

# **TVS MOTOR COMPANY LIMITED**

**Seventeenth Annual Report 2008-2009**

## TVS MOTOR COMPANY LIMITED

### 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

### Secretary

K.S. SRINIVASAN

### Auditors

SUNDARAM & SRINIVASAN  
Chartered Accountants,  
23, Sir C.P. Ramaswamy Road,  
Alwarpet, Chennai - 600 018.

### Listing of shares with

Madras Stock Exchange Ltd., Chennai.  
Bombay Stock Exchange Ltd., Mumbai.  
The 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

### Bankers

STATE BANK OF INDIA  
Corporate Accounts Group Branch,  
Greams Road, Chennai - 600 006.

STATE BANK OF MYSORE  
Industrial Finance Branch,  
Midford Garden Road, Bangalore - 560 001.

### Registered office

Jayalakshmi Estates,  
29 (Old No.8), Haddows Road, Chennai - 600 006.  
Tel : 044 - 2827 2233  
Fax : 044 - 2825 7121

### Factories

Post Box No. 4, Harita, Hosur - 635 109.  
Tel : 04344 - 276780  
Fax : 04344 - 276016

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

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

### Subsidiary Companies

Sundaram Auto Components Limited, Chennai  
TVS Motor Company (Europe) B.V., Amsterdam  
TVS Motor (Singapore) Pte. Limited, Singapore  
PT. TVS Motor Company Indonesia, Jakarta

Contents	Page no.
Financial Highlights	2
Notice to the Shareholders	3
Directors' Report to the Shareholders	6
Report on Corporate Governance	14
Auditors' Report to the Shareholders	25
Balance Sheet	28
Profit and Loss Account	29
Schedules	30
Notes on Accounts	37
Cash Flow Statement	56
General Business Profile	57
Statement under section 212	58
Auditors' Report on Consolidated Accounts	59
Consolidated Accounts	60
Financial Information of Subsidiaries	80

Financial Highlights

	Rupees in crores				
DETAILS	2008-09	2007-08	2006-07	2005-06	2004-05
Sales and other income	3,741	3,310	3,921	3,306	2,955
Profit before interest, depreciation and tax	189	132	203	275	291
Profit before tax	31	35	91	168	200
Profit after tax	31	32	67	117	138
Net fixed assets	1,036	1,043	1,003	794	770
Share capital	24	24	24	24	24
Reserves and surplus	786	798	786	742	655
Networth	735	769	751	673	614
Total borrowings	906	666	634	385	187
Earnings per share (Rs.)	1.31	1.34	2.80	4.93	5.79
Dividend per share (Rs.)	0.70	0.70	0.85	1.30	1.30
Book value per share (Rs.)	30.63	32.04	31.29	28.04	25.58

## Notice to the Shareholders

**NOTICE** is hereby given that the seventeenth annual general meeting of the Company will be held at 'The Music Academy' New No. 168 (Old No. 306) TTK Road, Chennai 600 014 on Monday, the 17<sup>th</sup> August 2009, at 10.15 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 2009 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 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.

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

RESOLVED THAT Mr T Kannan, 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 Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai 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.

### SPECIAL BUSINESS

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

RESOLVED THAT Mr Prince Asirvatham be and is hereby appointed as a director of the Company, liable to retire by rotation.

By order of the board

Hosur  
June 26, 2009

K S SRINIVASAN  
*Secretary*

Registered Office:  
"Jayalakshmi Estates"  
29, 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 or 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 explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business, as set out in the notice is annexed hereto.
3. The register of members and the share transfer register will remain closed for a period of 5 days from 2<sup>nd</sup> July 2009 to 6<sup>th</sup> July 2009 (both days inclusive) for the purpose of payment of interim dividend declared by the board of directors on 26<sup>th</sup> June 2009.
4. 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 to the Investors Education and Protection Fund (IEPF), established by the Central Government on the due dates. 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.
5. Members holding shares in physical form, in their own interest, are requested to dematerialise the shares to avail the benefits of electronic holding / trading.
6. Members are requested to notify to the Company immediately any change in their address. Members holding shares in depository are requested to advise change of address to their depository participants.
7. 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.
8. 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.
9. 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 / appointed in this meeting, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and relationships with other directors of the Company, are given below:

I. 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, Bangalore, 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 speciality 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, Dua Associates has 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, performs a vast breadth of experience in the fields of corporate law, mergers and acquisitions, privatizations, 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 pursues philanthropic interests by participating as a Trustee in organizations engaged in education, welfare and cultural activities.

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 other directors 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.	Alcoa India Private Limited	Director	—
7.	Amit Investments Pvt.Ltd.	Director	—
8.	Associated Corporate Consultants (India) Pvt.Ltd.	Director	—
9.	Becton Dickinson India Private Limited	Director	—
10.	CCRI Exploration Private Limited	Director	—
11.	ELCA Cosmetics Private Limited	Director	—
12.	Emerson Process Management Power & Water Solutions India Private Limited	Director	—
13.	Fila Sport India Private Limited	Director	—
14.	Inapex Private Limited	Director	—
15.	Land Minerals Exploration Private Limited	Director	—
16.	LexSphere Private Limited	Director	—
17.	Linde Engineering India Pvt.Ltd.	Director	—
18.	McCann-Erickson (India) Pvt.Ltd.	Alternate Director	—
19.	McDonald's India Private Limited	Director	—
20.	Newfound Exploration Private Limited	Director	—
21.	Polaroid India Private Limited	Director	—
22.	Result Services Pvt.Ltd.	Director	—
23.	Stanley Works (India) Private Limited	Director	—
24.	Tupperware India Private Limited	Director	—
25.	UL India Private Limited	Director	—
26.	Universal Weather & Aviation India Pvt.Ltd.	Director	—
27.	Sella Synergy India Pvt. Ltd.,	Director	—
28.	Timex Group India Ltd.,	Alternate Director	—

II. Mr T Kannan

Born on 9<sup>th</sup> May 1953, Mr T Kannan is a graduate in business administration from the Madurai University. He is connected with a number of organisations related to industry, education and charity. He was co-opted as a director of the Company on 27<sup>th</sup> January 2000.

He has a wide range of experience in textile industry. He is the past chairman of The Cotton Textile Export Promotion

Council, Mumbai. He is also the past Chairman of The South India Mills' Association during 1990-92.

He is the past Chairman of Confederation of Indian Industry, Southern Region, Chennai.

He is also a leading Educationalist, President of Thiagarajar College, Madurai, Chairman & Correspondent of Thiagarajar College of Engineering, Thirupparankundram, Madurai.

He is the past member of Tamil Nadu State Council for Higher Education.

He is a member of High Level Advisory Committee to ensure better administration in temples under the control of Hindu Religious and Charitable Endowments Department, Government of Tamilnadu.

He is the Chairman of Board of Trustees, Arulmigu Meenakshi Sundareswarar Thirukoil, Madurai.

He is a member of Tamilnadu State Planning Commission and Tamilnadu Chamber of Commerce & Industry, Madurai.

He is a member of the Cotton Textiles Export Promotion Council and Confederation of Indian Textile Industry.

He is the chairman of the audit committee and investors' grievance committee of the Company. He is holding 65,590 equity shares in the Company and he is not related to any other directors of the Company. Details of his other directorships / membership of committees are given below:

S. No.	Name of the Company	Position held	Committee membership/ chairmanship
1.	Thiagarajar Mills Private Limited	Managing Director	–
2.	VTM Limited	Chairman and Director	Member – Share Transfer, Demat and Shareholders Grievance Committee
3.	Sundaram Textiles Limited	Director	–
4.	Colour Yarns Limited	Director	–
5.	Sundaram Brake Linings Limited	Director	Member – Audit Committee Member – Investors' Grievance Committee
6.	SIMA Textile Processing Centre Limited	Director	–

III. Mr Prince Asirvatham

Born on 1<sup>st</sup> May, 1949, Mr Prince Asirvatham is a former Group Treasurer & Head of Mergers & Acquisitions. In a distinguished career with Hindustan Lever Ltd. and Unilever plc, he set up a world class treasury in India managing over Rs. 3000 crores in cash investments and Rs. 2000 crores in foreign currencies. He partnered Unilever globally in the design and implementation of the corporate risk assurance and governance process covering group companies in Africa, Asia and South America.

He set up in 2000 the first Investors' relations function in India's largest corporate by market capitalization and has received several awards in India and Asia from the investing community. He was actively involved in over 25 acquisitions and disposals, which include India's first commercial privatization, setting a benchmark for future divestments by the government.

He is a Fellow of the Institute of Chartered Accountants of India. He has presented several papers ranging from "A case for the change of information in Published Accounts" to "Value Addition in Process Based Organizations." He is a coach in business finance and risk management and has developed a widely used computer based business game to identify leadership competencies in the areas of strategic thinking and its execution.

He founded a practice "Checks and Balances" in 2003 to promote good governance and is engaged in preparing prospective directors to balance risk and return in the context of business ethics and civic responsibility. He consults on Corporate Risk Assurance Systems and the Due Diligence Process. He is based at Bangalore where he enjoys working with non-profit organizations associated with uplifting less privileged children.

He is a member of the audit committee of the Company. He is holding 2,300 equity shares in the Company and he is not related to any other directors of the Company. Details of his other directorships / membership of committees are given below:

S. No.	Name of the Company	Position held	Committee membership/ chairmanship
1.	Gokaldas Exports Limited	Director	Chairman – Audit Committee
2.	Guardian Risk Advisors Private Limited	Promoter Director	–

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956.

The following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying notice dated 26<sup>th</sup> June 2009 and shall be taken as forming part of the notice.

Item No.5

Mr Prince Asirvatham was appointed as an additional director of the Company with effect from 21<sup>st</sup> April 2009. In terms of Section 260 of the Companies Act, 1956, Mr Prince Asirvatham holds office only upto the date of this annual general meeting.

A notice has been received from a member of the Company under Section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- signifying the intention to propose the candidature of Mr Prince Asirvatham and to move the resolution set out in Item No. 5 of this notice.

None of the directors, except Mr Prince Asirvatham, is deemed to be concerned or interested in the resolution.

The directors recommend the resolution to be approved as an ordinary resolution by the Shareholders.

By order of the board

Hosur,  
June 26, 2009

K S SRINIVASAN  
Secretary

Registered Office:  
"Jayalakshmi Estates"  
29, Haddows Road  
Chennai 600 006

## Directors' report to the Shareholders

The directors have pleasure in presenting the seventeenth annual report and the audited accounts for the year ended 31<sup>st</sup> March 2009.

### 1. FINANCIAL HIGHLIGHTS

Details	Year ended 31.03.2009	Year ended 31.03.2008
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#### QUANTITATIVE

(Numbers in lakhs)

##### Sales:

Motorcycles	6.44	6.10
Mopeds	4.38	4.09
Scooters	2.59	2.58
Three wheelers	0.04	–
<b>Total vehicles sold</b>	<b>13.45</b>	<b>12.77</b>

#### FINANCIAL

(Rupees in crores)

Sales (net of excise duty) and other income	3,741.18	3,310.35
EBITDA	188.99	132.15
Interest and finance charges (net)*	55.01	2.19
Depreciation	102.88	94.59
Profit before tax	31.10	35.37
Provision for tax (including deferred tax and fringe benefit tax)	0.02	3.60
Profit for the year (after tax)	31.08	31.77
Surplus brought forward	31.40	29.09
Profit available for appropriation	62.48	60.86
<b>APPROPRIATIONS:</b>		
Interim dividend	16.63	–
Proposed dividend	–	16.63
Tax on dividend	2.83	2.83
Transfer to general reserve	10.00	10.00
Surplus carried forward	33.02	31.40

\* Interest cost of Rs.2.19 crores of 2007-08 is net of gain of Rs. 26.85 crores on restatement of foreign currency loans and deposit held outside India in foreign currency.

### 2. DIVIDEND

The board of directors of the Company at their meeting held on 26<sup>th</sup> June 2009 have declared an interim dividend of Re.0.70 per share for the year 2008-09 absorbing a sum of Rs. 19.46 crores, including dividend distribution tax.

The board of directors of the Company do not recommend any further dividend for the year under consideration and the interim dividend paid amounting to Rs. 16.63 crores, be considered as the final dividend for the year 2008-09.

### 3. PERFORMANCE

During the year 2008-09, the Company recorded a growth of 5% in two wheeler sales in line with the industry growth of 5%. The growth was mainly triggered by an increase of 6% in motorcycle sales and 7% in the sale of mopeds. Exports continued to be a focus area with the Company recording an impressive growth of 44%. The launch of Scooty Streak, a tough and stylish variant of Scooty Pep+ and Apache RTR RD, in the premium motorcycle segment strengthened the portfolio of the Company. The Company proposes to re-launch TVS Flame with improved performance to gain market share in the motorcycle category.

The Company launched its 2 stroke three wheeler in Petrol/ CNG / LPG variants.

The escalation in the input cost especially in the first half of the year affected the margins. The Company pursued aggressively the cost reduction projects to partially neutralize the cost increase.

During the year, the turnover increased from Rs. 3,310 crores to Rs. 3,741 crores. The Profit After Tax (PAT) was marginally lower at Rs. 31.08 crores compared to previous year PAT of Rs. 31.77 crores.

The Company is looking forward to consolidate its position in the two wheeler segment further with the proposed launch of a new motorcycle and a new scooter in the second half of 2009-10. The proposed launch of four stroke three wheeler will also help the Company to gain share in the profitable three wheeler category.

### 4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

During 2008-09, two wheeler industry grew by 5% with the sale of 8.4 million units. The recent financial crisis, reduced liquidity, lower economic growth and restricted availability of retail finance had a negative impact on the Indian two-wheeler industry, especially in the third quarter of 2008-09. However, the situation improved marginally in Q4 post the fiscal and monetary interventions by Government of India.

The Company recorded a growth of 5% in two wheeler sales. This was aided by an impressive 44% growth in exports. The launches of Scooty Streak, a tough and trendy variant of Scooty Pep+ and Apache RTR RD, premium segment motorcycle offering incomparable performance, have reinforced the Company's significant position in the ungeared scooter and the premium motorcycle categories. During the year, the Company launched its three wheeler, TVS King in six states and acquired a market share of 5%. TVS NEO, a bebek exclusively developed for the Indonesian market for the subsidiary PT. TVS Motor Company Indonesia, has gained notable acceptance in the highly





### **TVS Tru4 Oil**

TVS Tru4, indigenously developed oil by the Company in association with BPCL, is poised to become a global brand with initial exports to Sri Lanka and Indonesia. This oil is specifically designed for improving the engine performance significantly.

### **Motorcycles**

In this category, the Company witnessed a growth of 6% during 2008-09. Sales of TVS Apache grew by 17%, while sales of TVS StaR remained at the same level, despite a steep decline of 15% in the Economy segment. TVS Flame, launched during April 2008, did not generate expected excitement in the market. The product is being re-launched in 2009-10 with additional features and better performance.

Litigation on usage of twin spark plug in TVS Flame is before the Hon'ble Supreme Court. Pending final hearing of the appeals filed by Bajaj, Hon'ble Supreme Court has ruled that the Company is not restrained from manufacturing products with twin spark plug, but marketing of it will be subject to the final decision of the Hon'ble Supreme Court.

### **Ungeared scooters**

Scooty Pep+ continues to be a significant player in sub-100cc market. However, the overall market share declined in this category by 3% from 29% to 26%. The Company launched Scooty Streak, a tough and trendy variant of Scooty Pep+ to address this concern. The product is well accepted in the market. The Company plans to launch a new model scooter in 2009-10 to the 100cc segment.

### **Mopeds**

Focused efforts in non-southern states helped the Company to step up sales of mopeds by 7% during the year. Sales in non-southern states now constitute 17% of the total sales.

### **International Business**

In 2008-09, export business saw steep growth of 44% from 1.36 lakh numbers in 2007-08 to 1.95 lakh numbers in 2008-09. Turnover grew by 62%, due to improved product mix and better realization.

### **Three Wheeler Operations**

The three wheeler passenger segment remained flat during 2008-09 at 2.30 lakh numbers. Domestic market declined by 4% to 0.89 lakh numbers while export market marginally grew by 3% at 1.41 lakh numbers.

During the year, the Company completed first full year of operation of three wheelers. As the product was new, it was decided to test in a small market and then expand. TVS King has been accepted well in the market. The first consignment was exported to Burundi in January 2009. There has been a

delay in the launch of 4 stroke three wheeler and it is expected to be launched by July 2009. The Company ended 2008-09 with a market share of 5% in the passenger auto segment.

### **OPPORTUNITIES AND THREATS**

Growth in two wheeler demand would come mainly from rising population in relevant age and income groups, and increasing use of personal transport.

The "StaR" brand stands to gain from this factor, though the current retail finance situation may hinder its growth in the current year.

"Apache RTR" is gaining popularity with the younger male population. To keep these customers who are very conscious about style and performance, frequent refreshes and upgrades are required. The Company will launch an upgraded Apache RTR to enhance its presence in this segment.

The Executive segment accounts for over 40% of the motorcycle category. The Company is under-represented in this segment. The refresh of TVS Flame and a new motorcycle planned for launch in the second half of 2009-10 will help the Company to leverage this opportunity.

The Company has a strong presence in the sub-100cc ungeared scooter segment. However, the Company is currently absent in the large scooter format, which accounts for 70% of the total ungeared scooters. The Company plans to launch a new product during the second half of 2009-10 to target these customers.

Emergence of electric scooters, especially in the context of rising fuel prices, provides a new avenue of growth.

### **OPERATIONS REVIEW**

#### **Quality**

The Company has significantly improved quality of all its products through a systematic task force approach.

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

The Company has been using the philosophies of TQM as the corner stone of its management. It has continued to benefit from 100% participation of employees in TQM activities for the third year in succession. The employees have completed more than 1,300 projects through QC Circles and Cross Functional Teams. Last year, the Company had carried out 'Theme based suggestions' to improve the effectiveness. Overall during 2008-09, the Company was able to achieve an average of 40 suggestions per employee.

#### **Cost management**

The Company continues its rigour on costs through an effective deployment system. Value engineering exercise and aggressive global sourcing projects are being pursued, to reduce material cost to improve the profitability.

**Research and development**

The Company's R&D team has a strong technical talent pool, capable of developing new and innovative styles and designs. It also has state-of-the-art facilities for engine testing, Noise Vibration & Harshness (NVH) measurements and life testing. R&D team has developed capability to launch products with excellent fit and finish. R&D developed and launched a motorcycle with electronic fuel injection (EFI) technology. At present, more than 480 engineers are working on the development of new products and in other advanced areas of technology. The Company continues to work with leading technological research laboratories and institutions in the world.

The Company's R&D is cognizant of 2010 emission norms and is focused on ensuring complete compliance of all its products. The Company is also working on development of fuel-efficient technologies and alternate fuel technologies to take care of emerging needs of the consumers and environment. R&D has demonstrated its creativity by developing innovative features to meet customers' latent needs.

The Company has applied for over 320 patents and its R&D team has published 50 technical papers in national and international conferences.

In addition to the requirements of domestic markets, the R&D team has developed products for ASEAN markets, as well as three wheelers. R&D team has developed product variants, to address specific requirements of export markets.

**Information technology**

The Company has been using an integrated ERP system, to connect all the business processes. The Company has also implemented Product Lifecycle Management system to digitize the new product development process and this solution helps in faster introduction of new products into market.

During the year, several business processes were automated to enhance productivity and improve transparency. Suppliers' product inspection information has been made online and this helps in improving product quality and reliability. IT-enabled project on product traceability has been introduced.

Several dashboards were provided to operating managers across all levels using business intelligence tools. Also during the year, the Company implemented in-house developed data acquisition system to capture information on process parameters and facility to capture Overall Equipment Effectiveness (OEE) of manufacturing cells.

On the information security front, Data Leakage Prevention has been introduced. This has improved information security amongst the users.

