

TVS MOTOR COMPANY LIMITED

Twentieth Annual Report 2011-2012





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

Company Secretary
K.S. SRINIVASAN

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

Cost Auditor
A.N. RAMAN
Cost Accountant
No. 10 P, Muthukumaraswami Salai,
Off. Baby Nagar 1st Main Road,
Velachery, Chennai - 600 042

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

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

E-mail
kr.raman@scl.co.in
sclshares@gmail.com
investorscomplaintssta@scl.co.in
ks.srinivasan@scl.co.in

Bankers
STATE BANK OF INDIA
Corporate Accounts Group Branch,
Sigapi Achi Building,
18/3, Rukmani Lakshminpathy Salai,
Egmore, Chennai - 600 008.
STATE BANK OF MYSORE
Corporate Accounts Branch,
18, Ramana Street Arcade,
Midford Garden, M.G. Road,
Bengaluru - 560 001.

Registered office

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

Factories

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

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

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

Website : www.tvsmotor.in

Subsidiary Companies

Sundaram Auto Components Limited, Chennai
TVS Energy Limited, Chennai
TVS Housing Limited, Chennai
TVS Wind Energy Limited, Chennai
TVS Wind Power Limited, Chennai
Sundaram Engineering Products Services Limited, Chennai
TVS Motor Company (Europe) B.V., Amsterdam
TVS Motor (Singapore) Pte. Limited, Singapore
PT. TVS Motor Company Indonesia, Jakarta
Sundaram Business Development Consulting (Shanghai) Co.
Ltd., China

CONTENTS

Page No.

Financial Highlights	2
Notice to the shareholders	3
Directors' Report to the shareholders	7
Report on Corporate Governance	15
Auditors' Report to the shareholders	27
Balance Sheet	30
Statement of Profit and Loss	31
Notes on accounts	32
Accounting Standards and additional disclosures	41
Cash Flow Statement	59
Statement under Section 212 of the Companies Act, 1956	61
Auditors' Report on Consolidated Accounts	63
Consolidated Accounts	64
Financial information of subsidiaries as per Section 212(8) of the Companies Act, 1956	91

Financial Highlights

Rupees in crores

Details	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Sales & other income*	7148	6324	4485	3741	3310	3921	3306	2955	2856	2726
Profit before interest, depreciation, amortisation and tax*	520	491	304	247	219	254	318	332	316	295
Profit before tax	316	248	76	31	35	91	168	200	215	201
Profit after tax	249	195	88	31	32	67	117	138	138	128
Net fixed assets	1078	995	983	1036	1043	1003	794	770	704	533
Share capital	48	48	24	24	24	24	24	24	24	23
Reserves and surplus	1122	952	842	786	798	786	742	655	551	400
Networth	1170	999	835	735	769	751	673	614	562	423
Total borrowings*	831	768	1003	906	666	634	385	187	119	122
Earnings per share [#] (Rs.)	5.24	4.10	1.86	0.66	0.67	1.40	2.47	2.90	2.92	2.77
Dividend per share (Rs.)	1.30	1.10	1.20	0.70	0.70	0.85	1.30	1.30	1.30	1.20
Book value per share [#] (Rs.)	24.38	20.81	17.40	15.32	16.02	15.65	14.02	12.79	11.71	9.20
EBITDA/turnover (%)	7.3	7.4	6.8	6.6	6.6	6.5	9.6	11.2	11.1	10.8
Profit before tax/turnover (%)	4.4	3.9	1.7	0.8	1.1	2.3	5.1	6.8	7.5	7.4
Return on capital employed (%)	19.0	16.4	8.0	5.6	2.8	10.4	18.3	23.8	30.1	34.2
Return on net worth (%)	23.0	21.3	11.2	4.1	4.1	9.2	18.0	23.4	28.1	34.3

Notes:

* The figures for 2011-12 and 2010-11 are based on the Revised Schedule VI classifications. The figures upto 2009-10 are based on the respective year's reported results.

[#] Earnings per share and Book Value per share for all the years have been calculated after considering the bonus issue made during 2010-11.

Notice to Shareholders

NOTICE is hereby given that the twentieth annual general meeting of the Company will be held at 'The Music Academy', New No. 168 (Old No. 306) TTK Road, Royapettah, Chennai - 600 014 on Wednesday, the 12th day of September 2012, at 10.00 A.M. to transact the following businesses:

ORDINARY BUSINESS

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

RESOLVED THAT the audited balance sheet as at 31st March 2012 and the statement of profit and loss 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 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.

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

RESOLVED THAT Mr Prince Asirvatham, director who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a director of the Company.

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

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

SPECIAL BUSINESS

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

"RESOLVED THAT, pursuant to the provisions of Section 314 and other applicable provisions, if any of the Companies Act, 1956 ("the Act") (including any statutory modifications or re-enactment thereof for the time being in force), consent be and is hereby accorded for appointment of Mr Sudarshan Venu, a relative of the chairman and managing director of the Company and a

director of the holding company, namely Sundaram-Clayton Limited, to hold and continue to hold an Office or Place of Profit as vice-president (or any other designation and roles which the Board / Committee of the Board may decide, from time to time) effective 1st December 2011 on a remuneration not exceeding Rs. 2.50 lakhs per month and on such terms and conditions that may be applicable to the similarly placed executives of the Company".

"RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds and things and to execute all such documents, instruments and writings, as may be required and to delegate all or any of its powers herein conferred to any committee of directors or any director or company secretary or officer of the Company to give effect to the aforesaid resolutions."

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

RESOLVED THAT, subject to the provisions of Sections 198 and 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modifications or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded for the payment of such sum as commission to non-executive and independent directors of the Company (as defined in Clause 49 of the Listing Agreement with Stock Exchanges), in addition to sitting fees for attending meetings of the board or of a committee thereof and travelling and stay expenses, at such intervals to each such director of the Company, as may be determined by the board of directors of the Company, from time to time, for each financial year, for a period of five years commencing from 1st April 2013, within the overall limits, so as not to exceed in aggregate 1% of the net profits of the Company in each financial year, calculated in accordance with the provisions of Sections 349 and 350 of the Act.

By order of the board

Bengaluru
May 24, 2012

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

K S SRINIVASAN
Company Secretary

Notes:

- 1) **A member, entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be 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 businesses 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 2 days viz., 11th September 2012 and 12th September 2012 for the purpose of annual general meeting of the Company.

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

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

Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules 2012, the Company will provide / host the required details of unclaimed amounts referred to under Section 205C(2) of the Act on its website and also in the website of the Ministry of Corporate Affairs (MCA) in the relevant form every year. For the financial year ended 31st March 2011, the above information will be filed latest by 31st July 2012.

- 5) Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.
- 6) Members are requested to notify any change in their address to the Company immediately. Members holding shares in electronic form are requested to advise change of 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. Corporate members are requested to send a duly certified copy of the board resolution / power of attorney authorising their representative to attend and vote at the annual general meeting.

- 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 in this meeting, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and relationships with other directors in the Company are given below:

I. Mr T Kannan

Born on 9th May 1953, Mr T Kannan is a graduate in business administration from 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 27th January 2000.

