (ii)	15,26,68,265 / 99.99%	5,382 / 0.01%

8.5 Declaration of results of Postal Ballot:

The procedures prescribed under Section 192A of the Act, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 were duly followed for conducting the postal ballot process during the year to approve the resolutions mentioned above. The results of postal ballot were announced at the registered office of the Company on 30<sup>th</sup> August 2010 and also published in the newspapers namely Business Line and Dinamani on 31<sup>st</sup> August 2010.

9. Means of communication to shareholders

The board believes that effective communication of information is an essential component of corporate governance. The Company regularly interacts with shareholders through multiple channels of communication such as results announcement, annual report, media releases, Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

9.1 Quarterly results:

The unaudited quarterly financial results of the Company were published in English and regional newspapers. These are not sent individually to the shareholders.

9.2 Newspapers wherein results are normally published:

The results are normally published in English Newspapers viz. The Hindu, Business Line, The Times of India, Economic Times, Business Standard and Regional Newspaper viz., Dinamani.

9.3 Website:

The Company has in place a website addressed as [www.tvsmotor.in](http://www.tvsmotor.in). This website contains the basic information about the Company, e.g. details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under clause 54 of the Listing Agreement. The Company ensures that the contents of this website are periodically updated. In addition, the Company makes use of this website for publishing official news release and presentations, if any, made to institutional investors / analysts.

The Company has designated the following e-mail IDs, namely [investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in) / [ks.srinivasan@scl.co.in](mailto:ks.srinivasan@scl.co.in) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.

10. General shareholder information

10.1 Annual general meeting:

Date and time : Wednesday, 14<sup>th</sup> September 2011, 10.00 A.M.  
 Venue : The Music Academy, New No.168 (Old No.306), T.T.K. Road, Royapettah, Chennai - 600 014

10.2 Financial year : 1<sup>st</sup> April to 31<sup>st</sup> March

Financial calendar : 2011-2012 (Tentative)

Annual general meeting : During August / September 2011

Financial reporting for the quarter ending

30<sup>th</sup> June 2011 : 29<sup>th</sup> July 2011

30<sup>th</sup> September 2011 : between 15<sup>th</sup> October and 15<sup>th</sup> November 2011

31<sup>st</sup> December 2011 : between 15<sup>th</sup> January and 15<sup>th</sup> February 2012

31<sup>st</sup> March 2012 : between 15<sup>th</sup> April and 15<sup>th</sup> May 2012

10.3 Date of Book Closure : 4<sup>th</sup> August 2011 and 5<sup>th</sup> August 2011

10.4 Particulars of dividend payment:

The board at its meeting held on 21<sup>st</sup> January 2011, declared first interim dividend of Re.0.50 per share (50%) for the year 2010-2011, absorbing a sum of Rs.27.71 Cr including dividend distribution tax. It was paid to the shareholders on 1<sup>st</sup> February 2011.

The board at its meeting held on 29<sup>th</sup> July 2011 declared a second interim dividend of Re.0.60 per share (60%) for the year 2010-11 absorbing a sum of Rs.32.77 Cr including dividend distribution tax. Hence, the total amount of dividend including the second interim dividend payable, for the year ended 31<sup>st</sup> March 2011 will aggregate to Rs.1.10 per share (110%) on 47,50,87,114 Equity shares of Re.1/- each.

10.5 Listing on Stock Exchanges:

Name of the Stock Exchange	Stock Code / Symbol
Madras Stock Exchange Limited (MSE)	—
Bombay Stock Exchange Limited (BSE)	532343
National Stock Exchange of India Limited (NSE)	TVSMOTOR
ISIN allotted by Depositories (Company ID Number)	INE 494B01023

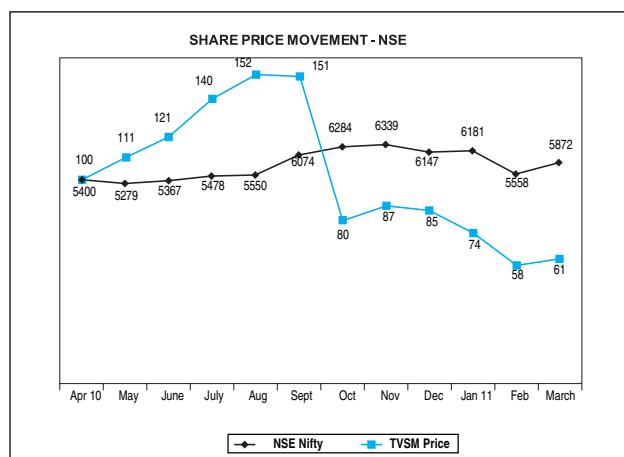
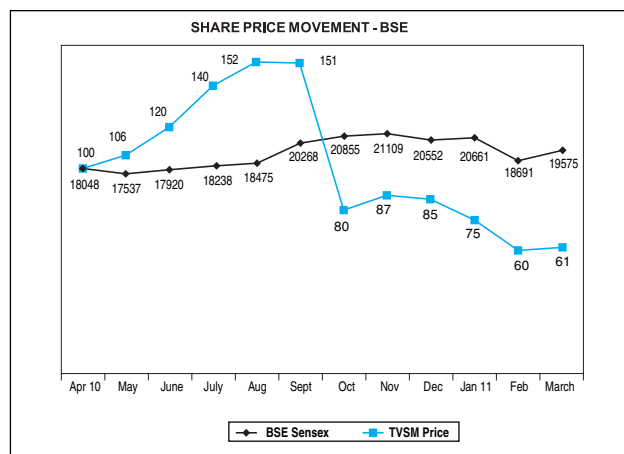
(Note: Annual listing fees and custodial charges for the year 2011-2012 were duly paid to the Stock Exchanges and Depositories)

10.6 Market Price Data:

(in Rs.)

Month	NSE (Monthly)		BSE (Monthly)	
	High price	Low price	High price	Low price
April 2010	99.60	80.10	99.60	79.80
May 2010	110.75	86.40	105.65	89.30
June 2010	120.60	96.00	120.45	95.00
July 2010	139.70	105.50	140.00	105.15
August 2010	151.70	133.65	151.90	133.50
September 2010	150.85	69.50	150.65	69.80
October 2010	80.20	71.40	79.50	69.65
November 2010	87.40	72.15	87.45	72.40
December 2010	84.90	65.00	84.90	66.10
January 2011	73.95	50.35	74.50	50.50
February 2011	58.15	43.60	60.00	43.70
March 2011	61.30	51.00	61.15	51.00

10.7 Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty



10.8 Share Transfer Agents and share transfer system:

- M/s Sundaram-Clayton Limited (SCL), the holding Company, which has been registered with SEBI as share transfer agents in Category II, has been appointed as the share transfer agent of the Company (STA) with a view to rendering prompt and efficient service to the investors. The shareholders have also been advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company effective 1<sup>st</sup> October 2004.
- All matters connected with the share transfer, dividends and other matters are being handled by the STA located at the address mentioned elsewhere in this report.
- Shares lodged for transfers are normally processed within 10 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation

is given to the depositories within 7 days. Grievances received from investors and other miscellaneous correspondences relating to change of address, mandates, etc., are processed by the STA within 7 days.

- d. Certificates are being obtained and submitted to Stock Exchanges, on half-yearly basis, from a Company Secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of clause 47(c) of the Listing Agreement with Stock Exchanges.
- e. Certificates have also been received from a Company Secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.
- f. The Company, as required under clause 47(f) of the Listing Agreement, has designated the following e-mail IDs, namely [investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in) / [ks.srinivasan@scl.co.in](mailto:ks.srinivasan@scl.co.in) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- g. Shareholders are, therefore, requested to correspond with the STA for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend, etc., at their address given in this report.

10.9 Shareholding pattern as on 31<sup>st</sup> March 2011:

Category of Shareholder	No. of shares held	%
Shareholding of Promoter and Promoter Group		
Bodies Corporate	28,17,75,786	59.31
<b>Public Shareholding Institutions</b>		
Mutual Funds	2,02,99,710	4.27
Financial Institutions	6,56,340	0.14
Insurance Companies	4,42,22,382	9.31
Foreign Institutional Investors	2,24,83,458	4.73
<b>Total</b>	<b>8,76,61,890</b>	<b>18.45</b>
<b>Non Institutions</b>		
Bodies Corporate	3,13,84,490	6.61
Individuals holding nominal capital in excess of Rs. 1 lakh	61,70,768	1.30

Category of Shareholder	No. of shares held	%
Individuals holding nominal capital upto Rs.1 lakh	6,62,35,370	13.94
NRI Repatriable	14,08,883	0.30
NRI Non- Repatriable	4,49,791	0.09
Overseas Body Corporate	136	-
<b>Total</b>	<b>10,56,49,438</b>	<b>22.24</b>
<b>Total Public Shareholding</b>	<b>19,33,11,328</b>	<b>40.69</b>
<b>Grand Total</b>	<b>47,50,87,114</b>	<b>100.00</b>

10.10 Distribution of Shareholding as on 31<sup>st</sup> March 2011:

Shareholding (Range)	No. of shares	%	No. of members	%
Upto 5,000	5,00,74,568	10.54	1,24,539	98.64
5,001-10,000	77,73,294	1.64	1,046	0.83
10,001-20,000	51,68,284	1.09	358	0.28
20,001-50,000	46,34,989	0.97	147	0.12
50,001-1,00,000	43,29,370	0.91	60	0.05
1,00,001 & above	40,31,06,609	84.85	108	0.08
<b>Total</b>	<b>47,50,87,114</b>	<b>100.00</b>	<b>1,26,258</b>	<b>100.00</b>

10.11 Dematerialization of shares and liquidity:

Out of 19,33,11,328 equity shares of Re.1/- each held by persons other than promoters, 18,36,71,520 shares have been dematerialized as on 31<sup>st</sup> March 2011 accounting for 95%.

10.12 The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instrument, which is likely to have impact on the Company's equity.

10.13 Plant Locations:

Hosur : Post Box No. 4, Harita  
Hosur - 635 109, Tamil Nadu  
Tel : 04344-276780  
Fax : 04344-276016  
Email : [kn.radhakrishnan@tvs motor.co.in](mailto:kn.radhakrishnan@tvs motor.co.in)  
[sg.murali@tvs motor.co.in](mailto:sg.murali@tvs motor.co.in)

Mysore : Post Box No.1  
Byathahalli Village, Kadakola Post  
Mysore - 571 311, Karnataka  
Tel : 0821 - 2596560  
Fax : 0821 - 2596530 / 2596533  
Email : [kn.radhakrishnan@tvs motor.co.in](mailto:kn.radhakrishnan@tvs motor.co.in)  
[manohara.rao@tvs motor.co.in](mailto:manohara.rao@tvs motor.co.in)



Himachal : Bhatian Village, Nalagarh Post & Taluk  
Pradesh Solan District - 174 101, Himachal Pradesh  
Tel : 01795 - 220494  
Fax : 01795 - 220496  
Email : [kn.radhakrishnan@tvsmotor.co.in](mailto:kn.radhakrishnan@tvsmotor.co.in)

### 10.14 Address for investor correspondence:

- (i) For transfer / dematerialization of shares, payment of dividend on shares and any other query relating to the shares of the Company : Sundaram-Clayton Limited  
Share Transfer Agent (STA)  
Unit: TVS Motor Company Limited  
New No. 22, Old No. 31  
Railway Colony, 3<sup>rd</sup> Street,  
Mehta Nagar,  
Chennai - 600 029  
Tel : 044 - 2374 1889,  
044 - 2374 2939  
Fax : 044 - 2374 1889.
- (ii) For any query on annual report : Email: [kr.raman@scl.co.in](mailto:kr.raman@scl.co.in)  
[sclshares@gmail.com](mailto:sclshares@gmail.com)
- (iii) For investors' grievance & general correspondence : Email :  
[ks.srinivasan@scl.co.in](mailto:ks.srinivasan@scl.co.in)  
[investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in)

## 11. Non-mandatory disclosures

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

### 11.1 The Board:

As the Company has an executive chairman, the implementation of this non-mandatory requirement does not arise.

The Non-executive directors of the Company are liable to retire by rotation and if eligible, offer themselves for re-appointment. No specific tenure has been fixed for the independent directors.

### 11.2 Remuneration Committee:

The board has not constituted a Remuneration Committee as the need for forming such committee has not arisen.

### 11.3 Shareholder rights:

The half-yearly results of the Company are published in newspapers as soon as they are approved by the board and are also uploaded in the Company's website namely [www.tvsmotor.in](http://www.tvsmotor.in). The results are not sent to the shareholders individually.

### 11.4 Audit qualifications:

The statutory financial statements of the Company are unqualified.

### 11.5 Training of Board Members / Mechanism for evaluating Non-executive directors:

The present board consists of well-experienced and responsible members of society. All the directors are well aware of business model as well as the risk profile of the business parameters of the Company and their responsibilities as directors. Hence, in the opinion of the board, they do not require any further training. There is also no specific mechanism for evaluating the performance of the Non-executive directors of the Company.

### 11.6 Whistle Blower Policy:

The Company has not adopted whistle blower policy. However, the Company has not denied access to any personnel, to approach the management on any issue.

## 12. Request to shareholders

Shareholders are requested to follow the general safeguards / procedures as detailed hereunder in order to serve them efficiently and avoid risks while dealing in securities of the Company.

### Demat of Shares:

Shareholders are requested to convert their physical holding to demat/ electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.

### Registration of Electronic Clearing Service (ECS) mandate:

The Securities Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through ECS to investors wherever ECS and bank details are available. The Company will not entertain any direct request from members holding shares in electronic mode for deletion of / change in such bank details. Members who wish to change such bank account details are therefore requested to advise their DPs about such change, with complete details of bank account.

ECS helps in quick remittance of dividend without possible loss/delay in postal transit. Shareholders, who have not earlier availed this facility, are requested to register their ECS details with the STA or their respective DPs.

### Transfer of shares in physical mode:

Shareholders should fill up complete and correct particulars in the transfer deed, for expeditious transfer of shares. Wherever applicable, registration number of

power of attorney should also be quoted in the transfer deed at the appropriate place.

Shareholders, whose signatures have undergone any change over a period of time, are requested to lodge their new specimen signature duly attested by a bank manager to the STA.

In terms of SEBI's circular no. MRD/DoP/Cir-05/1009 dated 20<sup>th</sup> May 2009, it has become mandatory for transferees to furnish a copy of Permanent Account Number (PAN) for registration of transfer of shares to be held in physical mode.

In case of loss / misplacement of share certificates, shareholders should immediately lodge a FIR / Complaint with the police and inform the Company / STA with original or certified copy of FIR / acknowledged copy of complaint for marking stop transfer of shares.

**Consolidation of Multiple Folios:**

Shareholders, who have multiple folios in identical names, are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.

**Registration of Nominations:**

Nomination in respect of shares - Section 109A of the Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the Will, etc.

It would therefore be in the best interest of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in Form 2B. This form is attached at the end of this report. Investors holding shares in demat form are advised to contact their DPs for making nominations.

**Updation of address:**

Shareholders are requested to update their address registered with the Company, directly through the STA located at the address mentioned elsewhere in the annual report, to receive all communications promptly.

Shareholders, holding shares in electronic form, are requested to deal only with their DPs in respect of change of address and furnishing bank account number, etc.

**SMS Alerts:**

Shareholders are requested to note that NSDL and CDSL have announced the launch of SMS alert facility for demat account holders whereby shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the transaction. These alerts will be sent to those account holders who have provided their mobile numbers to their DPs. No charge will be levied by NSDL / CDSL on DPs providing this facility to investors. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely [www.nsdl.co.in](http://www.nsdl.co.in) and [www.cdslindia.com](http://www.cdslindia.com), respectively.

**Timely encashment of dividends:**

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation/ losing your right of claim owing to transfer of unclaimed dividends beyond seven years to Investor Education and Protection Fund (IEPF).

As required by SEBI, shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons.

Shareholders, who have not encashed their dividend warrants, in respect of dividends declared for the year ended 31<sup>st</sup> March 2005 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 205C of the Act. Accordingly a sum of Rs.14.91 lakhs, being unclaimed dividend upto 31<sup>st</sup> March 2004, was transferred to IEPF during the year. Shareholders are requested to note that as per the applicable provisions of the Act, unclaimed dividends, once transferred to IEPF, will not be refunded.

Information in respect of unclaimed dividends due for remittance into IEPF is given below:

**PARTICULARS OF UNCLAIMED DIVIDEND OF THE COMPANY**

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to IEPF
2004-2005 1 <sup>st</sup> Interim	25.10.2004	01.12.2004	01.12.2011
2004-2005 2 <sup>nd</sup> Interim	30.05.2005	05.07.2005	05.07.2012
2005-2006 1 <sup>st</sup> Interim	27.10.2005	03.12.2005	03.12.2012
2005-2006 2 <sup>nd</sup> Interim	26.06.2006	01.08.2006	01.08.2013

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to IEPF
2006-2007 1 <sup>st</sup> Interim	26.10.2006	02.12.2006	02.12.2013
2006-2007 Final	17.08.2007	22.09.2007	22.09.2014
2007-2008 Final	14.08.2008	19.09.2008	19.09.2015
2008-2009 Interim	26.06.2009	01.08.2009	01.08.2016
2009-2010 1 <sup>st</sup> Interim	20.01.2010	25.02.2010	25.02.2017
2009-2010 2 <sup>nd</sup> Interim	21.07.2010	26.08.2010	26.08.2017
2010-2011 1 <sup>st</sup> Interim	20.01.2011	25.02.2011	25.02.2018

**Unclaimed share certificates:**

In terms of the provisions of clause 5A of the Listing Agreement (introduced vide SEBI circular dated 16<sup>th</sup> December 2010), the unclaimed share certificates will be dematerialized and transferred to "Unclaimed Suspense Account". As per this clause, the Company sent two reminder letters to the shareholders, whose share certificates were returned undelivered or unclaimed. It is also proposed to send the third and final reminder letter during the year 2011-12. Shareholders who are in receipt of the reminder letters are requested to write to STA and provide the correct details to enable to the Company to re-send the share certificates. Action will be taken thereafter to transfer the shares so unclaimed to 'Unclaimed Suspense Account'. These shares would be thereafter transferred to the respective shareholders as and when claimed by them.

**Green initiative in corporate governance:**

MCA has undertaken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and issued circulars stating that service of notice, annual report, etc., can be sent by email to its members. The advantages of sending such documents in email are to:

- Receive communication promptly;
- Reduce paper consumption and save trees;
- Eliminate wastage of paper;
- Avoid loss of document in postal transit; and
- Save costs on paper and on postage.

Accordingly, the annual report for 2010-11, notice for AGM, etc., are being sent in electronic mode to such of the members whose email addresses are available and registered with the Company / DPs and who have not opted to receive the same, are being sent in physical form.

To support this green initiative of the Government, members are requested to register their email addresses, with the DPs, in case shares are held in dematerialized form and with the STA, in case the shares are held in physical form and also intimate changes, if any, in their registered email addresses to the Company / DPs from time to time.

**Declaration pursuant to clause 49 of the Listing Agreement regarding adherence to the Code of Business Conduct and Ethics**

To

The shareholders of TVS Motor Company Limited, Chennai. On the basis of the written declarations received from members of the board and senior management personnel in terms of the relevant provisions of clause 49 of the Listing Agreement, we hereby certify that both the members of the board and the senior management personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the board for the year ended 31<sup>st</sup> March 2011.

K S SRINIVASAN  
*Company Secretary*  
 Chennai  
 July 25, 2011

VENU SRINIVASAN  
*Chairman & Managing Director*

**Auditors' certificate on compliance of the provisions of the Code of Corporate Governance in the Listing Agreement**

To

The shareholders of TVS Motor Company Limited, Chennai. We have examined the compliance of conditions of Corporate Governance by TVS Motor Company Limited, Chennai - 600 006 for the year ended 31<sup>st</sup> March 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

M. BALASUBRAMANIAM  
*Partner*

Place : Chennai  
 Date : July 25, 2011

*Membership No.: F7945*

## Auditors' report to the shareholders of TVS Motor Company Limited, Chennai for the year ended 31<sup>st</sup> March 2011

We have audited the attached Balance Sheet of TVS MOTOR COMPANY LIMITED, Chennai - 600 006 as at 31<sup>st</sup> March 2011 and the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 and amended by the Companies (Auditors' Report) (Amendment) Order 2004 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we state that:
  - (i) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (ii) 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 such books;

- (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) on the basis of written representations received from the directors of the Company as on 31<sup>st</sup> March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - (a) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011;
  - (b) in so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - (c) in so far as it relates to the Cash Flow Statement, of the cash flows for the year ended on that date.

For Sundaram & Srinivasan  
*Chartered Accountants*  
*Firm Regn. No.: 004207S*  
M. BALASUBRAMANIAM  
*Partner*  
*Membership No.: F7945*

Place: Chennai  
Date : July 29, 2011

## Annexure referred to in our report of even date on the accounts for the year ended 31<sup>st</sup> March 2011

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
- (b) Fixed assets are verified physically by the management at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The assets disposed off during the year are not substantial and therefore do not affect the going concern status of the Company.
- (ii) (a) The inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate. In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year, the Company has granted loans and advances to four Companies covered in the register maintained under Section 301 of the Companies Act, 1956 amounting to Rs. 83.82 crores (Balance due as at the year end Rs.147.38 crores from five parties).
- (b) In our opinion, the rate of interest and other terms and conditions on which such loans and advances are made are not prima facie prejudicial to the interest of the Company.
- (c) The recovery of principal amount and interest thereon were in accordance with the terms of loan.
- (d) As on the date of Balance Sheet, there was no overdue amount recoverable on the said loans and advances.
- (e) During the year, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no minor or major continuing failure has been noticed in the internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion, that the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been properly entered in the said register.
- (b) In our opinion and according to the information and explanations given to us, transactions entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value by rupees five lakhs during the year in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public.
- (vii) The Company has an Internal Audit System, which in our opinion is commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for maintenance of cost records in respect of automotive two and three wheelers and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records provided to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess and other statutory dues with the appropriate authorities. However, there have been marginal delays in respect of two payments dealt with herein.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess were in arrears as at 31<sup>st</sup> March 2011 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the following are the details of the disputed dues, that were not deposited with the authorities concerned.

Name of the Statute	Nature of dues	Amount (Rs. in Cr)	Forum where dispute is pending
Central Excise Act, 1944	Cenvat / Excise dues	(a) 3.88	Central Excise and Service Tax Appellate Tribunal, Chennai
		(b) 39.95	Assistant / Deputy / Commissioner of Central Excise, Hosur and Mysore
		(c) 0.24	High Court of Karnataka
		(d) 4.68	Supreme Court
Finance Act, 1994	Service Tax	(a) 6.94	Assistant / Deputy / Commissioner of Central Excise, Hosur and Mysore
		(b) 7.91	Central Excise and Service Tax Appellate Tribunal, Chennai
Customs Act, 1962	Customs Duty	1.13	Commissioner of Customs, Chennai
Sales Tax / VAT Laws	Sales tax	(a) 1.66	Dept. Authorities Tribunals
		(b) 1.01	
		(c) 0.60	Supreme Court
Karnataka Electricity (Taxation on Consumption Act, 1959)	Electricity Tax	0.35	Supreme Court
The Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003 read with Amendment Act, 2007	Electricity Tax	0.18	High Court of Judicature at Madras, Chennai
Income Tax Act, 1961	Income Tax & Interest thereon	(a) 27.70	High Court of Judicature at Madras, Chennai
		(b) 19.86	Income Tax Tribunal
		(c) 12.87	Commissioner of Income Tax, (Appeals)

- (x) The Company neither has accumulated losses as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding year.
- (xi) Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to its banks.