**Financial Performance**

The Company's financial performance for the year 2008-09 as compared to the previous year is furnished, in the following table:

Particulars	Year 2008-09		Year 2007-08	
	Rs in crores	%	Rs in crores	%
<b>Sales:</b>				
Motorcycles	1,899.72	50.8	1,706.54	51.6
Mopeds	707.34	18.9	617.54	18.7
Scooters	664.81	17.8	613.18	18.5
Spares and accessories	363.93	9.7	281.49	8.5
Three Wheelers	35.12	0.9	0.75	-
Other income	70.26	1.9	90.85	2.7
<b>Total Revenue</b>	<b>3,741.18</b>	<b>100.0</b>	<b>3,310.35</b>	<b>100.0</b>
Raw Material consumed	2,783.39	74.4	2,445.51	73.9
Staff cost	204.52	5.5	176.37	5.3
Stores and tools consumed	30.70	0.8	29.80	0.9
Power and fuel	46.25	1.2	41.79	1.2
Repairs and maintenance	34.09	0.9	31.46	0.9
Packing and freight charges	116.82	3.1	93.47	2.8
Advertisement and publicity	91.82	2.5	104.37	3.2
Other expenses	244.60	6.5	255.43	7.7
Interest & Finance charges (net) *	55.01	1.5	2.19	0.1
Depreciation	102.88	2.8	94.59	2.9
<b>Total Expenditure</b>	<b>3,710.08</b>	<b>99.2</b>	<b>3,274.98</b>	<b>98.9</b>
<b>Profit before tax</b>	<b>31.10</b>	<b>0.8</b>	<b>35.37</b>	<b>1.1</b>
Provision for tax (incl. deferred tax)	0.02	-	3.60	0.1
<b>Profit after tax</b>	<b>31.08</b>	<b>0.8</b>	<b>31.77</b>	<b>1.0</b>

\* Rs. 2.19 crores of 2007-08 is net of gain of Rs. 26.85 crores on restatement of foreign currency loans and deposit held outside India in foreign currency.

Some of the key ratios for the current year are furnished below:

Description	UOM	2008-09	2007-08
EBITDA / turnover	%	5.1	4.1
Profit before tax / turnover	%	0.8	1.1
Return on capital employed	%	5.2	2.8
Return on net worth	%	4.1	4.1
Earnings per share at a face value of Re 1 per share	Rs	1.3	1.3

### RISKS AND CONCERNS

Resolution of global economic crisis may take a longer time. This will consequently dampen the prospects of growth of Indian economy. The reduced financial liquidity may delay the process of revival of retail finance, which is an essential ingredient for the growth of two wheeler industry. The Company is actively pursuing tie-up with various Non-Banking Finance Companies (NBFCs) and regional players to mitigate this risk. Further, the Company proposes to revive the in-house finance arrangement to help growth of two wheeler sales in smaller towns and rural areas where organized retail finance is not available.

### INTERNAL CONTROLS 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 transactions are properly authorized, recorded and reported.

### HUMAN RESOURCE DEVELOPMENT

Geographical expansion of the market, vastly improved product portfolio and enhanced product innovation call for focused human resource development. The talent management process has been introduced in the Company to identify critical roles, review talent pipeline, establish gaps, and implement actions to fill up the gaps through hiring and focused development. This also helps to establish the risk mitigation plan for critical talent.

Leadership development programs have been formulated with leading institutes to train the senior management team. Development workshops were also conducted to bring in the awareness on skills such as Project management and Team dynamics. Towards improving and sustaining Quality of our products, the Company started Skill enhancement program for workmen by benchmarking best practices in the automotive industry.

The Company continues to maintain its record on industrial relations with not a single day of work being lost because of labour unrest. As on 31<sup>st</sup> March 2009, the Company had 4104 employees on its rolls.

### ENVIRONMENT, HEALTH & SAFETY (EHS)

With the introduction of cleaner technology in the process of painting, the specific paint sludge generation has been reduced by 42% over previous year (Hosur Plant).

With the continuous effort to conserve the natural resource water, over Rs. 400 lakhs has been invested in the waste water treatment and recycling, to introduce advanced processes.

A pilot project on generation of biogas from waste food has been installed. The other bio wastes like mowed grass and weeds are being vermi composted.

Various energy conservation measures have been taken such as use of waste heat from power plant, energy efficient lighting, optimal utilization of compressed air, idle time power cut-off machines and utilities etc., to reduce carbon footprint.

An integrated EHS management system is instituted in Hosur and Mysore Plants. Both Plants have been certified under ISO 14001 for Environmental Management System and OHSAS 18001 for occupational health and safety management system.

### COMMUNITY DEVELOPMENT AND SOCIAL RESPONSIBILITY

Srinivasan Services Trust (SST) is a trust co-sponsored by the Company with the vision of building self-reliant rural communities.

SST extended its coverage to 473 villages across 4 states of Tamil Nadu, Karnataka, Maharashtra and Himachal Pradesh. Some of the significant achievements are:

- 22,001 Self Help Groups' members and 23,696 families earn additional income above Rs.1,000/- through Income generation projects. 7,296 youth are made employable and earn above Rs.3,000/- per month.
- No case of Infant and maternal mortality in the project areas.
- 422 villages have been provided access to safe drinking water.
- Morbidity caused by poor sanitation and hygiene reduced from 42% to 11%.
- 100% enrolment of children in Balwadis and Schools.
- 1,32,000 hectares of degraded forests land have been reforested.

### 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.

### 5. SUBSIDIARY COMPANIES

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

Name of the Company (M/s.)	Subsidiary of M/s.
Sundaram Auto Components Limited	TVS Motor Company Limited
TVS Motor Company (Europe) B.V.	TVS Motor Company Limited
TVS Motor (Singapore) Pte. Limited	TVS Motor Company Limited
PT. TVS Motor Company Indonesia	TVS Motor (Singapore) Pte. Limited

The accounts of the subsidiaries are consolidated with the accounts of the Company in accordance with Accounting Standard 21 (AS 21) prescribed by The Institute of Chartered Accountants of India. The consolidated accounts duly audited by the Statutory Auditors and the consolidated financial information of the subsidiaries form part of the annual report.

An application in terms of Section 212(8) of the Companies Act, 1956 has been made to the Central Government, seeking exemption from attaching the balance sheet and profit and loss account of the subsidiaries along with the report of the board of directors and that of the auditors' thereon, with the Company's accounts and the Company awaits the approval of the Central Government.

The annual accounts, reports and other documents of the subsidiary companies will be made available to the members and investors 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 respective subsidiary companies concerned, if any member or investor wishes to inspect the same during the business hours of any working day.

**Performance of PT. TVS Motor Company Indonesia (PTTVS)**

TVS NEO, a bebek exclusively developed for Indonesia has been well received. After initial launch in select markets the product has been rolled out across Indonesia.

PT TVS, Indonesia expanded its dealer network from 25 to 104 during 2008-09. This network growth has ensured presence of TVS in 13 provinces covering all major islands of Indonesia. Quality of TVS products stands proven in the Indonesian market with 12000 satisfied customers at the end of March 2009. Otomotif, a leading automotive magazine in Indonesia honoured PT TVS by giving the "Best Value for money" award to its step through products.

PT TVS reported a loss (net of taxes) of Rs. 87.91 crores during 2008-09 consequent to higher expenditure required on product development and brand building.

With launch of new products planned during 2009-10, the Company expects to improve the performance in the coming years.

**Investment in subsidiaries**

During the year under review, the Company made additional investment in its subsidiary, PT TVS Motor Company Indonesia to the tune of Rs.60.68 crores through the Company's wholly owned foreign subsidiary, namely TVS Motor (Singapore) Pte. Limited.

The Company also made an investment of Rs.18.50 crores in its wholly owned Indian subsidiary, i.e Sundaram Auto Components Limited.

**Change in Status of Holding Company:**

The holding company, i.e Sundaram-Clayton Limited (SCL) has become a subsidiary of M/s TV Sundram Iyengar & Sons Limited, Madurai (TVS) effective 3<sup>rd</sup> June 2009 when TVS and its subsidiaries acquired the holding of foreign collaborators, i.e. Clayton Dewandre Holdings Limited held in SCL.

Following this, the Company also became a subsidiary of TVS effective 3<sup>rd</sup> June 2009.

**6. DIRECTORS**

During the year under review, M/s. Gopal Srinivasan and T K Balaji, non-independent directors, resigned from the board effective 14<sup>th</sup> August, 2008.

The board of directors do place on record their appreciation of significant contribution made by Mr. Gopal Srinivasan during his tenure as a director of the Company, especially in the introduction of communication systems, computerized information systems and subsequently ERP system and by Mr. T.K. Balaji during his tenure as a director of the Company, especially by way of support and guidance in the early years of its formation and operation.

During the year, Mr. R. Ramakrishnan was appointed as a director effective 11<sup>th</sup> March 2009 in the casual vacancy caused by the resignation of Mr. Gopal Srinivasan and will seek re-appointment at the general meeting of the Company at which Mr. Gopal Srinivasan would have retired in the normal course had he continued as director of the Company.

During the year, Mr. T.R. Prasad and Mr. N. Ganga Ram, independent directors, resigned from the board effective 13<sup>th</sup> January 2009 and 10<sup>th</sup> March 2009 respectively for personal reasons. The board of directors wish to place on record their appreciation of the services rendered by them during their tenure as directors of the Company. Mr. Prince Asirvatham who was appointed as an additional director effective 21<sup>st</sup> April 2009, will vacate his office in terms of Section 260 of the Companies Act, 1956, at the ensuing annual general meeting and eligible for appointment, as a director of the Company.

A notice in terms of Section 257 of the Companies Act, 1956 has been received from a member of the Company signifying his proposal for the appointment of Mr. Prince Asirvatham as a director, at the ensuing annual general meeting.

During the year, Mr. C R Dua and Mr. T Kannan directors, retire at the ensuing annual general meeting of the Company in terms of the articles of association of the Company, and being eligible, offer themselves for re-appointment.

The brief resume of M/s. C.R. Dua, T. Kannan and Prince Asirvatham and other information have been detailed in the notice convening annual general meeting of the Company. Appropriate resolutions for their re-appointment and appointment are being placed for approval of the shareholders at the ensuing annual general meeting. Your directors recommend their re-appointment / appointment as directors of the Company.

## 7. AUDITORS

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

## 8. CORPORATE GOVERNANCE

Your Company has been practising 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 under Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) form part of this report.

The chairman and managing director and 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 2009.

## 9. STATUTORY STATEMENTS

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

As per the requirements of Section 217(1)(e) of the Companies Act, 1956 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 Companies Act, 1956 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 Companies Act, 1956, the Directors' Report (excluding Annexure II) is being sent to all the shareholders of the Company. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

### **Directors' Responsibility Statement**

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 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 2009, the applicable Accounting Standards had been followed along with proper explanation relating to 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 Companies Act, 1956 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 2009 on a "going concern basis."

## 10. 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

Hosur  
June 26, 2009

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:

- (i) Extension of waste heat recovery system to powder coating and Pretreatment of Metal paint plant
- (ii) Elimination of exhaust waste heat in the paint plants
- (iii) Optimisation of illumination through energy efficient lighting system
- (iv) Optimal utilization of machines and equipment
- (v) Reduction of pre-start time to reduce start up energy loss in the process plants
- (vi) Optimisation of motors and pumps load
- (vii) Optimal utilization of compressed air and auto cut off during idle time in the machines
- (viii) Idle time power cut off to machines and utilities
- (ix) Interlocks to cut off ovens and Air Handling Units (AHUs)
- (x) Other Energy efficient initiatives

The above measures have resulted in a saving of approximately Rs. 1.30 crores.

2 Proposed measures:

- (i) Alternate fuel for boilers and burners.
- (ii) Optimal utilization of plant and equipment
- (iii) Waste elimination in the compressed air system and Energy Efficiency (EE) practices
- (iv) Heat loss elimination and efficiency improvements in ovens and boilers
- (v) Providing Variable Frequency Drive (VFD) for higher rating motor and pumps
- (vi) Other miscellaneous energy efficient projects

The above measures are expected to yield an annual savings of approximately Rs. 1.80 crores.

**B TECHNOLOGY ABSORPTION**

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

- (i) Design and development of new 90cc 4 stroke ungeared scooter
- (ii) Design and development of 160cc fuel injected motorcycle for Premium segment

- (iii) Design and development of motorcycle variant for export
- (iv) Design and development of 125cc, 4 stroke step-through bike for ASEAN market
- (v) Design and development of 4 stroke 3 wheeler

2 Future plan of action:

- (i) Development of new technologies for reducing emission to meet 2010 norms
- (ii) Development of technologies for improved Noise Vibration & Harshness (NVH) handling and fit & finish
- (iii) Design and development of alternate fuel engines

3 Expenditure on R & D:	Rs. in crores
Capital expenditure	14.29
Revenue expenditure	63.42
Total	77.71
Total expenditure as a percentage of turnover	2.08%

- 4 Data relating to imported technology:  
(Technology imported during the last 5 years reckoned from the beginning of the financial year) Nil

**C FOREIGN EXCHANGE EARNINGS AND OUTFLOW**

1 Export activities:

During the year, total export sales crossed 1.95 lakh units. The Company expanded its presence to 55 countries.

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

2 Total foreign exchange earned and used:

	Rs. in crores
Foreign exchange used	300.21
Foreign exchange earned	524.11

For and on behalf of the Board

Hosur  
June 26, 2009

VENU SRINIVASAN  
Chairman

## Report on Corporate Governance

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

The Company believes in transparency, professionalism and accountability, which are the basic principles of corporate governance. The Company would constantly endeavour to improve on these aspects.

### 2. Board of directors

#### 2.1 Composition and category of directors:

As of 31<sup>st</sup> March 2009, the total strength of the board of directors (the board) is six directors. 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 independent directors.

Accordingly, the board has three non-executive independent directors viz. M/s. T. Kannan, C.R. Dua and K.S. Bajpai and two non-executive non-independent directors, viz., M/s H Lakshmanan and R Ramakrishnan.

Subsequently, Mr. Prince Asirvatham was appointed as an additional and non-executive independent director of the Company effective 21<sup>st</sup> April 2009.

Thus, the composition of the Company's 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 the meetings of the committees / board in order to assist the directors for planning their schedules to participate in the meetings.

During the year 2008-09, the board met 9 times on 24<sup>th</sup> April 2008, 30<sup>th</sup> June 2008, 28<sup>th</sup> July 2008, 14<sup>th</sup> August 2008, 30<sup>th</sup> October 2008, 24<sup>th</sup> November 2008, 22<sup>nd</sup> January 2009, 11<sup>th</sup> March 2009 and 21<sup>st</sup> March 2009 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 14<sup>th</sup> August 2008 and also the number of other directorships and committee memberships / chairmanships as on 31<sup>st</sup> March 2009 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	9	Yes	17	5	2
Gopal Srinivasan (resigned w.e.f. 14.08.08)	NE-NI	1	No	-	-	-
T.K. Balaji (resigned w.e.f. 14.08.08)	NE-NI	1	No	-	-	-
H. Lakshmanan	NE-NI	8	Yes	21	9	4
T. Kannan	NE-I	7	Yes	6	5	2
N. Ganga Ram (resigned w.e.f. 10.03.09)	NE-I	7	Yes	-	-	-
C.R. Dua	NE-I	3	Yes	26	4	1
K.S. Bajpai	NE-I	7	No	-	-	-
T.R. Prasad (resigned w.e.f. 13.01.09)	NE-I	5	No	-	-	-
R. Ramakrishnan (appointed w.e.f. 11.03.09)	NE-NI	2	NA	2	2	-
Prince Asirvatham (appointed w.e.f. 21.04.09)	NE-I	-	NA	2	2	1

CMD : Chairman & Managing Director

NE-I : Non Executive - Independent

NE-NI : Non Executive - Non Independent

\* includes private companies and companies incorporated outside India.

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

None of the directors is a member of more than 10 board level committees or chairman of more than 5 such committees across all companies as covered under 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. The board also reviews the declarations made by the chairman and managing director and secretary of the Company regarding compliance of all applicable laws on quarterly basis.

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

The Company has in place the Code of Business Conduct and Ethics for board and senior management personnel (the Code) approved by the board. The Code has been communicated to directors and the members of the senior management. The Code has also been displayed on the Company's website www.tvsmotor.in. All the board members and senior management personnel have affirmed compliance with the Code for the year ended 31<sup>st</sup> March 2009. The annual report contains a declaration to this effect signed by the chairman and managing director and company secretary of the Company as compliance officer for the Code.

2.6 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 appointed / re-appointed, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and their relationships 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 disclosures 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 related party transactions.
- d. 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.
- e. Recommending to the board the appointment / re-appointment / replacement of the statutory auditors and the fees payable for audit and for other services rendered by the statutory auditors.
- f. Reviewing with the management, the performance of statutory and internal auditors.
- g. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- h. Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.
- i. Discussion with external auditors regarding audit plan as well as post-audit discussion to ascertain any area of concern.
- j. Ascertainment of reasons for substantial defaults in the payment to creditors and in case of payment of declared dividends to the shareholders.
- k. Review of management discussion analysis of financial conditions and results of operations and other matters specified under Clause 49 of the Listing Agreement.
- l. Review of financial statements, in particular the investments made by the unlisted subsidiary.
- m. In addition, review of such other functions as envisaged under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges.

3.2 Composition, name of members and the chairman:

During the year, the audit committee was reconstituted consequent to the changes in the board. As at 31<sup>st</sup> March 2009, the audit committee consists of the following non-executive independent / non-independent directors:

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

During the year, M/s. T.R. Prasad, T.K. Balaji and N.Ganga Ram resigned from the Board and the Audit committee.

(\*) Consequent to the reconstitution of the Audit Committee, M/s. C R Dua and R Ramakrishnan were appointed as members with effect from 22<sup>nd</sup> January 2009 and 11<sup>th</sup> March 2009 respectively.

(\*\*) The Audit Committee was reconstituted again on 21<sup>st</sup> April 2009 by the induction of Mr Prince Asirvatham, non-executive and independent director, as a member.

Mr T Kannan, Chairman of the Audit Committee, is a non-executive and Independent director. Mr K S Srinivasan, secretary of the Company, acts as the secretary of the Audit Committee. Chairman of the Audit Committee was present at the annual general meeting held on 14<sup>th</sup> August 2008. The composition of the committee is in accordance with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

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
24.04.2008	M/s T. R. Prasad and N.Ganga Ram
30.06.2008	M/s T.R. Prasad, N. Ganga Ram and T. K . Balaji
28.07.2008	M/s T. Kannan, T.R. Prasad and N. Ganga Ram
30.10.2008	M/s T. Kannan, T.R. Prasad and N. Ganga Ram
22.01.2009	M/s T. Kannan, N. Ganga Ram and C.R. Dua
14.03.2009	M/s T. Kannan, C.R. Dua and R. Ramakrishnan

#### 4. Subsidiary Companies

- 4.1 The Company's Indian subsidiary company does not fall under the definition of "material non-listed Indian subsidiary".
- 4.2 The audit committee of directors reviews the financial statements and in particular the investments made by unlisted subsidiary company.
- 4.3 The minutes of the board meetings of unlisted subsidiary company are periodically placed before the board. The board is periodically informed about all significant transactions and arrangements entered into by the unlisted subsidiary.

#### 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 Institute of Chartered Accountants of India.

The Audit Committee is briefed, inter alia, on the following aspects:

- (i) the related party transactions undertaken by the Company in the ordinary course of business (summary);
- (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 Institute of Chartered Accountants of India and Company (Accounting Standards) Rules, 2006. The Central Government has issued a notification on 31<sup>st</sup> March 2009 amending the existing AS11 relating to the 'The effects of changes in foreign exchange rates'. By this amendment, companies are permitted to add to /deduct from the carrying cost of depreciable assets, exchange differences arising out of exchange rate fluctuations with corresponding adjustments in general reserves 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.

5.3 Risk Management:

The Company has laid down procedures to inform the board about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

5.4 Instances of non-compliances, if any:

There were no instances of non-compliances 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 2009.

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 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 Companies Act, 1956.

Mr Venu Srinivasan, chairman and managing director, is paid remuneration by way of commission not exceeding 2% of the net profits of the Company as may be determined by the board for each year and calculated in terms of Section 198 read with Section 349 of the Companies Act, 1956. The current term of office of Mr Venu Srinivasan as chairman and managing director will expire on 23<sup>rd</sup> April 2010.

Sitting fees of Rs. 20,000/- are 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 Companies Act, 1956.

Non-executive independent directors are also being paid commission not exceeding 1% of the net profits of the Company subject to a maximum of Rs. 3,60,000/- per annum for each such director for a period of five years with effect from 1<sup>st</sup> April 2008 as approved by the shareholders at the annual general meeting of the Company held on 14<sup>th</sup> August 2008. This approval for payment of commission to non-executive independent directors is valid up to 31<sup>st</sup> March 2013.