He has a wide range of experience in textile industry. He held the position of Chairman of The Cotton Textile Export Promotion Council, Mumbai and also as the Chairman of The South India Mills Association during 1990-1992.

He was also the Chairman of Confederation of Indian Industry, Southern Region, Chennai.

He is also a leading Educationalist, President of Thiagarajar College, Madurai and 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 holds 1,31,180 equity shares in the Company and he is not related to any director of the Company. Details of his other directorships / membership of committees are given below:

S. No	Name of the company	Nature of interest	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.	Thiagarajar Telekom Solutions Limited	Chairman and Director	—
4.	Sundaram Textiles Limited	Director	—
5.	Colour Yarns Limited	Director	—
6.	Sundaram Brake Linings Limited	Director	Member - Audit Committee Member - Investors' Grievance Committee
7.	SIMA Textile Processing Centre Limited	Director	—
8.	ATC Tires Private Limited	Director	—

II. Mr Prince Asirvatham

Born on 1st May 1949, Prince Asirvatham is a former Group Treasurer and Head (Investor Relations) of Hindustan Unilever Limited (formerly Hindustan Lever Limited). In a distinguished career spanning of three decades with the Unilever Group Asia, London and South America, he partnered Unilever in the design and implementation of its global corporate risk assurance process, in restructuring treasury operations in India and in leading the merger of the largest F&B operation in India. He was actively involved in over 25 acquisitions and disposals which include India's first commercial privatization, a benchmark for future divestments by the Government.

In his international stints based in London and Sao Paulo, he was primarily responsible for providing reassurance to the Boards of over 75 Unilever Companies in 30 countries on the quality of their processes to implement, monitor and align global/regional strategy within the boundaries of corporate policies and on a sustainable format. He led global assignments to hone process based structures complemented by work levels for a flatter global organization.

Mr Prince Asirvatham founded his current practice "Checks and Balances" in India in 2003 to promote good governance through mentoring independent directors and

aspiring senior corporate managers. He consults on Corporate Strategy, Business Valuation and Corporate Risk Assurance Systems. He offers a unique "Strategy in Action" e-game which facilitates star performers to test their competencies to deliver results as a Board. Over 300 senior level managers from frontline Indian companies have participated in this challenge.

Mr Prince Asirvatham is a fellow of the Institute of Chartered Accountants of India. To maintain his relevance, he remains an active independent director on the Boards of a few well respected companies in India and in select committees.

Mr Prince Asirvatham lives in Bangalore, where he enjoys working with "not for profit institutions" focused on integrated community care and in promoting equal opportunities in the workplace for people with disability. He is a trustee of the Cheshire Disability Trust (SEA) a seamless synergy of NGOs and Corporations to facilitate social harmony.

He was co-opted as a director of the Company on 21st April 2009.

He is a member of the audit committee of the Company. He holds 10,000 equity shares in the Company and is not related to any director of the Company. Details of his other directorships / membership of committees are given below:

S. No	Name of the company	Nature of interest	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 businesses mentioned in the accompanying notice dated 24th May 2012 and shall be taken as forming part of the notice.

Item No.5

The special resolution, referred to under item No.5, relates to the appointment of Mr Sudarshan Venu, as vice-president of the Company. Mr Sudarshan Venu is a relative of chairman and managing director of the Company (CMD) and also a director of the holding company viz., Sundaram-Clayton Limited (SCL).

The board of directors, at their meeting held on 1st December 2011, approved the appointment of Mr Sudarshan Venu as vice-president of the Company on a remuneration not exceeding Rs. 2.50 lakhs per month effective 1st December 2011 on such terms and conditions that are applicable to the similarly placed executives of the Company, subject to the approval of the shareholders in the ensuing annual general meeting.

Mr Sudarshan Venu holds a graduate degree with Honors in the Jerome Fisher Program in Management and Technology from the University of Pennsylvania. He also obtained B.S. in Mechanical Engineering from the School of Engineering and B.S. in Economics from the Wharton School. Recently, he completed M.Sc. in International Technology Management from the Warwick Manufacturing Group attached to University of Warwick in U.K.

The appointment of Mr Sudarshan Venu, being a relative of CMD and a director of SCL would amount to holding an "Office or Place of Profit" and hence would require approval of the shareholders of the Company, in terms of Section 314 of the Companies Act, 1956.

The directors, therefore, recommend the resolution, as set out in item no.5 of the notice to be approved, as a special resolution, by the shareholders of the Company.

None of the directors of the Company is concerned or interested in this resolution except Mr Venu Srinivasan, CMD, being the relative of Mr Sudarshan Venu.

Item No.6

The shareholders, at the sixteenth annual general meeting of the Company, held on 14th August 2008, approved the remuneration, by way of commission payable to non-executive and independent directors of the Company (NE-IDs), for a period of 5 years commencing from 1st April 2008 to 31st March 2013.

The board was also authorized by the shareholders to fix the quantum of remuneration, at such intervals for each NE-ID such that the total commission payable, in aggregate,

would not exceed 1% of the net profits of the Company, calculated in terms of the applicable provisions of the Companies Act, 1956 (the Act).

The Company has been paying commission to NE-IDs not exceeding 1% of the net profits of the Company in such manner, as the board may determine, from time to time, for each financial year, within the overall limit fixed by the shareholders, since 2008.

The earlier authorization of the shareholders for payment of commission to NE-IDs, in terms of Section 309 of the Act, will be valid till 31st March 2013. Such authorization for payment of commission to directors may be renewed by way of a special resolution for a further period of five years as per the provisions of this section.

The board was of the view that NE-IDs devote considerable time in deliberating the operational and other issues of the Company and provide valuable advice in regard to the management of the Company, from time to time, and the Company also derives substantial benefit through their expertise and advice.

The board, therefore, considered it expedient to continue with the payment of commission for a further period of five years commencing from 1st April 2013, in view of the increased involvement and participation by such NE-IDs in the meetings of audit committee and board and having regard to their contribution and involvement in policy issues concerning the Company's operations.

It is, therefore, proposed to seek the authorization of the shareholders, by way of a special resolution, in terms of Section 309 of the Act for payment of commission to NE-IDs for a further period of five years from 1st April 2013.

The directors, therefore, recommend the resolution, as set out in item no.6 of the notice to be approved, as a special resolution, by the shareholders of the Company.

None of the directors, except M/s. T Kannan, C R Dua, K S Bajpai and Prince Asirvatham, being NE-IDs of the Company, is deemed to be concerned / interested in the above said resolution.

By order of the board

Bengaluru
May 24, 2012

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

K S SRINIVASAN
Company Secretary

Directors' report to the Shareholders

The directors have pleasure in presenting the twentieth annual report and the audited accounts for the year ended 31st March 2012.