- (xii) Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit / nidhi / mutual benefit fund / society and as such this clause of the order is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments other than in mutual fund investments. Proper records have been maintained in respect of these transactions and contracts and timely entries have been made therein. The investments have been held by the Company in its own name except to the extent of exemption granted under Section 49 of the Act, in respect of shares held in subsidiary companies through the nominees.
- (xv) In our opinion the terms and conditions of guarantees given by the Company for loans taken by others are not prejudicial to the interest of the Company.
- (xvi) The term loans availed by the Company were utilised for the purpose for which the loans were obtained.
- (xvii) On the basis of our examination, the Company has not used funds raised on short-term basis for long term investments.
- (xviii) During the year, the Company has not allotted any share on preferential basis to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. However, 13,63,41,393 no. of equity shares have been allotted as bonus shares to Sundaram-Clayton Limited, Chennai (2,10,00,000 nos.) and Anusha Investments Limited, Chennai (11,53,41,393 nos.).
- (xix) During the year, the Company has not issued any secured debentures.
- (xx) During the year, the Company has not raised any money by public issue. However, the Company has issued bonus equity shares.
- (xxi) Based on the audit procedures adopted and information and explanations given to us by the management, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

M. BALASUBRAMANIAM  
Partner  
Membership No.: F7945

Place: Chennai  
Date : July 29, 2011

Balance Sheet as at 31<sup>st</sup> March 2011

		Rupees in crores	
	Schedule number	As at 31-03-2011	As at 31-03-2010
<b>I SOURCES OF FUNDS</b>			
1 Shareholders' funds			
(a) Capital	I	47.51	23.75
(b) Reserves and surplus	II	<u>951.90</u>	<u>841.55</u>
		999.41	865.30
2 Loan funds			
(a) Secured loans	III	565.93	829.98
(b) Unsecured loans	IV	<u>219.49</u>	<u>173.31</u>
		785.42	1,003.29
3 Deferred tax liability (net of deferred tax asset)		95.66	114.57
4 Foreign Currency Monetary Item Translation Difference Account		—	<u>0.08</u>
Total		<u>1,880.49</u>	<u>1,983.24</u>
<b>II APPLICATION OF FUNDS</b>			
1 Fixed assets			
(a) Gross block		1,972.25	1,909.14
(b) Less: Depreciation		<u>1,034.66</u>	<u>953.41</u>
(c) Net block	V	937.59	955.73
(d) Capital work-in-progress	VI	57.39	27.05
2 Investments	VII	661.13	739.26
3 Current assets, loans and advances			
(a) Inventories	VIII	527.92	289.73
(b) Sundry debtors	IX	270.62	220.79
(c) Cash and bank balances	X	6.01	101.01
(d) Other current assets	XI	1.63	2.17
(e) Loans and advances	XII	<u>395.37</u>	<u>351.49</u>
Total	(A)	<u>1,201.55</u>	<u>965.19</u>
Current liabilities and provisions			
(a) Current liabilities	XIII	885.19	667.21
(b) Provisions	XIV	<u>91.98</u>	<u>66.87</u>
Total	(B)	<u>977.17</u>	<u>734.08</u>
Net current assets	(A - B)	224.38	231.11
4 Miscellaneous expenditure to the extent not written off or adjusted	XV	—	<u>30.09</u>
Total		<u>1,880.49</u>	<u>1,983.24</u>
Notes on accounts	XXI		

VENU SRINIVASAN  
Chairman & Managing Director

H. LAKSHMANAN  
Director

As per our report annexed  
For Sundaram & Srinivasan  
Chartered Accountants  
Firm Regn. No.: 004207S

S.G. MURALI  
Executive Vice President – Finance

K.S. SRINIVASAN  
Company Secretary

M. BALASUBRAMANIAM  
Partner  
Membership No.: F7945  
Chennai, July 29, 2011

Place : Bengaluru  
Date : July 29, 2011

Profit and Loss Account for the year ended 31<sup>st</sup> March 2011

Rupees in crores

	Schedule number	Year ended 31-03-2011	Year ended 31-03-2010
Gross sales		6,712.53	4,679.59
Less: Excise duty and Service tax		533.05	316.48
Net sales		6,179.48	4,363.11
Other income	XVI	120.85	121.49
Amortisation of Foreign Currency Monetary Item Translation Difference Account		(1.67)	0.08
Total revenue	(A)	6,298.66	4,484.68
Raw materials and components consumed	XVII	4,613.91	3,137.35
Salaries and wages, stores consumed and other expenses	XVIII	1,282.06	1,103.51
Miscellaneous expenditure	XIX	0.36	1.95
Sub-total	(B)	5,896.33	4,242.81
Profit before interest, depreciation and tax	(C) =(A)-(B)	402.33	241.87
Interest and finance charges (net)	XX	46.99	63.17
Depreciation		107.25	102.53
Sub-total	(D)	154.24	165.70
Profit before tax	(E) = (C) - (D)	248.09	76.17
Provision for taxation		72.42	21.73
Provision for deferred tax		(18.91)	(33.57)
Profit for the year (after tax)		194.58	88.01
Balance profit brought forward		34.12	33.02
Profit for the year		194.58	88.01
Total		228.70	121.03
First interim dividend		23.76	16.63
Dividend tax		3.95	2.83
Second interim dividend payable		28.51	11.88
Provision for dividend tax		4.26	1.53
Transfer to general reserve		32.75	54.04
Balance surplus carried forward to Balance Sheet		135.47	34.12
Total		228.70	121.03
Nominal value of each Equity share in rupees		1.00	1.00
Basic earnings per share in rupees on 47,50,87,114 Equity shares [Refer note no. 1(t) on AS 20]		4.10	1.85
Diluted earnings per share in rupees		4.10	1.85

Notes on accounts XXI

VENU SRINIVASAN  
Chairman & Managing Director

H. LAKSHMANAN  
Director

As per our report annexed  
For Sundaram & Srinivasan  
Chartered Accountants  
Firm Regn. No.: 004207S

S.G. MURALI  
Executive Vice President – Finance

K.S. SRINIVASAN  
Company Secretary

M. BALASUBRAMANIAM  
Partner

Place : Bengaluru  
Date : July 29, 2011

Membership No.: F7945  
Chennai, July 29, 2011



Schedules

	Rupees in crores	
	As at 31-03-2011	As at 31-03-2010
<b>I CAPITAL</b>		
Authorised		
50,00,00,000 Equity shares of Re.1/- each	50.00	25.00
(last year 25,00,00,000 Equity shares of Re.1/- each)	<u>50.00</u>	<u>25.00</u>
Issued, subscribed and paid-up		
47,50,87,114 Equity shares of Re.1/- each	47.51	23.75
(last year 23,75,43,557 Equity shares of Re.1/- each)		
Out of the above :		
(i) 23,10,00,000 Equity shares of Re.1/- each were allotted for consideration other than cash.		
(ii) 65,42,857 Equity shares of Re.1/- each were allotted to the shareholders of amalgamated company viz. Lakshmi Auto Components Limited, Chennai.		
(iii) 23,75,43,557 Equity shares of Re.1/- each fully paid-up have been allotted as bonus equity shares by capitalisation of general reserve to the extent of Rs.23.75 crores during 2010-11 (last year: Nil)		
	<u>47.51</u>	<u>23.75</u>
<b>II RESERVES AND SURPLUS</b>		
(a) Capital reserves		
(i) On shares forfeited	-	-
As per last Balance Sheet (Rs.55,200/-)		
(ii) On surplus arising out of amalgamation	6.43	6.43
(b) General reserve		
As per last Balance Sheet	801.00	
Less: Capitalised by issue of 23,75,43,557 bonus equity shares of Re.1/- each	23.75	
Add: Transfer from Profit and Loss Account	<u>32.75</u>	
	810.00	801.00
(c) Surplus		
i.e., Balance in Profit and Loss Account	<u>135.47</u>	<u>34.12</u>
	<u>951.90</u>	<u>841.55</u>
<b>III SECURED LOANS [Vide note no. 3(b)]</b>		
(a) From banks		
(i) External Commercial Borrowings secured by a first charge on specified fixed assets	57.99	191.27
(ii) Term loans secured by a charge on fixed assets	365.84	628.71
(iii) Cash credit secured by charge on current assets	64.87	-
(b) From Others		
(i) Secured by charge on fixed assets	<u>77.23</u>	<u>10.00</u>
	<u>565.93</u>	<u>829.98</u>
<b>IV UNSECURED LOANS</b>		
(a) From banks - short term (last year Rs.1,076/-)	14.22	-
(b) Other loans and advances	191.01	159.40
(c) Other deposits	<u>14.26</u>	<u>13.91</u>
	<u>219.49</u>	<u>173.31</u>

Schedules – (continued)

V FIXED ASSETS

Rupees in crores

Description	Land		Buildings	Plant & machinery, tools, dies and jigs	Furniture & fixtures and equipments	Vehicles	Other fixed assets @	Total	
	Freehold	Leasehold						As at 31-03-2011	As at 31-03-2010
Cost of assets									
As at 01-04-2010	28.06	9.40	259.10	1,546.36	49.22	8.17	8.83	1,909.14	1,865.36
Additions	2.04	1.54	9.82	90.21 #	7.90	0.98	2.25	114.74	73.57
Sub-total	30.10	10.94	268.92	1,636.57	57.12	9.15	11.08	2,023.88	1,938.93
Sales / deletion	–	–	1.50	45.64	3.99	0.50	–	51.63	29.79
Total	30.10	10.94	267.42	1,590.93	53.13	8.65	11.08	1,972.25	1,909.14
Depreciation / Amortisation									
Upto 31-03-2010	–	0.27	53.73	853.31	33.66	5.18	7.26	953.41	869.42
For the year	–	0.09	8.17	91.72	4.81	0.92	1.54	107.25	102.53
Sub-total	–	0.36	61.90	945.03	38.47	6.10	8.80	1,060.66	971.95
Withdrawn on assets sold / deleted	–	–	0.59	21.08	3.85	0.48	–	26.00	18.54
Total	–	0.36	61.31	923.95	34.62	5.62	8.80	1,034.66	953.41
Written down value									
As at 31-03-2011	30.10	10.58	206.11	666.98	18.51	3.03	2.28	937.59	
As at 31-03-2010	28.06	9.13	205.37	693.05	15.56	2.99	1.57		955.73

@ - vide Note (1) (z)

# Addition is net of gain arising on account of restatement of external commercial borrowing attributable to acquisition of plant and machinery - vide notes on accounts Note 1(k) under AS11

Rupees in crores

	As at 31-03-2011	As at 31-03-2010
(a) Building	0.46	0.81
(b) Machinery	56.93	26.24
	<u>57.39</u>	<u>27.05</u>

VI CAPITAL WORK-IN-PROGRESS (AT COST)

- (a) Building
- (b) Machinery

**Schedules – (continued)**

		Rupees in crores	
		As at 31-03-2011	As at 31-03-2010
<b>VII INVESTMENTS (AT COST)</b>			
<b>(A) LONG TERM</b>			
<b>(a) Trade - quoted</b>			
(i) 28,92,000 Equity shares of Re.1/- each fully paid up in Suprajit Engineering Company Limited, Bengaluru		0.08	0.08
(ii) 91,760 Equity shares of Rs.10/- each fully paid up in Ucal Fuel Systems Limited, Chennai		0.25	0.25
		(a) 0.33	0.33
<b>(b) Trade - unquoted- subsidiaries</b>			
(i) 74,00,000 Equity shares of Rs.10/- each fully paid up in Sundaram Auto Components Limited, Chennai		36.00	36.00
(ii) 1,70,801 Ordinary shares of Euro 100/- each fully paid up in TVS Motor Company (Europe) B.V., Amsterdam		91.63	91.63
(iii) 6,43,64,301 Ordinary shares of Singapore \$ 1/- each fully paid up in TVS Motor (Singapore) Pte. Limited, Singapore		201.20	201.20
(iv) 5,17,50,000 (last year - 3,75,00,000) Equity shares of Rs.10/- each fully paid up in TVS Energy Limited, Chennai		51.75	37.50
(v) 13,00,000 Preference shares of Indonesian Rupiah (Rp) 97,400/- each in PT.TVS Motor Company Indonesia, Jakarta		59.56	–
(vi) 50,000 Equity shares of Rs.10/- each fully paid up in TVS Housing Limited, Chennai		0.05	–
		(b) 440.19	366.33
<b>(c) Trade – unquoted– others</b>			
(i) 1,30,000 Equity shares of Colombian Pesos 1,000/- each fully paid up in TVS Andina SA, Colombia - Joint Venture (upto 28 <sup>th</sup> March 2011).		–	0.27
(ii) 50,00,000 Ordinary shares of LKR 10/- each fully paid up in TVS Lanka (Private) Limited, Colombo - (Associate Company- upto 31 <sup>st</sup> October 2010)		2.08	2.08
(iii) 3,80,000 Equity shares of Rs.10/- each fully paid up in TVS Motor Services Limited, Chennai		0.38	0.38
(iv) 17,64,00,000 (last year - 15,00,000) Non-cumulative redeemable preference shares of Rs.10/- each fully paid up in TVS Motor Services Limited, Chennai		176.40	1.50
		(c) 178.86	4.23
<b>(d) Share application money – TVS Motor Services Limited, Chennai</b>		–	60.00
		(d) –	60.00
<b>(e) Non–trade – unquoted</b>			
(i) National Savings Certificates (deposited with Sales Tax authorities- Rs.37,100/-)		–	–
(ii) ICICI Prudential Life Insurance Group Superannuation Fund		9.23	9.23
(iii) Life Insurance Corporation Pension Policy		5.77	–
(iv) 150 nos (8.70%) Bonds of Rs.10,00,000/- each in Power Finance Corporation Limited, New Delhi		15.00	–
		(e) 30.00	9.23
<b>(B) SHORT TERM</b>			
Non–trade – quoted (on the basis of disclosure of Net Asset Value by the funds)			
(i) Fortis Investment Management (India) Pvt Limited, Mumbai (formerly known as ABN AMRO Asset Management (India) Limited) - Fortis China India Fund		–	2.00

**Schedules – (continued)**

VII INVESTMENTS (AT COST) - (continued)	Rupees in crores	
	As at 31-03-2011	As at 31-03-2010
(B) SHORT TERM (contd.)		
(ii) Fortis Investment Management (India) Pvt Limited, Mumbai (formerly known as ABN AMRO Asset Management (India) Limited) - Fortis Equity Fund	–	1.00
(iii) Fortis Investment Management (India) Pvt Limited, Mumbai (formerly known as ABN AMRO Asset Management (India) Limited) - Fortis Short Term Income Fund	–	5.00
(iv) Birla Sunlife Asset Management Company Limited, Mumbai - Birla Sunlife Floating Rate Fund - Long Term - Institutional - Growth	–	22.11
(v) Birla Sunlife Asset Management Company Limited, Mumbai - Birla Sunlife Short Term Fund - Institutional - Growth	–	4.82
(vi) Birla Sunlife Asset Management Company Limited, Mumbai - Birla Sunlife Savings Fund - Institutional - Growth	–	5.01
(vii) DSP BlackRock Investment Managers Limited, Mumbai - DSP BlackRock Floating Rate Fund - Institutional Plan - Growth	–	0.96
(viii) DSP BlackRock Investment Managers Limited, Mumbai - DSP BlackRock Floating Rate Fund - Regular Plan - Growth	–	3.50
(ix) HDFC Asset Management Company Limited, Mumbai - HDFC CMF - Treasury Advantage - Wholesale Option - Growth	–	20.41
(x) JM Financial Asset Management Pvt. Limited, Mumbai - JM Agri and Infra Fund - Growth Plan	–	1.00
(xi) JM Financial Asset Management Pvt. Limited, Mumbai - JM Money Manager Fund - Super Plus Plan - Growth	0.24	–
(xii) JM Financial Asset Management Pvt. Limited, Mumbai - JM Emerging Leaders Fund - Growth Plan	4.00	4.00
(xiii) JP Morgan Asset Management India Pvt. Limited, Mumbai - JP Morgan India Smaller Companies Fund - Growth Plan	–	3.00
(xiv) JP Morgan Asset Management India Pvt. Limited, Mumbai - JP Morgan India Treasury Fund – Retail – Growth Plan	2.22	–
(xv) LIC Mutual Fund AMC Limited, Chennai - LIC MF Income Plus Fund - Growth	–	10.00
(xvi) LIC Mutual Fund AMC Limited, Chennai - LIC MF Savings Plus Fund - Growth	–	10.00
(xvii) Religare Asset Management Co Pvt Limited, Mumbai - Religare Mutual Fund (formerly known as Lotus India Asset Management Company Pvt. Limited) - Agile Fund - Growth	–	2.00
(xviii) Reliance Capital Asset Management Limited, Ahmedabad - Reliance Medium Term Fund - Retail Plan - Growth Plan	–	15.00

Schedules – (continued)

VII INVESTMENTS (AT COST) - (continued)

		Rupees in crores	
		As at	As at
(B)	SHORT TERM (contd.)	31-03-2011	31-03-2010
(xix)	Reliance Capital Asset Management Limited, Ahmedabad - Reliance Money Manager Fund - Institutional Option - Growth Plan	–	27.21
(xx)	Religare Asset Management Company Limited, Mumbai - Religare Ultra Short Term Fund - Regular Growth	1.33	–
(xxi)	SBI Funds Management Pvt. Limited, Mumbai - SBI - SHF - Ultra Short Term Fund - Institutional Plan - Growth	–	3.29
(xxii)	Sundaram BNP Paribas Asset Management Company Limited, Chennai - Sundaram BNP Paribas Mutual Fund - Energy Opportunities Fund - Growth	–	1.00
(xxiii)	Sundaram BNP Paribas Asset Management Company Limited, Chennai - Sundaram BNP Paribas Mutual Fund - Energy Opportunities Fund - Growth	–	1.00
(xxiv)	Sundaram BNP Paribas Asset Management Company Limited, Chennai - Sundaram BNP Paribas Mutual Fund - Energy Opportunities Fund - Growth	–	1.00
(xxv)	Sundaram Asset Management Company Limited, Chennai - Sundaram Ultra Short Term Fund - Retail - Growth	2.32	–
(xxvi)	Sundaram BNP Paribas Asset Management Company Limited, Chennai - Sundaram BNP Paribas Mutual Fund - Sundaram Money Fund - Institutional Appreciation	–	10.05
(xxvii)	Tata Asset Management Limited, Mumbai - Tata Indo-Global Infrastructure Fund - Growth	5.00	5.00
(xxviii)	Tata Asset Management Limited, Mumbai - Tata Floater Fund - Growth	–	20.00
(xxix)	UTI Asset Management Co Pvt Limited, Mumbai - UTI Treasury Advantage Fund - Institutional Plan Growth	–	10.06
(xxx)	UTI Asset Management Co Pvt Limited, Mumbai - UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan VI - Institutional Growth Plan	–	20.00
(xxxi)	IDFC Asset Management Company Private Limited, Chennai - IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Growth	–	10.00
(xxxii)	IDFC Asset Management Company Private Limited, Chennai - IDFC Money Manager Fund - TP - Super Institutional Plan C - Monthly Dividend	–	25.44
(xxxiii)	Canara Robeco Asset Management Company Limited, Mumbai - Canara Robeco Treasury Advantage Super Institutional Growth Fund	–	15.00
(xxxiv)	ICICI Prudential Asset Management Company Limited, Mumbai - ICICI Prudential Ultra Short Term Plan - Premium Plus - Growth	–	15.28
(xxxv)	Franklin Templeton Asset Management (India) Pvt. Limited, Mumbai - Templeton Floating Rate Income Fund- Long Term Plan - Super Institutional Growth	–	15.00

**Schedules – (continued)**
**VII INVESTMENTS (AT COST) - (continued)**

		Rupees in crores	
		As at	As at
		31-03-2011	31-03-2010
(B)	<b>SHORT TERM (contd.)</b>		
(xxxvi)	Kotak Mahindra Asset Management Company Limited, Mumbai - Kotak Floater - Long Term - Growth	–	10.00
		(f) <u>15.11</u>	<u>299.14</u>
	Less: Provision for diminution in the value of investments		
(i)	JM Financial Asset Management Pvt. Limited, Mumbai - JM Emerging Leaders Fund - Growth Plan	2.24	–
(ii)	Tata Asset Management Limited, Mumbai - Tata Indo-Global Infrastructure Fund - Growth	1.12	–
		(g) <u>3.36</u>	<u>–</u>
	<b>Total Investments</b>	<b>(a)+(b)+(c)+(d)+(e)+(f)–(g)</b> <u>661.13</u>	<u>739.26</u>
	[Market value of quoted investments Rs.17.81 crores (last year – Rs.303.98 crores)]		

**VIII INVENTORIES (At cost or net realisable value, whichever is less)**

* Raw materials and components	184.69	98.97
* Work-in-process	46.90	27.05
* Finished goods	203.85	79.82
* Stock of dies, moulds and tools	38.70	50.82
* Stores	22.26	16.40
Goods-in-transit	<u>31.52</u>	<u>16.67</u>
	527.92	289.73
* (as certified by Chairman & Managing Director)		

**IX SUNDRY DEBTORS – UNSECURED**

(a)	Debts outstanding for a period exceeding six months		
(i)	Considered good	10.76	11.03
(ii)	Considered doubtful	2.68	5.63
(b)	Other debts - considered good	<u>259.86</u>	<u>209.76</u>
		273.30	226.42
	Less: Provision for doubtful debts	<u>2.68</u>	<u>5.63</u>
		<u>270.62</u>	<u>220.79</u>

**X CASH AND BANK BALANCES**

(a)	Cash on hand	0.12	0.12
(b)	With scheduled banks		
(i)	in current accounts	4.80	17.83
(ii)	in cash credit accounts	0.83	21.65
(iii)	in term deposit accounts	0.07	61.27
(c)	With other banks	<u>0.19</u>	<u>0.14</u>
		<u>6.01</u>	<u>101.01</u>