6.2 Particulars of sitting fees / commission paid to the directors during the financial year 2008-09:

Name of the director Mr.	Sitting fees (Rs.)	Commission (Rs.)	Total (Rs.)
Venu Srinivasan	-	-	-
Gopal Srinivasan*	60,000	-	60,000
T.K. Balaji*	40,000	-	40,000
H. Lakshmanan	3,80,000	-	3,80,000
T. Kannan	3,20,000	3,60,000	6,80,000
N. Ganga Ram*	3,20,000	3,38,300	6,58,300
C.R. Dua	1,00,000	3,60,000	4,60,000
K.S. Bajpai	1,40,000	3,60,000	5,00,000
T.R. Prasad*	1,80,000	2,83,068	4,63,068
R. Ramakrishnan	60,000	-	60,000

\* since resigned

Mr. Venu Srinivasan and Mr. Gopal Srinivasan, being brothers, are relatives. Mr. T.K. Balaji, being their sister's husband, is related to both of them under the provisions of Section 6 of the Companies Act, 1956. None of the other directors of the Company is related to one another.

6.3 Details of shareholdings of non-executive directors in the Company as on 31<sup>st</sup> March 2009:

Name of the Director Mr.	No. of shares held (face value of Re.1/- each)
T. Kannan	65,590
H. Lakshmanan	28,435
C.R. Dua	-
K.S. Bajpai	-
R. Ramakrishnan	22,000
Prince Asirvatham (*)	2,300

\* Appointed w.e.f. 21.04.2009

7. Investors' grievance committee

7.1 The investors' grievance committee consists of three members viz., M/s. T. Kannan, non-executive independent director, Venu Srinivasan, chairman and managing director and R Ramakrishnan, non-executive non-independent director. Mr. T. Kannan, non-executive independent director, is the chairman of the committee.

7.2 As required by Securities and Exchange Board of India (SEBI), Mr. K.S. Srinivasan, secretary of the Company has been appointed as the compliance officer. For any clarification / complaint, the shareholders may contact Mr. K.S. Srinivasan, secretary of the Company.

7.3 The committee oversees and reviews all 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 annual report, non-receipt of declared dividends etc. 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 2008-2009:

S.No	Nature of complaints	No. of complaints
1.	Non receipt of share certificates	-
2.	Non receipt of dividend warrants	19
3.	Non receipt of annual reports	1
4.	Other complaints	3
	Total	23

7.5 All the investor complaints were resolved as on 31<sup>st</sup> March 2009 and no complaint was pending.

All requests for dematerialisation of shares were carried out within the stipulated time period and no share certificate was pending for dematerialisation as on 31<sup>st</sup> March 2009.

7.6 Secretarial Audit:

A qualified practising company secretary carried out a secretarial 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 placed the

report for the perusal of the board. The secretarial 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
2005-06	The Music Academy, New No.168, (Old No. 306), T.T.K. Road, Chennai 600 014	21.08.2006	10.15 AM
2006-07	The Music Academy, New No.168, (Old No. 306), T.T.K. Road, Chennai 600 014	17.08.2007	10.15 AM
2007-08	Sathguru Gnananda Hall, Naradha Gana Sabha Trust, No.314, T.T.K. Road, Chennai 600 018	14.08.2008	10.30 AM

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

During the last three years, namely 2005-06 to 2007-08, approval of the shareholders was obtained by passing special resolutions in respect of the following:

Year	Subject matter of special resolution	Date of AGM
2005-06	1. Amendment to articles of association of the company; and 2. Appointment of Ms. Lakshmi Venu, relative of chairman and managing director of the company, in Sundaram Auto Components Limited, a wholly owned subsidiary of the company	21.08.2006
2006-07	Nil	17.08.2007
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

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 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> April 2009, for (i) increasing the borrowing limit over and above the paid up capital and free reserves of the Company in terms of Section 293(1)(d) of the Companies Act, 1956 and (ii) for creating charge/mortgage over the properties for the purpose of borrowings in terms of Section 293(1)(a) of the Companies Act, 1956.

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 No. (i)	15,85,46,123 / 98.85	18,38,678 / 1.15
Resolution No. (ii)	15,81,59,854 / 98.84	18,48,512 / 1.16

These results were published in the newspapers, namely Business Line and Dinamani on 9<sup>th</sup> June 2009 and also on the notice board of the registered office of the Company on 8<sup>th</sup> June 2009 and the same were also published in the official website of the Company.

8.5 Procedure for Postal Ballot:

After receiving the approval of the board, the notice, explanatory statement alongwith the postal ballot form and pre-paid self-addressed envelope, were dispatched to the shareholders to enable them to consider and *vote for or against* the resolution within a period of 30 days from the date of dispatch. Mr. K. Sriram, Practising Company Secretary, Chennai was appointed as scrutinizer for conducting the postal ballot exercise. The Calendar of Events of the postal ballot process was filed with the Registrar of Companies, Tamilnadu, Chennai within the stipulated period. After the last date of receipt of postal ballots, the Scrutinizer, after due verification, submitted his report. Thereafter, the results of the postal ballot were declared by Mr. H. Lakshmanan, director of the Company. The same were posted on the website of the Company and at the Registered Office of the Company.

At present, there is no proposal for passing any ordinary / special resolution through Postal Ballot.

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 subject specific communications.

9.1 Quarterly results:

The unaudited quarterly financial results of the Company were published in English and vernacular 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, Times of India, The Economic Times, Business Standard and the Tamil version of the financial results in a Tamil daily viz., Dinamani.

**9.3 Website:**

The company has in place a web site addressed as www.tvsmotor.in. In terms of the Listing Agreement pertaining to electronic data information filing and retrieval (EDIFAR), the financial results and the quarterly distribution schedules as filed with the Stock Exchanges are uploaded in SEBI-EDIFAR website. These details are also published in the Company's website. The Company makes use of its website for publishing official news releases and presentations, if any, made to institutional investors / analysts.

**10. General shareholder information**

**10.1 Annual general meeting:**

Date and time : Monday, 17<sup>th</sup> August 2009 at 10.15 A.M  
 Venue : The Music Academy, No.168, (Old No. 306) T T K Road, Chennai 600 014

**10.2 Financial Year 1<sup>st</sup> April to 31<sup>st</sup> March**

Financial Calendar 2009-10 (Tentative):

Annual general meeting : During August / September 2010  
 Financial reporting for the quarter ending : Financial calendar  
 30<sup>th</sup> June 2009 : 31<sup>st</sup> of July 2009  
 30<sup>th</sup> September 2009 : between 15<sup>th</sup> and 31<sup>st</sup> of October 2009  
 31<sup>st</sup> December 2009 : between 15<sup>th</sup> and 31<sup>st</sup> of January 2010  
 31<sup>st</sup> March 2010 : between 15<sup>th</sup> April and 30<sup>th</sup> of June 2010

**10.3 Date of Book Closure : 2<sup>nd</sup> July 2009 to 6<sup>th</sup> July 2009 (both days inclusive)**

**10.4 Particulars of dividend payment:**

The board has declared an interim dividend of Re. 0.70 per share for the year 2008-09, absorbing a sum of Rs. 19.46 crores including dividend distribution tax and this will be paid to shareholders on or after 10<sup>th</sup> July 2009.

**10.5 Listing on Stock Exchanges:**

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

(Note : Annual listing fees for the year 2009-10 were duly paid to the above Stock Exchanges)

**10.6 Market price data:**

Month	Bombay Stock Exchange Limited (BSE) (in Rs.)		National Stock Exchange of India Ltd (NSE) (in Rs.)	
	Month's high price	Month's low price	Month's high price	Month's low price
April 2008	43.80	32.15	43.75	32.05
May 2008	47.25	36.25	47.40	36.00
June 2008	39.90	26.15	39.90	26.25
July 2008	33.00	23.05	32.90	23.05
August 2008	35.20	30.10	35.25	30.60
September 2008	35.90	26.00	35.95	25.00
October 2008	36.90	27.40	37.75	27.15
November 2008	32.45	22.00	32.25	21.75
December 2008	27.80	21.40	28.00	21.40
January 2009	24.90	14.90	24.50	14.95
February 2009	20.70	16.70	20.60	16.80
March 2009	23.30	18.60	23.45	18.60

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

Company's share price performance in comparison to BSE Sensex/NSE Nifty:

Financial year	Percentage change in BSE Sensex		Percentage change in NSE Nifty	
	Company's share price (%)	Sensex (%)	Company's share price (%)	Nifty (%)
2008-09	12.03	9.19	12.43	9.31
2007-08	-35.26	19.68	-40.08	24.66
2006-07	-55.17	15.89	-55.03	12.29

10.8 Share Transfer Agent (STA) and share transfer system:

- a. With a view to rendering prompt and efficient service to the shareholders, 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). 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.
- b. All matters connected with the share transfer both physical and electronic, dividends and other matters are handled by the STA located at the address mentioned elsewhere in this report.
- c. Shares lodged for transfer are normally processed within 10 days from the date of lodgement, 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 shareholders and other miscellaneous correspondence on change of address, mandates etc., are processed by the STA within 7 days.
- d. Pursuant to Clause 47(c) of the Listing Agreement with Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-practice for due compliance of share transfer formalities by the Company.
- e. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-practice for timely dematerialization of the shares of the Company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.
- 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 / ks.srinivasan@scl.co.in for the purpose of registering complaints, if any, by the shareholders 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 2009:

Particulars	No. of shares of Re.1/- each	% to total
Sundaram-Clayton Limited and its wholly owned subsidiary	13,63,41,393	57.40
Foreign Institutional Investors	51,45,185	2.16
NRI & OCBs	11,32,802	0.48
Public financial institutions	2,27,24,056	9.57
Mutual funds	40,68,226	1.71
Banks	2,33,053	0.10
Other companies	2,31,00,372	9.72
Public	4,47,98,470	18.86
<b>Total</b>	<b>23,75,43,557</b>	<b>100.00</b>

10.10 Distribution of Shareholding as on 31<sup>st</sup> March 2009:

Shareholding (Range)	No. of Shares	%	No. of members	%
Upto 5000	3,60,84,529	15.19	1,05,043	99.21
5001-10000	33,43,521	1.41	452	0.43
10001-20000	24,90,189	1.05	176	0.17
20001-50000	33,74,521	1.42	108	0.10
50001-100000	28,55,742	1.20	42	0.04
100001 & above	18,93,95,055	79.73	51	0.05
<b>Total</b>	<b>23,75,43,557</b>	<b>100.00</b>	<b>1,05,872</b>	<b>100.00</b>

10.11 Dematerialisation of shares and liquidity:

Out of 10,12,02,164 equity shares of Re. 1/- each held by persons other than promoters, 9,69,09,584 shares have been dematerialized as on 31<sup>st</sup> March, 2009 accounting for 95.76%.

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. Tamilnadu  
Tel: 04344 - 276780 Fax: 04344 - 276016  
Email: [KN.Radhakrishnan@tvsmotor.co.in](mailto:KN.Radhakrishnan@tvsmotor.co.in)  
[SG.Murali@tvsmotor.co.in](mailto:SG.Murali@tvsmotor.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@tvsmotor.co.in](mailto:KN.Radhakrishnan@tvsmotor.co.in)  
[Manohara.Rao@tvsmotor.co.in](mailto:Manohara.Rao@tvsmotor.co.in)

Himachal Pradesh : Bhatian Village, Nalagarh Post & Taluk  
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 / dematerialisation of shares, payment of dividend on shares and any other query relating to the shares of the Company | Sundaram-Clayton Limited<br>Share Transfer Agent (STA)<br>Unit: TVS Motor Company Limited<br>New No. 22, Old No. 31<br>Railway Colony, 3rd Street,<br>Mehta Nagar, Chennai-600 029.<br>Tel : 044 – 2374 1889, 2374 2939<br>Fax : 044 – 2374 1889. |
| (ii) For any query on annual report   | Email : kr.raman@scl.co.in<br>sclshares@gmail.com   |
| (iii) For investors grievance & general correspondence  | Email : ks.srinivasan@scl.co.in<br>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 the 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 and its website [www.tvsmotor.in](http://www.tvsmotor.in) and [www.sebidifar.nic.in](http://www.sebidifar.nic.in) the official web site of SEBI. 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 shares of the Company.

Demat of Shares:

Shareholders are requested to convert their physical holding to demat/ electronic form through any of the depository participants (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:

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 in 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.

Shareholders are requested to note that SEBI has recently issued a circular vide MRD/DoP/Cir -05/1009 dated: 20<sup>th</sup> May 2009 wherein it has made it 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 interests 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 will be made available on request. Shareholders holding shares in demat form are advised to contact their DP's 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 above, to receive all communications promptly.

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

SMS Alerts:

Investors are requested to note that National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (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 Depository Participants (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 their right of claim owing to transfer of unclaimed dividends beyond seven years to Investors Education and Protection Fund. 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, 2003 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

Shareholders are requested to note that the dividend, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to "Investors Education and Protection Fund" (IEPF) in terms of Section 205C of the Companies Act, 1956. Shareholders are requested to note that as per the Companies Act, 1956, 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	Date of transfer to IEPF
2002-03 1st Interim	21.10.2002	26.11.2002	26.11.2009
2002-03 2nd Interim	09.06.2003	15.07.2003	15.07.2010
2003-04 1st Interim	17.10.2003	22.11.2003	22.11.2010
2003-04 2nd Interim	21.04.2004	27.05.2004	27.05.2011
2004-05 1st Interim	25.10.2004	01.12.2004	01.12.2011
2004-05 2nd Interim	30.05.2005	05.07.2005	05.07.2012
2005-06 1st Interim	27.10.2005	03.12.2005	03.12.2012
2005-06 2nd Interim	26.06.2006	01.08.2006	01.08.2013
2006-07 1st Interim	26.10.2006	02.12.2006	02.12.2013
2006-07 Final	17.08.2007	22.09.2007	22.09.2014
2007-08	14.08.2008	19.09.2008	19.09.2015

**PERTAINING TO ERSTWHILE LAKSHMI AUTO COMPONENTS LIMITED AMALGAMATED WITH THE COMPANY**

Financial Year	Date of declaration	Date of transfer to special account	Date of transfer to IEPF
2002-03 Interim	09.06.2003	15.07.2003	15.07.2010
2003-04 Interim	17.10.2003	22.11.2003	22.11.2010

Declaration pursuant to Clause 49 of the Listing Agreement regarding adherence to the Code of Business Conduct and Ethics.

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 2009.

Hosur  
June 26, 2009

K S SRINIVASAN  
*Secretary*

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 2009, 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 abovementioned 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' Grievances 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*

M. BALASUBRAMANIYAM  
*Partner*  
Membership No. F7945

Hosur  
June 26, 2009

## Auditors' report to the shareholders

We have audited the attached Balance Sheet of TVS Motor Company Limited, Chennai - 600 006 as at 31<sup>st</sup> March 2009 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 statements. We believe that our audit provides a reasonable basis for our opinion.
  2. As required by the Companies (Auditor's 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 :
    - (a) 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;
    - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
    - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) 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;
  - (e) On the basis of written representations received from the Directors of the Company as on 31<sup>st</sup> March 2009 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;
  - (f) 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 (including the notes under Accounting Standard 11) 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;
    - (i) 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 2009;
    - (ii) 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
    - (iii) 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*

M. BALASUBRAMANIAM  
*Partner*  
Membership No.F7945

Hosur  
June 26, 2009

Annexure referred to in our report of even date on the accounts for the year ended 31<sup>st</sup> March 2009

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification at reasonable intervals, which, in our opinion, 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 other than in-transit 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 three companies covered in the register maintained under section 301 of the Companies Act, 1956 amounting to Rs.21 crores (Balance due as at the year end Rs.87.31 crores from four 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 receipt of principal amount and interest thereon were regular.
- (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 taken an unsecured loan of Rs. 10 crores from a company covered in the register maintained under section 301 of the Companies Act, 1956. (Amount outstanding at the year end Rs. Nil)
- (f) In our opinion the rate of interest and the terms and other conditions of loan taken by the Company were not prima facie prejudicial to the interest of the Company.
- (g) The repayment of the principal amount and interest thereon were regular.
- (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 major weakness 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 and exceeding during the year by Rupees five lakhs 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, Investors 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.

- (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 31st March 2009 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 concerned authorities

Name of the statute	Nature of dues	Amount (Rs. in crores)	Forum where the dispute is pending
Central Excise Act, 1944	Central Excise dues	(a) 5.16	Central Excise and Service Tax Appellate Tribunal
		(b) 0.32	Commissioner of Central Excise (Appeals)
		(c) 19.37	Asst. / Deputy / Commissioner of Central Excise
Finance Act, 1994	Service Tax	(a) 1.66	Central Excise and Service Tax Appellate Tribunal
		(b) 0.15	Commissioner of Central Excise (Appeals)
		(c) 12.25	Asst. / Deputy / Commissioner of Central Excise
Customs Act, 1962	Customs Duty	1.13	Commissioner of Customs
Karnataka Electricity (Taxation on Consumption) Act, 1959	Electricity Tax	0.33	High Court of Judicature at Bangalore
The Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003 read with Amendment Act, 2007	Electricity Tax	0.30	High Court of Judicature at Madras, Chennai
Sales Tax laws of various States	Sales Tax	(a) 0.56	Sales Tax Appellate Tribunals
		(b) 2.60	Asst. / Deputy / Joint / Addl Commissioners of Sales Tax at various States
Income Tax Act, 1961	Income Tax & Interest there on	(a) 2.32	Supreme Court of India
		(b) 28.82	Income Tax Tribunal,
		(c) 10.48	Commissioner of Income-Tax(Appeals)

- (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 instruments. 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 interests 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 shares on preferential basis to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (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.
- (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

M. BALASUBRAMANIAM  
Partner  
Membership No.F7945

- (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.