1. FINANCIAL HIGHLIGHTS

Details	Year ended 31-03-2012	Year ended 31-03-2011
QUANTITATIVE	(Numbers in lakhs)	
Sales:		
Motorcycles	8.44	8.33
Mopeds	7.78	7.05
Scooters	5.25	4.66
Three wheelers	0.40	0.39
Total vehicles sold	21.87	20.43
FINANCIAL	(Rupees in crores)	
Motorcycles	2895.79	2748.88
Mopeds	1458.74	1235.34
Scooters	1622.82	1340.69
Spares and accessories	692.97	539.17
Three wheelers	323.65	314.35
Other operating income	132.23	109.59
Other income	21.71	35.62
Sales (Net of Excise duty) and Other income	7147.91	6323.64
EBITDA	519.86	491.34
Finance costs	57.09	72.33
Amortisation	28.78	63.67
Depreciation	117.53	107.25
Profit before tax	316.46	248.09
Provision for tax	67.39	53.51
Profit for the year after tax	249.07	194.58

2. DIVIDEND

The board of directors of the Company at their meeting held on 14th March 2012, declared an interim dividend of Re.0.60 per share (60%) for the year 2011-12 absorbing a sum of Rs.33.13 Cr including dividend distribution tax. The same was paid to the shareholders on 26th March 2012.

The board of directors of the Company at their meeting held on 24th May 2012 declared a second interim dividend of Re.0.70 per share (70%) for the year 2011-12 absorbing a sum of Rs.38.65 Cr including dividend distribution tax. The same will be paid to the shareholders on or after 12th June 2012. Hence, the total amount of dividend including the second interim dividend payable, for the year ended 31st March 2012 will aggregate to Rs.1.30/- per share (130%) on 47,50,87,114 equity shares of Re.1/- each.

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

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

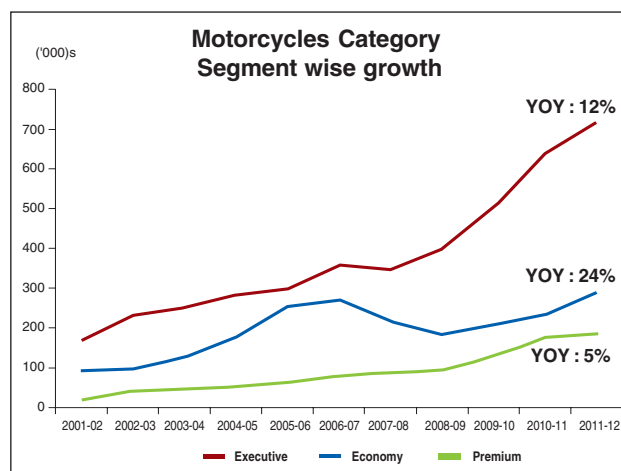
The macro-economic environment in 2011-12 presented several challenges. Uncertainty in economic scenario, both global and domestic further affected consumer sentiment. Consequently, the growth in two wheeler industry slowed down to 16% from a high of 27% in 2010-11. The momentum of previous year continued in the first half resulting in growth of 19% but slowed to 12% in the second half.

The overall two wheeler industry sales increased by 16% from 133.2 lakh numbers in 2010-11 to 153.8 lakh numbers in 2011-12. This growth was mainly propelled by an impressive 26% growth in Scooters from 21 lakh numbers to 27 lakh numbers and 14% growth in Motorcycles from 105.0 lakh numbers to 119.4 lakh numbers. Scooters as a category continued to gain share from motorcycles in the total two wheeler industry. Mopeds registered a growth of 12% growing from 7.0 lakh numbers to 7.9 lakh numbers.

Industry sales of two wheelers (Domestic plus Export)

Particulars	2010-11			2011-12		
	Sales in lakh (nos.)	Growth in %	Category share	Sales in lakh (nos.)	Growth in %	Category share
Motorcycles	105.0	24%	79%	119.4	14%	78%
Un-Geared scooters	21.2	42%	16%	26.5	26%	17%
Mopeds	7.0	23%	5%	7.9	12%	5%
Total two wheelers	133.2	27%	100%	153.8	16%	100%

In the motorcycle category, growth was mainly propelled by 24% growth in economy segment. The executive segment contributing to 60% of the volumes, grew by 12% while growth in premium segment remained at a low level of 5%.



The Petrol Passenger three wheeler industry (3 plus 1 segment) grew by 18% during 2011-12 reaching 4.8 lakh units mainly due to higher exports. Three wheeler exports (3.47 lakhs) grew at 39%, whereas domestic sales (1.35 lakhs) declined by 16%.

BUSINESS OUTLOOK AND OVERVIEW

The uncertainty witnessed in 2011-12 is likely to continue even in 2012-13. Global economy shows no signs of recovery in 2012-13 and is expected to be more uncertain. This may result in volatile crude and commodity prices and fluctuations in foreign exchange rates. In domestic economy, continued inflationary pressures, lower private consumption and high fiscal deficit are likely to result in lower GDP growth compared to previous year. The two wheeler industry is also consequently expected to grow at a lower rate of 10% compared to 16% growth recorded in the previous year.

COMPANY PERFORMANCE

The Company's overall domestic two wheeler sales growth was lower at 5% mainly due to its absence in executive segment of motor cycles. Mopeds grew at 10% and scooters by 10%. The Company crossed a new milestone in exports with all time high sales of 2.70 lakh numbers in 2011-12. Three wheeler sales of the Company increased marginally from 0.39 lakh in 2010-11 to 0.40 lakh in 2011-12. Sales of spare parts grew by 29%.

The Company's total revenue including other income grew from Rs. 6,323.64 Cr in the previous year to Rs.7,147.91 Cr in the current year. The profit before tax (PBT) was higher by 28% and grew from Rs.248.09 Cr in 2010-11 to Rs. 316.46 Cr in 2011-12. Similarly, the profit after tax (PAT) was also higher by 28% and grew from Rs. 194.58 Cr in 2010-11 to Rs. 249.07 Cr in 2011-12.

New Product Launches and Initiatives

During the year 2011-12, the following new products and variants were launched.

TVS StaR City:



TVS StaR City 2012 edition with executive segment features such as dual tone body colours and an all-new stylish headlamp was launched. The engine of the new TVS StaR City deploys

TVS Motor Company's indigenous revolutionary CVTi (Continuous Variable Timing ignition) which facilitates superior pickup and boosts performance without compromising on mileage. This is achieved through a unique combination of swirl and tumble motion that generates very

high in-cylinder charge motion, almost three times more than the conventional port designs.

wego:



The last year saw the latest offering, *wego* designed for the successful young urban couple. The 110cc *wego* comes with unique body balance technology and is feature packed with 12" alloy wheels, telescopic suspension and nitrogen gas charged rear suspension.

wego delivers superior pickup, enhanced mileage, greater handling ease & comfort, alongwith its international styling and looks. *wego* won many awards across the country and was undoubtedly the "Scooter of the Year".

Streak:



The young independent working woman inspired the new "TVS Streak". The all black Streak was to celebrate the coming of age of the Indian working woman and her ability to excel in all walks of life. The powerful looking Streak continues to enthrall its audience with its performance and in its new look.

Two wheeler operations:

Domestic:

The Company's sales grew by 5% in domestic market. In motorcycle, sales declined by 3% due to its absence in executive segment. Within the motorcycle portfolio, TVS Sport grew at an impressive 28%, higher than economy segment growth of 24%.