**XI OTHER CURRENT ASSETS**

	Interest accrued on deposits	<u>1.63</u>	<u>2.17</u>
		1.63	2.17

Schedules – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
<b>XII LOANS AND ADVANCES – UNSECURED CONSIDERED GOOD</b>		
(a) Advances recoverable in cash or in kind or for value to be received	231.26	176.62
(b) Inter corporate deposits	76.08	67.78
(c) Other deposits	3.70	3.05
(d) Loans	71.30	103.34
(e) Advance payment of tax less provisions	13.03	0.70
	<u>395.37</u>	<u>351.49</u>
<b>XIII CURRENT LIABILITIES</b>		
Sundry creditors	885.19	667.21
	<u>885.19</u>	<u>667.21</u>
<b>XIV PROVISIONS</b>		
(a) Pension fund	38.15	35.69
(b) Leave salary	6.49	5.70
(c) Warranty	14.57	12.07
(d) Second interim dividend payable	28.51	11.88
(e) Dividend tax	4.26	1.53
	<u>91.98</u>	<u>66.87</u>
<b>XV MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)		
(a) New product launch expenses (Rs.29.73 crores is charged off under advertisement and publicity)	–	29.73
(b) External commercial borrowings upfront fees (Rs.0.36 crores is charged off under miscellaneous expenses vide Schedule no XIX)	–	0.36
	<u>–</u>	<u>30.09</u>
<b>XVI OTHER INCOME</b>		
(a) Miscellaneous income	109.59	67.03
(b) Dividend - subsidiary company	2.59	–
(c) Dividend from others (other than subsidiary)	0.16	0.14
(d) Profit on sale of fixed assets	0.25	54.32
(e) Profit on sale of investments (net of loss on sale of investment Rs.3.34 crores)	8.26	–
	<u>120.85</u>	<u>121.49</u>
<b>XVII RAW MATERIALS AND COMPONENTS CONSUMED</b>		
Opening stock: Raw materials	98.97	114.25
Work-in-process	27.05	21.34
Finished goods	79.82	87.48
	<u>205.84</u>	<u>223.07</u>
Purchase of raw materials and components	4,843.51	3,120.12
	<u>5,049.35</u>	<u>3,343.19</u>
	Total (A)	Total (A)
Closing stock: Raw materials	184.69	98.97
Work-in-process	46.90	27.05
Finished goods	203.85	79.82
	<u>435.44</u>	<u>205.84</u>
	Total (B)	Total (B)
	<u>4,613.91</u>	<u>3,137.35</u>
	(A) - (B)	(A) - (B)

Schedules – (continued)

	Rupees in crores	
	Year ended 31-03-2011	Year ended 31-03-2010
<b>XVIII SALARIES AND WAGES, STORES CONSUMED AND OTHER EXPENSES</b>		
* (a) Salaries, wages and bonus (includes commission to Chairman & Managing Director of Rs.7.75 crores) (last year Rs.2.31 crores) vide computation annexed	280.60	209.82
* (b) Workmen and staff welfare expenses	29.84	20.92
* (c) Contribution to provident and other funds	17.85	20.02
* (d) Stores and tools consumed	48.71	34.36
* (e) Power and fuel	68.10	50.23
* (f) Rent	10.79	4.79
(g) Rates and taxes	3.84	4.10
* (h) Repairs and maintenance:		
(i) buildings	4.72	2.92
(ii) machinery	48.12	41.25
(iii) other assets	4.53	3.91
(i) Insurance	2.20	1.58
(j) Directors' sitting fees	0.09	0.10
(k) Commission to independent directors	0.40	0.14
(l) Audit fees (vide note no.16)	0.29	0.26
* (m) Travel and conveyance	35.04	26.31
* (n) Packing and freight charges	195.16	132.71
* (o) Advertisement and publicity	184.79	157.07
* (p) Other marketing expenses	182.69	163.28
* (q) Other expenses	114.06	94.18
(r) Commission to selling agents	32.73	48.45
(s) Loss on sale / scrapping of fixed assets	14.15	0.31
(t) Loss on sale of investments (net of profit on sale of investment Rs.11.60 crores)	–	86.80
(u) Provision for diminution in value of investment	3.36	–
* net of recoveries	<u>1,282.06</u>	<u>1,103.51</u>
<b>XIX MISCELLANEOUS EXPENDITURE WRITTEN OFF</b>		
External Commercial Borrowings upfront fees written off	0.36	1.95
	<u>0.36</u>	<u>1.95</u>
<b>XX INTEREST AND FINANCE CHARGES</b>		
(a) On fixed loans	67.66	72.26
(b) Others	2.64	3.10
	<u>70.30</u>	<u>75.36</u>
Less: Interest income		
On advances and deposits (gross) (TDS - Rs.1.51 crores) (last year TDS - Rs.0.92 crores)	23.31	12.19
	<u>23.31</u>	<u>12.19</u>
<b>Total (A)</b>	<u>46.99</u>	<u>63.17</u>
<b>(A) – (B)</b>	<u>46.99</u>	<u>63.17</u>



Schedules – (continued)

Rupees in crores  
As at/ As at/  
Year ended Year ended  
31-03-2011 31-03-2010

XXI NOTES ON ACCOUNTS

1 Accounting Standards

(a) **AS - 1 Disclosure of accounting policies**

The accounts are maintained on accrual basis. The revenue and expenditure are accounted on a going concern basis.

(b) **AS - 2 Valuation of inventories**

Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at weighted average cost or net realisable value, whichever is less.

(c) **AS - 3 Cash flow statements**

The cash flow statement is prepared under "indirect method" and the same is annexed.

(d) **AS - 4 Contingencies and events occurring after Balance Sheet date**

An amount of Rs.22.52 crores was invested in PT.TVS Motor Company Indonesia, Jakarta, on 8<sup>th</sup> March 2011. The share certificate was issued on 9<sup>th</sup> April 2011 by the investee company, after completing the local formalities.

(e) **AS - 5 Net profit or loss for the period, prior period items and changes in accounting policies**

I Prior period items:

A Income:

(i) Rent	0.02	0.01
(ii) Export incentive	2.41	–

B Expenses:

(i) Inward freight	–	2.12
(ii) Repairs and maintenance - others	–	0.25
(iii) Other marketing expenses	–	0.01
(iv) Rent	0.01	0.33
(v) Rates and taxes	–	1.30
(vi) Welfare - training and development	0.01	–
(vii) Legal fees	0.02	0.06
(viii) Wages (Rs.44,470/-)	–	–
(ix) Research and Development (Rs.13,860/-)	–	–
(x) Bonus	0.17	–
(xi) Consultancy fees	0.02	–

II Changes in accounting policies:

There is no change in accounting policy during the current year.

(f) **AS - 6 Depreciation accounting**

Depreciation has been provided under the straight line method at the rates prescribed under Schedule XIV of the Companies Act,1956 with the applicable shift allowance.

In respect of assets added / assets sold during the year, pro-rata depreciation has been provided at the rates prescribed under Schedule XIV.

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
(f)	<p><b>AS - 6 Depreciation accounting (continued)</b></p> <p>Depreciation in respect of computers and vehicles has been provided at 30% and 18% respectively, which is higher than the rates prescribed under Schedule XIV. Depreciation in respect of tools and dies has been provided based on the quantity of components manufactured and the life of tools and dies.</p> <p>Tools and dies relating to three wheeler operations have been capitalised and applicable depreciation provided thereon, considering the lower volume as compared to two wheelers.</p> <p>Depreciation in respect of assets acquired during the year whose cost does not exceed Rs. 5,000/- has been provided at 100%.</p>		
(g)	<p><b>AS - 7 Construction contracts</b></p> <p>This Accounting Standard is not applicable.</p>		
(h)	<p><b>AS - 8 Research &amp; Development</b></p> <p>This Accounting Standard is withdrawn.</p>		
(i)	<p><b>AS - 9 Revenue recognition</b></p> <p>The income of the Company is derived from sale (net of trade discounts) of automotive vehicles, parts thereof, lubricant oil, machinery and equipment and provision of technical know-how, and includes realised exchange gain on exports of Rs. 1.65 crores (last year gain of Rs. 0.55 crores). Sale of goods is recognised on despatch of goods to customers.</p> <p>Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.</p> <p>Dividend from investments in shares / units is recognised when the Company / Mutual Fund, in which they are held, declares the dividend and the right to receive the same is established.</p> <p>The interim dividend declared in July 2011 by the wholly owned subsidiary of the Company viz., Sundaram Auto Components Limited, Chennai for the year ended 31<sup>st</sup> March 2011 is recognised as revenue only in the year 2011-12.</p>		
(j)	<p><b>AS - 10 Accounting for fixed assets</b></p> <p>All the fixed assets are valued at cost including expenditure incurred in bringing them to usable condition less depreciation.</p> <p>Cost of land includes land acquired under lease.</p> <p>Cost of buildings includes buildings constructed on leasehold lands.</p>	<p style="text-align: right;">10.94</p> <p style="text-align: right;">10.43</p>	<p style="text-align: right;">9.40</p> <p style="text-align: right;">7.87</p>
(k)	<p><b>AS - 11 Accounting for effects of changes in foreign exchange rates</b></p> <p>Purchase of imported raw materials, components, spare parts and capital goods are accounted based on retirement memos from banks. In respect of liabilities on import of raw materials, components, spare parts and capital goods which are in transit and where invoices / bills are yet to be received, the liability is accounted based on the advance copies of documents at the market exchange rate prevailing on the date of the Balance Sheet.</p> <p>Sales include realised exchange fluctuation on exports.</p> <p>In terms of the Companies (Accounting Standards) Amendment Rules, 2009, on Accounting Standard - 11, notified by the Government of India on 31<sup>st</sup> March 2009, the Company has opted to adjust the changes in foreign exchange rates relating to long term foreign currency monetary items to the carrying cost of fixed assets and to Foreign Currency Monetary Item Translation Difference Account. The impact is set out below:</p>		

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(k) AS - 11 Accounting for effects of changes in foreign exchange rates (continued) Rupees in crores

	Year ended 31-03-2011	Year ended 31-03-2010
Gains / (Losses) arising from changes in foreign exchange rates relating to depreciable capital assets deducted from / added to carrying cost of such assets.	(2.29)	13.06
Gains / (Losses) arising from changes in foreign exchange rates relating to other long term foreign currency monetary items (not relating to acquisition of depreciable assets) credited / debited to "Foreign Currency Monetary Item Translation Difference Account".	(1.75)	(2.81)
Amortisation of "Foreign Currency Monetary Item Translation Difference Account" by (debiting) / crediting Profit and Loss Account.	(1.67)	0.08

Consequential charge / credit to depreciation has been effected in the current year.

**Derivative Instruments**

Derivative contracts are entered into by the Company only based on underlying transactions. The Company has not entered into any derivative contracts of a speculative nature.

Currency swaps - The Company had earlier entered into seven currency swap contracts covering the total external commercial borrowings of USD 100 mn. (last year seven contracts covering USD 100 mn.), fixing the repayment liability of the Company in Indian Rupees. Consequent to repayment of part of the above loans, currency swap contracts outstanding at year end are only to the extent of USD 13 mn. (last year USD 45 mn.)

Interest Rate Swap (IRS) - The Company had earlier entered into seven derivative contracts in respect of total external commercial borrowings amounting to USD 100 mn. (last year seven contracts in respect of USD 100 mn.) to convert floating interest rate to fixed interest. Consequent to repayment of part of the above loans, interest rate swap contracts outstanding at the end of the year are only to the extent of USD 13 mn. (last year USD 45 mn.)

(l) AS - 12 Accounting for Government Grants

The Company has not received any grant.

(m) AS - 13 Accounting for Investments

Investments are valued at cost. Provision for diminution in the carrying cost of investments is made if such diminution is other than temporary in nature in the opinion of the management. Accordingly, a sum of Rs.3.36 crores has been provided during the year.

Details of movement in Investments during the year (at cost):

Rupees in crores

Particulars	2010-11				2009-10			
	Cost as on 01-04-2010	Additions	Deletions	Cost as on 31-03-2011	Cost as on 01-04-2009	Additions	Deletions	Cost as on 31-03-2010
<b>Investment in Long Term quoted investments (Trade):</b>								
Equity shares of Suprajit Engineering Limited, Bengaluru	0.08	-	-	0.08	0.08	-	-	0.08
Equity shares of Ucal Fuel Systems Limited, Chennai	0.25	-	-	0.25	0.25	-	-	0.25
Long Term quoted investments (Trade) - Total (A)	0.33	-	-	0.33	0.33	-	-	0.33

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(m) AS - 13 Accounting for Investments (continued)

Details of movement in Investments during the year (at cost): (continued)

Rupees in crores

Particulars	2010-11			2009-10				
	Cost as on 01-04-2010	Additions	Deletions	Cost as on 31-03-2011	Cost as on 01-04-2009	Additions	Deletions	Cost as on 31-03-2010
<b>Investment in Long Term unquoted investments (Trade):</b>								
Equity shares of TVS Finance and Services Limited	-	-	-	-	16.61	2.20	18.81	-
9% Non-cumulative non-convertible redeemable preference shares of TVS Finance and Services Limited, Chennai	-	-	-	-	30.31	-	30.31	-
6% Non-cumulative non-convertible redeemable preference shares of TVS Finance and Services Limited, Chennai	-	-	-	-	40.00	-	40.00	-
Equity shares of Sundaram Auto Components Limited, Chennai	36.00	-	-	36.00	36.00	-	-	36.00
Ordinary shares of TVS Motor Company (Europe) B.V., Amsterdam	91.63	-	-	91.63	91.63	-	-	91.63
Ordinary shares of TVS Motor (Singapore) Pte. Limited, Singapore	201.20	-	-	201.20	107.64	93.56	-	201.20
Preference shares of PT. TVS Motor Company Indonesia, Jakarta	-	59.56	-	59.56	-	-	-	-
Equity shares of TVS Andina S.A., Colombia	0.27	-	0.27	-	0.27	-	-	0.27
Ordinary shares of TVS Lanka (Private) Limited, Colombo	2.08	-	-	2.08	2.08	-	-	2.08
Equity shares of TVS Energy Limited, Chennai	37.50	14.25	-	51.75	-	37.50	-	37.50
Equity shares of TVS Housing Limited, Chennai	-	0.05	-	0.05	-	-	-	-
Equity shares of TVS Motor Services Limited, Chennai	0.38	-	-	0.38	-	0.38	-	0.38
Non-cumulative redeemable preference shares of TVS Motor Services Limited, Chennai	1.50	174.90	-	176.40	-	1.50	-	1.50
Long Term unquoted investments (Trade) - Total (B)	370.56	248.76	0.27	619.05	324.54	135.14	89.12	370.56
Share application money								
TVS Motor Services Limited, Chennai	60.00	-	60.00	-	60.00	-	-	60.00
Share application money - Total (C)	60.00	-	60.00	-	60.00	-	-	60.00
<b>Investment in Long Term unquoted investments (Non-trade):</b>								
National Savings Certificates (deposited with Sales Tax authorities - Rs.37,100)	-	-	-	-	-	-	-	-
ICICI Prudential Life Insurance Group Superannuation Fund	9.23	-	-	9.23	9.23	-	-	9.23
LIC Pension Policy	-	5.77	-	5.77	-	-	-	-
Bonds of Power Finance Corporation, New Delhi (8.70% PFC Bond 2020)	-	15.00	-	15.00	-	-	-	-
Long Term unquoted investments (Non-trade) - Total (D)	9.23	20.77	-	30.00	9.23	-	-	9.23
<b>Investment in Short Term quoted investments (Non-trade):</b>								
Birla Sun Life Savings Fund Instl. - Growth	5.01	12.27	17.28	-	-	29.01	24.00	5.01
Birla Sun Life Cash Plus - Instl. - Growth	-	2.35	2.35	-	-	19.46	19.46	-
Birla Sun Life Cash Plus - Instl. Prem. - Growth	-	25.24	25.24	-	-	-	-	-
Birla Sun Life Cash Manager - Instl. Plan - Growth	-	-	-	-	-	24.00	24.00	-
Birla Sun Life Floating Rate Fund - Long Term - Instl. Plan - Growth	22.11	30.00	52.11	-	-	22.11	-	22.11

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(m) AS - 13 Accounting for Investments (continued)

Details of movement in Investments during the year (at cost): (continued)

Rupees in crores

Particulars	2010-11			2009-10				
	Cost as on 01-04-2010	Additions	Deletions	Cost as on 31-03-2011	Cost as on 01-04-2009	Additions	Deletions	Cost as on 31-03-2010
Birla Sun Life Ultra Short Term Fund - Instl. Growth	4.82	-	4.82	-	-	4.82	-	4.82
Birla Sun Life International Equity - Plan B - Growth	-	-	-	-	5.00	-	5.00	-
Birla Sun Life Special Situations Fund - Growth	-	-	-	-	5.01	-	5.01	-
DSP BlackRock Floating Rate Fund - Instl. Plan - Growth	0.96	-	0.96	-	-	6.89	5.93	0.96
DSP BlackRock Opportunities Fund - Regular Plan - Growth	-	-	-	-	6.45	-	6.45	-
DSP BlackRock Money Manager Fund - Regular Plan - Growth	-	-	-	-	-	1.80	1.80	-
DSP BlackRock World Gold Fund - Regular Plan - Growth	-	-	-	-	2.00	-	2.00	-
DSP BlackRock Floating Rate Fund - Regular Plan - Growth	3.50	-	3.50	-	-	3.50	-	3.50
DSP BlackRock T.I.G.E.R. Fund - Regular Plan - Growth	-	-	-	-	4.03	-	4.03	-
HDFC Cash Management Fund - Savings Plan - Growth	-	10.00	10.00	-	-	30.00	30.00	-
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	20.41	10.00	30.41	-	-	31.51	11.10	20.41
HDFC Infrastructure Fund – Growth	-	-	-	-	1.00	-	1.00	-
HDFC FMP 100D June 2010 (1) - Growth - Series XIII	-	30.80	30.80	-	-	-	-	-
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Growth	-	52.05	52.05	-	-	20.00	20.00	-
HDFC Mid-Cap Opportunities Fund - Dividend, Option: Payout	-	-	-	-	1.00	-	1.00	-
JM Agri & Infra Fund - Growth Plan	1.00	-	1.00	-	1.00	-	-	1.00
JM High Liquidity Fund - Super Instl. Plan - Growth	-	-	-	-	0.06	-	0.06	-
JM Money Manager Fund - Super Plus Plan - Growth	-	0.24	-	0.24	-	-	-	-
JM Emerging Leaders Fund - Growth Plan	4.00	-	-	4.00	4.00	-	-	4.00
JPMorgan India Smaller Companies - Growth Plan	3.00	-	3.00	-	3.00	-	-	3.00
JPMorgan India Treasury Fund - Retail - Growth Plan	-	2.22	-	2.22	-	-	-	-
Fortis China-India Fund - Growth	2.00	-	2.00	-	2.00	-	-	2.00
Fortis Equity Fund - Growth	1.00	-	1.00	-	1.00	-	-	1.00
BNP Paribas Money Plus - Instl. Growth	-	2.78	2.78	-	-	-	-	-
BNP Paribas Short Term Income Fund - Instl. Growth (Formerly Fortis Mutual Fund)	5.00	5.00	10.00	-	-	5.00	-	5.00
BNP Paribas Overnight - Instl. Growth (Formerly Fortis Mutual Fund)	-	5.00	5.00	-	-	5.00	5.00	-
LIC Nomura MF Interval Fund -Series 1 - Monthly Growth Plan	-	20.60	20.60	-	-	-	-	-
LIC Nomura MF Liquid Fund - Growth Plan	-	27.58	27.58	-	-	30.00	30.00	-
LIC Nomura MF Income Plus Fund - Growth Plan	10.00	6.80	16.80	-	-	10.00	-	10.00
LICMF Savings Plus Fund - Growth Plan	10.00	-	10.00	-	-	20.00	10.00	10.00
Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option	15.00	-	15.00	-	-	35.78	20.78	15.00
Reliance Liquid Fund - Treasury Plan - Instl. Option - Growth Option - Growth Plan	-	-	-	-	-	35.00	35.00	-

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(m) AS - 13 Accounting for Investments (continued)

Details of movement in Investments during the year (at cost): (continued)

Rupees in crores

Particulars	2010-11			2009-10				
	Cost as on 01-04-2010	Additions	Deletions	Cost as on 31-03-2011	Cost as on 01-04-2009	Additions	Deletions	Cost as on 31-03-2010
Reliance Money Manager Fund - Instl. Option - Growth Plan	27.21	28.16	55.37	-	3.30	52.04	28.13	27.21
Reliance Quarterly Interval Fund - Series III- Instl. Growth Plan	-	15.14	15.14	-	-	-	-	-
Reliance Regular Savings Fund - Equity Plan - Growth Option	-	-	-	-	1.00	-	1.00	-
Reliance Natural Resources Fund - Growth Plan - Growth Option	-	-	-	-	5.00	-	5.00	-
Reliance Liquid Fund - Growth Option	-	-	-	-	-	15.00	15.00	-
Reliance Liquid Fund - Cash Plan-Growth Option - Growth Plan	-	35.90	35.90	-	-	-	-	-
Reliance Monthly Interval Fund -Series II- Instl. Growth Plan	-	20.00	20.00	-	-	-	-	-
Reliance Monthly Interval Fund -Series I- Instl. Growth Plan	-	27.58	27.58	-	-	-	-	-
Religare AGILE Fund – Growth	2.00	-	2.00	-	2.00	-	-	2.00
Religare Ultra Short Term Fund- Regular - Growth	-	1.33	-	1.33	-	-	-	-
Sundaram Energy Opportunities Fund - Growth	3.00	-	3.00	-	3.00	-	-	3.00
Sundaram BNP Paribas Equity Multiplier Fund - Growth Plan	-	-	-	-	0.96	-	0.96	-
SBNPP Global Advantage Fund - Growth	-	-	-	-	0.70	-	0.70	-
SBNPP Ultra ST Fund - Retail - Growth	-	2.32	-	2.32	-	1.80	1.80	-
SBNPP Ultra ST Fund - Instl. Growth	-	-	-	-	-	10.00	10.00	-
SBNPP Money Fund - Instl. - Appreciation	10.05	-	10.05	-	-	20.05	10.00	10.05
TATA Fixed Income Portfolio Fund Scheme A3 Instl. Growth	-	20.49	20.49	-	-	-	-	-
TATA Floater Fund - Growth	20.00	20.72	40.72	-	-	20.00	-	20.00
TATA Liquid Super High Inv. Fund - Appreciation	-	20.83	20.83	-	-	20.00	20.00	-
TATA Indo-Global Infrastructure Fund - Growth	5.00	-	-	5.00	5.00	-	-	5.00
UTI Treasury Advantage Fund - Instl. Plan (Growth Option)	10.06	10.00	20.06	-	20.06	40.37	50.37	10.06
UTI Money Market Mutual fund - Instl. Growth Plan	-	-	-	-	-	10.00	10.00	-
UTI Liquid Cash Plan - Instl. - Growth Option	-	41.64	41.64	-	-	20.31	20.31	-
UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan VI - Instl. Growth Plan	20.00	-	20.00	-	-	20.00	-	20.00
UTI Fixed Income Interval Fund - Monthly Interval Plan Series - I - Instl. Growth Plan	-	20.21	20.21	-	-	-	-	-
UTI Fixed Income Interval Fund - Monthly Interval Plan Series - II - Instl. Growth Plan	-	10.00	10.00	-	-	-	-	-
SBI Emerging Businesses Fund – Growth	-	-	-	-	4.04	-	4.04	-
SBI - SHF - Ultra Short Term Fund - Instl. Plan - Growth	3.29	-	3.29	-	-	3.29	-	3.29
IDFC Cash Fund - Super Instl. Plan C - Growth	-	-	-	-	-	35.00	35.00	-

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(m) AS - 13 Accounting for Investments (continued)

Details of movement in Investments during the year (at cost): (continued)

Rupees in crores

Particulars	2010-11			2009-10				
	Cost as on 01-04-2010	Additions	Deletions	Cost as on 31-03-2011	Cost as on 01-04-2009	Additions	Deletions	Cost as on 31-03-2010
IDFC Money Manager Fund - Investment Plan - Instl. Plan B - Growth	10.00	20.49	30.49	-	-	10.00	-	10.00
IDFC Money Manager Fund - Treasury Plan - Super Instl. Plan C - Growth	-	-	-	-	-	25.00	25.00	-
IDFC Money Manager Fund - Treasury Plan - Super Instl. Plan C - Monthly Dividend	25.44	-	25.44	-	-	25.44	-	25.44
Canara Robeco Liquid - Super Instl. - Growth Fund	-	-	-	-	-	15.00	15.00	-
Canara Robeco Treasury Advantage Super Instl. - Growth Fund	15.00	-	15.00	-	-	15.00	-	15.00
ICICI Prudential Ultra Short Term Plan - Premium Plus - Growth	15.28	-	15.28	-	-	15.28	-	15.28
ICICI Prudential Flexible Income Plan - Premium - Growth	-	20.00	20.00	-	-	15.00	15.00	-
ICICI Prudential Liquid - Super Instl. Plan - Growth	-	10.00	10.00	-	-	15.00	15.00	-
ICICI Prudential Long Term Floating Rate - Plan C - Growth	-	10.07	10.07	-	-	-	-	-
Templeton India Treasury Management Account - Instl. Plan - Growth	-	-	-	-	-	5.00	5.00	-
Templeton India Treasury Management Account - Super Instl. Plan - Growth	-	-	-	-	-	30.00	30.00	-
Templeton India Ultra Short Bond Fund - Super Instl. Plan - Growth	-	-	-	-	-	20.00	20.00	-
Templeton Floating Rate Income Fund - Long Term Plan - Super Instl. - Growth	15.00	-	15.00	-	-	15.00	-	15.00
AIG World Gold Fund - Growth	-	-	-	-	1.00	-	1.00	-
AIG India Treasury Fund - Instl. Growth	-	-	-	-	-	1.10	1.10	-
AIG India Liquid Fund - Super Instl. Growth	-	-	-	-	-	24.08	24.08	-
AIG India Treasury Fund - Super Instl. Growth	-	-	-	-	-	12.00	12.00	-
ING Dynamic Asset Allocation Fund - Growth Option	-	-	-	-	2.00	-	2.00	-
Kotak Liquid (Instl. Premium) - Growth	-	-	-	-	-	18.00	18.00	-
Kotak Floater Long Term - Growth	10.00	-	10.00	-	-	18.00	8.00	10.00
Kotak Flexi Debt Scheme Instl. - Growth	-	15.00	15.00	-	-	-	-	-
Kotak Liquid (Instl. Premium) - Growth	-	5.00	5.00	-	-	-	-	-
Short Term quoted investments (Non-trade) - Total (E)	299.14	597.81	881.84	15.11	83.61	880.64	665.11	299.14
Gross Investments (A + B + C + D + E)	739.26	867.34	942.11	664.49	477.71	1,015.78	754.23	739.26
Less: Provision for diminution in market value of investments (F)	-	-	-	3.36	-	-	-	-
Net Investments (A + B + C + D + E - F)	739.26	867.34	942.11	661.13	477.71	1,015.78	754.23	739.26

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(n) **AS - 14 Accounting for amalgamations**

During the year, there was no amalgamation.