Hosur  
June 26, 2009

Balance Sheet as at 31<sup>st</sup> March 2009

	Schedule number		Rupees in crores	
			As at 31-03-2009	As at 31-03-2008
<b>I SOURCES OF FUNDS</b>				
1 Shareholders' funds				
(a) Capital	I	23.75	23.75	
(b) Reserves and surplus	II	<u>786.41</u>	<u>797.83</u>	
			810.16	821.58
2 Loan funds				
(a) Secured loans	III	622.42	452.68	
(b) Unsecured loans	IV	<u>283.56</u>	<u>213.66</u>	
			905.98	666.34
3 Deferred tax liability (net of deferred tax asset)			148.14	154.90
4 Foreign Currency Monetary Item Translation Difference Account			2.97	—
Total			<u>1,867.25</u>	<u>1,642.82</u>
<b>II APPLICATION OF FUNDS</b>				
1 Fixed assets				
(a) Gross block		1,865.36	1,790.97	
(b) Less: Depreciation		<u>869.42</u>	<u>774.49</u>	
(c) Net block	V		995.94	1,016.48
(d) Capital work-in-progress	VI		40.43	26.57
2 Investments	VII		477.71	338.96
3 Current assets, loans and advances				
(a) Inventories	VIII	320.55	405.38	
(b) Sundry debtors	IX	181.56	87.86	
(c) Cash and bank balances	X	42.05	3.73	
(d) Other current assets	XI	—	0.30	
(e) Loans and advances	XII	349.51	<u>277.52</u>	
Total (A)		<u>893.67</u>	<u>774.79</u>	
Current liabilities and provisions				
(a) Current liabilities	XIII	550.34	505.76	
(b) Provisions	XIV	<u>65.49</u>	<u>60.99</u>	
Total (B)		<u>615.83</u>	<u>566.75</u>	
Net current assets (A) - (B)			277.84	208.04
4 Miscellaneous expenditure to the extent not written off or adjusted	XV		<u>75.33</u>	<u>52.77</u>
Total			<u>1,867.25</u>	<u>1,642.82</u>
Notes on accounts	XXI			

VENU SRINIVASAN  
Chairman & Managing Director

H. LAKSHMANAN  
Director

S.G. MURALI  
Executive Vice President – Finance

As per our report annexed  
For Sundaram & Srinivasan  
Chartered Accountants

Hosur  
June 26, 2009

K.S. SRINIVASAN  
Secretary

M. BALASUBRAMANIAM  
Partner

Profit and Loss Account for the year ended 31<sup>st</sup> March 2009

		Rupees in crores	
	Schedule number	Year ended 31-03-2009	Year ended 31-03-2008
Gross sales		4,008.91	3,683.53
Less: Excise duty and Service tax		337.99	464.03
Net sales		3,670.92	3,219.50
Other income	XVI	68.77	90.85
Amortisation of Foreign Currency Monetary Item Translation Difference Account		1.49	–
<b>Total Revenue</b>	<b>(A)</b>	<b>3,741.18</b>	<b>3,310.35</b>
Raw materials and components consumed	XVII	2,783.39	2,445.51
Salaries and wages, stores consumed and other expenses	XVIII	766.85	730.74
Miscellaneous expenditure	XIX	1.95	1.95
<b>Sub-total</b>	<b>(B)</b>	<b>3,552.19</b>	<b>3,178.20</b>
Profit before interest, depreciation and tax	(A) - (B)	188.99	132.15
Interest and finance charges (net)	XX	55.01	2.19
Depreciation		102.88	94.59
<b>Profit before tax</b>		<b>31.10</b>	<b>35.37</b>
Provision for taxation		3.74	3.65
Provision for fringe benefit tax		3.04	4.06
Provision for deferred tax		(6.76)	(4.11)
<b>Profit for the year (after tax)</b>		<b>31.08</b>	<b>31.77</b>
Balance profit brought forward		31.40	29.09
<b>Profit for the year (after tax)</b>		<b>31.08</b>	<b>31.77</b>
<b>Total</b>		<b>62.48</b>	<b>60.86</b>
Interim dividend		16.63	–
Proposed dividend		–	16.63
Provision for dividend tax		2.83	2.83
Transfer to general reserve		10.00	10.00
Balance surplus carried forward to Balance Sheet		33.02	31.40
<b>Total</b>		<b>62.48</b>	<b>60.86</b>
Nominal value of each share in rupees		1.00	1.00
Earnings per share in rupees on 23,75,43,557 shares		1.31	1.34
Diluted earnings per share in rupees		1.31	1.34

VENU SRINIVASAN  
Chairman & Managing Director

H. LAKSHMANAN  
Director

S.G. MURALI  
Executive Vice President – Finance

As per our report annexed  
For Sundaram & Srinivasan  
Chartered Accountants

Hosur  
June 26, 2009

K.S. SRINIVASAN  
Secretary

M. BALASUBRAMANIAM  
Partner

Schedules

	Rupees in crores	
	As at 31-03-2009	As at 31-03-2008
<b>I CAPITAL</b>		
Authorised		
25,00,00,000 Equity shares of Re. 1/- each	25.00	25.00
	<u>25.00</u>	<u>25.00</u>
Issued, subscribed and paid-up		
(a) 23,10,00,700 Equity shares of Re. 1/- each	23.10	23.10
Out of the above 23,10,00,000 equity shares of Re. 1/- each were allotted for consideration other than cash to the shareholders of erstwhile transferor company viz. Sundaram Auto Engineers (India) Limited, Chennai		
(b) 65,42,857 Equity shares of Re. 1/- each allotted to the shareholders of amalgamated company viz. Lakshmi Auto Components Limited, Chennai	0.65	0.65
	<u>23.75</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	760.00	
Less: AS 11 related adjustment to reserve*	(23.04)	
Add: Transfer from Profit and Loss Account	10.00	
	<u>746.96</u>	760.00
* vide Notes on accounts note 1(j) under AS 11		
(c) Surplus		
Balance in Profit and Loss Account	33.02	31.40
	<u>786.41</u>	<u>797.83</u>
<b>III SECURED LOANS</b>		
(a) From banks		
(i) External commercial borrowings secured by a first charge on specified fixed assets	378.67	401.30
(ii) Secured by hypothecation of present and future inventories and receivables	183.75	51.38
(b) From Others		
(i) Secured by equitable mortgage of specified fixed assets.	60.00	-
	<u>622.42</u>	<u>452.68</u>
<b>IV UNSECURED LOANS</b>		
(a) From banks	140.00	98.04
(b) From others	131.47	103.67
(c) Other deposits	12.09	11.95
	<u>283.56</u>	<u>213.66</u>

Schedules – (continued)

V FIXED ASSETS

Rupees in crores

Description	Land		Buildings	Plant & machinery, tools, dies and jigs	Furniture and fixtures and equipments	Vehicles	Other fixed assets @	Total	
	Freehold	Leasehold						As at 31-03-2009	As at 31-03-2008
Cost of assets									
As at 01-04-2008	34.17	11.61	246.18	1,430.66	55.79	6.09	6.47	1,790.97	1,483.01
Additions	4.32	(3.89) *	4.28	72.34 +	3.72	0.58	0.75	82.10	342.46
Sales / deletion	–	–	0.07	6.13	1.08	0.43	–	7.71	34.50
Total	38.49	7.72	250.39	1,496.87	58.43	6.24	7.22	1,865.36	1,790.97
Depreciation / Amortisation									
Upto 31-03-2008	–	0.09	37.95	687.14	39.64	4.23	5.44	774.49	685.93
For the year	–	0.09	7.85	88.21 **	4.05	0.68	1.16	102.04 **	94.59
Withdrawn on assets sold / deleted	–	–	0.04	5.61	1.05	0.41	–	7.11	6.03
Total	–	0.18	45.76	769.74	42.64	4.50	6.60	869.42	774.49
Written down value									
As at 31-03-2009	38.49	7.54	204.63	727.13	15.79	1.74	0.62	995.94	–
As at 31-03-2008	34.17	11.52	208.23	743.52	16.15	1.86	1.03	–	1,016.48

Note:

@ vide note (1) (y)

\* Represents cost of leasehold land transferred to freehold land on transfer of title.

\*\* Depreciation is net of an amount of Rs.0.84 crores being the depreciation attributable to exchange gain relating to the year 2007-08 which was credited to the carrying cost of fixed assets as per amendments to AS 11.

+ Includes losses (net of gains) arising on account of restatement of external commercial borrowings attributable to acquisition of plant and machinery - vide notes on accounts Note 1(j) under AS 11.

VI CAPITAL WORK-IN-PROGRESS

	Rupees in crores	
	As at 31-03-2009	As at 31-03-2008
(a) Building	3.44	0.67
(b) Machinery	36.99	25.90
	<u>40.43</u>	<u>26.57</u>

**Schedules – (continued)**

		Rupees in crores	
		As at 31-03-2009	As at 31-03-2008
<b>VII INVESTMENTS (AT COST)</b>			
<b>(A) LONG TERM</b>			
<b>(a) Trade - quoted</b>			
(i) 2,89,200 Equity shares of Rs. 5/- each fully paid up in Suprajit Engineering Company Limited, Bangalore		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
<b>(A)</b>		<u>0.33</u>	<u>0.33</u>
<b>(b) Trade - unquoted</b>			
(i) 1,64,52,192 Equity shares of Rs 10/-each fully paid up in TVS Finance and Services Limited, Chennai		16.61	16.61
(ii) 74,00,000 Equity shares (Last year 37,00,000) of Rs 10/- each fully paid up in Sundaram Auto Components Limited, Chennai - Subsidiary company		36.00	17.50
(iii) 1,70,801 Ordinary shares Euro 100/- each fully paid up in TVS Motor Company (Europe) B.V., Amsterdam - Subsidiary company		91.63	91.63
(iv) 3,60,33,701 Ordinary shares (Last year 1,71,59,920 Ordinary shares) of Singapore \$ 1/-each fully paid up in TVS Motor (Singapore) Pte. Ltd., Singapore - Subsidiary company		107.64	46.96
(v) 3,03,10,000 - 9% Non-cumulative non-convertible redeemable preference shares of Rs. 10/-each fully paid up in TVS Finance and Services Limited, Chennai		30.31	30.31
(vi) 4,00,00,000 - 6% Non- cumulative non-convertible redeemable preference shares of Rs. 10/-each fully paid up in TVS Finance and Services Limited, Chennai		40.00	40.00
(vii) 1,30,000 Equity shares (Last year 65,000 Equity Shares) of Colombian Pesos 1,000 each fully paid up in TVS Andina S.A., Colombia - Joint Venture.		0.27	0.14
(viii) 50,00,000 Ordinary shares of LKR 10 each fully paid up in TVS Lanka (Private) Limited, Colombo.		2.08	-
<b>(B)</b>		<u>324.54</u>	<u>243.15</u>
<b>(c) Share application money - TVS Motor Services Private Limited, Chennai</b>		60.00	-
<b>(C)</b>		<u>60.00</u>	<u>-</u>
<b>(d) Non-trade - quoted</b>			
(i) 13,38,527 - 6.75% Tax free bonds of Unit Trust of India, Mumbai		-	14.08
<b>(D)</b>		<u>-</u>	<u>14.08</u>
<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
<b>(E)</b>		<u>9.23</u>	<u>9.23</u>
<b>(B) SHORT TERM</b>			
<b>Non-trade - quoted</b>			
(i) Fortis Investment Management (India) Pvt. Limited, Mumbai (formerly known as ABN AMRO Asset Management (India) Limited) - Fortis Equity Fund		1.00	1.00
(ii) Fortis Investment Management (India) Pvt. Limited, Mumbai (formerly known as ABN AMRO Asset Management (India) Limited) - Fortis China India Fund		2.00	2.00
<b>C/o</b>		<u>3.00</u>	<u>3.00</u>

Schedules – (continued)

		Rupees in crores	
		As at 31-03-2009	As at 31-03-2008
(B) SHORT TERM (contd.)			
	b / f	3.00	3.00
(iii)	Fortis Investment Management (India) Pvt. Limited, Mumbai (formerly known as ABN AMRO Asset Management (India) Limited) - ABN AMRO Interval Fund	–	5.00
(iv)	AIG Global Asset Management Company (India) Pvt. Limited, Mumbai - AIG Global Investment Group Mutual Fund - AIG Short Term Fund	–	5.01
(v)	AIG Global Asset Management Company (India) Pvt. Limited, Mumbai - AIG Global Investment Group Mutual Fund - AIG World Gold Fund Growth	1.00	–
(vi)	Birla Sunlife Asset Management Company Limited, Mumbai - Birla Fixed Term Plan - Instl - Series V - Growth	–	1.00
(vii)	Birla Sunlife Asset Management Company Limited, Mumbai - Birla Sunlife Special Situations Fund - Growth	5.01	5.01
(viii)	Birla Sunlife Asset Management Company Limited, Mumbai - Birla Sunlife International Equity - Plan B - Growth	5.00	5.00
(ix)	DSP Blackrock Investment Managers Limited (formerly known as DSP Merrill Lynch Fund Managers Limited, Mumbai) - Tiger Fund - Regular Plan Growth	4.03	4.03
(x)	DSP Merrill Lynch Fund Managers Limited, Mumbai - Liquidity Fund	–	1.46
(xi)	DSP Blackrock Investment Managers Limited (formerly known as DSP Merrill Lynch Fund Managers Limited, Mumbai) - World Gold Fund-Growth	2.00	2.00
(xii)	DSP Blackrock Investment Managers Limited (formerly known as DSP Merrill Lynch Fund Managers Limited, Mumbai) - Opportunities Fund - Growth	1.00	1.00
(xiii)	DSP Blackrock Investment Managers Limited (formerly known as DSP Merrill Lynch Fund Managers Limited, Mumbai) - Opportunities Fund-Growth	5.45	3.90
(xiv)	HDFC Asset Management Company Limited, Mumbai - FMP 367 D - April 2007 (5)	–	1.00
(xv)	HDFC Asset Management Company Limited, Mumbai - Infrastructure Fund	1.00	1.00
(xvi)	HDFC Asset Management Company Limited, Mumbai - Midcap Opportunities Fund	1.00	1.00
(xvii)	ING Investment Management (India) Private Limited - ING Dynamic Asset Allocation Fund - Growth	2.00	2.00
	C/o	30.49	41.41

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

		Rupees in crores	
		As at 31-03-2009	As at 31-03-2008
(B)	SHORT TERM (contd.)		
	b/f	30.49	41.41
(xviii)	JM Financial Asset Management Pvt. Limited, Mumbai - JM Agri and Infra Fund	1.00	1.00
(xix)	JM Financial Asset Management Pvt. Limited, Mumbai - Emerging Leaders Fund	4.00	4.00
(xx)	JM Financial Asset Management Pvt. Limited, Mumbai - JM High Liquidity Fund	0.06	0.06
(xxi)	JP Morgan Asset Management India Pvt. Limited - JP Morgan India Smaller Companies Fund	3.00	3.00
(xxii)	Religare Asset Management Co Pvt. Limited - Religare Mutual Fund (formerly known as Lotus India Asset Management Company Pvt. Limited) - Agile Fund	2.00	2.00
(xxiii)	Reliance Capital Asset Management Limited, Ahmedabad - Natural Resources Fund	5.00	5.00
(xxiv)	Reliance Capital Asset Management Limited, Ahmedabad - Regular Savings Fund - Equity Plan - Growth	1.00	1.00
(xxv)	Reliance Capital Asset Management Limited, Ahmedabad - Money Manager Fund - Institutional Option - Growth Plan	3.30	–
(xxvi)	SBI Funds Management Pvt. Limited, Mumbai - SBI Emerging Businesses Fund	4.04	4.04
(xxvii)	Sundaram BNP Paribas Asset Management Company Ltd. Chennai - Sundaram BNP Paribas Mutual Fund - Energy Opportunities Fund	1.00	1.00
(xxviii)	Sundaram BNP Paribas Asset Management Company Ltd. Chennai - Sundaram BNP Paribas Mutual Fund-Energy Opportunities Fund	1.00	1.00
(xxix)	Sundaram BNP Paribas Asset Management Company Ltd. Chennai - Sundaram BNP Paribas Mutual Fund - Energy Opportunities Fund	1.00	1.00
(xxx)	Sundaram BNP Paribas Asset Management Company Ltd. Chennai - Sundaram BNP Paribas Mutual Fund - Equity Multipiler Fund	0.96	0.96
(xxxi)	Sundaram BNP Paribas Asset Management Company Ltd. Chennai - Sundaram BNP Paribas Mutual Fund - Global Advantage Fund	0.70	0.70
(xxxii)	Standard Chartered Asset Management Company Private Limited, Mumbai - Standard Chartered Liquidity Manager	–	1.00
(xxxiii)	Tata Asset Management Limited, Mumbai - Tata Indo - Global Infrastructure Fund	5.00	5.00
(xxxiv)	UTI Asset Management Co Pvt. Limited, Mumbai - UTI Treasury Advantage Fund-Institutional Plan Growth	20.06	–
	(F)	<u>83.61</u>	<u>72.17</u>
	Total Investments	(A) to (F) <u>477.71</u>	<u>338.96</u>
Market value of quoted investments - Rs. 55.73 crores (last year - Rs. 118.18 crores)			

Schedules – (continued)

		Rupees in crores	
		As at 31-03-2009	As at 31-03-2008
<b>VIII</b>	<b>INVENTORIES (AT COST)</b>		
	* Raw materials and components	114.25	96.09
	* Work-in-process	21.34	23.82
	* Finished goods	87.48	145.56
	* Stock of dies, moulds and tools	61.25	69.04
	* Stores	19.39	21.93
	Goods-in-transit	16.84	48.94
	(*as certified by chairman and managing director)	320.55	405.38
<b>IX</b>	<b>SUNDRY DEBTORS - UNSECURED</b>		
	(a) Debts outstanding for a period exceeding six months		
	(i) Considered good	2.10	7.99
	(ii) Considered doubtful	3.61	3.09
	(b) Other debts - considered good	179.46	79.87
		185.17	90.95
	Less: Provision for doubtful debts	3.61	3.09
		181.56	87.86
<b>X</b>	<b>CASH AND BANK BALANCES</b>		
	(a) Cash and cheques on hand	0.16	0.16
	(b) With scheduled banks		
	(i) in current accounts	41.09	2.63
	(ii) in cash credit accounts	0.55	0.47
	(iii) in term deposit accounts	0.05	0.29
	(c) With other banks	0.20	0.18
		42.05	3.73
<b>XI</b>	<b>OTHER CURRENT ASSETS</b>		
	Interest accrued on non-trade quoted investments	–	0.30
		–	0.30
<b>XII</b>	<b>LOANS AND ADVANCES - UNSECURED CONSIDERED GOOD</b>		
	(a) Advances recoverable in cash or in kind or for value to be received	213.28	179.81
	(b) Inter corporate deposits	119.23	70.01
	(c) Other deposits	2.79	3.30
	(d) Advance payment of tax less provision	14.21	24.40
		349.51	277.52
<b>XIII</b>	<b>CURRENT LIABILITIES</b>		
	Sundry creditors	550.34	505.76
		550.34	505.76
<b>XIV</b>	<b>PROVISIONS</b>		
	(a) Pension fund	31.72	28.22
	(b) Leave salary	4.43	5.23
	(c) Warranty	7.92	7.64
	(d) Interim dividend	16.63	–
	(e) Proposed dividend	–	16.63
	(f) Dividend tax	2.83	2.83
	(g) Other provisions	1.96	–
	(h) Fringe benefit tax less advance payments	–	0.44
		65.49	60.99

Schedules – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
<b>XV MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)		
(a) New product launch expenses	67.87	45.83
(b) External commercial borrowings upfront fees	2.31	4.26
(c) Voluntary Retirement Scheme expenses	5.15	2.68
	<u>75.33</u>	<u>52.77</u>
<b>XVI OTHER INCOME</b>		
(a) Miscellaneous income	66.45	54.50
(b) Dividend from others (other than subsidiary)	0.11	3.52
(c) Profit on sale of fixed assets	0.78	19.55
(d) Profit on sale of investments (net)	1.43	13.28
	<u>68.77</u>	<u>90.85</u>
<b>XVII RAW MATERIALS AND COMPONENTS CONSUMED</b>		
Opening stock:		
Raw materials	96.09	114.74
Work-in-process	23.82	22.52
Finished goods	145.56	120.79
	<u>265.47</u>	<u>258.05</u>
Purchase of raw materials and components	2,740.99	2,452.93
	<u>3,006.46</u>	<u>2,710.98</u>
	Total (A)	
Closing stock:		
Raw materials	114.25	96.09
Work-in-process	21.34	23.82
Finished goods	87.48	145.56
	<u>223.07</u>	<u>265.47</u>
	Total (B)	
	<u>(A) - (B)</u>	<u>2,445.51</u>
<b>XVIII SALARIES AND WAGES, STORES CONSUMED AND OTHER EXPENSES</b>		
* (a) Salaries, wages and bonus (includes commission to managing director Rs. Nil crores (last year Rs. 0.18 crores) vide computation annexed)	168.75	146.08
* (b) Workmen and staff welfare expenses	20.73	21.45
* (c) Contribution to provident and other funds	15.04	8.84
* (d) Stores and tools consumed	30.70	29.80
* (e) Power and fuel	46.25	41.79
* (f) Rent	4.38	5.12
(g) Rates and taxes	2.09	2.45
* (h) Repairs and maintenance:		
(i) buildings	2.02	2.40
(ii) machinery	28.16	25.18
(iii) other assets	3.91	3.88
(i) Insurance	1.67	2.90
(j) Directors' sitting fees	0.16	0.11
(k) Commission to independent directors	0.17	0.18
(l) Audit fees	0.26	0.22
* (m) Travel and conveyance	23.46	21.58
* (n) Packing and freight charges	116.82	93.47

Schedules – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
* (o) Advertisement and publicity	91.82	104.37
* (p) Other marketing expenses	122.34	144.49
* (q) Other expenses	75.76	62.95
(r) Commission to selling agents	11.90	12.60
(s) Cash discount	0.07	0.10
(t) Loss on sale / scrapping of fixed assets	0.39	0.78
	<u>766.85</u>	<u>730.74</u>
* net of recoveries		
<b>XIX MISCELLANEOUS EXPENDITURE WRITTEN OFF</b>		
External commercial borrowings upfront fees written off	1.95	1.95
	<u>1.95</u>	<u>1.95</u>
<b>XX INTEREST AND FINANCE CHARGES</b>		
(a) On fixed loans	20.20	7.26
(b) Others	44.41	4.21
	<u>64.61</u>	<u>11.47</u>
Total (A)		
Less: Interest income		
(a) On non-trade investments (gross)	0.15	0.91
(b) On advances and deposits (gross)	9.45	8.37
	<u>9.60</u>	<u>9.28</u>
Total (B)		
(A) - (B)	<u>55.01</u>	<u>2.19</u>
<b>XXI NOTES ON ACCOUNTS</b>		
1 Accounting Standards		
(a) <b>AS - 1 Disclosure of accounting policies</b>		
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 rates.		
(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>		
Details of prior period debits to Profit and Loss Account:		
(i) Raw materials consumed	–	0.94
(ii) Other marketing expenses	–	0.03
(iii) Rates and Taxes	0.05	–
(iv) Interest and Finance charges	0.10	–
(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.		