Moped sales in first half grew at 13% while second half witnessed a growth of 7%. The Company's growth in scooter segment was 10%. *wego* continued to grow at an impressive rate of 60%.

The Company's products are distributed by a network of authorized dealers across India. The Company continuously seeks to increase its distribution reach.

Exports:

The Company crossed a new milestone in exports with an all time high sales of 2.70 lakh numbers in 2011-12. The first three quarters registered average 31% growth while the sales in fourth quarter declined by 7% due to volatile macro-economic conditions in export markets.

While increased competition on the export front is likely, the Company is confident of taking advantage of the interest shown in its products. Further new markets are opening up with potential for export of Company's products.

Three wheeler operations:

Export sales grew by 51%. However, domestic sales of three wheelers declined by 35% due to substantial reduction in the permits issued in key three wheeler markets. The overall three wheeler numbers were, therefore, in line with last year.

Opportunities and Threats:

Favourable demographic profile and rising income levels have been the drivers of growth for two-wheelers. Preference of owning a personal transport is also going up over the last few years. These trends are expected to continue in the medium term.

The Company has established brands in economy and premium segments. With the launch of two new brands in the executive segment in the coming year, the Company is expected to leverage all customer segments in motorcycle market. An all new Apache is expected to help Company grow in the premium segment.

TVS *wego* has been well accepted in the scooter segment. The Company aims to strengthen this growth momentum further. The Company would also aim at retaining its leadership position in sub 100cc ungeared scooter segment through brand activities.

Risks and Concerns:

The continuing uncertainty in global and domestic economy is a key concern. In the domestic economy, the inflationary pressures, twin deficits of current and fiscal, volatile exchange rates, slowing investments and constraints in energy and infrastructure pose significant challenges to economic growth. Any failure of monsoon could trigger significant supply constraints further fuelling inflation. The success of planned launches in the motorcycle category is important to maintain the momentum for the Company.

OPERATIONS REVIEW

Total Quality Management (TQM):

The Company has been using the philosophies of TQM as the cornerstone of its management since 1987. Based on the "TVS Way" manual created in 2010-11, diagnosis was conducted to refine the understanding and application of different processes in 2011-12. Focus on application of statistical tools in problem solving and improved rigor in analysis, helped in completion of continuous improvement projects which yielded good results. These projects have also won awards both in national and state level competitions. The

Company has continued to benefit from 100% participation of employees in TQM activities, for the sixth year in succession. The employees have completed & presented more than 1800 projects through QC Circles and Cross Functional Teams for the year 2011-12 towards achieving Company / Department objectives. During 2011-12, the Company received and implemented an average of 54 suggestions per employee. The Company's QCC teams participated in state / national / international level conventions and were recognized with "par excellence" awards.

Cost management:

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

Research and Development:

The Company's strong Research and Development (R&D) team is supported by modern computer aided design and laboratory, capable of developing new and innovative products. It has state-of-art facilities for engine testing, Noise, Vibration and Harshness (NVH) measurements and life testing. The Company also works with leading technological research laboratories and institutions. Along with new product development and other technology-incubation, the Company is also working on development of fuel-efficient technologies and CO₂ reduction.

R&D has designed and developed Hybrid scooter technology and Automatic transmission technology for reduction of emission, reduction of CO₂ and improvement of fuel economy. R&D has designed, developed and launched new variants of TVS StaR City, TVS Pep+ and TVS Streak. R&D has designed and developed new variant for TVS Apache RTR 160cc and 180cc.

R&D team has so far published 81 technical papers in national and international conferences.

Information technology:

The Company has been using Enterprise Wide System to integrate all the business processes within the Company as well as integrating suppliers' and dealers' business processes. Several projects have been implemented during the year to improve productivity and quality. The Company also uses Product Lifecycle Management to reduce the new product development lead time, control cost and improve quality. During the year, the Company has developed applications and dashboards to monitor and improve supply chain visibility and reduce constraints. Applications developed for mobile / smart phones and web based interfaces for enterprise applications help in productivity

improvement in operations, faster decision making of Company executives in the field and Company dealers.

Dealer Management System (DMS) - developed by the Company has been extended to all dealers of the Company to improve sales, service, product development and customer satisfaction through efficient information exchange and better business analytics.

INTERNAL CONTROL AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded, information provided to management is reliable & timely and statutory obligations are adhered to.

Occupational Health & Safety (OHS):

The Company bagged the "FIRST PLACE" in the CII Southern Region - Leadership in Excellence in Environment, Health and Safety in Large scale category, with 63 strong contenders.

As a continual improvement this year, several hazard control measures have been implemented. All employees have been trained on safety this year resulting in 14 lakh accident free man-hours.

HUMAN RESOURCE DEVELOPMENT

Human resource development happens through structured approaches for employee engagement, resourcing, performance & compensation management, competency based development, career & succession planning and organisation building.

Leadership development is one of the key initiatives of the Company. Globally acclaimed programs are taken up on regular basis under this initiative.

Collaborative education program has been taken up as long term strategy of the Company to develop role ready engineers. Towards this, the Company has been collaborating with premier institutes in the country. HR development of the Company's extended partners viz., dealer staff was taken as one of the key objectives to support the field activities this year in a very aggressive way.

The Company continues to maintain its record on industrial relations without any interruption in work. As on 31st March 2012, the Company had 4405 employees on its rolls.

CORPORATE SOCIAL RESPONSIBILITY

Srinivasan Services Trust (SST), co-sponsored by the Company with the vision of building self reliant rural

community, was established in 1996. Over the 16 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

At present, SST is working in 1,056 villages, spread across Tamilnadu, Karnataka, Andhra Pradesh, Maharashtra and Himachal Pradesh. Its major focus areas are: Economic Development, Health, Education, Environment and Infrastructure. Its significant achievements are:

- Through partnership with the community helped to form over 3,069 Self Help Groups (SHG)
- The Infant Mortality Rate and Maternal Mortality Rate reduced to 1.2 / 1000 live births and near 0 / 1 lakh births, respectively.
- 100% enrolment of children in schools and over 40,900 adult women made literate.
- Proper solid and liquid waste management practices adopted in 977 villages.
- Over 1,75,205 hectares of degraded forests reforested and 10,766 hectares of dry lands covered by watershed development activities.
- Over 47,470 families have taken up income generating activities. They earn an additional income from Rs.2,000/- to Rs.4,000/- per month.
- SHG members have a group saving of Rs.12.19 Cr.
- Over 81,830 of the families living in these villages have a monthly income of around Rs.10,000/- per family.

SST's effort is to empower communities to take ownership of the development effort and to enable them to take this effort forward in the future. SST will, however, continue to mentor / advise the communities.

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.