(o) **AS - 15 Accounting for Employee benefits**

Disclosure is made as per the requirements of the standard and the same is furnished below:

A Defined contribution plan

Contribution to provident fund is in the nature of defined contribution plan and is made to a recognised trust.

B Defined benefit plans

(i) The Company extends defined benefit plan in the form of leave salary to employees. In addition, the Company also extends defined benefit plan in the form of pension to senior managers of the Company. Provision for leave salary and pension is made on actuarial valuation basis.

(ii) The Company also extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India in accordance with the scheme framed by the Corporation.

C Disclosure as required by Accounting Standard 15

Rupees in crores

	Leave salary	Pension	Gratuity
(a) Expenses recognised in the Profit and Loss Account			
(i) Current service cost	0.98	–	2.20
(ii) Interest cost	0.39	2.62	2.37
(iii) Expected return on plan assets	–	–	(2.95)
(iv) Net actuarial loss / (gain) recognised in the year	1.13	5.68	0.57
Total	2.50	8.30	2.19
(b) Change in defined benefit obligation during the year ended 31-03-2011			
(i) Present value of obligation as at beginning of the year (01-04-2010)	5.68	35.69	29.66
(ii) Interest cost	0.39	2.62	2.37
(iii) Current service cost	0.98	–	2.19
(iv) Benefits paid	(1.69)	(5.84)	(1.74)
(v) Actuarial loss on obligation	1.13	5.68	0.57
(vi) Present value of obligation as at the end of the year (31-03-2011)	6.49	38.15	33.05
(c) Change in fair value of plan assets during the year ended 31-03-2011			
(i) Fair value of plan assets at the beginning of the year (01-04-2010)	–	–	32.06
(ii) Expected return on plan assets	–	–	2.95
(iii) Contributions made during the year	–	–	2.38
(iv) Benefits paid	–	–	(1.74)
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year (31-03-2011)	–	–	35.65



Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(o) AS - 15 Accounting for Employee benefits - (continued)

C Disclosure as required by Accounting Standard 15 - (continued)

Rupees in crores

	Leave salary	Pension	Gratuity
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2010)	5.68	35.69	(2.40)
(ii) Contributions made during the year	–	–	(2.38)
(iii) Expenses	2.50	8.30	2.19
(iv) Benefits paid	(1.69)	(5.84)	–
(v) Value of benefit	6.49	38.15	(2.59)
Note: The net asset in respect of gratuity plan is not recognised as it is lying in an irrevocable trust fund approved by Income tax authorities.			
(e) Actuarial assumptions			
(i) Discount rate used	8.00%	8.00%	8.00%
(ii) Expected return on plan assets	NA	NA	8.00%
Estimates of future salary increases considered in actuarial valuation takes into account the inflation, seniority, promotions and other relevant factors.			

Rupees in crores

	As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
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(p) AS - 16 Borrowing costs

The borrowing costs have been treated in accordance with Accounting Standard on borrowing costs issued by The Institute of Chartered Accountants of India.

Amount of borrowing costs attributable to qualifying assets capitalised during the year

1.30 1.57

(q) AS - 17 Segment reporting

The Company operates in only one segment viz., automotive vehicles. Hence the Accounting Standard on segment reporting is not applicable.

(r) AS - 18 Related party disclosures

Disclosure is made as per the requirements of the standard and the same is furnished below:

List of Related Parties as per clause 3(a) of the standard where control exists.

Reporting entity : TVS Motor Company Limited, Chennai

	Period	
	From	To
Holding company Sundaram-Clayton Limited, Chennai	01-04-2010	31-03-2011
Ultimate holding company T V Sundram Iyengar & Sons Limited, Madurai	01-04-2010	31-03-2011

## TVS MOTOR COMPANY LIMITED

### Schedules – (continued)

#### XXI NOTES ON ACCOUNTS – (continued)

##### (r) AS - 18 Related party disclosures - (continued)

	Period	
	From	To
<b>Subsidiaries</b>		
Sundaram Auto Components Limited, Chennai	01-04-2010	31-03-2011
TVS Motor Company (Europe) B.V, Amsterdam	01-04-2010	31-03-2011
TVS Motor (Singapore) Pte. Limited, Singapore	01-04-2010	31-03-2011
PT. TVS Motor Company Indonesia, Jakarta	01-04-2010	31-03-2011
TVS Energy Limited, Chennai	01-04-2010	31-03-2011
TVS Housing Limited, Chennai	21-06-2010	31-03-2011
TVS Wind Power Limited, Chennai	16-02-2011	31-03-2011
TVS Wind Energy Limited, Chennai	16-02-2011	31-03-2011
<b>Fellow subsidiaries</b>		
Anusha Investments Limited, Chennai	01-04-2010	31-03-2011
TVS Investments Limited, Chennai	01-04-2010	31-03-2011
Sundaram Investment Limited, Chennai	01-04-2010	31-03-2011
TVS Electronics Limited, Chennai	01-04-2010	31-03-2011
Tumkur Property Holdings Limited, Chennai	01-04-2010	31-03-2011
Prime Property Holdings Limited, Chennai	01-04-2010	31-03-2011
TVS-E Access (India) Limited, Chennai	01-04-2010	31-03-2011
TVS-E Servicetec Limited, Chennai	01-04-2010	31-03-2011
TVS Capital Funds Limited, Chennai	01-04-2010	31-03-2011
Sravanaa Properties Limited, Chennai	01-04-2010	31-03-2011
Southern Roadways Limited, Madurai	01-04-2010	31-03-2011
Sundaram Industries Limited, Madurai	01-04-2010	31-03-2011
The Associated Auto Parts Limited, Mumbai	01-04-2010	31-03-2011
TVS Interconnect Systems Limited, Madurai	01-04-2010	31-03-2011
TVS Logistics Services Limited, Madurai	01-04-2010	31-03-2011
Lucas-TVS Limited, Chennai	01-04-2010	31-03-2011
Sundaram Textiles Limited, Madurai	01-04-2010	31-03-2011
NSM Holdings Limited, Madurai	01-04-2010	31-03-2011
TVSNet Technologies Limited, Madurai	01-04-2010	31-03-2011
TOR Projects & Services Limited, Madurai	01-04-2010	31-03-2011
NK Telecom Products Limited, Madurai	01-04-2010	31-03-2011
NK Telesystems Limited, Madurai	01-04-2010	31-03-2011
TVS Automotive Europe Limited, UK	01-04-2010	31-03-2011
TVS C J Components Limited, UK	01-04-2010	31-03-2011
TVS Logistics Iberia S.L., Spain	01-04-2010	31-03-2011
TVS Logistics Siam Limited, Thailand	01-04-2010	31-03-2011
TVS Autoserv GmbH, Germany	01-04-2010	31-03-2011
TVS Logistics Investment UK Limited, UK	01-04-2010	31-03-2011
YeleStre Holdings Limited, UK	01-04-2010	31-03-2011
Multipart (Holdings) Limited, UK	01-04-2010	31-03-2011
Multipart Solutions Limited, UK	01-04-2010	31-03-2011
Multipart Limited, UK (formerly IH Crick Property Co Limited, UK)	01-04-2010	31-03-2011
Msys Software Solutions Limited, UK	01-04-2010	31-03-2011
Globe Dynamics Limited, UK	01-04-2010	31-03-2011
Globe Transport Products Limited, UK	01-04-2010	31-03-2011
TVS Dynamic Global Freight Services Limited, Chennai	01-04-2010	31-03-2011
TVS Commutation Solutions Limited, Madurai	01-04-2010	31-03-2011
Lucas Indian Service Limited, Chennai	01-04-2010	31-03-2011
TVS Automotive Systems Limited, Chennai	01-04-2010	31-03-2011

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(r) **AS - 18 Related party disclosures - (continued)**

	Period	
	From	To
Fellow subsidiaries (continued)		
Iranian Automotive Systems, Iran	01-04-2010	31-03-2011
TVS Automobile Solutions Limited, Madurai	01-04-2010	31-03-2011
Sundaram Lanka Tyres Limited, Sri Lanka	01-04-2010	31-03-2011
TVS Logistics Investments USA Inc., USA	01-04-2010	31-03-2011
TVS America Inc., USA	01-04-2010	31-03-2011
Manufacturers Equipments & Supply Co., USA	01-04-2010	31-03-2011
TVS RHR Finished Vehicles Logistics Solutions Limited, Chennai (formerly RHR Car Transportation Solutions Limited, Chennai)	01-04-2010	31-03-2011
TVS GMR Aviation Logistics Limited, Madurai	01-04-2010	31-03-2011
Associate company		
TVS Lanka (Private) Limited, Colombo, Sri Lanka	01-04-2010	31-10-2010
Joint venture		
TVS Andina S.A., Colombia	01-04-2010	28-03-2011
List of Related Parties as per clause 3(c) of the standard.		
Key Management Personnel		
Mr. Venu Srinivasan, Chairman & Managing Director		
Enterprise over which key management personnel and his relatives have significant influence		
Harita-NTI Limited, Chennai	01-04-2010	31-03-2011

Rupees in crores

As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
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Particulars of transactions with related parties

(a) Purchase of goods		
– ultimate holding company (T V Sundram Iyengar & Sons Limited, Madurai)	0.28	0.25
– holding company (Sundaram-Clayton Limited, Chennai)	149.34	90.06
– subsidiary companies (Sundaram Auto Components Limited, Chennai and PT. TVS Motor Company Indonesia, Jakarta)	142.98	87.87
– fellow subsidiaries (Lucas-TVS Limited, Chennai, Lucas Indian Service Limited, Chennai and Sundaram Industries Limited, Madurai)	26.97	18.86
– enterprises over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	2.23	0.92
(b) Sale of goods		
– holding company (Sundaram-Clayton Limited, Chennai)	–	0.93
– subsidiary companies: (Sundaram Auto Components Limited, Chennai PT. TVS Motor Company Indonesia, Jakarta)	431.84 35.28	551.07 31.68
– associate company (TVS Lanka (Private) Limited, Colombo - associate upto 31 <sup>st</sup> October 2010)	72.11	61.17
– joint venture (TVS Andina S.A., Colombia - joint venture upto 28 <sup>th</sup> March 2011)	0.05	2.55

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(r) AS - 18 Related party disclosures - (continued)	Rupees in crores	
	As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
(c) Sale of investments		
– fellow subsidiary (TVS-E Access (India) Limited, Chennai)	–	0.09
(d) Issue of bonus equity shares		
– holding company (Sundaram-Clayton Limited, Chennai) was allotted bonus equity shares at 1:1 ratio		
– fellow subsidiary (Anusha Investments Limited, Chennai) was allotted bonus equity shares at 1:1 ratio		
(e) Purchase of fixed assets		
– ultimate holding company (T V Sundram Iyengar & Sons Limited, Madurai)	–	1.14
(f) Rendering of services (including interest received)		
– holding company (Sundaram-Clayton Limited, Chennai)	2.57	1.32
– subsidiary companies (Sundaram Auto Components Limited, Chennai, TVS Motor Company (Europe) B.V, Amsterdam TVS Energy Limited, Chennai, PT. TVS Motor Company Indonesia, Jakarta)	16.76	11.73
– fellow subsidiaries (Lucas-TVS Limited, Chennai, TVS Dynamic Global Freight Services Limited, Chennai TVS Commutation Solutions Limited, Madurai Lucas Indian Service Limited, Chennai and TVS Logistics Services Limited, Madurai)	0.69	0.68
– enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	0.14	–
(g) Availing of services (includes sub-contract charges paid)		
– holding company (Sundaram-Clayton Limited, Chennai)	38.60	30.70
– subsidiary company (Sundaram Auto Components Limited, Chennai)	0.32	0.43
– fellow subsidiaries: (TVS-E Servicetec Limited, Chennai, Southern Roadways Limited, Madurai, TVS Logistics Services Limited, Madurai, TVSNet Technologies Limited, Madurai, TVS Dynamic Global Freight Services Limited, Chennai and TVS Commutation Solutions Limited, Madurai)	66.77	45.38
(h) Trade advances made during the year		
– holding company (Sundaram-Clayton Limited, Chennai)	–	50.00
– subsidiary companies (Sundaram Auto Components Limited, Chennai, TVS Energy Limited, Chennai and TVS Housing Limited, Chennai)	77.82	15.50
– associate company (TVS Finance and Services Limited, Chennai - associate upto 03-03-2010)	–	18.00
(i) Other advances made during the year		
– enterprises over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	3.00	–

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(r) AS - 18 Related party disclosures - (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
(j) Trade advances received back during the year		
– holding company (Sundaram-Clayton Limited, Chennai)	50.00	–
– subsidiary companies (Sundaram Auto Components Limited, Chennai and TVS Energy Limited, Chennai)	29.36	7.00
– fellow subsidiaries (TVS Investments Limited, Chennai and Anusha Investments Limited, Chennai)	–	6.20
(k) Other advances received back during the year		
– enterprises over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	3.00	–
(l) Amount outstanding as at Balance Sheet date:		
(i) Sundry debtors		
– subsidiary companies (PT. TVS Motor Company Indonesia, Jakarta, Sundaram Auto Components Limited, Chennai)	41.93	55.78
– fellow subsidiaries (TVS Electronics Limited, Chennai, TVS-E Servicetec Limited, Chennai)	–	0.03
– Joint Venture (TVS Andina S.A., Colombia) - upto 28 <sup>th</sup> March 2011	0.06	1.36
– associate (TVS Lanka (Private) Limited, Colombo, Sri Lanka) - upto 31 <sup>st</sup> October 2010	18.94	19.01
(ii) Loans and advances receivable		
– holding company (Sundaram-Clayton Limited, Chennai)	–	50.00
– subsidiary companies (Sundaram Auto Components Limited, Chennai, TVS Motor Company (Europe) B.V. Amsterdam, TVS Housing Limited, Chennai)	128.26	78.71
– associate company (TVS Finance and Services Limited, Chennai - associate upto 03-03-2010)	1.12	1.58
– enterprise over which key management personnel and his relatives have significant influence (TVS Motor Foundation, Chennai)	–	33.13
(iii) Sundry creditors		
– ultimate holding company (T V Sundram Iyengar & Sons Limited, Madurai)	–	0.01
– holding company (Sundaram-Clayton Limited, Chennai)	2.46	–
– subsidiary company (Sundaram Auto Components Limited, Chennai)	13.30	6.93
– Fellow Subsidiaries (TVS Electronics Limited, Chennai, TVS-E Servicetec Limited, Chennai, Southern Roadways Limited, Madurai, Sundaram Industries Limited, Madurai, TVS Logistics Services Limited, Madurai, Lucas-TVS Limited Chennai, Lucas Indian Service Limited, Chennai)	9.21	15.62
– enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	0.19	0.08

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
(r)	<b>AS - 18 Related party disclosures - (Contd.)</b>		
	(m) Investments made during the year		
	– subsidiary companies :		
	TVS Motor (Singapore) Pte Limited, Singapore	–	93.55
	TVS Energy Limited, Chennai	14.25	37.50
	TVS Housing Limited, Chennai	0.05	–
	PT. TVS Motor Company Indonesia, Jakarta	59.56	–
	(n) Obligation arising out of agreements facilitating credit to subsidiary company (PT. TVS Motor Company Indonesia, Jakarta)	53.88	53.88
	(o) Remuneration to key management personnel	7.75	2.31
(s)	<b>AS - 19 Accounting for Leases</b> The Company has not entered into any lease agreements during the year.		
(t)	<b>AS - 20 Earnings per share</b> Disclosure is made in the Profit and Loss Account as per the requirements of the standard. The Company has issued bonus equity shares in the ratio of 1:1. The Basic and Diluted Earnings Per Share (EPS) has been calculated for the current year and previous year after taking into account the bonus issue as required by AS 20 "Earnings per share".		
(u)	<b>AS - 21 Consolidated financial statements</b> Consolidated financial statements of the Company and its subsidiaries are enclosed.		
(v)	<b>AS - 22 Accounting for taxes on income</b> Deferred tax liability and asset are recognised based on timing difference using the tax rates substantively enacted on the Balance Sheet date.		
	(i) Deferred tax liability consists of:		
	– tax on depreciation	106.76	112.48
	– tax on amortisation of dies and moulds	12.73	17.84
	– tax on expenses admissible on payment basis under Income Tax Act, 1961	43.26	41.09
	( A )	<u>162.75</u>	<u>171.41</u>
	(ii) Deferred tax asset consists of:		
	– tax on provision in respect of expenditure which will be allowed under the Income Tax Act, 1961 only on payment basis	60.27	49.70
	– unabsorbed capital loss	6.82	7.14
	( B )	<u>67.09</u>	<u>56.84</u>
	Deferred tax liability (net of deferred tax asset) (A)-(B) - refer Balance Sheet	<u>95.66</u>	<u>114.57</u>
(w)	<b>AS - 23 Accounting for investments in associates in consolidated financial statements</b> There is no associate company. TVS Lanka (Private) Limited, Colombo, Sri Lanka ceased to be an associate with effect from 01-11-2010.		

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
(x)	<b>AS - 24 Discontinuing operations</b>		
	During the year, the Company has not discontinued any of its operations.		
(y)	<b>AS - 25 Interim financial reporting</b>		
	The Company has elected to publish quarterly financial results which were subject to limited review by the statutory auditors.		
(z)	<b>AS - 26 Accounting for Intangible assets</b>		
	During the year the Company acquired the following assets falling under the definition of intangible assets as per the Accounting Standard and the following disclosure is made in respect of those assets:		
	Software		
	– Estimated useful life of the asset	2 years	2 years
	– Amortisation rates used	50% each year as depreciation	50% each year as depreciation
	– Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year		
	Opening balance (Gross)	8.83	7.22
	Additions during the year	2.25	1.61
	Total	11.08	8.83
	Amortised as depreciation	8.80	7.26
	Closing written down value	2.28	1.57
(aa)	<b>AS - 27 Financial Reporting of interests in joint venture</b>		
	The joint venture agreement of the Company with Motor Andina S.A., by which TVS Andina S.A., Colombia, came into existence stands terminated with effect from 28 <sup>th</sup> March 2011.		
(ab)	<b>AS - 28 Impairment of assets</b>		
	In respect of tools and dies meant for manufacture of certain slow moving models, accelerated depreciation amounting to Rs.10.39 crores (last year Rs.11.77 crores) has been provided during the year.		
(ac)	<b>AS - 29 Provisions, contingent liabilities and contingent assets</b>		
	(i) Provisions		
	In respect of warranty obligations, provision is made in accordance with terms of sale of vehicles vide schedule XIV (c) to the Balance Sheet.		