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
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 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.		
Depreciation in respect of assets acquired during the year whose cost does not exceed Rs.5,000/- has been provided at 100%.		
(f) <b>AS - 7 Construction contracts</b> This Accounting Standard is not applicable.		
(g) <b>AS - 8 Research &amp; Development</b> This Accounting Standard is withdrawn.		
(h) <b>AS - 9 Revenue recognition</b> The income of the company is derived from sale of automotive vehicles, parts thereof, lubricant oil (net of trade discounts) and provision of technical know-how and includes realised exchange fluctuations on exports. Sale of goods is recognised on despatch of goods to customers.  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.		
(i) <b>AS - 10 Accounting for fixed assets</b> 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. Buildings include buildings constructed on leasehold lands.	7.72 6.73	11.61 6.58
(j) <b>AS - 11 Accounting for effects of changes in foreign exchange rates</b> 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 AS 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:		

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

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

	Rupees in Crores	
	Relating to Year ended 31-03-2009	Related to Year ended 31-03-2008
Losses arising from changes in foreign exchange rates relating to depreciable capital assets added to carrying cost of such assets.	61.20	–
Gains arising from changes in foreign exchange rates relating to depreciable capital assets earlier credited to Profit & Loss Account now reduced from General Reserve and deducted from carrying cost of depreciable assets	–	23.70
Depreciation withdrawn on the above credited to General Reserve	–	0.84
Gains arising from changes in foreign exchange rates relating to other long term foreign currency monetary items (not relating to acquisition of depreciable assets) credited to "Foreign Currency Monetary Item Translation Difference Account".	4.28	0.18*
* Reduced from General Reserve.		
Amortisation of "Foreign Currency Monetary Item Translation Difference Account" by crediting Profit & Loss Account.	1.49	–

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 has entered into seven currency swap contracts covering the total external commercial borrowings of USD 100 mn. (last year five contracts covering USD 75 mn.), fixing the repayment liability of the company in Indian Rupees.

Interest Rate Structure (IRS) - The company has entered into seven derivative contracts in respect of total external commercial borrowings amounting to USD 100 mn. to convert floating interest rate to fixed interest rate.

Out of the total external commercial borrowings of USD 100 mn. the company has repaid USD 20 mn. during the year.

(k) AS - 12 Accounting for Government Grants

The company has not received any grants.

Rupees in crores	
As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008

(l) 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.

(i) Investments made during the year

DSP Merrill Lynch Investment Managers Limited, Mumbai	1.55	148.35
Deutsche Asset Management India Private Limited, Mumbai	–	11.19
Birla Sunlife Asset Management Company Limited, Mumbai	61.15	42.10
Standard Chartered Asset Management Company Limited, Mumbai	1.11	3.14

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
JM Financial Asset Management Private Limited, Mumbai	–	47.99
Reliance Capital Asset Management Limited, Ahmedabad	48.53	13.19
SBI Mutual Fund of State Bank of India, Mumbai	–	214.21
Sundaram Asset Management Company Limited, Chennai	–	13.70
Tata Asset Management Limited, Mumbai	–	42.04
Prudential ICICI Asset Management Company Limited, New Delhi	20.00	104.00
Kotak Mahindra Asset Management Company Limited, Mumbai	6.00	–
Franklin Templeton Asset Management (India) Private Limited, Mumbai	–	6.12
HSBC Asset Management (India) Private Limited, Mumbai	–	1.45
HDFC Asset Management Company Limited, Mumbai	33.48	74.50
ING Vysya Asset Management Company Limited, Mumbai	–	15.00
Principal Asset Management Company Private Limited, Chennai	–	15.11
Fortis investment Management (India) Private Limited, Mumbai (formerly ABN Amro Asset Management (India) Limited)	7.04	21.11
DBS Cholamandalam Asset Management Limited, Mumbai	–	3.00
Unit Trust of India, Mumbai	–	79.70
Fidelity Fund Management Private Limited, Mumbai	–	16.30
LIC Mutual Fund, Chennai	10.00	18.01
ING Investment Management (I) Private Limited, Mumbai	–	2.37
AIG Global Asset Management Company (India) Private Limited, Mumbai	13.93	32.16
JP Morgan Asset Management India Private Limited, Mumbai	–	5.09
Lotus India Asset Management Company Private Limited, Mumbai	–	3.09
ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai	–	9.23
UTI Mutual Fund, Mumbai	73.97	–
TVS Andina S.A., Colombia	0.13	0.14
TVS Motor (Singapore) Pte. Ltd., Singapore	60.68	16.45
TVS Lanka (Private) Limited, Colombo	2.08	–
Sundaram Auto Components Limited, Chennai	18.50	–
TVS Motor Services Private Limited, Chennai (Share application money)	60.00	–
<b>Total</b>	<b>418.15</b>	<b>958.74</b>
(ii) Investments realised during the year		
DSP Merrill Lynch Investment Managers Limited, Mumbai	1.46	152.71
Deutsche Asset Management India Private Limited, Mumbai	–	15.19
Birla Sunlife Asset Management Company Limited, Mumbai	62.15	32.09
Standard Chartered Asset Management Company Limited, Mumbai	2.11	6.18
JM Financial Asset Management Private Limited, Mumbai	–	42.93
Reliance Capital Asset Management Limited, Ahmedabad	45.23	7.19

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
<b>(l) AS - 13 Accounting for Investments (Continued)</b>		
SBI Mutual Fund of State Bank of India, Mumbai	–	215.17
Sundaram Asset Management Company Limited, Chennai	–	10.00
Prudential ICICI Asset Management Company Limited, New Delhi	20.00	137.00
Tata Asset Management Limited, Mumbai	–	39.06
Kotak Mahindra Asset Management Company Limited, Mumbai	6.00	3.00
Franklin Templeton Asset Management (India) Private Limited, Mumbai	–	6.12
HSBC Asset Management (India) Private Limited, Mumbai	–	7.45
HDFC Asset Management Company Limited, Mumbai	34.48	81.50
ING Vysya Asset Management Company Limited, Mumbai	–	15.00
Principal Asset Management Company Private Limited, Chennai	–	19.11
Fortis Investment Management (India) Private Limited, Mumbai (formerly ABN Amro Asset Management (India) Limited)	12.05	13.11
DBS Cholamandalam Asset Management Limited, Mumbai	–	6.00
Unit Trust of India, Mumbai	14.08	85.70
Fidelity Fund Management Private Limited, Mumbai	–	16.30
LIC Mutual Fund, Chennai	10.00	18.01
8.3% LIC Bond, Chennai	–	1.00
AIG Global Asset Management Company (India) Private Limited, Mumbai	17.93	27.15
JP Morgan Asset Management India Private Limited, Mumbai	–	2.09
Lotus India Asset Management Company Private Limited, Mumbai	–	1.09
ING Investment Management (I) Private Limited, Mumbai	–	4.37
UTI Mutual Fund, Mumbai	53.91	–
<b>Total</b>	<b>279.40</b>	<b>964.52</b>
The amounts of Rs. 418.15 crores (last year Rs. 958.74 crores) and Rs. 279.40 crores (last year Rs. 964.52 crores) are cumulative figures.		
Cost of investments held as at Balance Sheet date	477.71	338.96

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

During the year there was no amalgamation.

**(n) 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 plans**

Contribution to provident fund is in the nature of defined contribution plan and are made to a recognised trust. The company has discontinued contribution to Superannuation Fund.

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

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	0.39	–	1.65
(ii) Interest cost	0.43	2.53	1.74
(iii) Expected return on plan assets	–	–	(2.11)
(iv) Net actuarial loss /(gain) recognised in the year	(0.73)	1.08	2.14
Total	0.09	3.61	3.42
(b) Change in defined benefit obligation during the year ended 31 <sup>st</sup> March 2009			
(i) Present value of obligation as at beginning of the year (01-04-2008)	5.23	28.22	21.71
(ii) Interest cost	0.43	2.53	1.74
(iii) Current service cost	0.39	–	1.65
(iv) Benefits paid	(0.89)	(0.11)	(1.96)
(v) Actuarial loss on obligation	(0.73)	1.08	2.14
(vi) Present value of obligation as at the end of the year (31-03-2009)	4.43	31.72	25.28
(c) Change in fair value of plan assets during the year ended 31 <sup>st</sup> March 2009			
(i) Fair value of plan assets at the beginning of the year (01-04-2008)	–	–	23.55
(ii) Expected return on plan assets	–	–	2.11
(iii) Contributions made during the year	–	–	2.52
(iv) Benefits paid	–	–	(1.96)
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year (31-03-2009)	–	–	26.22
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2008)	5.23	28.22	(1.84)
(ii) Contributions made during the year	–	–	(2.52)

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(n) AS - 15 Accounting for Employee benefits (Continued)

Rupees in crores

	Leave salary	Pension	Gratuity
(iii) Expenses	0.09	3.61	3.42
(iv) Benefits paid	(0.89)	(0.11)	–
(v) Value of benefit obligations / (net assets) at the end of the year (31-03-2009)	4.43	31.72	(0.94)
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	9.00%	9.00%	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 31-03-2009	As at/ Year ended 31-03-2008
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(o) AS - 16 Borrowing cost

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

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

	2.05	6.18
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(p) AS - 17 Segment reporting

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

(q) AS - 18 Related party disclosure

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

List of related parties	
Reporting entity	TVS Motor Company Limited, Chennai
Subsidiary companies	a) Sundaram Auto Components Limited, Chennai b) TVS Motor Company (Europe) B.V., Amsterdam c) TVS Motor (Singapore) Pte. Limited, Singapore d) PT. TVS Motor Company Indonesia, Jakarta
Holding company	Sundaram-Clayton Limited, Chennai
Fellow subsidiaries	a) Anusha Investments Limited, Chennai b) Auto (India) Engineering Limited, Chennai c) TVS Investments Limited, Chennai d) TVS Electronics Limited, Chennai e) TVS Capital Funds Limited, Chennai f) TVS-E Access India Limited, Chennai

**Schedules – (continued)**
**XXI NOTES ON ACCOUNTS – (continued)**

Rupees in crores

	As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
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**(q) AS - 18 Related party disclosure – (continued)**

List of related parties	
Fellow subsidiaries – (continued)	g) TVS-E Servicetec Limited, Chennai h) Sravanaa Properties Limited, Chennai i) Tumkur Property Holdings Limited, Chennai j) Prime Property Holdings Limited, Chennai
Associate companies	a) TVS Finance and Services Limited, Chennai (a subsidiary of TVS Investments Limited, Chennai) b) TVS Lanka (Private) Limited, Colombo
Joint Venture	TVS Andina S.A., Colombia
Key management personnel	Mr. Venu Srinivasan

## Particulars of transactions with related parties

(a) Purchase of goods		
– holding company	92.14	73.07
– subsidiary companies (Sundaram Auto Components Limited, Chennai and PT TVS Motor Company Indonesia, Jakarta)	87.17	74.82
(b) Sale of goods		
– holding company	0.21	9.82
– subsidiary companies (Sundaram Auto Components Limited, Chennai and PT. TVS Motor Company Indonesia, Jakarta)	366.18	20.65
– fellow subsidiary (TVS Electronics Limited, Chennai)	–	0.02
– associate company (TVS Lanka (Private) Limited, Colombo)	54.54	–
– joint venture (TVS Andina S.A., Colombia)	3.26	–
(c) Sale of fixed assets		
– holding company	–	0.04
(d) Rendering of services (including interest received)		
– holding company	0.59	1.15
– subsidiary companies (Sundaram Auto Components Limited, Chennai, TVS Motor Company (Europe) B.V., Amsterdam and PT. TVS Motor Company Indonesia, Jakarta)	14.52	21.22
– fellow subsidiaries (TVS Electronics Limited, Chennai, Anusha Investments Limited, Chennai, TVS-E Servicetec Limited, Chennai and TVS Investments Limited, Chennai)	0.73	0.01
– associate company (TVS Finance and Services Limited, Chennai)	–	0.34
(e) Availing of services (includes sub-contract charges paid)		
– holding company	26.45	31.91
– subsidiary company (Sundaram Auto Components Limited, Chennai)	0.32	0.32
– fellow subsidiaries (TVS Electronics Limited, Chennai and TVS-E Servicetec Limited, Chennai)	0.62	0.20
– associate company (TVS Finance and Services Limited, Chennai)	–	11.99
(f) Trade advances received during the year		
– holding company	10.00	–

**Schedules – (continued)**
**XXI NOTES ON ACCOUNTS – (continued)**

Rupees in crores

	As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
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**(q) AS - 18 Related party disclosure – (continued)**

Particulars of transaction with related parties - (continued)

(g) Trade advances repaid during the year		
– holding company	10.00	–
(h) Trade advances made during the year		
– holding company	10.00	–
– subsidiary companies (Sundaram Auto Components Limited, Chennai and TVS Motor Company (Europe) B.V., Amsterdam)	7.10	67.44
– fellow subsidiaries (TVS Investments Limited, Chennai and Anusha Investments Limited, Chennai)	3.90	5.00
(i) Trade advances received back during the year		
– holding company	10.00	–
– subsidiary companies (Sundaram Auto Components Limited, Chennai and TVS Motor Company (Europe) B.V., Amsterdam)	14.24	9.39
– fellow subsidiaries (TVS Investments Limited, Chennai and Anusha Investments Limited, Chennai)	2.70	–
– associate company (TVS Finance and Services Limited, Chennai)	0.39	0.34
(j) Amount outstanding as at Balance Sheet date:		
(i) Sundry debtors		
– subsidiary companies (PT. TVS Motor Company Indonesia, Jakarta and Sundaram Auto Components Limited, Chennai)	43.55	18.79
– fellow subsidiaries (TVS Electronics Limited, Chennai and TVS-E Servicetec Limited, Chennai)	0.13	0.01
(ii) Loans and advances receivable		
– subsidiary companies (Sundaram Auto Components Limited, Chennai and TVS Motor Company (Europe) B.V., Amsterdam)	79.17	69.67
– associate company (TVS Finance and Service Limited, Chennai)	1.94	2.33
– fellow subsidiaries (TVS Investments Limited, Chennai and Anusha Investments Limited, Chennai)	6.20	5.00
(iii) Sundry creditors		
– holding company	19.56	21.40
– subsidiary company (Sundaram Auto Components Limited, Chennai)	3.41	–
– associate company (TVS Finance and Services Limited, Chennai)	–	0.13
(k) Investments made during the year		
– subsidiary companies (TVS Motor (Singapore) Pte. Limited, Singapore and Sundaram Auto Components Limited, Chennai)	79.18	16.45
– associate company (TVS Lanka (Private) Limited, Colombo)	2.08	–
– joint venture (TVS Andina S.A., Colombia)	0.13	0.14
(l) Obligation arising out of agreements facilitating credit to an associate company (TVS Finance and Services Limited, Chennai)	41.50	75.00
– subsidiary company (PT. TVS Motor Company Indonesia, Jakarta)	60.88	–
(m) Remuneration to key management personnel	–	0.18

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
(r)	<b>AS - 19 Accounting for Leases</b> The company has not entered into any lease agreements during the year.		
(s)	<b>AS - 20 Earnings per share</b> Disclosure is made in the Profit and Loss Account as per the requirements of the standard.		
(t)	<b>AS - 21 Consolidated financial statements</b> Consolidated financial statements of the company, its subsidiaries and joint venture are enclosed.		
(u)	<b>AS - 22 Accounting for taxes on income</b> The provision for tax for the year ended 31 <sup>st</sup> March 2009 is made in accordance with the provisions of Section 115JB of the Income Tax Act, 1961 (i.e., Minimum Alternate Tax)  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	162.59	164.48
	– tax on amortisation of dies and moulds	20.65	20.92
	– tax on expenses admissible on payment basis under Income-tax Act, 1961	42.50	34.55
		(A) 225.74	219.95
	(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	30.30	25.92
	– Unabsorbed depreciation	47.30	39.13
		(B) 77.60	65.05
	Deferred tax liability (net of deferred tax asset) (A) - (B) - refer Balance Sheet	148.14	154.90
(v)	<b>AS - 23 Accounting for investments in associates in consolidated financial statements</b> Equity method of accounting is followed in the consolidated accounts in respect of investments in associates, viz., TVS Finance and Services Limited, Chennai and TVS Lanka (Private) Limited, Colombo.		
(w)	<b>AS - 24 Discontinuing operations</b> During the year the company has not discontinued any of its operations.		
(x)	<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.		

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

Rupees in crores  
As at/  
Year ended  
31-03-2009      As at/  
Year ended  
31-03-2008

(y) **AS - 26 Accounting for Intangible assets**

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 these 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	6.47	4.64
Additions during the year	0.75	1.83
Total	7.22	6.47
Amortised as depreciation	6.60	5.44
Closing balance	0.62	1.03

(z) **AS - 27 Capital commitments of reporting entity in joint venture**

The assets, liabilities, income and expenses of the jointly controlled entity have been recognised on a proportionate consolidation basis in the consolidated financial statement as prescribed in the Accounting Standard.

(aa) **AS - 28 Impairment of assets**

In respect of tools and dies meant for manufacture of certain slow moving models, accelerated depreciation amounting to Rs.3.27 crores (last year Rs.11.71 crores) has been provided during the year.

(ab) **AS - 29 Provisions, contingent liabilities and contingent assets**

(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.

(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

Sundaram-Clayton Limited, Chennai holds 2,10,00,000 (last year 2,10,00,000) equity shares of Re. 1/- each while its wholly owned subsidiary Anusha Investments Limited, Chennai holds 11,53,41,393 (last year 11,40,00,000) equity shares of Re. 1/- each. This aggregates to 57.40% (last year 56.8%) of the share capital of the company.