4. SUBSIDIARY COMPANIES

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

Name of the Company	Subsidiary of
Sundaram Auto Components Limited (SACL) TVS Energy Limited (TVS Energy) TVS Housing Limited TVS Motor Company (Europe) B.V. TVS Motor (Singapore) Pte. Limited Sundaram Business Development Consulting (Shanghai) Company Limited	TVS Motor Company Limited
PT. TVS Motor Company Indonesia	TVS Motor (Singapore) Pte. Limited
TVS Wind Power Limited TVS Wind Energy Limited	TVS Energy Limited
Sundaram Engineering Products Services Limited	51% of share capital held by SACL and TVS Energy

During the year under review, the Company has established a wholly foreign owned enterprise (WFOE) in China under the name of Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai, China. The body corporate was registered in Shanghai province of China on 2nd September 2011 and the Company invested a sum of Rs.0.20 Cr in the equity capital and thereby it became a subsidiary of the Company on that date.

The WFOE closed its accounts for the first year, for a short period from 2nd September 2011 to 31st December 2011.

On 23rd January 2012, Sundaram Auto Components Limited, the wholly owned subsidiary and TVS Energy Limited, subsidiary company invested in the equity capital of Sundaram Engineering Products Services Limited (SEPSL), an unlisted public company, incorporated on 1st December 2011 with the main object of rendering consultancy services for catering to the needs of the group companies and is yet to commence its activities. SEPSL has also become a subsidiary of the Company by virtue of the provisions of Section 4(1)(c) of the Companies Act, 1956, in view of the investment made by the subsidiaries of the Company.

5. PERFORMANCE OF SUBSIDIARIES

PT.TVS Motor Company Indonesia (PT TVS)

PT.TVS Motor Company Indonesia (PT TVS) ended the financial year 2011-12, with a sales of 23,000 vehicles which is a 16% growth from the previous year. Turnover of the Company increased from Rs. 85.36 Cr in 2010-11 to Rs. 107.36 Cr in 2011-12. Operating loss at EBITDA level was lower at Rs. 49 Cr during the current year compared to loss at EBITDA level (excluding amortisation of Foreign

Currency Monetary Translation Reserve) was Rs. 58.4 Cr of previous year.

The Indonesian motorcycle industry has been growing at 15% in the last 5 years and is expected to grow at 10% to 12% over the next five years. However, there has been a significant shift in the form of vehicles sold. The popular Bebebs category which constituted close to 80% of the market 5 years back has now come down to 40% on the back of strong growth from the scooters (skubeck) category. The scooters offer greater convenience and imagery over the Bebebs and hence are a preferred choice. The category share of Sports model, however, remains stable at 8%.

PT TVS has 3 brands in the Bebek category and one brand in the Sports category and is still unrepresented in the Scooters category. All the product brands have been well received by the customers.

PT TVS has just completed the launch of 2012 model of Neo in February 2012. This was followed by the launch of new TVS RockZ in May 2012. All new TVS Apache in 3 models viz., 160cc, 180cc and 180cc ABS (first in the category) will also be launched during the year 2012-13.

The company has decided to focus on 6 identified provinces and increase its share in these markets through focused expansion and improving the productivity of existing dealers. The present strength of around 110 dealers will be increased to 240 by end of next year.

Retail finance, being the most important enabler to sales has been given high priority. The Company has tied up with 3 national and several regional financing companies that will provide retail financing.

The company had, in the last year, exported 10,000 units to countries like Iran, Philippines and West Africa. PT TVS plans to expand its presence in new markets like Laos, Columbia, Argentina, Peru, Guatemala, Nigeria, Brazil and Vietnam.

Sundaram Auto Components Limited (SACL)

During the year, SACL achieved a growth of 10% in the sale of Rubber and Plastics component business. SACL earned a profit after tax of Rs 5.13 Cr during the year 2011-12 as against Rs.8.22 Cr in the previous year.

Due to abnormal increase in the price of polymers and increase in fixed costs, the profitability of SACL was affected and resulted in lower contribution and consequently lower profits during 2011-12.

SACL has added injection moulding machines with annual capacity of 680 tons of plastics at its plant located at Mysore to support its customers. During the year, SACL has also productionised 92 new parts for various customers.

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

SACL declared and paid an interim dividend of Rs 1.50 per share (15%) for the year ended 31st March 2012.

TVS Energy Limited (TVS Energy)

During the year, power generation by TVS Energy's wind turbines had to be backed down under instruction of the state transmission utility, viz., Tamil Nadu Transmission Corporation Limited (TANTRANSCO) during the peak wind season due to overloading and high frequency of the grid. Consequently, the energy generation from four wind energy projects with a capacity of 34.25 MW located in Tamilnadu was severely affected. The revenue earned by TVS Energy for the year was Rs.16.64 Cr and EBITDA was Rs. 13.34 Cr. However after providing for interest of Rs. 13.06 Cr and depreciation of Rs. 7.15 Cr, the net loss from operations is Rs. 6.87 Cr. TVS Energy expects the grid availability to improve during the current year.

During the year, TVS Energy planned to set up a 25.5 MW capacity wind energy project in Maharashtra. The power generated by this project is proposed to be sold to power distribution utility in Maharashtra. Two turbines (3 MW) were commissioned during the year and the remaining fifteen turbines (22.5 MW) are expected to be commissioned during the current financial year 2012-2013.

Investment in subsidiaries:

During the year under review, the Company made additional investments in its subsidiaries:

- USD 18 Million in non cumulative, non convertible and redeemable shares (Class B) of PT TVS.
- Rs 24.90 Cr in the equity capital of SACL.
- Rs 25.00 Cr in the equity capital of TVS Energy.
- Euro 5450000 in the equity capital of TVS Motor Company (Europe) B.V.
- USD 40000 in equity capital of Sundaram Business Development Consulting (Shanghai) Company Limited.

6. CONSOLIDATED FINANCIAL STATEMENTS

As required under the Listing Agreement with the Stock Exchanges, the consolidated financial statements of the Company have been prepared in compliance with the applicable Accounting Standards and are attached.

The Ministry of Corporate Affairs (MCA) vide its circular No. 2 in file No. 51/12/2007-CL-III dated: 8th February 2011 has granted general exemption from attaching annual reports of subsidiaries along with the annual report of the holding

companies without seeking any approval of the Central Government, subject to the conditions laid down therein.

The board of directors at their meeting held on 11th April 2012 passed necessary resolution for complying with all the conditions enabling the circulation of annual report of the Company without attaching all the documents referred to in Section 212(1) of the Act, of the subsidiary companies to the shareholders of the Company.

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

A statement giving the following information in aggregate of each subsidiary including subsidiaries of subsidiaries consisting of (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend has been attached with the consolidated balance sheet of the Company in compliance with the conditions of the said circular issued by MCA. A statement referred to in clause (e) of sub-section 1 of Section 212 of the Act disclosing the Company's interest in subsidiaries and other information as required, is attached.

7. DIRECTORS

In terms of the Articles of Association of the Company, Mr T Kannan and Mr Prince Asirvatham, directors of the Company, are liable to retire by rotation at the ensuing annual general meeting of the Company, and being eligible, offer themselves for re-appointment.

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

8. AUDITORS

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

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

9. COST AUDITOR

The Company filed the Cost Audit Report in terms of Cost Accounting Records (Motor Vehicles) Rules, 1997 for the financial year 2010-2011 on 19th September 2011 which was due to be filed with the MCA on or before 30th September 2011.