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
(ii)	Contingent liabilities The amount for which the Company is contingently liable is disclosed in note no. 11.		
(iii)	Contested liabilities are detailed in note no. 12.		
2	Share capital Authorised share capital increased to Rs.50 crores from Rs.25 crores on account of bonus equity shares issued on 10 <sup>th</sup> September, 2010. Sundaram-Clayton Limited, Chennai holds 4,20,00,000 (last year 2,10,00,000) Equity shares of Re.1/- each while its wholly owned subsidiary Anusha Investments Limited, Chennai holds 23,06,82,786 (last year 11,53,41,393) Equity shares of Re.1/- each. This aggregates to 57.40% (last year 57.40%) of the share capital of the Company.		
3	(a) Amount of loan payable within one year:		
	– External Commercial Borrowings - from banks	44.60	103.56
	– Secured - from banks	148.32	54.16
	– Unsecured - others	6.33	6.33
	(b) Details of securities created for Loans:		
	BANKS		
	(i) External Commercial Borrowings secured by exclusive charge by way of hypothecation of specific moveable properties including moveable plant and machinery located at Mysore Plant.		
	(ii) Rupee Term loans		
	(a) First and exclusive charge on specific plant and machineries located at Hosur plant.		
	(b) Charge on pari-passu basis on the movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future situated in all plants, with the existing term loan lenders.		
	(iii) Cash credit facilities First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable located in all plants.		
	OTHERS		
	(iv) Soft loan First charge on the specific plant and machineries located at Hosur Plant and also secured by equitable mortgage created by way of deposit of title deeds of lands admeasuring 3.78 acres situated at Kothakondapalli,		



Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
	admeasuring 51.58 acres situated at Motham Agraharam, and admeasuring 11.98 acres situated at Mookandapalli - villages in Harita, Hosur, Krishnagiri district, in the State of Tamil Nadu.		
4	Land		
	Title deed in respect of land acquired near Ahmedabad in Gujarat at a cost of Rs.0.01 crore is yet to be received from the registering authority.		
	During the year, 3 acres and 24 guntas of lands were converted from leasehold to freehold.		
5	Sundry debtors (under “other debts”) include amount due from subsidiary companies PT.TVS Motor Company Indonesia, Jakarta and Sundaram Auto Components Limited, Chennai.	41.93	55.78
6	Bank balances include amount in respect of		
	(a) Unclaimed dividends	1.13	1.01
	(b) Balances lying with non-scheduled banks:		
	(i) HSBC Private Bank (Suisse) S.A., Singapore – in call deposit account	0.04	0.04
	(ii) Industrial and Commercial Bank of China, China – in current account	0.12	0.10
	(iii) Hatton National Bank, Sri Lanka – in current account	0.03	–
	(c) Maximum amount outstanding in non-scheduled banks at any time during the year		
	(i) HSBC Private Bank (Suisse) S.A., Singapore	0.04	0.06
	(ii) The Hongkong and Shanghai Banking Corporation Limited, Hongkong	–	0.13
	(iii) Industrial and Commercial Bank of China, China	0.41	0.23
	(iv) Hatton National Bank, Sri Lanka	0.03	–
7	Loans and advances include:		
	(a) Loan due from holding company (Sundaram-Clayton Limited, Chennai)	–	50.00
	(b) Loan due from subsidiary company -		
	(i) Sundaram Auto Components Limited, Chennai	24.96	8.50
	(ii) TVS Motor Company (Europe) B.V., Amsterdam	71.30	70.21
	(iii) TVS Housing Limited, Chennai	32.00	–
8	Deposits include:		
	(a) Deposit with post office (Rs. 21,500/-)	–	–
	(b) Deposit with central excise	1.29	0.19
	(c) Deposit with sales tax	1.62	1.99

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
9	Sundry creditors include :		
(a)	Investor Education and Protection Fund Unclaimed dividend	1.13	1.01
(b)	Amount due to Small Scale Industrial units	37.73	28.35
(c)	Amount due to other industrial units Disclosure under Micro, Small and Medium Enterprises Development Act, 2006.	594.31	413.08
(i)	The principal amount and interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year:		
(a)	Principal (all are within agreed credit period and not due for payment)	37.73	28.35
(b)	Interest (as no amount is overdue)	Nil	Nil
(ii)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(d)	Interest accrued but not due on secured loans	3.59	3.57
10	Miscellaneous expenditure not written off		
(a)	New product launch expenses carried forward from earlier years upto 31-03-2009 are charged off over 36 months. On and from the year ended 31-03-2010, new product launch expenses are charged off fully in the year of incurring such expenditure.		
(b)	Expenditure incurred in raising External Commercial Borrowings is being written off over the period of the loan.		
11	Contingent liability not provided for:		
(a)	On counter guarantee given to banks	14.44	0.46
(b)	On letters of credit	94.50	77.32
(c)	On guarantee to Housing Development Finance Corporation Limited, Mumbai on loans granted to employees of the Company	1.25	1.25
(d)	On bills discounted with banks	13.62	11.08
(e)	Capital commitments towards capital expenditure	58.84	5.01

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
(f)	On obligation arising out of agreements facilitating credit to a Company	41.66	16.66
(g)	On obligation arising out of agreements facilitating credit to subsidiary company (PT.TVS Motor Company Indonesia, Jakarta)	53.88	53.88
(h)	On import of capital goods under Export Promotion Capital Goods Scheme	14.64	7.27
12	Liability contested and not provided for:		
(a)	Excise	48.75	27.92
(b)	Service tax	14.85	14.66
(c)	Customs	1.13	1.13
(d)	Sales tax	3.27	3.40
(e)	Electricity tax	0.18	0.63
(f)	Income tax	60.43	56.13
(g)	Employee settlement claims	0.06	0.06
(h)	Compensation for land acquisition	1.81	–
13	Tax deducted at source on interest income	1.51	0.92
14	Contribution to provident and other funds include:		
(a)	Contribution towards gratuity as per scheme framed by Life Insurance Corporation of India	2.38	4.86
(b)	Contribution towards pension fund	2.82	5.48
15	Repairs include:		
(a)	Wages	7.30	6.44
(b)	Stores consumed	30.30	26.75
16	Audit fees comprise:		
(a)	As statutory auditors	0.20	0.18
(b)	Taxation matters	0.04	0.03
(c)	Certification matters	0.03	0.03
(d)	Cost audit fees	0.02	0.02
	Total	<u>0.29</u>	<u>0.26</u>
17	General		
(a)	Other expenses include travel and stay expenses of auditors	0.17	0.13
(b)	(i) Loss on sale of investments netted against profit on sale of investments	3.34	–
	(ii) Profit on sale of investments netted against loss on sale of investments in item (d) (ii) below	–	4.24
(c)	Expenses in excess of 1% of total revenue Carriage outwards included in packing and freight charges	134.76	98.57
(d)	Profit before tax for the year is after considering the following exceptional items		
	(i) Profit on sale of Land	–	54.07
	(ii) Loss on sale of investments in TVS Finance and Services Limited, Chennai - associate company upto 03-03-2010	–	89.02
	(iii) Accelerated amortisation of tools and dies of slow moving models	10.39	11.77

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

18 Research and Development expenditure incurred and claimed under the Income Tax Act, 1961.

Rupees in crores

	Year ended 31-03-2011	Year ended 31-03-2010
(a) R&D Revenue expenditure eligible for weighted deduction	66.36	64.50
(b) Other R&D revenue expenditure	11.80	7.93
(c) Capital Expenditure:		
(i) Land and Building	–	–
(ii) Others (including work-in-progress)	21.76	11.12
	99.92	83.55

19 Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

20 Disclosure made in terms of clause 32 of the Listing Agreement with Stock Exchanges

Rupees in crores

Sl. No.	Particulars	Name of the company	Amount outstanding as on 31-03-2011	Amount outstanding as on 31-03-2010
(a)	Loans and advances			
(i)	Loans and advances in the nature of loans made to subsidiary company	Sundaram Auto Components Limited, Chennai Maximum amount due at any time During the year During the previous year	24.96 24.96 15.50	8.50
		TVS Motor Company (Europe) B.V., Amsterdam Maximum amount due at any time During the year During the previous year	71.30 71.30 79.16	70.21
		TVS Energy Limited, Chennai Maximum amount due at any time During the year During the previous year	– 24.02 –	–
		TVS Housing Limited, Chennai Maximum amount due at any time During the year During the previous year	32.00 43.00 –	–
(ii)	Loans and advances in the nature of loans made to associate company	TVS Finance and Services Limited, Chennai (associate company upto 03-03-2010) Maximum amount due at any time During the year During the previous year	1.12 1.58 19.94	1.58
(iii)	Loans and advances where there is no repayment schedule but interest is charged to companies in which directors of the Company are interested	Harita Seating Systems Limited, Chennai Maximum amount due at any time During the year During the previous year	18.00 18.00 15.00	15.00
(iv)	Loans and advances in the nature of loans made to companies in which directors of the Company are interested	Sundaram-Clayton Limited, Chennai - holding company Maximum amount due at any time During the year During the previous year	– 50.00 50.00	50.00
		Harita-NTI Limited, Chennai Maximum amount due at any time During the year During the previous year	– 3.00 –	–

Notes: (a) The above loans are subject to repayment schedule as agreed between the Company and its loanee. The loans are repayable within seven years.

(b) All the above loans carry interest at agreed rates which are not less than interest stipulated in Section 372A of the Companies Act, 1956.

(c) Investment by the loanee in the shares of the parent company and subsidiary company when the Company has made a loan or advance in the nature of loan - Nil.

(d) The subsidiaries and associate companies listed above also fall under the category of "Company in which directors of the Company are interested".

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

20 Disclosure made in terms of clause 32 of the Listing Agreement with Stock Exchanges – (continued)

Sl. No.	Particulars	Name of the company	Rupees in crores	
			Amount outstanding as on 31-03-2011	Amount outstanding as on 31-03-2010
(b)	Investments by the Company			
(i)	In subsidiary companies			
		Sundaram Auto Components Limited, Chennai [74,00,000 (last year-74,00,000) Equity shares of Rs.10/- each fully paid up] Maximum amount held at any time During the year During the previous year	36.00 36.00	36.00
		TVS Motor Company (Europe) B.V., Amsterdam [1,70,801 (last year-1,70,801) Ordinary shares of Euro 100/- each fully paid up] Maximum amount held at any time During the year During the previous year	91.63 91.63	91.63
		TVS Motor (Singapore) Pte. Limited, Singapore [6,43,64,301 (last year 6,43,64,301) Ordinary shares of Singapore \$ 1/- each fully paid up] Maximum amount held at any time During the year During the previous year	201.20 201.20	201.20
		TVS Energy Limited, Chennai [5,17,50,000 (last year 3,75,00,000) Equity shares of Rs.10/- each fully paid up] Maximum amount held at any time During the year During the previous year	51.75 37.50	37.50
		TVS Housing Limited, Chennai [50,000 (last year - Nil) Equity Shares of Rs.10/- each fully paid up] Maximum amount held at any time During the year During the previous year	0.05 –	–
		PT.TVS Motor Company Indonesia, Jakarta [13,00,000 (last year - Nil) Preference shares of Indonesian Rp.97,400/- each fully paid up] Maximum amount held at any time During the year During the previous year	59.56 –	–
(ii)	In associate company	TVS Lanka (Private) Limited, Colombo, Sri Lanka (associate upto 31 <sup>st</sup> October 2010) [50,00,000 (last year 50,00,000) Equity shares of LKR.10/- each fully paid up] Maximum amount held at any time During the year During the previous year	2.08 2.08	2.08

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

20 Disclosure made in terms of clause 32 of the Listing Agreement with Stock Exchanges – (continued)

Rupees in crores					
Sl. No.	Particulars	Name of the company		Amount outstanding as on 31-03-2011	Amount outstanding as on 31-03-2010
(b)	Investments by the Company (Contd.)				
(iii)	In joint venture	TVS Andina S.A., Colombia (joint venture upto 28 <sup>th</sup> March 2011) - Nil (last year- 1,30,000 Equity shares of Colombian Pesos 1,000/- each fully paid up)		–	0.27
		Maximum amount held at any time			
		During the year	0.27		
		During the previous year	0.27		
(c)	Investments by the holding company	Sundaram-Clayton Limited, Chennai together with its subsidiary Anusha Investments Limited, Chennai [27,26,82,786 (last year - 13,63,41,393) Equity shares- of Re.1/- each fully paid up]		13.63	13.63
		Maximum amount held at any time			
		During the year	13.63		
		During the previous year	13.63		

Rupees in crores			
		As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
21	Honorarium paid to Mr.R.Ramakrishnan (Director in reporting entity) by PT. TVS Motor Company Indonesia, Jakarta - subsidiary company	0.24	0.20
22	Determination of net profit as per Sections 349 and 350 of the Companies Act, 1956		
	Profit as per Profit and Loss Account (before managerial remuneration)	256.24	78.62
	Add: Depreciation as per Profit and Loss Account	107.25	102.44
	Add: Loss on sale of investments in associate company	–	89.02
		<u>363.49</u>	<u>270.08</u>
	Less: Depreciation as per Section 350 read with Schedule XIV	105.19	100.51
	Less: Profit on sale of immovable property as per Section 349(3)(d)	–	54.07
	Profit as per Section 349	<u>258.30</u>	<u>115.50</u>
(a)	Commission payable to Chairman & Managing Director at 5% (last year 2%) thereof as approved by the shareholders	12.92	2.31
	Actual commission provided at 3% (last year 2%)	7.75	2.31
(b)	Commission to Independent Directors at 1% of the profit as stated above, subject to a ceiling of Rs.10 lakhs (last year Rs 3.60 lakhs) per director per annum.	0.40	0.14

venu srinivasan  
Chairman & Managing Director

H. LAKSHMANAN  
Director

As per our report annexed  
For Sundaram & Srinivasan  
Chartered Accountants  
Firm Regn. No.: 004207S

S.G. MURALI  
Executive Vice President – Finance

K.S. SRINIVASAN  
Company Secretary

M. BALASUBRAMANIAM  
Partner

Place : Bengaluru  
Date : July 29, 2011

Membership No.: F7945  
Chennai, July 29, 2011

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

23 INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956 (VIDE NOTIFICATION DATED 30<sup>TH</sup> OCTOBER 1973 OF THE MINISTRY OF CORPORATE AFFAIRS, GOVERNMENT OF INDIA)

	Rupees in crores				
	Year ended 31-03-2011		Year ended 31-03-2010		
	Quantity	Value	Quantity	Value	
<b>I RAW MATERIALS CONSUMED</b>					
1 (a) Basic raw materials					
Steel sheets, coils, strips and bars	Kgs.	8,511,790	46.96	5,099,481	25.89
Steel tubes	Mtrs.	13,367	0.07	17,877	0.09
Aluminium alloys and ingots	Kgs.	6,697,710	73.01	4,786,707	41.19
(b) Intermediates and components (which individually do not account for more than 10% of the total value of consumption)			4,637.75		3,068.23
			<u>4,757.79</u>		<u>3,135.40</u>
2 Consumption of raw materials and components	% of total consumption			% of total consumption	
(a) Imported	11.0		525.67	10.2	319.96
(b) Indigenous	89.0		4,232.12	89.8	2,815.44
	<u>100.0</u>		<u>4,757.79</u>	<u>100.0</u>	<u>3,135.40</u>
<b>II CONSUMPTION OF MACHINERY SPARES</b>	% of total consumption			% of total consumption	
(a) Imported	11.6		0.98	4.4	0.36
(b) Indigenous	88.4		7.49	95.6	7.80
	<u>100.0</u>		<u>8.47</u>	<u>100.0</u>	<u>8.16</u>
<b>III IMPORTS (CIF VALUE)</b>					
(a) Raw materials			54.66		14.16
(b) Spare parts and components			486.91		244.50
(c) Capital goods			29.18		8.13
<b>IV OTHER EXPENDITURE IN FOREIGN CURRENCY</b>					
(a) Travel			7.62		5.16
(b) Subscriptions			0.14		0.15
(c) Welfare expenses - training			1.35		1.79
(d) Consultancy			11.18		4.01
(e) Advertisement and publicity			17.04		6.45
(f) Other marketing expenses			0.10		4.66
(g) Procurement / selling commission			33.24		21.93
(h) Research and development			13.08		11.76
(i) Warranty cost reimbursement			1.51		1.28
(j) Interest on foreign currency loan (net of capitalisation - Rs.1.30 crores - last year - Rs.1.57 crores)			8.04		21.98
(k) Overseas branch expenses including salary			2.49		2.11
(l) Membership fee			0.08		-
<b>V PAYMENT TO NON-RESIDENT SHAREHOLDERS</b>					
(a) No. of shareholders			Nil		Nil
(b) No. of shares held			Nil		Nil
(c) Net dividend			Nil		Nil
<b>VI EARNINGS IN FOREIGN EXCHANGE</b>					
(a) Exports (on FOB basis)			853.48		517.18
(b) Others:					
(i) Freight and insurance			6.42		3.70
(ii) Interest income			5.71		5.62
(iii) Technical know-how			6.06		5.72
(iv) Sale of aircraft			11.17		-
			<u>882.84</u>		<u>532.22</u>
<b>VII SALE BY CLASS OF GOODS</b>					
	Quantity nos.	Value	Quantity nos.	Value	
(a) Motorcycles	832,567	2,748.88	637,895	2,046.23	
(b) Mopeds	704,557	1,235.34	571,264	952.48	
(c) Scooters	466,206	1,340.69	309,514	822.03	
(d) Three wheelers	39,257	314.35	14,702	120.53	
(e) Spares and accessories , provision of technical know-how and plant & equipment					
		<u>540.22</u>		<u>421.84</u>	
		<u>6,179.48</u>		<u>4,363.11</u>	
<b>VIII LICENSED AND INSTALLED CAPACITY (PER ANNUM)</b>			Not applicable		Not applicable



## TVS MOTOR COMPANY LIMITED

### Schedules – (continued)

#### XXI NOTES ON ACCOUNTS – (continued)

##### IX OPENING AND CLOSING STOCK OF GOODS PRODUCED DURING THE YEAR

	Opening stock				Production meant for sale				Closing stock			
	As at 01-04-2010		As at 01-04-2009		Year ended 31-03-2011		Year ended 31-03-2010		As at 31-03-2011		As at 31-03-2010	
	Qty. nos.	Value	Qty. nos.	Value	Quantity nos.	Quantity nos.	Qty. nos.	Value	Qty. nos.	Value	Qty. nos.	Value
(a) Motorcycles	16,496	43.99	18,084	53.04	850,848	636,751	34,515	115.62	16,496	43.99		
(b) Mopeds	1,499	1.99	1,769	2.43	704,749	571,069	1,633	2.66	1,499	1.99		
(c) Scooters	7,059	14.81	4,086	10.17	477,512	312,643	18,158	48.61	7,059	14.81		
(d) Three wheelers	326	2.24	241	1.62	40,042	14,849	1,036	7.45	326	2.24		
(e) Components which do not individually account for 10% or more of the total value of stock												
Total		16.79		20.22				29.51		16.79		
		79.82		87.48				203.85		79.82		

Note: During the year 262 motorcycles, 58 mopeds, 207 scooters and 75 three wheelers (last year 444 motorcycles, 75 mopeds, 156 scooters and 62 three wheelers) were captively used. Production includes 170 motorcycles and 121 scooters purchased during the year.

VENU SRINIVASAN  
Chairman & Managing Director

H. LAKSHMANAN  
Director

As per our report annexed  
For Sundaram & Srinivasan  
Chartered Accountants  
Firm Regn. No.: 004207S

S.G. MURALI  
Executive Vice President – Finance

K.S. SRINIVASAN  
Company Secretary

M. BALASUBRAMANIAM  
Partner

Place: Bengaluru

Date : July 29, 2011

Membership No.: F7945  
Chennai, July 29, 2011

Cash Flow Statement

Rupees in crores

	Year ended 31-03-2011	Year ended 31-03-2010
<b>A. Cash flow from operating activities</b>		
Net profit before tax and extra-ordinary items	248.09	76.17
Add: Depreciation for the year	107.25	102.53
Depreciation on sale / scrapping of assets	(26.00)	(18.54)
Amortisation of Foreign Currency Monetary Item		
Translation Difference Account	0.01	(0.08)
Loss on sale of fixed assets	14.15	0.31
Profit on sale of fixed assets	(0.25)	(54.32)
Profit on sale of investments	(11.60)	(4.70)
Loss on sale of investments	3.34	91.50
Diminution in the value of investments	3.36	-
Miscellaneous expenditure written off	0.36	1.95
Dividend income	(2.75)	(0.14)
Interest income	(23.31)	(12.19)
Interest expenditure	70.30	75.36
	<u>134.86</u>	<u>181.68</u>
Operating profit before working capital changes	382.95	257.85
Adjustments for:		
Trade receivables	(49.83)	(38.75)
Inventories	(238.19)	30.82
Other current assets	0.54	0.25
Loans and advances	(35.67)	(22.11)
Trade payables	217.98	116.87
Provisions	5.75	21.64
	<u>(99.42)</u>	<u>108.72</u>
Cash generated from operations	283.53	366.57
Direct taxes paid	(81.13)	(27.66)
Net cash from operating activities (A)	<u>202.40</u>	<u>338.91</u>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(114.40)	(89.70)
Sale of fixed assets	37.73	83.80
Capital work-in-progress	(30.34)	13.38
Purchase of investments	(867.34)	(1,015.78)
Sale of investments	950.36	667.43
Miscellaneous expenditure not written off	29.73	43.29
Interest received	23.31	12.19
Dividend received	2.75	0.14
	<u>31.80</u>	<u>(285.25)</u>
Net cash from / (used in) investment activities (B)	<u>31.80</u>	<u>(285.25)</u>
<b>C. Cash flow from financing activities</b>		
Long term borrowings:		
Secured loans repaid	(396.06)	302.54
Unsecured loan availed	0.35	(138.18)
Sales tax deferral loan availed (Tamil Nadu)	67.23	10.00
Sales tax deferral loan availed (Karnataka)	31.61	27.92
Interest paid	(70.30)	(75.36)
Dividend and dividend tax paid	(41.12)	(38.92)
	<u>(408.29)</u>	<u>88.00</u>
Net cash (used in) / from financing activities (C)	<u>(408.29)</u>	<u>88.00</u>
<b>D. Net increase in cash and cash equivalents (A) + (B) + (C)</b>		
	(174.09)	141.66
Cash and cash equivalents at the beginning of the year		
Cash & bank	101.01	42.05
Cash credit - balance	-	(82.70)
Cash and cash equivalents at the end of the year	101.01	(40.65)
Cash & bank	6.01	101.01
Cash credit - balance	(79.09)	-
	<u>(73.08)</u>	<u>101.01</u>

Notes: 1. The above statement has been prepared in indirect method except in case of interest, dividend and purchase and sale of investments which have been considered on the basis of actual movement of cash.  
2. Cash and cash equivalents represent cash and bank balances.

venu srinivasan  
Chairman & Managing Director

H. LAKSHMANAN  
Director

As per our report annexed  
For Sundaram & Srinivasan  
Chartered Accountants  
Firm Regn. No.: 004207S

S.G. MURALI  
Executive Vice President – Finance

K.S. SRINIVASAN  
Company Secretary

M. BALASUBRAMANIAM  
Partner  
Membership No.: F7945  
Chennai, July 29, 2011

Place : Bengaluru  
Date : July 29, 2011

**Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiaries**

S No.	Particulars	Name of the Subsidiaries							
		1	2	3	4	5	6	7	8
		Sundaram Auto Components Limited, Chennai	TVS Energy Limited, Chennai	TVS Wind Energy Limited, Chennai	TVS Wind Power Limited, Chennai	TVS Housing Limited, Chennai	TVS Motor Company (Europe) B.V, Amsterdam	TVS Motor (Singapore) Pte. Limited, Singapore	PT. TVS Motor Company Indonesia, Jakarta
1	Financial year of the subsidiary	01-04.2010 - 31.03.2011	01.04.2010 - 31.03.2011	06.01.2011 - 31.03.2011	06.01.2011 - 31.03.2011	22.03.2010 - 31.03.2011	01.04.2010 - 31.03.2011	01.04.2010 - 31.03.2011	01.04.2010 - 31.03.2011
2	Shares of the subsidiary held by the Company on the above date	74,00,000 Equity shares of Rs.10/- each fully paid up	5,17,50,000 Equity shares of Rs.10/- each fully paid up	1,01,50,000 Equity shares of Rs.10/- each fully paid up	41,00,000 Equity shares of Rs.10/- each fully paid up	50,000 Equity shares of Rs.10/- each fully paid up	1,70,801 Ordinary shares of Euro 100/- each fully paid up	6,43,64,301 Ordinary shares of Singapore \$ 1/- each fully paid up	65,00,000 Ordinary shares of US \$ 10 each fully paid up
	(a) Number and face value	100.00%	92.00%	100.00%	73.21%	100.00%	100.00%	100.00%	31.85%
	(b) Extent of holding		held by (2)	held by (2)	held by (2)				held by (6) and 68.15% held by (7)
3	Net aggregate amount of profits / losses of the subsidiary for the above financial year of the subsidiary not dealt with in the Company's accounts	Rs.8.22 crores	(Rs.3.80 crores)	(Rs.0.09 crores)	(Rs.0.03 crores)	(Rs.0.01 crores)	(Rs.1.51 crores)	(Rs.0.04 crores)	(Rs.62.33 crores)
	(a) for the financial year of the subsidiary - profit / (loss)	Rs.8.14 crores	(Rs.0.18 crores)	-	-	-	(Rs.1.60 crores)	(Rs.1.33 crores)	(Rs.214.05 crores)
	(b) for the previous financial years since it became a subsidiary - profit / (loss)	-	-	-	-	-	-	-	-
4	Net aggregate amount of profits / losses of the subsidiary for the above financial year of the subsidiary dealt with in the Company's accounts	-	-	-	-	-	-	-	-
	(a) for the financial year of the subsidiary - profit	Rs.7.14 crores	-	-	-	-	-	-	-
	(b) for the previous financial years since it became a subsidiary - profit	-	-	-	-	-	-	-	-

VENU SRINIVASAN *Chairman & Managing Director* H. LAKSHMANAN *Director* S.G. MURALI *Executive Vice President – Finance* K.S. SRINIVASAN *Company Secretary*

Balance Sheet abstract and Company's general business profile

I. Registration details

Registration no.       of 1992 State code

CIN No.