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
3	Amount of loan payable within one year :		
	– External commercial borrowing - from banks	144.04	53.50
	– Secured - from banks	183.75	51.38
	– Secured - from others	60.00	–
	– Unsecured - from banks	140.00	98.04
4	Land Title deeds in respect of lands acquired near Ahmedabad in Gujarat at a cost of Rs. 0.01 crore is yet to be received from the registering authorities.		
5	Sundry debtors (under “other debts”) include amount due from subsidiary company PT. TVS Motor Company Indonesia, Jakarta and Sundaram Auto Components Limited, Chennai	43.55	18.79
6	Bank balance includes amount in respect of		
	(a) Unclaimed dividends	0.79	0.75
	(b) Balances lying with non-scheduled banks:		
	(i) HSBC Private Bank (Suisse) S.A., Singapore		
	– in call deposit account	0.05	0.04
	(ii) The Hongkong and Shanghai Banking Corpn. Ltd., Hongkong		
	– in current account (Current year - Rs. 24,754.66, last year - Rs. 19,425.48)	–	–
	– in deposit account	0.13	0.10
	(iii) Industrial and Commercial Bank of China, China		
	– in current account (Current year - Rs. 13,414.85)	–	0.03
	– in deposit account	0.03	0.01
	(c) Maximum amount invested in non-scheduled banks at any time during the year		
	(i) HSBC Private Bank (Suisse) S.A., Singapore	0.05	66.40
	(ii) The Hongkong and Shanghai Banking Corpn. Ltd., Hongkong	0.13	0.12
	(iii) Industrial and Commercial Bank of China, China	0.32	0.15
7	Loans and advances include:		
	(a) Loan due from subsidiary company -		
	(i) Sundaram Auto Components Limited, Chennai	–	7.14
	(ii) TVS Motor Company (Europe) B.V., Amsterdam (the increase is on account of restatement of this foreign currency loan)	79.17	62.53
	(b) Due from an officer of the company	–	0.05
	(c) Maximum amount due from an officer of the company at any time during the year	0.05	0.05
8	Deposits include:		
	(a) Deposit with post office (Rs. 21,500/-)	–	–
	(b) Deposit with central excise	0.45	0.08
	(c) Deposit with sales tax	1.72	2.50

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
9	Sundry creditors include :		
(a)	Investors Education and Protection Fund Unclaimed dividend	0.79	0.75
(b)	Amount due to Small Scale Industrial units	27.95	21.26
(c)	Amount due to other industrial units	362.00	329.19
	Disclosure under Micro, Small and Medium Enterprises Development Act, 2006.		
(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)	27.95	21.26
(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
10	Miscellaneous expenditure not written off		
(a)	In respect of new product launch expenses Accounting Standard 26 is not applicable as it does not create any intangible asset or a resource. This expenditure is being written off in 36 months.		
(b)	Expenditure incurred in raising external commercial borrowings is being written off over the period of the loan.		
(c)	Expenditure incurred under Voluntary Retirement Scheme is being written off over a period of 5 years.		
11	Contingent liability not provided for:		
(a)	On counter guarantee given to banks	0.72	0.59
(b)	On letters of credit	34.63	27.49
(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	77.22	36.31
(e)	Capital commitments towards		
	– capital expenditure	5.87	26.68
	– Investment in equity shares of TVS Andina S.A., Colombia	–	0.14
(f)	On obligation arising out of agreements facilitating credit to an associate company TVS Finance and Services Limited, Chennai	41.50	75.00
(g)	On obligation arising out of agreements facilitating credit to subsidiary company (PT. TVS Motor Company Indonesia)	60.88	–
(h)	Disputed stamp duty in respect of land purchased near Hosur, Tamil Nadu	–	0.07

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
12	Liability contested and not provided for:		
(a)	Excise	24.85	32.90
(b)	Service Tax	14.06	7.69
(c)	Customs	1.13	1.13
(d)	Sales tax	3.16	2.50
(e)	Electricity tax	0.63	0.45
(f)	Income-tax	41.62	26.30
(g)	Employee settlement claims	0.06	0.05
(h)	Land acquisition	0.25	0.25
13	Tax deducted at source on interest income	2.35	2.92
14	Contribution to provident and other funds include:		
(a)	Contribution towards gratuity as per scheme framed by Life Insurance Corporation of India	2.69	1.93
(b)	Contribution towards pension fund	3.61	3.06
15	Repairs include:		
(a)	Wages	4.12	3.27
(b)	Stores consumed	17.11	16.29
16	Audit fees comprise:		
(a)	As statutory auditors	0.18	0.16
(b)	Taxation matters	0.03	0.02
(c)	Certification matters	0.03	0.03
(d)	Cost audit fees	0.02	0.01
	Total	0.26	0.22
17	General		
(a)	Expenses in excess of 1% of total revenue		
(i)	Carriage outwards included in packing and freight charges	84.50	71.90
(ii)	Sales promotion expenses included in other marketing expenses	27.63	57.15
(b)	Other expenses include travel and stay expenses of auditors	0.13	0.11
(c)	Loss on sale of investments netted against profit on sale of investments	0.69	1.28

18 Research and Development expenditure incurred and claimed under Income Tax Act

Rupees in crores

	for the period from 21-09-04 to 31-03-05	for the year ended 31-03-06	for the year ended 31-03-07	for the year ended 31-03-08	for the year ended 31-03-09
(a) Revenue Expenditure	30.44	55.19	57.12	50.33	63.42
(b) Capital Expenditure:					
(i) Land and Building	3.90	1.12	0.36	0.01	0.17
(ii) Others (including Work-in-progress)	11.46	20.78	54.43	15.55	14.12
	45.80	77.09	111.91	65.89	77.71

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

	Particulars	Name of the company		Amount outstanding as at 31-03-2009	Amount outstanding as at 31-03-2008
(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	14.24 8.46	–	7.14
		TVS Motor Company (Europe) B.V., Amsterdam Maximum amount due at any time during the year During the previous year	79.17 62.53	79.17	62.53
(ii)	Loans and advances in the nature of loans made to associate company	TVS Finance and Services Limited, Chennai Maximum amount due at any time during the year During the previous year	2.33 2.67	1.94	2.33
(iii)	Loans and advances in the nature of loans made to firms/companies in which directors of the company are interested	TVS Motor Company (Europe) B.V., Amsterdam Maximum amount due at any time during the year During the previous year	79.17 62.53	79.17	62.53
		TVS Finance and Services Limited, Chennai Maximum amount due at any time during the year During the previous year	2.33 2.67	1.94	2.33
		TVS Investments Limited, Chennai Fellow Subsidiary Maximum amount due at any time during the year During the previous year	5.00 5.00	3.00	5.00
		Anusha Investments Limited, Chennai Fellow Subsidiary Maximum amount due at any time during the year During the previous year	3.90 –	3.20	–

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

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

	Particulars	Name of the company		Amount outstanding as at 31-03-2009	Amount outstanding as at 31-03-2008
	Loans and advances – continued	Sundaram-Clayton Limited, Chennai Holding Company Maximum amount due at any time during the year During the previous year	10.00 –	–	–
(b)	Investments by the company				
(i)	In subsidiary companies	Sundaram Auto Components Limited, Chennai (74,00,000 (last year - 37,00,000) Equity shares of Rs. 10/- each fully paid up) Maximum amount held at any time during the year During the previous year	36.00 17.50	36.00	17.50
		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	91.63
		TVS Motor (Singapore) Pte. Limited, Singapore (3,60,33,701 (last year 1,71,59,920) Ordinary shares of Singapore \$ 1/- each fully paid up) Maximum amount held at any time during the year During the previous year	107.64 46.96	107.64	46.96
(ii)	In associate company	TVS Finance and Services Limited, Chennai (1,64,52,192 Equity shares of Rs. 10/- each fully paid up, 3,03,10,000 9% non-cumulative non-convertible redeemable preference shares of Rs. 10/- each and 4,00,00,000 6% non-cumulative non-convertible redeemable preference shares of Rs. 10/- each) Maximum amount held at any time during the year During the previous year	86.92 86.92	86.92	86.92
		TVS Lanka (Private) Limited, Colombo (50,00,000 Equity shares of LKR 1/- each fully paid up) Maximum amount held at any time during the year During the previous year	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

	Particulars	Name of the company		Amount outstanding as at 31-03-2009	Amount outstanding as at 31-03-2008
(iii)	In joint venture	TVS Andina S.A., Colombia (1.30.000 (last year - 65,000) Equity shares of Colombian Pesos 1,000/- each fully paid up) Maximum amount held at any time during the year	0.27	0.27	0.14
		During the previous year	0.14		
(c)	Investments by the holding company	Sundaram-Clayton Limited, Chennai together with its subsidiary Anusha Investments Limited, Chennai (13,63,41,393 Equity shares - last year 13,50,00,000 Equity shares of Re. 1/- each fully paid) Maximum amount held at any time during the year	13.63	13.63	13.50
		During the previous year	13.50		

21 Determination of net profit as per sections 349 and 350 of the Companies Act, 1956

Rupees in crores

		As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
	Profit as per Profit and Loss Account (before managerial remuneration)	31.27	35.73
	Add: Depreciation as per Profit and Loss Account	102.88	94.59
		<u>134.15</u>	<u>130.32</u>
	Less: Depreciation as per section 350 read with Schedule XIV	100.50	92.96
	Less: Profit on sale of immovable property as per Section 349(3)(d)	—	18.93
		<u>100.50</u>	<u>—</u>
	Profit as per section 349	<u>33.65</u>	<u>18.43</u>
(a)	Commission payable to managing director at 2% thereof as approved by the shareholders	0.67	0.36
	Actual commission provided	—	0.18
(b)	Commission payable to independent directors at 1% of the profit as stated above subject to a ceiling of Rs. 3.60 lakhs per director per annum In respect of independent directors, who have resigned during the year, prorata commission has been provided.	0.17	0.18

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

22 INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956 (VIDE NOTIFICATION DATED 30TH OCTOBER 1973 OF THE DEPARTMENT OF COMPANY AFFAIRS, GOVERNMENT OF INDIA)

		Rupees in crores			
		Year ended 31-03-2009		Year ended 31-03-2008	
		Quantity	Value	Quantity	Value
I	RAW MATERIALS CONSUMED				
1	(a) Basic raw materials				
	Steel sheets, coils, strips and bars	Kgs.	48,49,161	25.35	48,88,642
	Steel tubes	Mtrs.	22,751	0.12	32,529
	Aluminium alloys and ingots	Kgs.	35,56,340	40.31	53,04,045
	(b) Intermediates and components (which individually do not account for more than 10% of the total value of consumption)			2,657.05	2,391.43
			<u>2,722.83</u>		<u>2,471.58</u>
2	Consumption of raw materials and components				
		% of total consumption		% of total consumption	
	(a) Imported	12.2	331.55	7.8	192.84
	(b) Indigenous	87.8	2,391.28	92.2	2,278.74
		<u>100.0</u>	<u>2,722.83</u>	<u>100.0</u>	<u>2,471.58</u>
II	CONSUMPTION OF MACHINERY SPARES				
		% of total consumption		% of total consumption	
	(a) Imported	21.1	1.17	7.8	0.37
	(b) Indigenous	78.9	4.38	92.2	4.39
		<u>100.0</u>	<u>5.55</u>	<u>100.0</u>	<u>4.76</u>
III	IMPORTS (CIF VALUE)				
	(a) Raw materials		23.80		4.10
	(b) Spare parts and components		205.78		140.72
	(c) Capital goods		3.17		14.19
IV	OTHER EXPENDITURE IN FOREIGN CURRENCY				
	(a) Travel		4.37		3.30
	(b) Subscription to associations		0.16		0.13
	(c) Welfare expenses - training		1.29		0.63
	(d) Consultancy		2.42		2.71
	(e) Advertisement and publicity		1.40		0.85
	(f) Other marketing expenses		3.04		0.01
	(g) Procurement/Selling commission		8.38		11.75
	(h) Research and development		11.02		12.52
	(i) Warranty cost reimbursement		1.39		0.64
	(j) Interest on foreign currency loan (net of capitalisation - Rs. 2.05 Crores Last year - Rs. 6.18 crores)		31.83		15.75
	(k) Repairs and maintenance		-		0.45
	(l) Overseas branch expenses including salary		2.16		1.35
V	PAYMENT TO NON-RESIDENT SHAREHOLDERS				
	(a) No. of shareholders		Nil		Nil
	(b) No. of shares held		Nil		Nil
	(c) Net dividend		Nil		Nil
VI	EARNINGS IN FOREIGN EXCHANGE				
	(a) Exports (on f.o.b. basis)		499.03		308.14
	(b) Others:				
	(i) Freight and Insurance		10.85		5.25
	(ii) Interest income		4.58		4.89
	(iii) Technical knowhow		9.65		16.19
			<u>524.11</u>		<u>334.47</u>
VII	SALE BY CLASS OF GOODS				
		Quantity nos.	Value	Quantity nos.	Value
	(a) Motorcycles	6,44,385	1,899.72	6,10,455	1,706.54
	(b) Mopeds	4,38,089	707.34	4,09,126	617.54
	(c) Scooters	2,59,381	664.81	2,57,835	613.18
	(d) Three-wheelers	4,613	35.12	108	0.75
	(e) Spares and accessories and provision of technical know-how		363.93		281.49
	Total		<u>3,670.92</u>		<u>3,219.50</u>
VIII	LICENSED AND INSTALLED CAPACITY (PER ANNUM)		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			Rupees in crores
	Qty. nos.	Value	Qty. nos.	Year ended 31-03-2009	Year ended 31-03-2008	Qty. nos.	Value	Qty. nos.	Value	
	As at 01-04-2008	As at 01-04-2007	Year ended 31-03-2009	Year ended 31-03-2008	As at 31-03-2009	As at 31-03-2008	As at 31-03-2009	As at 31-03-2008		
(a) Motorcycles	27,920	81.80	41,206	6,34,918	5,97,757	18,084	53.04	27,920	81.80	
(b) Mopeds	4,311	6.49	2,260	4,35,589	4,11,209	1,769	2.43	4,311	6.49	
(c) Scooters	17,404	43.11	10,958	2,46,153	2,64,508	4,086	10.17	17,404	43.11	
(d) Three wheelers	16	0.09	-	4,874	128	241	1.62	16	0.09	
(e) Components which do not individually account for 10% or more of the total value of stock										
Total		14.07	13.06				20.22		14.07	
		145.56	120.79				87.48		145.56	

Note: During the year 369 motorcycles, 42 mopeds, 90 scooters and 36 three wheelers (last year 588 motorcycles, 32 mopeds, 227 scooters and 4 three wheelers) were captively used.

VENU SRINIVASAN Chairman & Managing Director	H. LAKSHMANAN Director	S.G. MURALI Executive Vice President – Finance	As per our report annexed For Sundaram & Srinivasan Chartered Accountants
Hosur June 26, 2009	K.S. SRINIVASAN Secretary	M. BALASUBRAMANIAM Partner	

Cash Flow Statement

Rupees in crores

	Year ended 31-03-2009	Year ended 31-03-2008
<b>A. Cash flow from operating activities:</b>		
Net profit before tax and extraordinary items	31.10	35.37
Add:		
Depreciation for the year	102.88	94.59
Depreciation on sale/scraping of assets	(7.11)	(6.03)
Amortisation of Foreign Currency Monetary Item		
Translation Difference Account	(1.49)	–
Miscellaneous expenditure written off	1.95	1.95
Dividend income	(0.11)	(3.52)
Interest income	(9.60)	(9.28)
Interest expenditure	64.61	11.47
	<u>151.13</u>	<u>89.18</u>
Operating profit before working capital changes	182.23	124.55
Adjustments for:		
Trade receivables	(93.70)	23.54
Inventories	84.83	(8.82)
Other current assets	0.30	–
Loans and advances	(54.84)	(41.55)
Trade payables	44.58	(71.26)
Provisions	4.94	(3.29)
	<u>(13.89)</u>	<u>(101.38)</u>
Cash generated from operations	168.34	23.17
Direct taxes paid	(6.78)	(16.84)
Net cash from operating activities (A)	<u>161.56</u>	<u>6.33</u>
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets	(44.60)	(342.46)
Sale of fixed assets	7.71	34.50
Capital work-in-progress	(13.86)	179.26
Purchase of investments	(418.15)	(958.74)
Sale of investments	279.40	964.52
Miscellaneous expenditure not written off	(24.51)	3.82
Interest received	9.60	9.28
Dividends received	0.11	3.52
	<u>(204.30)</u>	<u>(106.30)</u>
Net cash used in investment activities (B)	<u>(204.30)</u>	<u>(106.30)</u>
<b>C. Cash flow from financing activities :</b>		
Long term borrowings:		
Secured loans availed	34.79	(75.74)
Unsecured loans availed	42.10	54.79
Sales tax deferral loan availed	27.80	31.47
Interest paid	(64.61)	(11.47)
Dividend and dividend tax paid	(19.46)	(4.17)
	<u>20.62</u>	<u>(5.12)</u>
Net cash used in financing activities (C)	<u>20.62</u>	<u>(5.12)</u>
<b>D. Net increase in cash and cash equivalents (A) + (B) + (C)</b>	<u>(22.12)</u>	<u>(105.09)</u>
Cash and cash equivalents at the beginning of the year		
Cash & bank	3.73	86.56
Cash credit - balance	(22.26)	–
	<u>(18.53)</u>	<u>86.56</u>
Cash and cash equivalents at the end of the year		
Cash & bank	42.05	3.73
Cash credit - balance	(82.70)	(22.26)
	<u>(40.65)</u>	<u>(18.53)</u>

Notes:

- 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.
- Cash and cash equivalents represent cash and bank balances.

venu srinivasan  
Chairman & Managing Director

H. LAKSHMANAN  
Director

S.G. MURALI  
Executive Vice President – Finance

As per our report annexed  
For Sundaram & Srinivasan  
Chartered Accountants

Hosur  
June 26, 2009

K.S. SRINIVASAN  
Secretary

M. BALASUBRAMANIAM  
Partner

Balance Sheet abstract and company's general business profile

I. Registration details:

Registration no.   2 2 8 4 5 of 1992 State code

Balance sheet date

Date Month Year

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

Public issue  Rights issue

Bonus issue  Private placement

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

Total liabilities	<input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>	Total assets	<input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>
Sources of Funds			
Paid up capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves and surplus	<input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="0"/>
Secured loans	<input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/>	Unsecured loans	<input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="0"/>
Deferred tax liability	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/>		
Application of Funds			
Net fixed assets	<input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/>	Capital work-in-progress	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/>
Investments	<input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/>	Net current assets	<input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/>
Misc. expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/>		

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

Turnover	<input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="0"/>	Total expenditure	<input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="0"/>
Profit before tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Profit after tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="0"/>
Earnings per share (Rs.)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="1"/>	Dividend rate (%)	<input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="0"/>

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"/>
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"/>
IC Engines for the above	<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/>

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

S No.	Name of the subsidiary	Sundaram Auto Components Limited, Chennai	TVS Motor Company (Europe) B.V., Amsterdam	TVS Motor (Singapore) Pte. Limited, Singapore	PT. TVS Motor Company Indonesia, Jakarta
(1)	(2)	(3)	(4)	(5)	(6)
1	Financial year of the subsidiary	01.04.2008 - 31.03.2009	01.04.2008 - 31.03.2009	01.04.2008 - 31.03.2009	01.04.2008 - 31.03.2009
2	Shares of the subsidiary held by the company on the above date				
	(a) Number and face value	74,00,000 Equity shares of Rs. 10/- each fully paid up	1,70,801 Ordinary shares of Euro 100/- each fully paid up	3,60,33,701 Ordinary shares of Singapore \$ 1/- each fully paid up	45,00,000 shares of US \$ 10 each fully paid up
	(b) Extent of holding	100%	100%	100%	46% by (4) and 54% by (5)
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				
	(a) for the financial year of the subsidiary - profit / (loss)	(Rs. 2.55 crores)	(Rs. 0.24 crores)	Rs. 0.02 crores	(Rs. 87.91 crores)
	(b) for the previous financial years since it became a subsidiary - profit	Rs. 3.25 crores	(Rs. 1.15 crores)	(Rs. 0.04 crores)	(Rs. 23.60 crores)
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 / (loss)	-	-	-	-
	(b) for the previous financial years since it became a subsidiary - profit	Rs. 4.55 crores	-	-	-

VENU SRINIVASAN  
Chairman & Managing Director

H. LAKSHMANAN  
Director

S.G. MURALI  
Executive Vice President – Finance

Hosur  
June 26, 2009

K.S. SRINIVASAN  
Secretary

### Auditors' report on consolidated accounts

We have audited the attached consolidated Balance Sheet of TVS Motor Company Limited, Chennai and its subsidiaries as at 31<sup>st</sup> March 2009, 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 did not audit the financial statements of subsidiaries namely TVS Motor Company (Europe) B.V., Amsterdam, TVS Motor (Singapore) Pte. Limited, Singapore and PT. TVS Motor Company Indonesia, Jakarta and associate namely TVS Finance and Services Limited, Chennai and joint venture namely TVS Andina S.A., Colombia. The financial statements and other information of the subsidiaries, associate and joint venture 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, associate and joint venture, is based solely on the report of the other auditors.

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 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" read with Accounting Standard 23 on "Accounting for investments in Associates" and Accounting Standard 27 on "Financial reporting of interests in Joint Ventures" 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., Sundaram Auto Components Limited, Chennai, TVS Motor Company (Europe) B.V., Amsterdam, TVS Motor (Singapore) Pte. Limited, Singapore and PT. TVS Motor Company Indonesia, Jakarta, its associate TVS Finance and Services Limited, Chennai and its joint venture TVS Andina S.A., Colombia included in the aforesaid consolidation.

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 2009 and of the results of their operations and their cash flows for the year ended in conformity with generally accepted accounting principles in India.