The Company has received a letter from the Cost Auditor, stating that the appointment, if made, will be within the prescribed limit under Section 224(1B) of the Companies Act, 1956.

The board of directors, subject to the approval of the Central Government, appointed Mr A N Raman, a Cost Accountant holding certificate of practice No.5359, as a Cost Auditor for conducting the Cost Audit for the financial year 2012-2013. The audit committee of directors recommended his appointment subject to the compliance of all the requirements as stipulated in circular no.15/2011 dated 11th April 2011 issued by the MCA. The Central Government has also accorded its approval for the appointment.

10. CORPORATE GOVERNANCE

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

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

The chairman and managing director and the executive vice president - finance of the Company have certified to the board on financial statements and other matters in accordance with the Clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March 2012.

11. STATUTORY STATEMENTS**Conservation of energy, technology absorption and foreign exchange earnings and outgo**

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

Particulars of employees

The particulars required pursuant to Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975 as amended, are given in Annexure II to this report. However, in terms of the provisions of Section

219(1)(b)(iv) of the Act, the Directors' Report (excluding Annexure II) is being sent to all the 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.

Public Deposits

The Company has not accepted any deposit from the public within the meaning of Section 58A of the Act, during the year ended 31st March 2012.

Directors' Responsibility Statement

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

- i. that in the preparation of annual accounts for the financial year ended 31st March 2012, the applicable Accounting Standards had been followed and that there are no material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. that the directors had prepared the accounts for the financial year ended 31st March 2012 on a "going concern basis."

ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board

Bengaluru
May 24, 2012

VENU SRINIVASAN
Chairman

Annexure I to directors' report to the shareholders

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

A CONSERVATION OF ENERGY

1. Measures taken during the year 2011-12:

- i. Alternate source of power to reduce power cost.
- ii. Optimal utilisation of plant and equipment.
- iii. Light Emitting Diode (LED) / Induction lamps for Gangways and service bays.
- iv. Optimisation of compressed air pressure and consumption.
- v. Providing Variable Frequency Drives (VFD) for higher rating motors and pumps.
- vi. Other miscellaneous energy efficient projects.

The above measures have resulted in an annual saving of approximately Rs.2.1 Cr.

2. Proposed measures during the year 2012-13:

- i. Alternate source of power to reduce power cost.
- ii. Optimal utilisation of plant and equipment.
- iii. Solar water heater for hot water application.
- iv. LED/Induction lamps for Gangways and service bays.
- v. Providing VFDs for higher rating motors and pumps and EE motors.
- vi. Other miscellaneous energy efficient projects.

These measures are expected to yield an annual saving of approximately Rs.4.0 Cr.

B TECHNOLOGY ABSORPTION FOR 2011-12

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

- i. Designed, developed and launched new 150cc 4stroke liquid cooled engine for ASEAN market.
- ii. Designed and developed new Hybrid scooter technology for reduction of emission, reduction of CO₂ and improvement of fuel economy.
- iii. Designed and developed new engine technology with Automatic transmission for reduction of emission, reduction of CO₂ and improvement of fuel economy.
- iv. Designed and developed new variant of TVS Apache RTR 160cc and 180cc.
- v. Designed, developed and launched new variants of TVS Pep+, TVS Streak and TVS StaR City models.

2. Future plan of action:

- i. Development of new technologies for reduction of emission & reduction of CO₂ to meet future emission norms.
- ii. Development of new technologies and new features to achieve customer satisfaction.
- iii. Development of technologies including alternate materials, weight reduction, cost reduction and improvement of fuel economy.
- iv. Development of new technologies to improve fit and finish quality of products.
- v. Development of new technologies to improve noise, vibration & harshness of the products.

3. Expenditure on R&D:

(Rs. in Cr)

Capital expenditure	27.75
Revenue expenditure	92.65
Total	<u>120.40</u>
Total expenditure as a percentage of turnover	1.68 %

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 OUTGO

1. Export activities:

During the year, export of two wheelers was 2.70 lakh units and three wheelers was 0.26 lakh units. The Company expanded its presence to 58 countries. The Company continued export of components and sub-assemblies to its subsidiary in Indonesia.

2. Total foreign exchange earned and used:

(Rs. in Cr)

Foreign exchange used	769.86
Foreign exchange earned	1130.19

For and on behalf of the Board

Bengaluru
May 24, 2012

VENU SRINIVASAN
Chairman

Report on Corporate Governance

1. Company's philosophy on code of governance

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

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

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

2. Board of directors

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

2.1 Composition and category of directors:

As on 31st March 2012, the total strength of the board of directors (the board) is seven. As the Company has an executive chairman viz., Mr Venu Srinivasan who is the chairman and managing director, the board is required, in terms of Clause 49 of the Listing Agreement, to have fifty per cent of its directors as non-executive and independent directors.

Accordingly, the board has four non-executive and independent directors viz., M/s T Kannan, C R Dua, K S Bajpai and Prince Asirvatham and two non-executive and non-independent directors, viz.,

M/s H Lakshmanan and R Ramakrishnan. Thus, the composition of the Company's board is in conformity with the requirements of the Listing Agreement.

2.2 Board meetings:

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

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

Comprehensively drafted notes for each agenda item along with back ground materials, wherever necessary, are circulated well in advance to the committee / board, to enable them for making value addition as well as exercising their business judgment in the committee / board meetings.

Presentations are also being made by the business heads on the Company's operations, marketing strategy, IT strategy, HR initiatives in board meetings.

During the year 2011-2012, the board met six times i.e., on 29th April 2011, 29th July 2011, 3rd November 2011, 1st December 2011, 31st January 2012 and 14th March 2012 which include meetings convened through video conferencing on 1st December 2011 and 14th March 2012 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 14th September 2011 and also the number of other directorships and committee memberships / chairmanships as on 31st March 2012 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	6	Yes	15	4	1
H Lakshmanan	NE-NI	6	Yes	20	10	4
T Kannan	NE-I	5	Yes	8	5	2
C R Dua	NE-I	4	No	21	4	1
K S Bajpai	NE-I	6	No	-	-	-
R Ramakrishnan	NE-NI	6	Yes	11	5	2
Prince Asirvatham	NE-I	6	Yes	2	2	1

CMD : Chairman & Managing Director

NE-NI : Non-Executive - Non-Independent

NE-I: Non-Executive - Independent

* includes private companies and companies incorporated outside India.

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

None of the directors on the board is a member of more than ten committees or chairman of more than five committees across all the companies in which they are directors. Chairmanship / membership of committees include only audit and shareholders / investors' grievance committee 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 their functions and developments. They also make presentations to the board and audit committee of directors.

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

Decisions taken at the meetings of the board / committees are communicated to the functional heads. Action taken report on decisions of previous

meetings is placed at every succeeding meeting of the board / committee for reporting the compliance.

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

The Company has in place the Code approved by the board and the same has been communicated to directors and the senior management personnel. The Code has also been displayed on the Company's website www.tvsmotor.in.