Balance Sheet date

Date      Month      Year

II. Capital raised during the year (Rs. in thousands)

Public issue      Rights issue

Bonus issue       Private placement

III. Position of mobilisation and deployment of funds (Rs. in thousands)

Total liabilities         Total assets

Sources of Funds

Paid up capital         Reserves and surplus

Secured loans          Unsecured loans

Deferred tax liability

Application of Funds

Net fixed assets          Capital work-in-progress

Investments          Net current assets

IV. Performance of the company (Rs. in thousands)

Turnover         Total expenditure

Profit before tax          Profit after tax

Earnings Per Share (Rs.)         Dividend rate (%)

V. Generic names of three principal products/services of Company as per monetary terms (ITC Code)

Product description	Item Code No. (ITC Code)
Mopeds, Motorcycles and Scooters	<input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/>
Three wheelers	<input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/>
Parts for the above	<input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/>

**CONSOLIDATED ACCOUNTS  
OF  
TVS MOTOR COMPANY LIMITED  
AND ITS SUBSIDIARIES**

### Auditors' report on consolidated accounts of TVS Motor Company Limited, Chennai for the year ended 31<sup>st</sup> March 2011

We have audited the attached consolidated Balance Sheet of TVS Motor Company Limited, Chennai and its subsidiaries as at 31<sup>st</sup> March 2011 and also the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 on "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India, on the basis of the individual financial statements of TVS Motor Company Limited, Chennai, its subsidiaries viz., (1) Sundaram Auto Components Limited, Chennai (2) TVS Energy Limited, Chennai (3) TVS Housing Limited, Chennai (4) TVS Wind Energy Limited, Chennai (5) TVS Wind Power Limited, Chennai (6) TVS Motor Company (Europe) B.V., Amsterdam (7) TVS Motor (Singapore) Pte. Limited, Singapore (8) PT.TVS Motor Company Indonesia, Jakarta included in the aforesaid consolidation.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates

made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiaries namely (1) TVS Energy Limited, Chennai (2) TVS Wind Energy Limited, Chennai (3) TVS Wind Power Limited, Chennai (4) TVS Housing Limited, Chennai (5) TVS Motor Company (Europe) B.V., Amsterdam (6) TVS Motor (Singapore) Pte. Limited, Singapore (7) PT. TVS Motor Company Indonesia, Jakarta. The financial statements and other information of the subsidiaries have been audited by other auditors whose reports have been furnished to us and our opinion, in so far it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

In our opinion and based on our audit, the consolidated financial statements referred to above give a true and fair view of the financial position of TVS Motor Company Limited, Chennai and its subsidiaries named above as at 31<sup>st</sup> March 2011 and of the results of their operations and their cash flows for the year ended on that date in conformity with generally accepted accounting principles in India.

For SUNDARAM & SRINIVASAN  
*Chartered Accountants*  
*Firm Regn. No. : 004207S*

M. BALASUBRAMANIAM  
*Partner*  
*Membership No.: F7945*

Place : Chennai  
Date : July 29, 2011

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Balance Sheet as at 31<sup>st</sup> March 2011

	Schedule number	Rupees in crores	
		As at 31-03-2011	As at 31-03-2010
<b>I SOURCES OF FUNDS</b>			
1 Shareholders' funds			
(a) Capital	I	47.51	23.75
(b) Share application money		0.75	–
(c) Reserves and surplus	II	<u>634.43</u>	<u>596.35</u>
2 Minority Interest	III	5.64	–
3 Loan funds			
(a) Secured loans	IV	823.55	1,005.84
(b) Unsecured loans	V	<u>233.18</u>	<u>177.58</u>
4 Deferred tax liability (net of deferred tax asset)		27.61	51.76
5 Foreign Currency Monetary Item Translation Difference Account		–	12.94
Total		<u>1,772.67</u>	<u>1,868.22</u>
<b>II APPLICATION OF FUNDS</b>			
1 Fixed assets			
(a) Gross block		2,444.87	2,212.30
(b) Less: Depreciation		<u>1,151.11</u>	<u>1,043.84</u>
(c) Net block	VI	1,293.76	1,168.46
(d) Capital work-in-progress	VII	57.61	29.43
2 Investments	VIII	220.80	386.56
3 Current assets, loans and advances			
(a) Inventories	IX	602.53	341.64
(b) Sundry debtors	X	286.08	226.24
(c) Cash and bank balances	XI	43.21	124.95
(d) Other current assets	XII	1.70	2.17
(e) Loans and advances	XIII	315.97	347.14
Total (A)		<u>1,249.49</u>	<u>1,042.14</u>
Current liabilities and provisions			
(a) Current liabilities	XIV	950.49	720.69
(b) Provisions	XV	98.50	72.02
Total (B)		<u>1,048.99</u>	<u>792.71</u>
Net current assets (A) - (B)		200.50	249.43
4 Miscellaneous expenditure to the extent not written off or adjusted	XVI	–	34.34
Total		<u>1,772.67</u>	<u>1,868.22</u>
Notes on accounts	XXII		

VENU SRINIVASAN  
Chairman & Managing Director

H. LAKSHMANAN  
Director

As per our report annexed  
For Sundaram & Srinivasan  
Chartered Accountants  
Firm Regn. No.: 004207S

S.G. MURALI  
Executive Vice President – Finance

K.S. SRINIVASAN  
Company Secretary

M. BALASUBRAMANIAM  
Partner  
Membership No.: F7945  
Chennai, July 29, 2011

Place : Bengaluru  
Date : July 29, 2011

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Profit and Loss Account for the year ended 31<sup>st</sup> March 2011

Rupees in crores			
	Schedule number	Year ended 31-03-2011	Year ended 31-03-2010
Gross sales		6,994.33	4,820.60
Less: Excise duty and Service tax		561.06	276.96
Net sales		<u>6,433.27</u>	<u>4,543.64</u>
Other income	XVII	119.87	121.99
Amortisation of Foreign Currency Monetary Item Translation Difference Account		18.75	
Less: Hedging cost amortised		<u>1.66</u>	<u>12.94</u>
Total revenue	(A)	<u>6,570.23</u>	<u>4,678.57</u>
Raw materials and components consumed	XVIII	4,741.75	3,226.08
Labour charges		6.01	2.42
Salaries and wages, stores consumed and other expenses	XIX	1,438.24	1,207.30
Miscellaneous expenditure	XX	0.36	1.95
Sub-total	(B)	<u>6,186.36</u>	<u>4,437.75</u>
Profit before interest, depreciation and tax	(A) - (B)	383.87	240.82
Interest and Finance charges (net)	XXI	71.79	82.78
Depreciation		133.63	136.73
Profit / (loss) before tax		178.45	21.31
Provision for taxation		74.66	23.90
Provision for deferred tax		(24.15)	(36.10)
Pro-rata share of (profit) / loss of associate		-	(0.01)
Profit / (loss) after tax		127.94	33.52
Balance profit/(loss) brought forward		(193.64)	(136.05)
Tax relating to earlier years		0.01	(0.17)
Dividend received from subsidiary for 2009-10		2.59	-
Profit / (loss) after tax		<u>127.94</u>	<u>33.52</u>
Total		<u>(63.10)</u>	<u>(102.70)</u>
First interim dividend		23.76	16.63
Dividend tax		3.95	2.83
Second interim dividend payable		28.51	11.88
Proposed dividend		2.22	2.59
Provision for dividend tax		4.62	1.97
Transfer to general reserve		34.90	55.04
Balance surplus / (deficit) carried forward to Balance Sheet			
- Parent Company		(160.70)	(193.64)
- Minority Interest		<u>(0.36)</u>	<u>-</u>
Total		<u>(63.10)</u>	<u>(102.70)</u>
Nominal value of each share in rupees		1.00	1.00
Basic earnings per share in rupees on 47,50,87,114 Equity shares (Refer note no. 2(p) on AS 20)		2.70	0.71
Diluted earnings per share in rupees		2.70	0.71
Notes on accounts	XXII		

VENU SRINIVASAN  
*Chairman & Managing Director*

H. LAKSHMANAN  
*Director*

As per our report annexed  
For Sundaram & Srinivasan  
*Chartered Accountants*  
Firm Regn. No.: 004207S

S.G. MURALI  
*Executive Vice President – Finance*

K.S. SRINIVASAN  
*Company Secretary*

M. BALASUBRAMANIAM  
*Partner*

Place : Bengaluru  
Date : July 29, 2011

Membership No.: F7945  
Chennai, July 29, 2011



## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Schedules

	Rupees in crores	
	As at 31-03-2011	As at 31-03-2010
<b>I CAPITAL</b>		
Authorised		
50,00,00,000 Equity shares of Re.1/- each (last year 25,00,00,000 Equity shares of Re.1/- each)	50.00	25.00
	<u>50.00</u>	<u>25.00</u>
Issued, subscribed and paid-up		
47,50,87,114 Equity shares of Re.1/- each (last year 23,75,43,557 Equity shares of Re.1/- each)	47.51	23.75
Out of the above :		
(i) 23,10,00,000 Equity shares of Re.1/- each were allotted for consideration other than cash.		
(ii) 65,42,857 Equity shares of Re.1/- each were allotted to the shareholders of amalgamated company viz., Lakshmi Auto Components Limited, Chennai.		
(iii) 23,75,43,557 Equity shares of Re.1/- each fully paid-up have been allotted as bonus equity shares by capitalisation of general reserve to the extent of Rs. 23.75 crores during 2010-11 (last year: Nil)		
	<u>47.51</u>	<u>23.75</u>
<b>II RESERVES AND SURPLUS</b>		
(a) Capital reserves		
(i) On shares forfeited As per last Balance Sheet (Rs. 55,200/-)	-	-
(ii) On surplus arising out of amalgamation As per last Balance Sheet	6.51	2.40
Add: Pre-acquisition (profit) / loss of associate transferred to profit and loss account consequent to sale of investment	-	4.03
Add: Pre-acquisition profit / (loss) of associate	<u>-</u>	<u>0.08</u>
(iii) Foreign currency translation reserve	(29.10)	(23.09)
(b) General reserve		
As per last Balance Sheet	806.57	751.92
Less: Capitalised by issue of 23,75,43,557 bonus equity shares	(23.75)	-
Add: Transfer from Profit and Loss Account	34.90	55.04
Add: Last year profit / (loss) of associate	<u>-</u>	<u>(0.39)</u>
	817.72	806.57
(c) Surplus / (Deficit) i.e., Balance in Profit and Loss Account	(160.70)	(193.64)
	<u>634.43</u>	<u>596.35</u>
<b>III MINORITY INTEREST</b>		
Share Capital	6.00	-
Less: Debit balance in Profit and Loss Account	<u>0.36</u>	<u>-</u>
	5.64	-

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Schedules – (continued)

	Rupees in crores	
	As at 31-03-2011	As at 31-03-2010
<b>IV SECURED LOANS</b>		
(a) From banks		
(i) External Commercial Borrowings secured by a first charge on the specified assets	107.08	191.27
(ii) Term loans secured by a first charge on the fixed assets of the Company	558.44	782.72
(iii) Secured by exclusive charge on the movable fixed assets of the Company	10.93	17.19
(iv) Cash credit secured by charge on current assets	68.23	–
(v) Secured by hypothecation of present and future inventories and receivables	1.64	4.66
(b) From others		
Secured by charge on specified fixed assets	77.23	10.00
	<u>823.55</u>	<u>1,005.84</u>
<b>V UNSECURED LOANS</b>		
(a) From banks - short term	27.70	4.27
(b) From others	191.22	159.40
(c) Other deposits	14.26	13.91
	<u>233.18</u>	<u>177.58</u>

### VI FIXED ASSETS

Description	Rupees in crores								
	Land		Buildings	Plant & machinery, tools, dies and jigs	Furniture & fixtures and equipments	Vehicles	Other fixed assets @	Total	
	Freehold	Leasehold						As at 31-03-2011	As at 31-03-2010
Cost of assets									
As at 01-04-2010	71.38	12.36	314.82	1,740.30	55.15	8.45	9.84	2,212.30	2,172.40
Additions	2.81	1.55	13.95	260.00 **	8.76	1.08	2.25	290.40	88.12
Sub total	74.19	13.91	328.77	2,000.30	63.91	9.53	12.09	2,502.70	2,260.52
Sales / deletion	–	–	2.77	50.55	4.01	0.50	–	57.83	48.22
Total	74.19	13.91	326.00	1,949.75	59.90	9.03	12.09	2,444.87	2,212.30
Depreciation / Amortisation									
Upto 31-03-2010	0.17	0.36	61.84	930.66	37.21	5.42	8.18	1,043.84	925.71
For the year	0.10	0.12	10.95	113.97	5.92	0.95	1.62	133.63	136.73
Sub total	0.27	0.48	72.79	1,044.63	43.13	6.37	9.80	1,177.47	1,062.44
Withdrawn on assets sold / deleted	–	–	0.59	21.43	3.86	0.48	–	26.36	18.60
Total	0.27	0.48	72.20	1,023.20	39.27	5.89	9.80	1,151.11	1,043.84
Written down value									
As at 31-03-2011	73.92	13.43	253.80	926.55	20.63	3.14	2.29	1,293.76	
As at 31-03-2010	71.21	12.00	252.98	809.64	17.94	3.03	1.66		1,168.46

@ Vide note (2) (s)

\*\* Addition is net of gain / loss arising on account of restatement of external commercial borrowings attributable to acquisition.

	Rupees in crores	
	As at 31-03-2011	As at 31-03-2010
<b>VII CAPITAL WORK-IN-PROGRESS (AT COST)</b>		
(a) Building	0.53	2.02
(b) Machinery	57.08	27.41
	<u>57.61</u>	<u>29.43</u>

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Schedules – (continued)

		Rupees in crores	
		As at 31-03-2011	As at 31-03-2010
<b>VIII</b>	<b>INVESTMENTS (AT COST)</b>		
(A)	LONG TERM		
(a)	Trade - quoted	0.33	0.33
(b) (i)	Trade - unquoted	178.70	3.79
	Add: Pro-rata share in the profit / (loss) of associate viz., TVS Lanka (Private) Limited (associate till 31-10-2010)	—	0.01
(ii)	Share application money TVS Motor Services Limited, Chennai	—	60.00
(c)	Non-trade - quoted	15.02	0.02
(d)	Non-trade - unquoted	15.00	9.23
	Total long term investments (A)	<u>209.05</u>	<u>73.38</u>
(B)	SHORT TERM		
	Non-trade - quoted	15.11	313.18
	Less: Provision for diminution in value of investments	3.36	—
	Total short term investments (B)	<u>11.75</u>	<u>313.18</u>
	Grand Total - Investments (A) + (B)	<u>220.80</u>	<u>386.56</u>
<b>IX</b>	<b>INVENTORIES (At cost or net realisable value whichever is less)</b>		
	Raw materials and components	234.82	122.56
	Work-in-process	50.49	30.29
	Finished goods	220.84	97.77
	Stock of dies, moulds and tools	38.70	50.82
	Stores	22.94	16.59
	Goods-in-transit	34.74	23.61
		<u>602.53</u>	<u>341.64</u>
<b>X</b>	<b>SUNDRY DEBTORS – UNSECURED</b>		
(a)	Debts outstanding for a period exceeding six months		
(i)	Considered good	12.86	11.59
(ii)	Considered doubtful	4.01	6.81
(b)	Other debts - considered good	273.22	214.65
		<u>290.09</u>	<u>233.05</u>
	Less: Provision for doubtful debts	4.01	6.81
		<u>286.08</u>	<u>226.24</u>
<b>XI</b>	<b>CASH AND BANK BALANCES</b>		
(a)	Cash on hand	0.19	0.20
(b)	With scheduled banks		
(i)	in current accounts	8.73	26.16
(ii)	in cash credit accounts	1.00	21.65
(iii)	in term deposit accounts	24.12	61.27
(c)	With other banks	9.17	15.67
		<u>43.21</u>	<u>124.95</u>

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Schedules – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
<b>XII</b>	<b>OTHER CURRENT ASSETS</b>		
	Interest accrued on deposits	1.70	2.17
		<u>1.70</u>	<u>2.17</u>
<b>XIII</b>	<b>LOANS AND ADVANCES – UNSECURED, CONSIDERED GOOD</b>		
	(a) Advances recoverable in cash or in kind or for value to be received	275.95	248.61
	(b) Inter corporate deposits	19.12	59.28
	(c) Other deposits	7.79	5.18
	(d) Loans	–	33.13
	(e) Advance payment of income tax less provisions	13.11	0.94
		<u>315.97</u>	<u>347.14</u>
<b>XIV</b>	<b>CURRENT LIABILITIES</b>		
	Sundry creditors	950.49	720.69
		<u>950.49</u>	<u>720.69</u>
<b>XV</b>	<b>PROVISIONS</b>		
	(a) Pension fund	41.87	37.61
	(b) Leave salary	6.71	5.90
	(c) Warranty	14.57	12.07
	(d) Second interim dividend payable	28.51	11.88
	(e) Proposed dividend	2.22	2.59
	(f) Provision for dividend tax	4.62	1.97
		<u>98.50</u>	<u>72.02</u>
<b>XVI</b>	<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)		
	(a) New product launch expenses	–	33.81
	(b) External commercial borrowings upfront fees	–	0.36
	(c) Pre-production expenses	–	0.17
		<u>–</u>	<u>34.34</u>
<b>XVII</b>	<b>OTHER INCOME</b>		
	(a) Miscellaneous income	110.75	67.53
	(b) Dividend income	0.17	0.14
	(c) Profit on sale of fixed assets	0.30	54.32
	(d) Profit on sale of investments (net of loss on sale of investment of Rs.3.34 crores)	8.65	–
		<u>119.87</u>	<u>121.99</u>
<b>XVIII</b>	<b>RAW MATERIALS AND COMPONENTS CONSUMED</b>		
	Opening stock:		
	Raw materials	122.56	138.67
	Work-in-process	30.29	23.69
	Finished goods	97.77	100.97
		<u>250.62</u>	<u>263.33</u>
	Purchase of raw materials and components	4,997.28	3,213.37
	Total	<u>5,247.90</u>	<u>3,476.70</u>

(A)

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Schedules – (continued)

XVIII RAW MATERIALS AND COMPONENTS CONSUMED (continued)		Rupees in crores	
		Year ended 31-03-2011	Year ended 31-03-2010
Closing stock:			
Raw materials		234.82	122.56
Work-in-process		50.49	30.29
Finished goods		<u>220.84</u>	<u>97.77</u>
Total	(B)	<u>506.15</u>	<u>250.62</u>
Grand Total	(A) - (B)	<u>4,741.75</u>	<u>3,226.08</u>
<b>XIX SALARIES AND WAGES, STORES CONSUMED AND OTHER EXPENSES</b>			
* (a) Salaries, wages and bonus		324.93	243.88
* (b) Workmen and staff welfare expenses		35.15	24.50
* (c) Contribution to provident and other funds		19.80	21.01
* (d) Stores and tools consumed		50.80	35.83
* (e) Power and fuel		85.85	63.03
* (f) Rent		15.55	9.24
(g) Rates and taxes		5.44	6.86
* (h) Repairs and maintenance:			
(i) buildings		8.26	5.13
(ii) machinery		54.55	46.69
(iii) other assets		5.41	5.18
(i) Insurance		3.21	2.47
(j) Directors' sitting fees		0.11	0.11
(k) Commission to independent directors		0.40	0.14
(l) Audit fees		1.03	0.42
* (m) Travel and conveyance		39.52	30.46
* (n) Packing and freight charges		211.21	144.70
* (o) Advertisement and publicity		205.40	194.54
* (p) Other marketing expenses		195.16	179.25
* (q) Other expenses		125.25	103.13
(r) Commission to selling agents		32.73	48.45
(s) Loss on sale / scrapping of fixed assets		15.12	0.37
(t) Loss on sale of investments (netted against profit on sale of investment)		–	41.91
(u) Diminution in value of investment		3.36	–
* net of recoveries		<u>1,438.24</u>	<u>1,207.30</u>
<b>XX MISCELLANEOUS EXPENDITURE WRITTEN OFF</b>			
External Commercial Borrowings upfront fees written off		0.36	1.95
		<u>0.36</u>	<u>1.95</u>
<b>XXI INTEREST</b>			
(a) On fixed loans		83.27	88.89
(b) Others		4.26	0.42
Total	(A)	<u>87.53</u>	<u>89.31</u>
Less: Interest income			
(a) On non-trade investments (gross)		0.62	–
(b) On advances and deposits (gross)		15.12	6.53
Total	(B)	<u>15.74</u>	<u>6.53</u>
Grand Total	(A) – (B)	<u>71.79</u>	<u>82.78</u>

Consolidated Schedules – (continued)

XXII NOTES ON ACCOUNTS

1 Consolidation of accounts

A Basis of accounting

The financial statements are prepared under the historical cost convention and comply with the applicable accounting standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

B Translation of foreign currency statements

In translating the financial statements of foreign entities for incorporation in the consolidated financial statements, the assets and liabilities are translated at the exchange rates prevailing at the date of Balance Sheet of respective subsidiaries and income and expenditure items are translated at the average of exchange rates for the year. The resulting exchange differences are classified as foreign currency translation reserve.

C Principles of consolidation

(i) Consolidated financial statements relate to TVS Motor Company Limited, Chennai (the Company) and its subsidiaries.