For Sundaram & Srinivasan  
*Chartered Accountants*

M BALASUBRAMANIAM  
*Partner*  
Membership No.F7945

Hosur  
June 26, 2009

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

### Consolidated Balance Sheet as at 31<sup>st</sup> March 2009

		Rupees in crores			
		Schedule number	As at 31-03-2009	As at 31-03-2008	
<b>I SOURCES OF FUNDS</b>					
1	Shareholders' funds				
	(a) Capital	I	23.75	23.75	
	(b) Reserves and surplus	II	<u>616.43</u>	<u>728.14</u>	751.89
2	Loan funds				
	(a) Secured loans	III	835.94	506.19	
	(b) Unsecured loans	IV	<u>284.05</u>	<u>301.42</u>	807.61
3	Deferred tax liability (net of deferred tax asset)		87.86		121.76
	Total		<u>1,848.03</u>	<u>1,681.26</u>	
<b>II APPLICATION OF FUNDS</b>					
1	Fixed assets				
	(a) Gross block		2,172.40	2,073.33	
	(b) Less: Depreciation		<u>925.71</u>	<u>800.58</u>	
	(c) Net block	V	1,246.69		1,272.75
	(d) Capital work-in-progress	VI	41.15		28.63
2	Investments	VII	193.30		132.99
3	Current assets, loans and advances				
	(a) Inventories	VIII	365.88	439.76	
	(b) Sundry debtors	IX	192.69	84.76	
	(c) Cash and bank balances	X	67.43	14.72	
	(d) Other current assets	XI	-	0.30	
	(e) Loans and advances	XII	<u>308.38</u>	<u>241.00</u>	
	Total (A)		<u>934.38</u>	<u>780.54</u>	
	Current liabilities and provisions				
	(a) Current liabilities	XIII	597.36	543.01	
	(b) Provisions	XIV	<u>66.78</u>	<u>61.49</u>	
	Total (B)		<u>664.14</u>	<u>604.50</u>	
	Net current assets (A) - (B)		270.24		176.04
4	Miscellaneous expenditure to the extent not written off or adjusted	XV	86.42		70.85
5	Foreign Currency Monetary Item Translation Difference Account		10.23		-
	Total		<u>1,848.03</u>	<u>1,681.26</u>	
	Notes on accounts	XXI			

VENU SRINIVASAN  
Chairman & Managing Director

H. LAKSHMANAN  
Director

S.G. MURALI  
Executive Vice President – Finance

As per our report annexed  
For Sundaram & Srinivasan  
Chartered Accountants

Hosur  
June 26, 2009

K.S. SRINIVASAN  
Secretary

M. BALASUBRAMANIAM  
Partner

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

### Consolidated Profit and Loss Account for the year ended 31<sup>st</sup> March 2009

Rupees in crores

	Schedule number	Year ended 31-03-2009	Year ended 31-03-2008
Gross sales		4,061.58	3,735.57
Less: Excise duty and Service tax		314.86	465.02
Net sales		3,746.72	3,270.55
Other income	XVI	69.67	91.93
Amortisation of Foreign Currency Monetary Item Translation Difference Account		(5.11)	—
Total Revenue (A)		3,811.28	3,362.48
Raw materials and components consumed	XVII	2,796.94	2,451.45
Labour charges		2.75	2.70
Salaries and wages, stores consumed and other expenses	XVIII	893.20	818.55
Miscellaneous expenditure	XIX	1.95	1.95
Sub-total (B)		3,694.84	3,274.65
Profit before interest, depreciation and tax (A) - (B)		116.44	87.83
Interest and finance charges (net)	XX	74.47	8.84
Depreciation		133.15	108.92
Profit / (Loss) before tax		(91.18)	(29.93)
Provision for taxation		3.74	3.67
Provision for fringe benefit tax		3.16	4.22
Provision for deferred tax		(33.90)	(30.60)
Pro-rata share of (profit) / loss of associate		(0.98)	21.03
Profit / (Loss) for the year (after tax)		(63.20)	(28.25)
Balance profit / (loss) brought forward		(43.44)	14.10
Tax relating to earlier years		0.05	0.06
Depreciation relating to earlier years		—	0.11
Profit / (Loss) for the year (after tax)		(63.20)	(28.25)
Total		(106.59)	(13.98)
Interim dividend		16.63	—
Proposed dividend		—	16.63
Provision for dividend tax		2.83	2.83
Transfer to general reserve		10.00	10.00
Balance surplus / (deficit) carried forward to Balance Sheet		(136.05)	(43.44)
Total		(106.59)	(13.98)
Nominal value of each share in rupees		1.00	1.00
Earnings per share in rupees on 23,75,43,557 shares		(2.66)	(1.19)
Diluted earnings per share in rupees		(2.66)	(1.19)

VENU SRINIVASAN  
Chairman & Managing Director

H. LAKSHMANAN  
Director

S.G. MURALI  
Executive Vice President – Finance

As per our report annexed  
For Sundaram & Srinivasan  
Chartered Accountants

Hosur  
June 26, 2009

K.S. SRINIVASAN  
Secretary

M. BALASUBRAMANIAM  
Partner

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

### Consolidated Schedules

	Rupees in crores	
	As at 31-03-2009	As at 31-03-2008
<b>I CAPITAL</b>		
Authorised		
25,00,00,000 Equity shares of Re. 1/- each	25.00	25.00
	<u>25.00</u>	<u>25.00</u>
Issued, subscribed and paid-up		
(a) 23,10,00,700 Equity shares of Re. 1/- each	23.10	23.10
Out of the above 23,10,00,000 equity shares of Re. 1/- each were allotted for consideration other than cash to the shareholders of the erstwhile transferor company viz. Sundaram Auto Engineers (India) Limited, Chennai.		
(b) 65,42,857 Equity shares of Re. 1/- each allotted to the shareholders of amalgamated company viz. Lakshmi Auto Components Limited, Chennai	0.65	0.65
	<u>23.75</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	2.40	2.40
(iii) Foreign currency translation reserve	(1.84)	3.41
(b) General reserve		
As per last Balance Sheet	765.77	
Less: AS 11 related adjustment to reserve*	(23.85)	
Add: Transfer from Profit and Loss Account	10.00	
	<u>751.92</u>	<u>765.77</u>
* vide Notes on Accounts Note 2 (h) under AS 11		
(c) Surplus / (Deficit)		
Balance in Profit and Loss Account	(136.05)	(43.44)
	<u>616.43</u>	<u>728.14</u>
<b>III SECURED LOANS</b>		
From banks		
(i) External commercial borrowings secured by a first charge on the specified assets	378.67	401.30
(ii) Secured by a first charge on the fixed assets of the company	174.73	14.86
(iii) Secured by exclusive charge on the movable fixed assets of the company	23.44	25.20
(iv) Secured by hypothecation of present and future inventories and receivables	199.10	64.83
From others		
(v) Secured by equitable mortgage of specified fixed assets	60.00	-
	<u>835.94</u>	<u>506.19</u>
<b>IV UNSECURED LOANS</b>		
(a) From banks	140.49	185.80
(b) From others	131.47	103.67
(c) Other deposits	12.09	11.95
	<u>284.05</u>	<u>301.42</u>

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

### Consolidated Schedules - (continued)

#### V FIXED ASSETS

Rupees in crores

Description	Land		Buildings	Plant & machinery, tools, dies and jigs	Furniture & fixtures, equipments	Vehicles	Other fixed assets @	Total	Total
	Free hold	Lease hold						As at 31-03-2009	As at 31-03-2008
Cost of assets									
As at 01-04-2008	77.48	14.58	302.52	1,604.31	60.59	6.37	7.48	2,073.33	1,560.51
Additions	4.32	(3.89)+	10.98 **	89.99 **	4.30	0.58	0.75	107.03	549.21
Sales / deletion	–	–	0.24	6.21	1.08	0.43	–	7.96	36.39
Total	81.80	10.69	313.26	1,688.09	63.81	6.52	8.23	2,172.40	2,073.33
Depreciation									
Upto 31-03-2008	–	0.12	40.64	708.23	41.03	4.41	6.15	800.58	697.79
For the year	0.08	0.12	10.65	114.33	5.10	0.71	1.28	132.27 *	108.92
Withdrawn on assets sold / deleted	–	–	0.05	5.63	1.05	0.41	–	7.14	6.13
Total	0.08	0.24	51.24	816.93	45.08	4.71	7.43	925.71	800.58
Written down value									
As at 31-03-2009	81.72	10.45	262.02	871.16	18.73	1.81	0.80	1,246.69	–
As at 31-03-2008	77.48	14.46	261.88	896.08	19.56	1.96	1.33	–	1,272.75

@ vide note 2(t)

\* Depreciation is net of an amount of Rs.0.88 crores being the depreciation attributable to exchange gain relating to the year 2007-08 which was credited to the carrying cost of fixed assets as per amendments to AS 11.

\*\* Includes losses (net of gains) arising on account of restatement of external commercial borrowings attributable to acquisition of building & plant and machinery.

+ Represents cost of leasehold land transferred to freehold land of transfer of title.

Rupees in crores

As at 31-03-2009 As at 31-03-2008

#### VI CAPITAL WORK-IN-PROGRESS

(a) Building	3.61	0.67
(b) Machinery	37.47	27.96
(c) Office equipment	0.07	–
	<u>41.15</u>	<u>28.63</u>

#### VII INVESTMENTS (AT COST)

##### A LONG TERM

(a) Trade - quoted	0.33	0.33
(b) (i) Trade - unquoted	39.13	
Add: Pro-rata share in the profit of associate company	<u>0.98</u>	
	40.11	37.04
(ii) Share application money - TVS Motor Services Private Limited, Chennai	60.00	–
(c) Non-trade - quoted	–	14.10
(d) Non-trade - unquoted	9.23	9.23
Total long term investments (A)	<u>109.67</u>	<u>60.70</u>

##### B SHORT TERM

Non-trade - quoted	83.63	72.29
Total short term investments (B)	<u>83.63</u>	<u>72.29</u>
Grand total - Investments (A) + (B)	<u>193.30</u>	<u>132.99</u>

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

### Consolidated Schedules - (continued)

	Rupees in crores	
	As at 31-03-2009	As at 31-03-2008
<b>VIII INVENTORIES (AT COST)</b>		
* Raw materials and components	138.16	119.57
* Work-in-process	23.69	27.51
* Finished goods	100.97	150.85
* Stock of dies, moulds and tools	61.25	69.04
* Stores	19.62	22.25
Goods-in-transit	22.19	50.54
	<u>365.88</u>	<u>439.76</u>
( * as certified by chairman & managing director)		
<b>IX SUNDRY DEBTORS - UNSECURED</b>		
(a) Debts outstanding for a period exceeding six months		
(i) Considered good	4.30	8.48
(ii) Considered doubtful	3.61	3.09
(b) Other debts	188.39	76.28
	<u>196.30</u>	<u>87.85</u>
Less: Provision for doubtful debts	3.61	3.09
	<u>192.69</u>	<u>84.76</u>
<b>X CASH AND BANK BALANCES</b>		
(a) Cash and cheques on hand	3.46	0.21
(b) With scheduled banks		
(i) in current accounts	45.56	4.96
(ii) in cash credit accounts	0.55	0.47
(iii) in term deposit accounts	0.05	8.90
(c) With other banks	17.81	0.18
	<u>67.43</u>	<u>14.72</u>
<b>XI OTHER CURRENT ASSETS</b>		
Interest accrued on non-trade quoted investments	-	0.30
	<u>-</u>	<u>0.30</u>
<b>XII LOANS AND ADVANCES - UNSECURED CONSIDERED GOOD</b>		
(a) Advances recoverable in cash or in kind or for value to be received	251.76	189.14
(b) Inter corporate deposits	36.97	6.26
(c) Other deposits	4.59	4.92
(d) Advance payment of income tax less provisions	15.06	40.68
	<u>308.38</u>	<u>241.00</u>
<b>XIII CURRENT LIABILITIES</b>		
Sundry creditors	597.36	543.01
	<u>597.36</u>	<u>543.01</u>
<b>XIV PROVISIONS</b>		
(a) Pension fund	32.82	28.55
(b) Leave salary	4.62	5.40
(c) Warranty	7.92	7.64
(d) Interim dividend	16.63	-
(e) Proposed dividend	-	16.63
(f) Provision for dividend tax	2.83	2.83
(g) Fringe benefit tax less advance payments	-	0.44
(h) Other Provisions	1.96	-
	<u>66.78</u>	<u>61.49</u>
<b>XV MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off or adjusted)		
(a) New product launch expenses	78.96	63.91
(b) External commercial borrowings upfront fees	2.31	4.26
(c) Voluntary retirement scheme expenses	5.15	2.68
	<u>86.42</u>	<u>70.85</u>

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

### Consolidated Schedules - (continued)

	Rupees in crores	
	Year ended 31-03-2009	Year ended 31-03-2008
<b>XVI OTHER INCOME</b>		
(a) Miscellaneous income	67.33	55.40
(b) Dividend income	0.11	3.52
(c) Profit on sale of fixed assets	0.79	19.55
(d) Profit on sale of investments	1.44	13.46
	<u>69.67</u>	<u>91.93</u>
<b>XVII RAW MATERIALS AND COMPONENTS CONSUMED</b>		
Opening stock		
Raw materials	119.57	120.47
Work-in-process	27.51	25.13
Finished goods	<u>150.85</u>	<u>122.81</u>
	297.93	268.41
Purchase of raw materials and components	2,762.34	2,480.97
Total (A)	<u>3,060.27</u>	<u>2,749.38</u>
Closing stock		
Raw materials	138.67	119.57
Work-in-process	23.69	27.51
Finished goods	<u>100.97</u>	<u>150.85</u>
Total (B)	263.33	297.93
(A) - (B)	<u>2,796.94</u>	<u>2,451.45</u>
<b>XVIII SALARIES AND WAGES, STORES CONSUMED AND OTHER EXPENSES</b>		
* (a) Salaries, wages and bonus	199.45	167.54
* (b) Workmen and staff welfare expenses	24.44	24.81
* (c) Contribution to provident and other funds	16.05	9.83
* (d) Stores and tools consumed	32.30	32.45
* (e) Power and fuel	55.49	49.34
* (f) Rent	8.05	8.12
(g) Rates and taxes	3.05	3.34
* (h) Repairs and maintenance		
(i) buildings	4.49	4.55
(ii) machinery	31.48	28.91
(iii) other assets	5.00	4.67
(i) Insurance	2.40	3.56
(j) Directors' sitting fees	0.16	0.10
(k) Commission to independent directors	0.17	0.18
(l) Audit fees	0.56	0.51
* (m) Travel and conveyance	26.91	25.11
* (n) Packing and freight charges	124.07	97.72
* (o) Advertisement and publicity	119.72	104.37
* (p) Other marketing expenses	140.56	159.55
* (q) Other expenses	86.28	80.40
(r) Commission to selling agents	11.91	12.61
(s) Cash discount	0.07	0.10
(t) Loss on sale / scrapping of fixed assets	0.59	0.78
	<u>893.20</u>	<u>818.55</u>
* net of recoveries		

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

### Consolidated Schedules - (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
<b>XIX MISCELLANEOUS EXPENDITURE WRITTEN OFF</b>			
External commercial borrowing upfront fees written off		1.95	1.95
		<u>1.95</u>	<u>1.95</u>
<b>XX INTEREST</b>			
(a) On fixed loans		34.56	13.59
(b) Others		44.07	1.57
Total (A)		<u>78.63</u>	<u>15.16</u>
Less: Interest income			
(a) On non-trade investments (gross)		0.27	2.71
(b) On advances and deposits (gross)		3.89	3.61
Total (B)		<u>4.16</u>	<u>6.32</u>
(A) - (B)		<u>74.47</u>	<u>8.84</u>

### XXI 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 joint venture and income and expenditure items are translated at the average of monthly closing rates of exchange 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), its subsidiaries, joint venture and associates.

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

- the financial statement of the company, its subsidiaries and joint venture have been prepared on a line by line consolidation/proportionate 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, PT. TVS Motor Company Indonesia, Jakarta and TVS Andina S.A., Colombia and TVS Finance and Services Limited, Chennai 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 statement.
- intra-group transactions and resulting unrealised profits have been eliminated.

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

### Consolidated Schedules – (continued)

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

##### 1 Consolidation of accounts – (continued)

(iii) The subsidiary companies, joint venture and associate 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
	Subsidiary Companies:				
(a)	Sundaram Auto Components Limited, Chennai	India	100	31.03.2009	–
(b)	TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	100	31.03.2009	–
(c)	TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	100	31.03.2009	–
(d)	PT. TVS Motor Company Indonesia, Jakarta	Indonesia	54 by (b) 46 by (c)	31.03.2009	–
	Joint Venture:				
(e)	TVS Andina S.A., Colombia *	Colombia	26	31.12.2008	3 months
	Associate companies:				
(f)	TVS Finance and Services Limited, Chennai.	India	39.74	31.03.2009	–
(g)	TVS Lanka (Private) Limited, Colombo.**	SriLanka	20	31.03.2009	–

\* As on 31<sup>st</sup> December, 2008, the proportion of ownership was 14.94% only, which rose to 26% on 31<sup>st</sup> March, 2009.

\*\* As on the date of adoption of the accounts for the year ended 31<sup>st</sup> March, 2009 viz. 26<sup>th</sup> June, 2009, the Board of Directors of TVS Lanka (Private) Limited, Colombo has not adopted the accounts of the Company. Hence, that Company's results are not consolidated.

##### 2. Accounting Standards

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

The disclosure of accounting policies is made in respect of the reporting entity and its Indian subsidiary, Sundaram Auto Components Limited, Chennai. The accounts are maintained on accrual basis as a going concern.

###### (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 rates.

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

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

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

Details of prior period debit to Profit and Loss Account

(i) Rates and taxes	0.07	–
(ii) Interest and finance charges	0.10	–
(iii) Sales return	0.03	–
(iv) Raw materials consumed	–	0.94
(v) Other marketing expenses	–	0.03

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

2 Accounting Standards - continued

		Rupees in crores	
		As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
(e)	<p><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.</p> <p>In respect of assets added / sold during the year, pro-rata depreciation has been provided at the rates prescribed under Schedule XIV.</p> <p>Depreciation in respect of Computers and Vehicles has been provided at 30% and 18% respectively which is higher than the rate prescribed under Schedule XIV.</p> <p>Depreciation in respect of tools and dies has been provided based on the quantity of components manufactured.</p> <p>Depreciation in respect of assets acquired during the year whose actual cost does not exceed Rs. 5,000/- has been provided at 100%.</p>		
(f)	<p><b>AS - 9 Revenue recognition</b>                      The income of the company, its subsidiaries and joint venture is derived from sale of automotive vehicles, parts thereof, lubricant oil, rubber and plastics components, net of trade discounts, and provision of technical know-how and includes realised exchange fluctuations on exports. 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 declare the dividend and the right to receive the same is established.</p> <p>The revenue and expenditure are accounted on a going concern basis.</p>		
(g)	<p><b>AS - 10 Accounting for fixed assets</b>                      All the fixed assets are valued at cost including expenditure incurred in bringing them to usable condition less depreciation.</p> <p>Cost of lands includes lands acquired under lease.</p> <p>Buildings include buildings constructed on leasehold land.</p>	<p style="text-align: right;">10.69</p> <p style="text-align: right;">18.78</p>	<p style="text-align: right;">14.58</p> <p style="text-align: right;">6.58</p>
(h)	<p><b>AS - 11 Accounting for effects of changes in foreign exchange rates</b>                      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. Sale include realised exchange fluctuation on exports.</p> <p>In terms of the companies (Accounting Standards) Amendment Rules, 2009, on Accounting Standard AS 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>		

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

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

	Rupees in crores	
	Relating to Year ended 31-03-2009	Related to Year ended 31-03-2008
Losses arising from change in foreign exchange rates relating to depreciable capital assets added to carrying cost of such assets.	77.06	–
Gains arising from changes in foreign exchange rates relating to depreciable capital assets earlier credited to Profit & Loss Account now reduced from General Reserve and deducted from carrying cost of depreciable assets	–	24.21
Depreciation withdrawn on the above credited to General Reserve	–	0.88
(Losses) / Gains arising from changes in foreign exchange rates relating to other long terms foreign currency monetary items (not relating to acquisition of depreciable assets) (debited) / credited to "Foreign Currency Monetary Item Translation Difference Account".	(15.88)	0.52*
* Reduced from General Reserve.		
Amortisation of "Foreign Currency Monetary Item Translation Difference Account" by crediting / (debiting) to Profit & Loss Account.	(5.11)	–

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 has entered into seven currency swap contracts covering the total external commercial borrowings of USD 100 mn., (last year 5 contracts covering USD 75 mn.) fixing the repayment liability of the company in Indian rupee.

Interest Rate Structure (IRS) - The company has entered into seven derivative contracts in respect of total external commercial borrowings amounting to USD 100 mn. to convert floating interest rate to fixed interest rate.

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

Investments are valued at cost.

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

During the year there was no amalgamation.