All the members of the board and senior management personnel have confirmed compliance with the Code for the year ended 31st March 2012. The annual report contains a declaration to this effect signed by the chairman and managing director and company secretary as the compliance officer for the Code.

2.6 Appointment / Re-appointment of directors:

In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of directors, proposed to be re-appointed, nature of their expertise in specific functional areas,

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

3. Audit Committee

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

3.1 Brief description of terms of reference:

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

- Overviewing the financial reporting process and the disclosure of financial information.
- 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.
- Reviewing the statement of related party transactions and transactions with companies in which one or more director(s) of the Company is / are deemed to be interested / concerned.
- Discussing the nature and scope of audit including internal audit prior to the commencement of the audit and areas of concern, if any, arising post audit.
- 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.
- Reviewing the findings of any internal investigations by the internal auditors into matters of suspected fraud or irregularity or a failure of internal control systems, of a material nature, if any.
- Recommending to the board the appointment / re-appointment / replacement of the statutory auditors and cost auditors and the fees payable for audits and approving payment for any other services rendered by the statutory auditors.
- Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.

- Reviewing the management discussion, analysis of financial conditions and results of operations and other matters specified under Clause 49 of the Listing Agreement.
- Reviewing the financial statements, in particular the investments made by the unlisted subsidiaries.
- Reviewing the cost audit report.
- Reviewing with the management the annual financial statements before submission to the board, in particular
 - Any change in accounting policies and practices;
 - Major accounting entries passed, based on exercise of judgment by management;
 - Significant adjustments arising out of audit;
 - Compliance with Accounting Standards; and
 - Disclosure of contingent liabilities.
- Approving the appointment of the Chief Financial Officer after assessing the qualifications, experience, background, etc., of the candidate.
- In addition, reviewing of such other functions as envisaged under Section 292A of the Act and Clause 49 of the Listing Agreement with Stock Exchanges.

The subjects reviewed and recommended in the meetings of the audit committee are being apprised to the board by the chairman of the audit committee, for its approval.

3.2 Composition, name of members and the chairman:

As at 31st March 2012, the audit committee consists of the following non-executive independent / non-independent directors:

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

Mr T Kannan, member is the chairman of the audit committee. Mr K S Srinivasan, company secretary acts as the secretary of the audit committee.

Chairman of the audit committee was present at the last annual general meeting held on 14th September 2011.

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

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

Date of the Meeting	Members present (M/s.)
28.04.2011	T Kannan, Prince Asirvatham and R Ramakrishnan
28.07.2011	C R Dua, Prince Asirvatham and R Ramakrishnan
02.11.2011	T Kannan, Prince Asirvatham and R Ramakrishnan
30.01.2012	T Kannan, C R Dua, Prince Asirvatham and R Ramakrishnan

4. Subsidiary companies

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

5. Disclosures

5.1 Materially significant related party transactions:

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

The transactions with the related parties, namely its promoters, its subsidiary and associate companies etc., of routine nature have been reported elsewhere in the annual report, as per

Accounting Standard 18 (AS 18) issued by the Institute of Chartered Accountants of India and Company (Accounting Standards) Rules, 2006.

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

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

5.2 Disclosure of accounting treatment:

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

The Central Government has issued a notification on 29th December 2011 amending the existing AS 11 relating to 'The effects of changes in foreign exchange rates' and extended upto 31st March 2020. By this amendment, companies are permitted to add / deduct from the carrying cost of depreciable assets, exchange differences arising out of exchange rate fluctuations with corresponding adjustments in general 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.

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

5.3 Risk Management:

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

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

5.4 Instances of non-compliances, if any:

There was no instance of non-compliance by the Company, penalty and stricture 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 31st March 2012.

5.7 Compliance with mandatory / non-mandatory requirements:

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

5.8 Code of Conduct for Prevention of Insider Trading:

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

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

5.9 Management discussion and analysis report:

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

6. Remuneration Committee

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

6.1 Remuneration to directors:

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

During the year, the board determined the commission payable to CMD at Rs.3.23 Cr, being 1% of the net profit computed in accordance with Section 349 of the Act.

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

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

This approval for payment of commission to non-executive and independent directors will be valid up to 31st March 2013 and the approval of the shareholders is being sought at the ensuing annual general meeting, for payment of commission for a further period of five years, commencing from 1st April 2013.

Presently, the Company does not have a scheme for grant of stock options either to the directors or employees of the Company.

6.2 Particulars of sitting fees / commission paid to the non-executive and independent / non-independent directors during the financial year 2011-2012 are as follows:

(Rs. in lakhs)

Name of the Director (M/s.)	Sitting fees	Commission	Total
H Lakshmanan	2.00	—	2.00
T Kannan	2.40	15.00	17.40
C R Dua	1.20	15.00	16.20
K S Bajpai	1.20	12.00	13.20
R Ramakrishnan	2.80	—	2.80
Prince Asirvatham	2.00	15.00	17.00

6.3 Details of shareholdings of Non-executive directors in the Company as on 31st March 2012:

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

7. Investors' Grievance Committee

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

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

7.3 The Committee oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. The Committee also looks into redressal of investors' grievances pertaining to transfer of shares, non-receipt of annual reports, non-receipt of declared dividends etc. The Company, in order to expedite the process of share transfers, has delegated the power of share transfers to an officer of the Share Transfer Agent. 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 2011-2012:

S.No	Nature of complaints	No. of complaints
1.	Non-receipt of share certificates	6
2.	Non-receipt of dividend warrants	21
3.	Non-receipt of annual reports	3
4.	Others - Non crediting of bonus shares, indemnity for duplicate share certificate, demat rejection.	3
	TOTAL	33

7.5 All the queries and complaints received during the financial year ended 31st March 2012, were duly redressed and no queries are pending at the year end.

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

7.6 Reconciliation of Share Capital Audit

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

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

8. General body meeting

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

Year	Location	Date	Time
2008-09	The Music Academy, New No.168, (Old No.306), T.T.K. Road, Royapettah, Chennai - 600 014	17.8.2009	10.15 AM
2009-10	Sathguru Gnanananda Hall, Naradha Gana Sabha Trust, No.314, T.T.K. Road, Chennai - 600 018	08.9.2010	10.00 AM
2010-11	The Music Academy, New No.168, (Old No.306), T.T.K. Road, Royapettah, Chennai 600 014	14.9.2011	10.00 AM

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

During the last three years, namely 2008-09 to 2010-11, approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject	Date of AGM
2008-09	Nil	17.08.2009
2009-10	Nil	08.09.2010
2010-11	Nil	14.09.2011

8.3 None of the subjects placed before the shareholders in the last / ensuing annual general meeting required / requires approval by a 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 specific communications to Stock Exchanges, where the Company's shares are listed.