(ii) The consolidated financial statements have been prepared on the following basis:

- the financial statement of the Company and its subsidiaries have been prepared on a line by line consolidation by adding the book values of like items of assets, liabilities, income and expenditure as per the respective audited financial statements of the respective companies.
- the accounts of TVS Motor (Singapore) Pte. Limited, Singapore, TVS Motor Company (Europe) B.V., Amsterdam and PT. TVS Motor Company Indonesia, Jakarta have been audited by the auditors qualified to conduct audit in accordance with the laws of the respective countries.
- the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the manner as the Company's individual financial statements.
- intra-group transactions and resulting unrealised profits have been eliminated.

(iii) The subsidiary companies considered in the consolidated financial statements are:

S. No.	Name of the Company	Country of incorporation	Proportion of ownership (interest / voting power - %)	Reporting date	Difference in reporting date
	<b>Subsidiary companies:</b>				
(a)	Sundaram Auto Components Limited, Chennai	India	100	31-03-2011	–
(b)	TVS Energy Limited, Chennai	India	92	31-03-2011	–
(c)	TVS Wind Power Limited, Chennai	India	73.21 held by (b)	31-03-2011	–
(d)	TVS Wind Energy Limited, Chennai	India	100 held by (b)	31-03-2011	–
(e)	TVS Housing Limited, Chennai	India	100	31-03-2011	–
(f)	TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	100	31-03-2011	–
(g)	TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	100	31-03-2011	–
(h)	PT. TVS Motor Company Indonesia, Jakarta	Indonesia	68.15 held by (f) 31.85 held by (g)	31-03-2011	–

Note: TVS Lanka (Private) Limited, Colombo, Sri Lanka ceased to be an associate company after 31-10-2010 and TVS Andina S.A., Cali, Colombia ceased to be a joint venture on and from 28-03-2011.

Consolidated Schedules – (continued)

XXII NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
2	Accounting Standards		
(a)	<b>AS - 1 Disclosure of accounting policies</b>		
	The disclosure of accounting policies is made in respect of the reporting entity and its Indian subsidiaries viz., Sundaram Auto Components Limited, Chennai, TVS Energy Limited, Chennai and its subsidiaries and TVS Housing Limited, Chennai. The accounts are maintained on accrual basis as a going concern.		
(b)	<b>AS - 2 Valuation of inventories</b>		
	Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at weighted average cost or net realisable value, whichever is less.		
(c)	<b>AS - 3 Cash flow statements</b>		
	The cash flow statement is prepared under "indirect method" and the same is annexed.		
(d)	<b>AS - 5 Net profit or loss for the period, prior period items and changes in accounting policies</b>		
I	Prior period items:		
	A Income:		
	(i) Rent	0.02	0.01
	(ii) Export incentive	2.41	–
	B Expenses:		
	(i) Inward freight	–	2.12
	(ii) Repairs and maintenance - others	–	0.25
	(iii) Other marketing expenses	–	0.01
	(iv) Rent	0.01	0.33
	(v) Rates and taxes	–	1.30
	(vi) Welfare - training and development	0.01	–
	(vii) Legal fees	0.02	0.06
	(viii) Wages (Rs. 44,470/-)	–	–
	(ix) Research and development (Rs.13,860/-)	–	–
	(x) Bonus	0.17	–
	(xi) Consultancy fees	0.02	–
	(xii) Electricity demand	–	0.27
	(xiii) Travel and conveyance	–	0.01
	(xiv) Electricity charges(Rs.16,678/-)	–	–
	(xv) Medical bill	0.02	–
	(xvi) Telephone bill (Rs.16,077/-)	–	–
II	Changes in accounting policies:		
	There is no change in accounting policy during the current year.		
(e)	<b>AS - 6 Depreciation accounting</b>		
	Depreciation has been provided under the straight line method at the rates prescribed under Schedule XIV of the Companies Act,1956 with the applicable shift allowance.		

Consolidated Schedules – (continued)

XXII NOTES ON ACCOUNTS – (continued)

Rupees in crores

	As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
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In respect of wind mills, depreciation is charged on straight line method at rates notified under Electricity Act, 2003 based on general circular no.31/2011 dated 31<sup>st</sup> May 2011 (issued by Ministry of Corporate Affairs).

In respect of assets added / sold during the year pro-rata depreciation has been provided at the rates prescribed under Schedule XIV.

Depreciation in respect of computers, vehicles and communication equipments has been provided at 30%, 18% and 20% respectively, which is higher than the rate prescribed under Schedule XIV.

Depreciation in respect of tools and dies has been provided based on the quantity of components manufactured and the life of tools and dies.

Tools and dies relating to three wheeler operations have been capitalised and applicable depreciation provided thereon, considering the lower volume as compared to two wheelers.

Depreciation in respect of assets acquired during the year whose actual cost does not exceed Rs. 5,000/- has been provided at 100%.

(f) **AS - 9 Revenue recognition**

The income of the Company and its subsidiaries are derived from sale (net of trade discounts) of automotive vehicles, parts thereof, lubricant oil, wind energy, machinery and equipment, rubber and plastic components, and provision of technical know-how and includes realised exchange fluctuations on exports Rs.1.70 crores (last year Rs.0.43 crores).

Sale of goods is recognised on despatch of goods to customers. Sales revenue in respect of wind energy is recognised to the extent that it can be reliably measured and is probable that the economic benefit will flow to the Company.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend from investments in shares / units is recognised when the Company / Mutual Fund, in which they are held, declares the dividend and the right to receive the same is established.

The revenue and expenditure are accounted on a going concern basis.

(g) **AS - 10 Accounting for fixed assets**

All the fixed assets are valued at cost including expenditure incurred in bringing them to usable condition less depreciation.

Cost of lands includes lands acquired under lease.

13.91

12.37

Cost of buildings includes buildings constructed on leasehold land.

23.86

19.87

(h) **AS - 11 Accounting for effects of changes in foreign exchange rates**

Purchase of imported raw materials, components, spare parts and capital goods are accounted based on retirement memos from banks. In respect of liabilities on import of raw materials, components, spare parts and capital goods which are in transit and where invoices / bills are yet to be received, the liability is accounted based on the advance copies of documents at the market exchange rate prevailing on the date of the Balance Sheet.

Sales include realised exchange fluctuation on exports.

In terms of the Companies (Accounting Standards) Amendment Rules, 2009, on Accounting Standard 11, notified by the Government of India on 31<sup>st</sup> March 2009, the Company has opted to adjust the changes in foreign exchange rates relating to long term foreign currency monetary items to the carrying cost of



Consolidated Schedules – (continued)

XXII NOTES ON ACCOUNTS – (continued)

(h) **AS - 11 Accounting for effects of changes in foreign exchange rates (continued)**

fixed assets and to Foreign Currency Monetary Item Translation Difference Account. The impact is set out below:

	Rupees in crores	
	Year ended 31-03-2011	Year ended 31-03-2010
Gains / (losses) arising from changes in foreign exchange rates relating to depreciable capital assets deducted from / added to carrying cost of such assets.	0.83	31.31
Gains / (losses) arising from changes in foreign exchange rates relating to other long term foreign currency monetary items (not relating to acquisition of depreciable assets) credited / debited to "Foreign Currency Monetary Item Translation Difference Account".	4.15	36.12
Amortisation of "Foreign Currency Monetary Item Translation Difference Account" by (debiting) / crediting to Profit and Loss Account.	17.09	12.94

Consequential charge / credit to depreciation has been effected in the current year.

**Derivative Instruments:**

Derivative contracts are entered into by the Company only based on underlying transactions. The Company has not entered into any derivative contracts of a speculative nature.

Currency swaps - The Company had earlier entered into seven currency swap contracts covering the total external commercial borrowings of USD 100 mn. (last year seven contracts covering USD 100 mn.), fixing the repayment liability of the Company in Indian Rupees. Consequent to repayment of part of the above loan, currency swap contracts outstanding at the year end is only to the extent of USD 13 mn. (last year USD 45 mn.).

Interest Rate Swap (IRS) - The Company had earlier entered into seven derivative contracts in respect of total external commercial borrowings amounting to USD 100 mn. (last year seven contracts in respect of USD 100 mn.) to convert floating interest rate to fixed interest. Consequent to repayment of part of the above loans, interest rate swap contracts outstanding at the year end are only to the extent of USD 13 mn. (last year USD 45 mn.).

(i) **AS - 13 Accounting for Investments**

Investments are valued at cost. Provision for diminution in the carrying cost of investments is made, if such diminution is other than temporary in nature in the opinion of the management. Accordingly, a sum of Rs. 3.36 crores has been provided during the year.

(j) **AS - 14 Accounting for amalgamations**

During the year there was no amalgamation.

(k) **AS - 15 Accounting for employee benefits**

A Defined contribution plan

Contribution to provident fund is in the nature of defined contribution plan and is made to a recognised trust.

B Defined benefit plans

(i) The Company extends defined benefit plan in the form of leave salary to employees. In addition, the Company also extends defined benefit plan in the form of pension to senior managers of the Company. Provision for leave salary and pension is made on actuarial valuation basis.

(ii) The Company also extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India in accordance with the scheme framed by the Corporation.

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Schedules – (continued)

#### XXII NOTES ON ACCOUNTS – (continued)

##### (k) AS - 15 Accounting for employee benefits (continued)

###### C Disclosure as required by Accounting Standard 15

Rupees in crores

	Leave Salary	Pension	Gratuity
(a) Expenses recognised in the Profit and Loss Account			
(i) Current service cost	1.02	–	2.31
(ii) Interest cost	0.40	2.64	2.45
(iii) Expected return on plan assets	–	–	(3.05)
(iv) Net actuarial loss / (gain) recognised in the year	1.20	6.08	0.84
Total	2.62	8.72	2.55
(b) Change in defined benefit obligation during the year ended 31 <sup>st</sup> March 2011			
(i) Present value of obligation as at the beginning of the year (01-04-2010)	5.88	35.91	30.69
(ii) Interest cost	0.40	2.64	2.45
(iii) Current service cost	1.02	–	2.30
(iv) Benefits paid	(1.78)	(5.84)	(1.85)
(v) Actuarial loss on obligation	1.19	6.08	0.84
(vi) Present value of obligation as at the end of the year (31-03-2011)	6.71	38.79	34.43
(c) Change in fair value of plan assets during the year ended 31 <sup>st</sup> March 2011			
(i) Fair value of plan assets at the beginning of the year (01-04-2010)	–	–	33.16
(ii) Expected return on plan assets	–	–	3.05
(iii) Contributions made during the year	–	–	2.78
(iv) Benefits paid	–	–	(1.85)
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year (31-03-2011)	–	–	37.14
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2010)	5.88	35.91	(2.46)
(ii) Contributions made during the year	–	–	(2.78)
(iii) Expenses	2.62	8.72	2.55
(iv) Benefits paid	(1.78)	(5.84)	–
(v) Value of benefit obligations / (net assets) at the close of the year (31-03-2011)	6.71	38.79 **	(2.69)
** Note: The net asset in respect of gratuity plan is not recognised as it is lying in an irrevocable trust fund approved by Income tax authorities.			
(e) Actuarial assumptions			
(i) Discount rate used	8.00%	8.00%	8.00%
(ii) Expected return on plan assets	NA	NA	8.00%
Estimates of future salary increase considered in actuarial valuation taking into account inflation, seniority and other relevant factors.			

Rupees in crores

As at/  
Year ended  
31-03-2011

As at/  
Year ended  
31-03-2010

##### (l) AS - 16 Borrowing costs

The borrowing costs have been treated in accordance with the Accounting Standard on Borrowing Costs issued by The Institute of Chartered Accountants of India.

Amount of borrowing costs attributable to qualifying assets capitalised during the year

7.14

1.57

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules – (continued)

XXII NOTES ON ACCOUNTS – (continued)

(m) **AS - 17 Segment reporting - year ended 31<sup>st</sup> March 2011**

Rupees in crores

Particulars	Business segment			
	Automotive vehicles & parts	Automotive components	Others	Total
Revenue				
External sales - domestic	5,408.77	163.46	2.79	5,575.02
- exports	858.25	–	–	858.25
Inter segment sales	454.95	124.59	–	579.54
Total sales	6,721.97	288.05	2.79	7,012.81
Less: Inter segment sales	454.95	124.59	–	579.54
Net revenue	6,267.02	163.46	2.79	6,433.27
Segment-wise results before interest and tax	240.62	17.33	(0.51)	257.44
Less: Interest (net)				(70.64)
Less: Loss of subsidiaries				(1.55)
Add: Inter segment income / (expenses)				(6.80)
Profit before tax				178.45
Less: Tax expense				(50.51)
Profit after tax				127.94
Segment assets	2,436.64	184.86	200.15	2,821.65
Segment liabilities	1,824.84	136.41	144.47	2,105.72
Total cost incurred during the year to acquire segment assets	215.46	29.09	139.11	383.66
Segment depreciation / amortisation	122.32	9.32	1.99	133.63
Non-cash expenses / (income) other than depreciation / amortisation	(16.73)	–	–	(16.73)

Notes: The Company and its Indian subsidiaries cater mainly to the needs of the domestic market. The export turnover is not significant in the context of the total turnover. As such there are no reportable geographical segments.

(n) **AS - 18 Related party disclosures**

Disclosure is made as per the requirements of the standard and the same is given in Note Nos. 19 and 20.

(o) **AS - 19 Leases**

No lease agreements were entered during the year.

(p) **AS - 20 Earnings per share**

Disclosure is made in the Profit and Loss Account as per the requirements of this Accounting Standard.

The Company has issued bonus equity shares in the ratio of 1:1. The Basic and Diluted Earnings Per Share (EPS) has been calculated for the current year and previous year after taking into account the bonus issue as required by this standard.

(q) **AS - 22 Accounting for taxes on income**

	Rupees in crores	
	As at/ Year ended	As at/ Year ended
	31-03-2011	31-03-2010
(i) Deferred tax liability consists of:		
- tax on depreciation	111.94	115.02
- tax on amortisation of dies and moulds	12.73	17.84
- tax on expenses admissible on payment basis under Income-tax Act, 1961	43.26	41.14
	<b>(A) 167.93</b>	<b>174.00</b>

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Schedules – (continued)

#### XXII NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at / Year ended 31-03-2011	As at/ Year ended 31-03-2010
(ii) Deferred tax asset consists of:			
- tax on provision in respect of expenditure which will be allowed under the Income-tax Act, 1961 only on payment basis		60.74	50.04
- unabsorbed depreciation		72.56	65.06
- unabsorbed capital loss		6.82	7.14
- unabsorbed business loss		0.20	–
- preliminary expenses (current year Rs. 4,200/-, last year- Nil)		–	–
	(B)	140.32	122.24
Deferred tax liability (net of deferred tax asset) (refer Balance Sheet)	(A)-(B)	27.61	51.76
 (r) <b>AS - 23 Accounting for investments in associates in consolidated financial statements</b>			
There is no associate company. TVS Lanka (Private) Limited, Colombo, Sri Lanka ceased to be an associate with effect from 01-11-2010			
 (s) <b>AS - 26 Accounting for intangible assets</b>			
During the year, the Company acquired the following assets falling under the definition of intangible assets as per the Accounting Standard and the following disclosure is made in respect of those assets:			
(i) Software			
- Estimated useful life of the asset		2 years	2 years
- Amortisation rates used		50% each year as depreciation	50% each year as depreciation
 - Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year			
Opening balance		9.29	7.68
Additions during the year		2.25	1.61
Total		11.54	9.29
Amortised as depreciation		9.25	7.71
Closing written down value		2.29	1.58
 (ii) Licence fees			
- Estimated useful life of the asset		7 years	7 years
- Amortisation rates used		14.29% each year as depreciation	14.29% each year as depreciation
 - Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year			
Opening balance		0.55	0.55
Additions during the year		–	–
Total		0.55	0.55
Amortised as depreciation		0.55	0.47
Closing written down value		–	0.08

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Schedules – (continued)

#### XXII NOTES ON ACCOUNTS – (continued)

	Rupees in crores	
	As at /	As at/
	Year ended	Year ended
	31-03-2011	31-03-2010
<b>(t) AS - 27 Financial reporting of interest in joint venture</b>		
The joint venture agreement of the Company with Motor Andina S.A., by which TVS Andina S.A., Colombia came into existence stands terminated with effect from 28-03-2011.		
Last year, the subsidiary company viz., Sundaram Auto Components Limited, Chennai entered into a joint venture agreement with M/s Zodiac Business Solutions Pte. Limited, Singapore for establishing a joint venture for marketing the products of the Company. Accordingly, the subsidiary company has acquired one equity share of face value Dhs 1,00,000 in TVS Global Automobile Traders FZCO, Dubai.		
<b>(u) AS - 28 Impairment of assets</b>		
In respect of tools and dies meant for manufacture of certain slow moving models, accelerated depreciation amounting to Rs.10.39 crores (last year Rs.11.77 crores) has been provided during the year. Further, a sum of Rs.0.97 crores (last year Rs.0.06 crores) has been provided towards impairment of fixed assets. Other than the above, as on the Balance Sheet date, the carrying amounts of the assets net of accumulated depreciation is not less than the receivable amount of those assets.		
<b>(v) AS - 29 Provisions contingent liabilities and contingent assets</b>		
(i) Provisions:		
In respect of warranty obligations provision is made in accordance with terms of sale of vehicles vide schedule XV (c) to the Balance Sheet.		
(ii) Contingent liabilities:		
The amount for which the Company is contingently liable is disclosed in note no.11.		
(iii) Contested liabilities are detailed in note no. 12.		
<b>3 Share Capital:</b>		
Authorised Share capital of the Company is increased to Rs. 50 crores from Rs. 25 crores on account of bonus equity shares issued and allotted on 10 <sup>th</sup> September 2010.		
<b>4 Amount of loan payable within one year:</b>		
- External Commercial Borrowings - from banks	44.60	103.56
- Secured - from banks	164.71	70.55
- Unsecured - from banks	2.91	1.80
- from others	6.33	6.33
<b>5 Land:</b>		
Title deeds in respect of land acquired near Ahmedabad in Gujarat at a cost of Rs. 0.01 crore is yet to be received from the registering authorities.		
During the year, 3 acres and 24 guntas of lands were converted from leasehold to freehold.		
<b>6 Bank balance includes amount in respect of</b>		
(a) Unclaimed dividends	1.13	1.01
(b) Balances lying with non-scheduled banks:		
(i) HSBC Private Bank (Suisse) S.A., Singapore		
- in call deposit account	0.04	0.04
(iii) Industrial and Commercial Bank of China, China.		
- in current account	0.12	0.10
(iii) Hatton National Bank, Sri Lanka		
- in current account	0.03	–

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Schedules – (continued)

#### XXII NOTES ON ACCOUNTS – (continued)

	Rupees in crores	
	As at / Year ended 31-03-2011	As at/ Year ended 31-03-2010
(c) Maximum amount outstanding in non-scheduled banks at any time during the year		
(i) HSBC Private Bank (Suisse) S.A., Singapore	0.04	0.06
(ii) Industrial and Commercial Bank of China, China	0.41	0.23
(iii) Hatton National Bank, Sri Lanka	0.03	–
7 Loans and advances include:		
(a) Loans due from a Company under the same management		
- holding company (Sundaram-Clayton Limited, Chennai)	–	50.00
(b) Maximum amounts due from the above companies at any time during the year:		
- holding company (Sundaram-Clayton Limited, Chennai)	50.00	50.00
8 Deposits include:		
(a) Deposit with post office (Rs.21,500/-)	–	–
(b) Deposit with central excise	1.31	0.20
(c) Deposit with sales tax	1.62	1.99
(d) Deposit with entry tax	1.18	0.48
9 Sundry creditors include :		
(a) Investor Education and Protection Fund - Unclaimed dividend	1.13	1.01
(b) Amount due to Small Scale Industrial units	38.56	29.12
(c) Amount due to other industrial units	678.07	513.61
(d) Interest accrued but not due on secured loans	3.59	3.57
10 Miscellaneous expenditure not written off:		
(a) New product launch expenses carried forward from earlier years upto 31 <sup>st</sup> March 2009 are charged off over 36 months. On and from the year ended 31 <sup>st</sup> March 2010, new product launch expenses are charged off fully in the year of incurring such expenditure.		
(b) Expenditure incurred in raising external commercial borrowings is being written off over the period of the loan.		
11 Contingent liability not provided for:		
(a) On counter guarantee given to banks	14.89	3.68
(b) On letters of credit	105.43	85.83
(c) On guarantee to Housing Development Finance Corporation Limited, Mumbai on loans granted to employees of the Company	1.25	1.25
(d) On bills discounted	23.17	17.53
(e) Capital commitments towards capital expenditure	58.84	5.01
(f) On obligation arising out of agreements facilitating credit to a Company	41.66	16.66
(g) On obligation arising out of agreements facilitating credit to a subsidiary company (PT. TVS Motor Company Indonesia, Jakarta)	53.88	53.88
(h) On import of capital goods under Export Promotion Capital Goods Scheme	15.04	7.67

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Schedules – (continued)

#### XXII NOTES ON ACCOUNTS – (continued)

	Rupees in crores	
	As at / Year ended 31-03-2011	As at/ Year ended 31-03-2010
12 Liability contested and not provided for:		
(a) Excise	49.13	28.34
(b) Service tax	15.32	14.99
(c) Customs	1.13	1.13
(d) Sales tax	3.55	3.40
(e) Electricity tax	0.18	0.63
(f) Income-tax	60.48	56.13
(g) Employee settlement claims	0.06	0.06
(h) Compensation for land acquisition	1.81	–
(i) Motor vehicle tax	–	0.28
13 Tax deducted at source:		
(a) On interest income	1.52	2.90
(b) On sub-contract receipts	0.10	0.03
(c) On professional services rendered	0.04	0.04
14 Contribution to provident and other funds include:		
(a) Contribution towards gratuity as per scheme framed by Life Insurance Corporation of India	2.79	5.00
(b) Contribution towards pension fund	3.12	5.73
15 Repairs include:		
(a) Wages	7.68	6.69
(b) Stores consumed	31.19	27.43
16 Audit fees comprise:		
(a) As auditors	0.82	0.49
(b) Taxation matters	0.15	0.04
(c) Certification matters	0.04	0.04
(d) Cost audit fees	0.02	0.02
Total	<u>1.03</u>	<u>0.59</u>
17 General:		
(a) Other expenses include travel and stay expenses of auditors	0.19	0.16
(b) Profit on sale of investments netted against loss on sale of investments	–	4.24
(c) Loss on sale of investments netted against profit on sale of investments	3.34	–
18 Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.		
19 Related party disclosure		

	Period	
	From	To
List of related parties		
Reporting entities		
TVS Motor Company Limited, Chennai	01-04-2010	31-03-2011
Sundaram Auto Components Limited, Chennai	01-04-2010	31-03-2011
TVS Energy Limited, Chennai	01-04-2010	31-03-2011
TVS Wind Energy Limited, Chennai	16-02-2011	31-03-2011
TVS Wind Power Limited, Chennai	16-02-2011	31-03-2011

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Schedules – (continued)