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

A Defined contribution plans

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

(b) The Company has discontinued contribution to Super Annuation Fund.

B Defined benefit plans

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

(b) 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)

#### XXI 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 & Loss Account			
(i) Current service cost	0.41	–	1.73
(ii) Interest cost	0.44	2.56	1.80
(iii) Expected return on plan assets	–	–	(2.18)
(iv) Net actuarial loss/(gain) recognised in the year	(0.72)	0.94	2.27
Total	0.13	3.50	3.62
(b) Change in defined benefit obligation during the year ended 31 <sup>st</sup> March 2009			
(i) Present value of obligation as at beginning of the year (01-04-2008)	5.40	28.55	22.49
(ii) Interest cost	0.44	2.56	1.80
(iii) Current service cost	0.41	–	1.73
(iv) Benefits paid	(0.91)	(0.11)	(2.06)
(v) Actuarial loss on obligation	(0.72)	0.94	2.27
(vi) Present value of obligation as at the end of the year (31-03-2009)	4.62	31.94	26.23
(c) Change in fair value of plan assets during the year ended 31 <sup>st</sup> March 2009			
(i) Fair value of plan assets at the beginning of the year (01-04-2008)	–	–	24.33
(ii) Expected return on plan assets	–	–	2.18
(iii) Contributions made during the year	–	–	2.74
(iv) Benefits paid	–	–	(2.06)
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year (31-03-2009)	–	–	27.19
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2008)	5.40	28.55	(1.51)
(ii) Contributions made during the year	–	–	(2.52)
(iii) Expenses	0.13	3.50	3.31
(iv) Benefits paid	(0.91)	(0.11)	–
(v) Value of benefit obligations / (net assets) at close of the year	4.62	31.94	\$(0.72)
# 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	9.00%	9.00%	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

Year ended	Year ended
31-03-2009	31-03-2008

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

The borrowing costs have been treated in accordance with Accounting Standard on Borrowing Cost (AS-16) issued by The Institute of Chartered Accountants of India.

Amount of borrowing costs attributable to qualifying assets capitalised during the year	2.05	7.18
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## CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(m) **AS - 17 Segment reporting - year ended 31<sup>st</sup> March 2009**

Particulars	Business segment		
	Automotive vehicles	Automotive components	Total
Revenue			
External sales - domestic	2,868.26	389.36	3,257.62
- exports	485.94	3.16	489.10
Inter segment sales	369.37	87.17	456.54
Total sales	3,723.57	479.69	4,203.26
Less: Inter segment sales	369.37	87.17	456.54
Net revenue	3,354.20	392.52	3,746.72
Segmentwise results before interest and tax	(17.54)	5.56	(11.98)
Less: Interest			(74.47)
Less: Loss of subsidiaries			(0.24)
Less: Inter segment income			(4.49)
Profit before tax			(91.18)
Taxes			27.00
Pro-rata share of Profit of associate			0.98
Profit after tax			(63.20)
Segment assets	2,262.91	152.61	2,415.52
Segment liabilities	1,650.84	113.83	1,764.67
Total cost incurred during the year to acquire segment assets	270.88	2.15	273.03
Segment depreciation	126.38	6.77	133.15
Non-cash expenses other than depreciation	7.07	–	7.07

Note:

The company and its Indian subsidiary 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 disclosure**

Disclosure is made as per the requirements of the standard and the same is given in Note Nos. 18 and 19.

(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 the standard.

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

### Consolidated Schedules – (continued)

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

		Rupees in crores	
		As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
<b>(q) AS - 22 Accounting for taxes on income</b>			
(i) Deferred tax liability consists of:			
-	tax on depreciation	164.84	166.38
-	tax on amortisation of dies and moulds	20.65	21.77
-	tax on expenses admissible on payment basis under Income-tax Act, 1961	42.55	34.59
	(A)	<u>228.04</u>	<u>222.74</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	30.58	27.79
-	Unabsorbed depreciation	109.60	73.19
	(B)	<u>140.18</u>	<u>100.98</u>
Deferred tax liability (net of deferred tax asset) (A)-(B) - refer Balance Sheet		87.86	121.76
<b>(r) AS - 23 Accounting for investments in associate</b>			
Name of the associates		TVS Finance and Services Limited, Chennai TVS Lanka (Private) Limited, Colombo.	
Method adopted in accounting for investment		Equity method	
<b>(s) AS - 24 Accounting for discontinued operations</b>			
During the year, Sundaram Auto Components Limited discontinued, on and with effect from 23 <sup>rd</sup> December, 2008, its manufacturing activity in Himachal Pradesh. All the movable assets like plant and machinery, furniture and fixtures and office equipment are being relocated to Hosur for use. Land, building and electrical installation will be disposed off.			
<b>(t) 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 these 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	6.93	5.05
	Additions during the year	0.75	1.88
	Total	<u>7.68</u>	<u>6.93</u>
	Amortised as depreciation	7.04	5.82
	Closing balance	<u>0.64</u>	<u>1.11</u>

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

### Consolidated Schedules – (continued)

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

	Rupees in crores	
	As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
(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	0.39	0.33
Closing balance	0.16	0.22

#### (u) AS - 27 Financial reporting of interest in joint venture

The assets, liabilities, income and expenses of the jointly controlled entity have been recognised on a proportionate consolidation basis in this consolidated financial statement as prescribed in the Accounting Standard.

#### (v) AS - 28 Impairment of assets

In respect of tools and dies meant for manufacture of certain slow moving models, accelerated depreciation amounting to Rs. 3.27 crores (last year Rs. 11.71 crores) has been provided during the year. Further, a sum of Rs. 0.20 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.

#### (w) AS - 29 Provisions, contingent liabilities and contingent assets

##### (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.

##### (ii) Contingent liabilities

The amount for which the company is contingently liable is disclosed in note 10.

##### (iii) Contested liabilities are detailed in note no. 11.

#### 3 Amount of loan payable within one year:

- External commercial borrowing - from banks	144.04	53.50
- Secured - from banks	194.42	51.38
- Secured - from others	60.00	–
- Unsecured - from banks	140.49	106.90

#### 4 Land:

Title deeds in respect of lands acquired near Ahmedabad in Gujarat at a cost of Rs. 0.01 crore yet to be received from the registering authorities.

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

### Consolidated Schedules – (continued)

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

	Rupees in crores	
	As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
5 Bank balance includes amount in respect of		
(a) Unclaimed dividends	0.79	0.75
(b) Balances lying with non-scheduled banks:		
(i) HSBC Private Bank (Suisse) S.A., Singapore		
- in call deposit account	0.05	0.04
- in deposit account	–	–
(ii) The Hongkong and Shanghai Banking Corpn. Limited, Hongkong		
- in current account (Current year - Rs. 24,754.66, Last Year - Rs. 19,425.48)	–	–
- in deposit account	0.13	0.10
(iii) Industrial and Commercial Bank of China, China.		
- in current account (Rs. 13,414.85)	–	0.03
- in deposit account	0.03	0.01
(c) Maximum amount invested in non-scheduled banks at any time during the year		
(i) HSBC Private Bank (Suisse) S.A., Singapore	0.05	66.40
(ii) The Hongkong and Shanghai Banking Corpn. Ltd., Hongkong	0.13	0.12
(iii) Industrial and Commercial Bank of China, China	0.32	0.15
6 Loans and advances include:		
(a) Loans due from a company under the same management		
- associate company (TVS Finance and Services Limited, Chennai)	1.94	2.33
- fellow subsidiaries (TVS Investments Limited, Chennai and Anusha Investments Limited, Chennai)	6.20	5.00
(b) Maximum amounts due from the above companies at any time during the year		
- associate company (TVS Finance and Services Limited, Chennai)	2.33	2.67
- fellow subsidiaries (TVS Investments Limited, Chennai and Anusha Investments Limited, Chennai)	8.90	5.00
7 Deposits include:		
(a) Deposit with post office (Rs. 21,500/-)	–	–
(b) Deposit with central excise	0.46	0.09
(c) Deposit with sales tax	1.74	2.50
8 Sundry creditors include :		
(a) Investors Education and Protection Fund - Unclaimed dividend	0.79	0.75
(b) Amount due to Small Scale Industrial units	29.52	22.50
(c) Amount due to other industrial units	423.44	352.40
9 Miscellaneous expenditure not written off:		
(a) In respect of new product launch expenses Accounting Standard 26 is not applicable as it does not create any intangible asset or a resource. This expenditure is being written off in 36 months.		
(b) Expenditure incurred in raising external commercial borrowings is being written off over the period of loan.		
(c) Expenditure incurred under Voluntary Retirement Scheme is being written off over a period of 5 years.		

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

### Consolidated Schedules – (continued)

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

	Rupees in crores	
	As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
10 Contingent liability not provided for		
(a) On counter guarantee given to banks	0.94	0.79
(b) On letters of credit	37.06	36.53
(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	77.62	39.61
(e) Capital commitments towards		
- capital expenditure	5.87	27.02
- investment in Equity Shares of TVS Andina S.A., Colombia	–	0.14
(f) On obligation arising out of agreements facilitating credit to an associate company	41.50	75.00
(g) On obligation arising out of agreements facilitating credit to a subsidiary company	60.88	–
(h) Disputed stamp duty in respect of land purchased near Hosur, Tamil Nadu not provided for	–	0.07
(i) On import of capital goods under Export Promotion Capital Goods Scheme	0.40	0.41
11 Liability contested and not provided for		
(a) Excise	25.30	33.05
(b) Service Tax	14.22	7.74
(c) Customs	1.13	1.13
(d) Sales tax	3.16	2.50
(e) Electricity tax	0.63	0.45
(f) Income-tax	41.62	26.30
(g) Employee settlement claims	0.06	0.05
(h) Land acquisition matters	0.25	0.25
12 Tax deducted at source		
(a) On interest income	2.35	2.92
(b) On sub-contract receipts	0.04	0.02
(c) On professional services rendered	0.04	0.04
13 Contribution to provident and other funds include		
(a) Contribution towards gratuity as per scheme framed by Life Insurance Corporation of India	2.91	2.09
(b) Contribution towards pension fund	3.61	3.06
14 Repairs include		
(a) Wages	4.22	3.41
(b) Stores consumed	17.53	16.75
15 Audit fees comprise		
(a) As auditors	0.46	0.42
(b) Taxation matters	0.04	0.04
(c) Certification matters	0.04	0.04
(d) Cost audit fees	0.02	0.01
Total	<u>0.56</u>	<u>0.51</u>
16 General:		
(a) Other expenses include travel and stay expenses of auditors	0.17	0.13
(b) Loss on sale of investments netted against profit on sale of investments	0.69	1.28

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

### Consolidated Schedules – (continued)

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

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

#### 18 Related party disclosure

List of related parties	
Reporting entities	TVS Motor Company Limited and its subsidiaries Sundaram Auto Components Limited, Chennai TVS Motor Company (Europe) B.V., Amsterdam TVS Motor (Singapore) Pte. Limited, Singapore and PT. TVS Motor Company Indonesia, Jakarta
Holding company	Sundaram-Clayton Limited, Chennai
Fellow subsidiaries	a) Anusha Investments Limited, Chennai b) Auto (India) Engineering Limited, Chennai c) TVS Investments Limited, Chennai d) TVS Electronics Limited, Chennai e) TVS Capital Funds Limited, Chennai f) TVS-E Access India Limited, Chennai g) TVS-E Servicetec Limited, Chennai h) Sravanaa Properties Limited, Chennai i) Tumkur Property Holdings Limited, Chennai j) Prime Property Holdings Limited, Chennai.
Associate companies	(a) TVS Finance and Services Limited, Chennai (a subsidiary of TVS Investments Limited, Chennai) (b) TVS Lanka (Private) Limited, Colombo.
Joint venture	TVS Andina S.A., Colombia
Key management personnel	(a) Mr. Venu Srinivasan - parent company (b) Mr A.G. Giridharan - Subsidiary Company (Sundaram Auto Components Limited, Chennai. Manager within the meaning of Sections 269 & 386 of the Companies Act, 1956 with effect from 01.04.2009)
Relative of key management personnel	Ms. Lakshmi Venu - Subsidiary Company (Sundaram Auto Components Limited, Chennai.) Daughter of Mr Venu Srinivasan.

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

### Consolidated Schedules – (continued)

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

	Rupees in crores	
	As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
19 Particulars of transactions with related parties		
(a) Purchase of goods		
- Holding company	92.14	73.07
(b) Sale of goods		
- Holding company	0.21	30.75
- Associate company	54.54	–
- Fellow subsidiaries	–	0.02
(c) Sale of fixed assets		
- Holding company	–	0.04
(d) Rendering of services (including interest and sub-contract charges received)		
- Holding company	0.59	1.24
- Associate company	–	0.34
- Fellow subsidiaries	0.73	0.01
(e) Availing of services (includes sub-contract charges paid)		
- Holding company	26.45	32.90
- Fellow subsidiaries	0.62	0.26
- Associate company	–	11.99
(f) Trade advances made during the year		
- Holding company	10.00	–
- Fellow subsidiaries	3.90	5.00
(g) Trade advances received back during the year		
- Holding company	10.00	–
- Associate company	0.39	0.34
- Fellow subsidiaries	2.70	–
(h) Trade advances received during the year		
- Holding company	10.00	5.70
- Fellow subsidiaries	–	2.50
(i) Trade advances repaid during the year		
- Holding company	10.00	5.70
- Fellow subsidiaries	–	2.50
(j) Amount outstanding as at Balance Sheet date:		
(i) Sundry debtors		
- Holding company	–	1.40
- Fellow subsidiaries	0.13	0.01
(ii) Loans and advances receivable		
- Associate company	1.94	2.33
- Fellow subsidiaries	6.20	5.00

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

### Consolidated Schedules – (continued)

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

	Rupees in crores	
	As at/ Year ended 31-03-2009	As at/ Year ended 31-03-2008
(iii) Sundry creditors		
- Holding company	19.56	21.40
- Fellow subsidiary	–	0.01
- Associate company	–	0.13
(iv) Investment made during the year		
- subsidiary companies (TVS Motor (Singapore) Pte. Limited, Singapore, Sundaram Auto Components Limited, Chennai)	79.18	16.45
- associate company (TVS Lanka (Private) Limited, Colombo)	2.08	–
- joint venture (TVS Andina S.A., Colombia)	0.13	0.14
(k) Obligation arising out of agreements facilitating credit to associate company		
TVS Finance and Services Limited, Chennai	41.50	75.00
Obligation arising out of agreements facilitating credit to a subsidiary company		
PT. TVS Motor Company Indonesia, Jakarta	60.88	–
(l) Remuneration to key management personnel	–	0.18
(m) Amounts paid to relative of key management personnel		
(Salary including contribution to Provident Fund of Rs. 45,162)	0.05	0.04

VENU SRINIVASAN <i>Chairman &amp; Managing Director</i>	H. LAKSHMANAN <i>Director</i>	S.G. MURALI <i>Executive Vice President – Finance</i>	As per our report annexed For Sundaram & Srinivasan <i>Chartered Accountants</i>
Hosur June 26, 2009		K. S. SRINIVASAN <i>Secretary</i>	M. BALASUBRAMANIAM <i>Partner</i>

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

### Consolidated Cash Flow Statement

	Rupees in crores	
	Year ended 31-03-2009	Year ended 31-03-2008
<b>A. Cash flow from operating activities:</b>		
Net profit for the year	(91.18)	(29.93)
Add:		
Depreciation	133.15	109.03
Depreciation withdrawn on sale/scraping of assets	(7.14)	(6.13)
Amortisation of Foreign Currency Monetary Item		
Translation Difference Account	5.11	-
Miscellaneous expenditure written off	1.95	1.95
Income tax relating to earlier years	0.05	0.06
Dividend income	(0.11)	(3.52)
Interest income	(4.16)	(6.32)
Interest expenditure	78.63	15.16
	207.48	110.23
Operating profit before working capital changes	116.30	80.30
Adjustments for:		
Trade receivables	(107.93)	(3.72)
Inventories	73.88	(30.34)
Other current assets	0.30	-
Loans and advances	(66.07)	11.06
Trade payables	54.35	(25.46)
Provisions	5.72	(3.44)
	(39.75)	(51.90)
Cash generated from operations	76.55	28.40
Direct taxes paid	(6.90)	(28.98)
Net cash from operating activities (A)	69.65	(0.58)
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets	(54.18)	(549.21)
Sale of fixed assets	7.96	36.39
Capital work-in-progress	(12.52)	254.74
Purchase of investments	(338.84)	(946.15)
Sale of investments	274.27	961.44
Miscellaneous expenditure not written off	(17.52)	(14.26)
Interest received	4.16	6.32
Dividends received	0.11	3.52
Net cash used in investment activities (B)	(136.56)	(247.21)
<b>C. Cash flow from financing activities :</b>		
Secured loans availed	172.74	(53.36)
Unsecured loan availed	(45.17)	138.71
Sales tax deferral loan availed	27.80	31.47
Interest paid	(78.63)	(15.16)
Dividend and dividend tax paid	(19.46)	(4.17)
	57.28	97.49
Net cash used in financing activities (C)	57.28	97.49
<b>D. Net increase in cash and cash equivalents (A) + (B) + (C)</b>	(9.63)	(150.30)
Cash and cash equivalents at the beginning of the year		
Cash & bank	14.72	138.15
Cash credit - balances	(35.71)	(8.84)
	(20.99)	129.31
Cash and cash equivalents at the end of the year		
Cash & bank	67.43	14.72
Cash credit - balances	(98.05)	(35.71)
	(30.62)	(20.99)

**Notes:**

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

VENU SRINIVASAN <i>Chairman &amp; Managing Director</i>	H. LAKSHMANAN <i>Director</i>	S.G. MURALI <i>Executive Vice President – Finance</i>	As per our report annexed For Sundaram & Srinivasan <i>Chartered Accountants</i>
Hosur June 26, 2009	K.S. SRINIVASAN <i>Secretary</i>	M. BALASUBRAMANIAM <i>Partner</i>	

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

### 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 Motor Company (Europe) B.V.	US \$ in Million	TVS Motor (Singapore) Pte. Limited	Singapore \$ in Million	Rs. in crores	PT. TVS Motor Company Indonesia
(a)	Reporting currency	Rs. in crores	Rs. in crores	US \$ in Million	Rs. in crores	Singapore \$ in Million	Rs. in crores	Indonesian Rupiah in Million
(b)	Capital	7.40	91.63	20.70	107.64	36.03	191.43	4,38,300.00
(c)	Reserves	29.35	(5.46)	(0.31)	(4.11)	(0.01)	(105.95)	(2,50,857.29)
(d)	Total assets	152.61	86.17	20.39	103.53	36.02	266.80	5,96,770.04
(e)	Total liabilities	152.61	86.17	20.39	103.53	36.02	266.80	5,96,770.04
(f)	Details of investments <sup>3</sup>	0.02	–	–	–	–	–	–
(g)	Turnover including other income	480.66	–	–	–	–	44.54	98,900.49
(h)	Profit before taxation	(2.07)	(0.24)	(0.05)	0.02	0.01	(115.41)	(2,57,066.25)
(i)	Provision for taxation	0.48	–	–	–	–	(27.50)	(61,152.15)
(j)	Profit after taxation	(2.55)	(0.24)	(0.05)	0.02	0.01	(87.91)	(1,95,914.10)
(k)	Proposed dividend	–	–	–	–	–	–	–

#### Notes:

- 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.
- The Financial Statements of the 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. 50.72 / US \$	Rs. 46.47 / US \$
Indonesian Rupiah (IDR) to INR	Rs. 0.0045 / IDR	Rs. 0.0045 / IDR
Singapore \$ to INR	Rs. 34.32 / Singapore \$	Rs. 32.22 / Singapore \$

- Investments exclude investment in subsidiaries.

## TVS MOTOR COMPANY LIMITED

Regd. Office : "JAYALAKSHMI ESTATES"  
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)  
TTK Road,  
Chennai - 600 014.

Date : 17<sup>th</sup> August 2009

Time : 10.15 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 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, at least 48 hours before the time fixed for holding the meeting.
7. If you and/or your 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 \_\_\_\_\_ 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 Monday, the 17<sup>th</sup> August 2009 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

<i>For Office use</i>	
Proxy No.	
Date of receipt	
No. of shares	

Revenue  
Stamp

N.B.: The instrument appointing proxy should be deposited with the STA 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.