#### XXII NOTES ON ACCOUNTS – (continued)

##### 19 Related party disclosure (continued)

	Period	
	From	To
TVS Housing Limited, Chennai	21-06-2010	31-03-2011
TVS Motor Company (Europe) B.V, Amsterdam	01-04-2010	31-03-2011
TVS Motor (Singapore) Pte. Limited, Singapore	01-04-2010	31-03-2011
PT.TVS Motor Company Indonesia, Jakarta	01-04-2010	31-03-2011
Holding company		
Sundaram-Clayton Limited, Chennai	01-04-2010	31-03-2011
Ultimate holding company		
T V Sundram Iyengar & Sons Limited, Madurai	01-04-2010	31-03-2011
Fellow subsidiaries		
Anusha Investments Limited, Chennai	01-04-2010	31-03-2011
TVS Investments Limited, Chennai	01-04-2010	31-03-2011
Sundaram Investment Limited, Chennai	01-04-2010	31-03-2011
TVS Electronics Limited, Chennai	01-04-2010	31-03-2011
Tumkur Property Holdings Limited, Chennai	01-04-2010	31-03-2011
Prime Property Holdings Limited, Chennai	01-04-2010	31-03-2011
TVS-E Access (India) Limited, Chennai	01-04-2010	31-03-2011
TVS-E Servicetec Limited, Chennai	01-04-2010	31-03-2011
TVS Capital Funds Limited, Chennai	01-04-2010	31-03-2011
Sravanaa Properties Limited, Chennai	01-04-2010	31-03-2011
Southern Roadways Limited, Madurai	01-04-2010	31-03-2011
Sundaram Industries Limited, Madurai	01-04-2010	31-03-2011
The Associated Auto Parts Limited, Mumbai	01-04-2010	31-03-2011
TVS Interconnect Systems Limited, Madurai	01-04-2010	31-03-2011
TVS Logistics Services Limited, Madurai	01-04-2010	31-03-2011
Lucas-TVS Limited, Chennai	01-04-2010	31-03-2011
Sundaram Textiles Limited, Madurai	01-04-2010	31-03-2011
NSM Holdings Limited, Madurai	01-04-2010	31-03-2011
TVSNet Technologies Limited, Madurai	01-04-2010	31-03-2011
TOR Projects & Services Limited, Madurai	01-04-2010	31-03-2011
NK Telecom Products Limited, Madurai	01-04-2010	31-03-2011
NK Telesystems Limited, Madurai	01-04-2010	31-03-2011
TVS Automotive Europe Limited, UK	01-04-2010	31-03-2011
TVS C J Components Limited, UK	01-04-2010	31-03-2011
TVS Logistics Iberia S.L., Spain	01-04-2010	31-03-2011
TVS Logistics Siam Limited, Thailand	01-04-2010	31-03-2011
TVS Autoserv GmbH, Germany	01-04-2010	31-03-2011
TVS Logistics Investment UK Limited, UK	01-04-2010	31-03-2011
YeleStre Holdings Limited, UK	01-04-2010	31-03-2011
Multipart (Holdings) Limited, UK	01-04-2010	31-03-2011
Multipart Solutions Limited, UK	01-04-2010	31-03-2011
Multipart Limited, UK (formerly IH Crick Property Co Limited, UK)	01-04-2010	31-03-2011
Msys Software Solutions Limited, UK	01-04-2010	31-03-2011



## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Schedules – (continued)

#### XXII NOTES ON ACCOUNTS – (continued)

##### 19 Related party disclosure (continued)

	Period	
	From	To
Globe Dynamics Limited, UK	01-04-2010	31-03-2011
Globe Transport Products Limited, UK	01-04-2010	31-03-2011
TVS Dynamic Global Freight Services Limited, Chennai	01-04-2010	31-03-2011
TVS Commutation Solutions Limited, Madurai	01-04-2010	31-03-2011
Lucas Indian Service Limited, Chennai	01-04-2010	31-03-2011
TVS Automotive Systems Limited, Chennai	01-04-2010	31-03-2011
Iranian Automotive Systems, Iran	01-04-2010	31-03-2011
TVS Automobile Solutions Limited, Madurai	01-04-2010	31-03-2011
Sundaram Lanka Tyres Limited, Sri Lanka	01-04-2010	31-03-2011
TVS Logistics Investments USA Inc., USA	01-04-2010	31-03-2011
TVS America Inc., USA	01-04-2010	31-03-2011
Manufacturers Equipments & Supply Co., USA	01-04-2010	31-03-2011
TVS RHR Finished Vehicles Logistics Solutions Limited, Chennai (formerly RHR Car Transportation Solutions Limited, Chennai)	01-04-2010	31-03-2011
TVS GMR Aviation Logistics Limited, Madurai	01-04-2010	31-03-2011
Associate company		
TVS Lanka (Private) Limited, Colombo, Sri Lanka	01-04-2010	31-10-2010
Joint venture		
TVS Andina S.A., Colombia	01-04-2010	28-03-2011
List of Related Parties as per clause 3(c) of the standard.		
Key Management personnel		
Mr. Venu Srinivasan, Chairman & Managing Director		
Mr. P.S. Bashyam, Manager (Sundaram Auto Components Limited, Chennai)		
Mr. G.R.V. Rajan, Manager (TVS Energy Limited, Chennai)		
Enterprise over which key management personnel and his relatives have significant influence		
Harita-NTI Limited, Chennai	01-04-2010	31-03-2011
Relative of key management personnel		
Dr. Malini Srinivasan (Sundaram Auto Components Limited, Chennai Sister of Mr. Venu Srinivasan)		

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Schedules – (continued)

#### XXII NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
20	Particulars of transactions with related parties		
	(a) Purchase of goods		
	- ultimate holding company (T V Sundram Iyengar & Sons Limited, Madurai)	0.28	0.25
	- holding company (Sundaram-Clayton Limited, Chennai)	149.34	90.06
	- fellow subsidiaries (Lucas-TVS Limited, Chennai, Lucas Indian Service Limited, Chennai and Sundaram Industries Limited, Madurai)	26.97	18.86
	- enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	2.23	0.92
	(b) Sale of goods		
	- holding company (Sundaram-Clayton Limited, Chennai)	–	0.93
	- associate company (TVS Lanka (Private) Limited, Colombo, Sri Lanka- associate upto 31-10-2010)	72.11	61.17
	- joint venture (TVS Andina S.A., Cali, Colombia- Joint venture upto 28-03-2011)	0.05	2.55
	(c) Sale of investments		
	- fellow subsidiary (TVS-E Access (India) Limited, Chennai)	–	0.09
	(d) Issue of bonus shares		
	- holding company (Sundaram-Clayton Limited, Chennai) was allotted bonus equity shares in the ratio of 1:1		
	- fellow subsidiary (Anusha Investments Limited, Chennai) was allotted bonus equity shares in the ratio of 1:1		
	(e) Purchase of fixed assets		
	- ultimate holding company (T V Sundram Iyengar & Sons Limited, Madurai)	–	1.14
	(f) Rendering of services (including interest received)		
	- holding company (Sundaram-Clayton Limited, Chennai)	2.57	1.32
	- fellow subsidiaries (TVS Electronics Limited, Chennai, Anusha Investments Limited, Chennai, TVS-E Servicetec Limited, Chennai, TVS Investments Limited, Chennai, and TVS Logistics Services Limited, Madurai)	0.69	0.68
	- enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	0.14	–
	(g) Availing of services (including sub-contract charges paid)		
	- holding company (Sundaram-Clayton Limited, Chennai)	38.60	30.70
	- fellow subsidiaries (TVS Electronics Limited, Chennai, TVS-E Servicetec Limited, Chennai, Southern Roadways Limited, Madurai, TVS Logistics Services Limited, Madurai)	66.77	45.38
	(h) Trade advances made during the year		
	- holding company (Sundaram-Clayton Limited, Chennai)	–	50.00
	- associate company (TVS Finance and Services Limited, Chennai) - associate upto 03-03-2010.	–	18.00
	(i) Other advances made during the year		
	- enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	3.00	–
	(j) Trade advances received back during the year		
	- holding company (Sundaram-Clayton Limited, Chennai)	50.00	–
	- fellow subsidiaries (TVS Investments Limited, Chennai, Anusha Investments Limited, Chennai)	–	6.20

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

### Consolidated Schedules – (continued)

#### XXII NOTES ON ACCOUNTS – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2011	As at/ Year ended 31-03-2010
(k) Other advances received back during the year		
- enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	3.00	–
(l) Amount outstanding as at Balance Sheet date:		
(i) Sundry debtors		
- fellow subsidiaries (TVS Electronics Limited, Chennai, TVS-E Servicetec Limited, Chennai)	–	0.03
- joint venture (TVS Andina S.A. Cali, Colombia) - joint venture upto 28-03-2011	0.06	1.36
- associate (TVS Lanka (Private) Limited , Colombo, Sri Lanka)- associate upto 31-10-2010	18.94	19.01
(ii) Loans and advances receivable		
- holding company (Sundaram-Clayton Limited, Chennai)	–	50.00
- associate company (TVS Finance and Services Limited, Chennai - associate upto 03-03-2010)	1.12	1.58
- enterprise over which key management personnel and his relatives have significant influence (TVS Motor Foundation, Chennai)	–	33.13
(iii) Sundry creditors		
- ultimate holding company (T V Sundram Iyengar & Sons Limited, Madurai)	–	0.01
- holding company (Sundaram-Clayton Limited, Chennai)	2.46	–
- fellow Subsidiaries (TVS Electronics Limited, Chennai , TVS-E Servicetec Limited, Chennai , Southern Roadways Limited , Madurai, Sundaram Industries Limited, Madurai, TVS Logistics Services Limited, Madurai, Lucas- TVS Limited, Chennai, Lucas Indian Service Limited, Chennai )	9.21	15.62
- Enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai )	0.19	0.08
(m) Investment made during the year		
- subsidiary companies :		
TVS Motor (Singapore) Pte Limited, Singapore,	–	93.55
TVS Energy Limited, Chennai	14.25	37.50
TVS Housing Limited, Chennai	0.05	–
PT. TVS Motor Company Indonesia, Jakarta	59.56	–
(n) Obligation arising out of agreements facilitating credit to		
- subsidiary company (PT. TVS Motor Company Indonesia, Jakarta)	53.88	53.88
(o) Remuneration to key management personnel	8.10	2.31
(p) Remuneration to relative of key management personnel	0.43	0.39

VENU SRINIVASAN  
*Chairman & Managing Director*

H. LAKSHMANAN  
*Director*

As per our report annexed  
For Sundaram & Srinivasan  
*Chartered Accountants*  
Firm Regn. No.: 004207S

S.G. MURALI  
*Executive Vice President – Finance*

K.S. SRINIVASAN  
*Company Secretary*

M. BALASUBRAMANIAM  
*Partner*

Place : Bengaluru  
Date : July 29, 2011

Membership No.: F7945  
Chennai, July 29, 2011

# CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

## Consolidated Cash Flow Statement

	Rupees in crores	
	Year ended 31-03-2011	Year ended 31-03-2010
<b>A. Cash flow from operating activities</b>		
Net profit for the year	178.45	21.31
Add: Depreciation	133.63	136.73
Depreciation withdrawn on sale / scrapping of assets	(26.36)	(18.60)
Amortisation of Foreign Currency Monetary Item		
Translation Difference Account	(18.75)	(12.94)
Profit on sale of fixed assets	(0.30)	(54.32)
Loss on sale / impairment of fixed assets	15.12	0.37
Diminution in the value of investments	3.36	-
Miscellaneous expenditure written off	0.36	1.95
Loss on sale of investment	3.34	47.33
Profit on sale of investment	(11.99)	(4.74)
Income tax relating to earlier years	0.01	(0.17)
Dividend income	(0.17)	(0.14)
Interest income	(15.74)	(6.53)
Interest expenditure	87.53	89.31
	<u>170.04</u>	<u>178.25</u>
Operating profit before working capital changes	348.49	199.56
Adjustments for:		
Trade receivables	(59.84)	(36.07)
Inventories	(260.89)	24.24
Other current assets	0.47	0.25
Loans and advances	39.20	(20.58)
Trade payables	229.80	123.33
Provisions	4.54	(4.16)
	<u>(46.72)</u>	<u>87.01</u>
Cash generated from operations	301.77	286.57
Direct taxes paid	(83.22)	(29.36)
Net cash from operating activities	218.55	257.21
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(292.86)	(104.25)
Sale of fixed assets	43.01	83.92
Capital work-in-progress	(28.18)	11.72
Purchase of investments	(803.98)	(936.67)
Sale of investments	975.05	707.73
Miscellaneous expenditure not written off	33.98	50.13
Interest received	15.74	6.53
Dividend received	0.17	0.14
Net cash used in investment activities	(57.07)	(180.75)
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of share capital	6.00	-
Share application money received	0.75	-
Secured loans availed / (repaid)	(311.94)	303.81
Tamil Nadu sales tax deferral loan availed	67.23	10.00
Unsecured loan availed	9.77	(134.40)
Karnataka sales tax deferral loan availed	31.61	27.93
Interest paid	(87.53)	(89.31)
Dividend and dividend tax paid	(41.56)	(38.92)
	<u>(325.67)</u>	<u>79.11</u>
Net cash (used in) / from financing activities	(325.67)	79.11
<b>D. Net increase in cash and cash equivalents</b>	(164.19)	155.57
Cash and cash equivalents at the beginning of the year		
Cash & bank	124.95	67.43
Cash credit - balance	-	(98.05)
	124.95	(30.62)
Cash and cash equivalents at the end of the year		
Cash & bank	43.21	124.95
Cash credit - balance	(82.45)	-
	(39.24)	124.95

Notes: 1. The above statement has been prepared in indirect method except in case of interest, dividend and purchase and sale of investments which have been considered on the basis of actual movement of cash.  
2. Cash and cash equivalents represent cash and bank balances.

VENU SRINIVASAN  
Chairman & Managing Director

H. LAKSHMANAN  
Director

As per our report annexed  
For Sundaram & Srinivasan  
Chartered Accountants  
Firm Regn. No.: 004207S

S.G. MURALI  
Executive Vice President – Finance

K.S. SRINIVASAN  
Company Secretary

M. BALASUBRAMANIAM  
Partner

Place : Bengaluru  
Date : July 29, 2011

Membership No.: F7945  
Chennai, July 29, 2011

## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Disclosure of information relating to subsidiaries as required by the Central Government under Section 212(8) of the Companies Act, 1956

S No	Particulars	Name of subsidiaries									
		Sundaram Auto Components Limited	TVS Energy Limited	TVS Wind Energy Limited	TVS Wind Power Limited	TVS Housing Limited	TVS Motor Company (Europe) B.V.	TVS Motor (Singapore) Pte. Limited	PT. TVS Motor Company Indonesia		
	Reporting Currency	Rs. in crores	Rs. in crores	Rs. in crores	Rs. in crores	Rs. in crores	US \$ in Million	Rs. in crores	Singapore \$ in Million	Rs. in crores	Indonesian Rupiah in Million
(a)	Capital	7.40	56.25	10.90	5.60	0.05	20.70	91.63	64.36	347.34	759,720.00
(b)	Reserves	41.77	(4.25)	(0.08)	(0.04)	(0.01)	(0.69)	(2.28)	(0.40)	(302.56)	(604,242.45)
(c)	Total assets	188.57	165.96	11.20	5.68	32.06	36.06	160.90	63.98	208.19	453,329.29
(d)	Total liabilities	188.57	165.96	11.20	5.68	32.06	36.06	160.90	63.98	208.19	453,329.29
(e)	Details of investment	0.16	-	-	-	-	-	-	-	-	-
(f)	Turnover including other income	746.71	2.94	-	-	-	-	-	-	103.92	204,791.65
(g)	Profit before taxation	11.20	(2.53)	(0.08)	(0.04)	(0.01)	(0.34)	(1.51)	(0.01)	(69.83)	(147,813.76)
(h)	Provision for taxation	2.99	1.51	-	-	-	-	-	-	(7.50)	(14,483.01)
(i)	Profit after taxation	8.21	(4.04)	(0.08)	(0.04)	(0.01)	(0.34)	(1.51)	(0.01)	(62.33)	(133,330.75)
(j)	Proposed dividend	2.22	-	-	-	-	-	-	-	-	-

Notes: 1. In the consolidation, the accounts of subsidiaries have been re-stated in line with Indian GAAP and as required by the Accounting Standard 21 issued by The Institute of Chartered Accountants of India, wherever applicable.

2. The financial statements of subsidiaries whose reporting currency are other than INR are converted into Indian rupees on the basis of following exchange rates:

Particulars	For Assets and Liabilities at Closing Exchange rate	For Profit and Loss Items at Daily Average rate
US \$ to INR	Rs. 44.60 / US \$	Rs. 45.90 / US \$
Indonesian Rupiah (IDR) to INR	Re. 0.005176 / IDR	Re. 0.005039 / IDR
Singapore \$ to INR	Rs. 35.98 / Singapore \$	Rs. 34.50/ Singapore \$

3. Investments exclude investment in subsidiaries.

## Form 2B

(See rules 4CCC and 5D of Companies (Central Government's) General Rules & Forms, 1956)

### NOMINATION FORM

(to be filed in by individuals(s) applying singly or jointly)

I/we \_\_\_\_\_ and \_\_\_\_\_  
\_\_\_\_\_ and \_\_\_\_\_ the holders of shares bearing  
number(s) \_\_\_\_\_ of M/s. TVS Motor Company Limited wish to make a nomination and do hereby  
nominate the following person(s) in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of  
my or our death.

Name(s) and Address(es) of Nominee(s)

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Date of Birth\* : \_\_\_\_\_

(\* to be furnished in case the nominee is a minor)

(\*\* The Nominee is a minor whose guardian is)

Name and Address: \_\_\_\_\_

\*\* to be deleted if not applicable

Specimen signature of nominee	Signature : _____	Signature : _____
	Name : _____	Name : _____
	Address : _____	Address : _____
	Date : _____	Date : _____

Address, Name and Signature of two witnesses:

Name and Address

Signature with date

1. \_\_\_\_\_
2. \_\_\_\_\_

#### INSTRUCTIONS:

1. The Nomination can be made by individuals only applying/holding shares on their own behalf singly or jointly, Non-individual including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the shares are held jointly, all joint holders will sign the nomination form. Space is provided as a specimen, if there are more joint holders more sheets can be added for signatures of holders of shares and witness.
2. A minor can be nominated by a holder of shares and in that event the name and address of the guardian shall be given by the holder.
3. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a power of attorney holder. A non-resident Indian can be a nominee on re-patriable basis.
4. Nomination stands rescinded upon transfer of share(s).
5. Transfer of share(s) in favour of a nominee shall be a valid discharge by a company against the legal heir.
6. The intimation regarding Nomination / Nomination Form shall be filed in duplicate with the Company / Share Transfer Agent of the Company who will return one copy thereof to the shareholder.

## Guidelines for filing Nomination Form

- 1. Multiple Nominations can be recorded in each folio i.e., member can nominate single person (nominee) for some particular / distinctive shares and another person (second nominee) for other / remaining shares and so on.**
2. In case of joint holding, all the holders should sign the nomination form.
3. The nomination (other than multiple nominations) once made in respect of a given folio would automatically extend to the shares further acquired in the same folio. Similarly, if all the shares in a folio are transferred from such folio, nomination so made in respect of such folio will automatically stand cancelled.
4. In case of Multiple Nominations, nomination once made in respect of particular distinctive shares in one folio will not extend to the shares further acquired in the same folio, and the holder will have to give fresh nomination for such shares. Nominations given for other existing shares will prevail.
5. Nomination once made can be revoked / changed by submitting fresh nomination form upon receipt of which the earlier nomination will stand cancelled.
6. In case of nominations made by joint holders, upon demise of one of the joint holders, the remaining joint holder(s) will continue to be member(s) of the Company. In such case, the surviving shareholder(s), if he so desires, may make a fresh nomination in the prescribed form by revoking the old nomination.
- 7. A valid nomination, once made, will override a Will or other testamentary documents executed by the deceased shareholder and the Company will not entertain any claim from any person other than the registered nominee.**
8. Nomination forms received by the Company will be scrutinised and the nomination will be registered if the form is found complete in all respects. For all valid nominations received, the Company will allot a registration number and communicate the same to the concerned shareholder by returning the duplicate copy of the nomination form bearing such registration number which should be quoted in all future correspondence.
- 9. For shares held in electronic form, the nomination should be recorded with the respective Depository Participants. The Company would not accept any nomination in respect of such shares.**
- 10. Nomination form, duly completed, should be sent to M/s Sundaram-Clayton Limited, Share Transfer Agent, Unit : TVS Motor Company Limited, No. 22, Railway Colony 3<sup>rd</sup> Street, Mehta Nagar, Chennai - 600 029.**

# TVS MOTOR COMPANY LIMITED

Regd. Office : "JAYALAKSHMI ESTATES"  
No. 29 (Old No. 8), Haddows Road,  
Chennai - 600 006.

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Name of the attending member \_\_\_\_\_

DP Id.\* \_\_\_\_\_ Client Id.\* \_\_\_\_\_

Folio No.\*\* \_\_\_\_\_ No. of shares \_\_\_\_\_

Name of proxy \_\_\_\_\_  
(If proxy attends instead of member)

I hereby register my presence at the annual general meeting.

Venue : 'The Music Academy'  
New No. 168 (Old No. 306),  
T.T.K. Road, Royapettah,  
Chennai - 600 014.

Date : Wednesday, 14<sup>th</sup> September 2011

Time : 10.00 a.m.

*Signature of member/proxy*

\* Applicable for investors holding shares in electronic form.

\*\* Applicable for investors holding shares in physical form.

## REQUEST TO MEMBERS

1. Members and their proxies/bodies corporate should bring the attendance slip duly filled in for attending the meeting.
2. Members are requested to avoid being accompanied by non-members and/or children.
3. Members are requested to bring their copies of annual report to the meeting as the Company is unable to provide another copy in view of the increased cost of paper.
4. Members are requested to be in their seats at the meeting hall before the scheduled time for commencement of the annual general meeting to avoid interruptions in the proceedings.
5. Members who are holding shares in physical form are requested to intimate the Share Transfer Agent (STA) of the Company, changes if any, in their registered address.
6. Members intending to appoint proxies are requested to complete the proxy form sent herewith and deposit the same with the Registered Office of the Company, atleast 48 hours before the time fixed for holding the meeting.
7. If members and/or their family members are receiving more than one copy of the annual report and other communications and would like to avoid duplication, kindly advise to enable us to mail only one copy. This will help us to avoid wastage.
8. In the case of shares held in electronic form, the beneficial owners are advised to bring the identity card issued by the depository participant.

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# TVS MOTOR COMPANY LIMITED

Regd. Office : "JAYALAKSHMI ESTATES"  
29 (Old No. 8), Haddows Road,  
Chennai - 600 006.

**PROXY FORM**

DP Id.\* \_\_\_\_\_ Client Id.\* \_\_\_\_\_ Folio No.\*\* \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member/Members of TVS MOTOR COMPANY LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him / her \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the annual general meeting of the Company to be held on Wednesday, the 14<sup>th</sup> September 2011 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

*For Office use*

Proxy No.	
Date of receipt	
No. of shares	

Revenue  
Stamp

N.B.: The instrument appointing proxy should be deposited with the STA and / or the Company at least 48 hours before the commencement of the meeting

\* Applicable for investors holding shares in electronic form.

\*\* Applicable for investors holding shares in physical form.

Please fill in the particulars, viz., Folio No/DP Id/Client Id as given in the address slip.