9.1 Quarterly results:

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

9.2 Newspapers wherein results are normally published:

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

9.3 Website:

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

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

10. General shareholder information

10.1 Annual general meeting:

Date and time	: Wednesday, 12 th September 2012, 10.00 A.M.
Venue	: The Music Academy, New No.168 (Old No.306), T.T.K. Road, Royapettah, Chennai - 600 014

10.2 Financial year	: 1 st April to 31 st March
Financial calendar	: 2012-2013 (Tentative)
Annual general meeting	: During August / September 2013
Financial reporting for the quarter ending	: Financial calendar
30 th June 2012	: between 15 th July and 15 th August 2012
30 th September 2012	: between 15 th October and 15 th November 2012
31 st December 2012	: between 15 th January and 15 th February 2013
31 st March 2013	: between 15 th April and 30 th May 2013

10.3 Dates of Book Closure : 11th September 2012 and 12th September 2012

10.4 Particulars of dividend payments:

The board of directors at their meeting held on 14th March 2012, declared an interim dividend of Re.0.60 per share (60%) for the year 2011-2012, absorbing a sum of Rs.33.13 Cr including dividend distribution tax. It was paid to the shareholders on 26th March 2012.

The board of directors of the Company at their meeting held on 24th May 2012 declared a second interim dividend of Re. 0.70 per share (70%) for the year 2011-12 absorbing a sum of Rs.38.65 Cr including dividend distribution tax. The same will be paid to the shareholders on or after 12th June 2012. Hence, the total amount of dividend including the second interim dividend payable, for the year ended 31st March 2012 will aggregate to Rs.1.30/- per share (130%) on 47,50,87,114 equity shares of Re.1/- each.

10.5 Listing on Stock Exchanges:

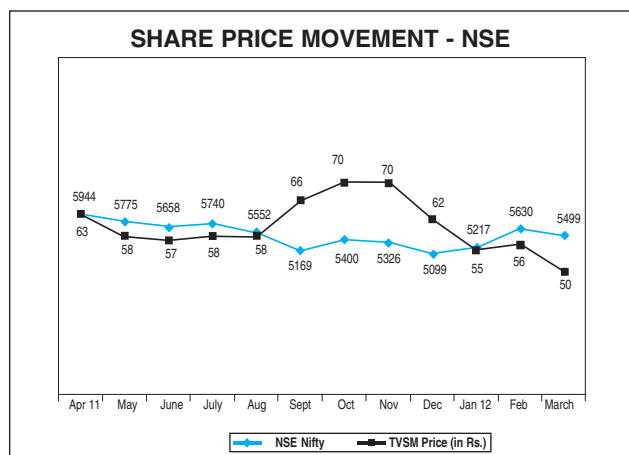
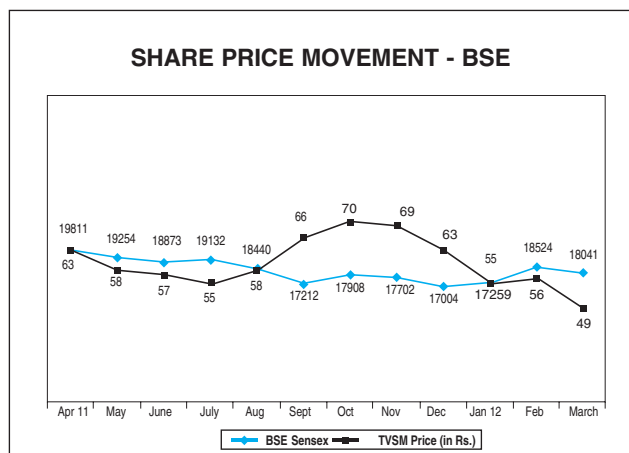
Name of the Stock Exchange	Stock Code / Symbol
Madras Stock Exchange Limited (MSE)	—
Bombay Stock Exchange Limited (BSE)	532343
National Stock Exchange of India Limited (NSE)	TVSMOTOR
ISIN allotted by Depositories (Company ID Number)	INE 494B01023

(Note: Annual listing fees and custodial charges for the year 2012-2013 were duly paid to the above Stock Exchanges and to the Depositories)

10.6 Market Price Data:

(in Rs.)

Month	NSE (Monthly)		BSE (Monthly)	
	High price	Low price	High price	Low price
April 2011	63.00	54.75	63.00	54.70
May 2011	58.35	50.10	57.90	50.10
June 2011	56.50	50.15	56.75	50.15
July 2011	58.10	48.70	55.10	48.60
August 2011	57.65	48.65	57.65	48.35
September 2011	66.20	55.90	66.25	56.00
October 2011	70.30	57.70	70.30	57.55
November 2011	69.60	58.35	69.40	58.25
December 2011	61.95	46.20	63.40	46.15
January 2012	55.20	46.00	55.20	46.05
February 2012	55.70	46.50	55.50	46.50
March 2012	50.30	36.80	48.50	37.00

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

10.8 Share Transfer Agents and share transfer system:

- a. Sundaram-Clayton Limited (SCL), the holding company, which has been registered with SEBI as share transfer agents in Category II, has been acting as the share transfer agent of the Company (STA) with a view to rendering prompt and efficient service to the investors. The shareholders have also been advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company effective 1st October 2004.
- b. All matters connected with the share transfer, dividends and other matters are being handled by the STA located at the address mentioned elsewhere in this report.
- c. Shares lodged for transfers are normally processed within ten 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 seven days. Grievances received from investors and other miscellaneous correspondences relating to change of address, mandates, etc., are processed by the STA within seven days.
- d. Certificates are being obtained and submitted to Stock Exchanges, on half-yearly basis, from a Company Secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Clause 47(c) of the Listing Agreement with Stock Exchanges.
- e. Certificates have also been received from a Company Secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.
- f. The Company, as required under Clause 47(f) of the Listing Agreement, has designated the following e-mail IDs, namely investorscomplaintssta@scl.co.in / ks.srinivasan@scl.co.in for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- g. Shareholders are, therefore, requested to correspond with the STA for transfer / transmission of shares, change of address and

queries pertaining to their shareholding, dividend, etc., at their address given in this report.

10.9 Shareholding pattern as on 31st March 2012:

Category of Shareholder	No. of shares held	%
Promoter and Promoter Group Bodies Corporate	28,17,75,786	59.31
Public Shareholding		
Mutual Funds	2,36,14,496	4.97
Financial Institutions	2,85,340	0.06
Insurance Companies	5,45,49,242	11.48
Foreign Institutional Investors	1,24,86,824	2.63
Total Institutions	9,09,35,902	19.14
Bodies Corporate	2,13,10,687	4.49
Individuals holding nominal capital in excess of Rs. 1 lakh	54,62,578	1.15
Individuals holding nominal capital upto Rs. 1 lakh	7,36,80,933	15.51
NRI Repatriable	14,23,453	0.30
NRI Non- Repatriable	4,97,639	0.10
Overseas Body Corporate	136	0
Total Non Institutions	10,23,75,426	21.55
Total Public Shareholding	19,33,11,328	40.69
Grand Total	47,50,87,114	100.00

10.10 Distribution of Shareholding as on 31st March 2012:

Shareholding (Range)	No. of shares	%	No. of members	%
Upto 5000	5,59,11,661	11.77	1,42,951	98.69
5001-10000	85,89,232	1.81	1,157	0.80
10001-20000	59,02,133	1.24	410	0.28
20001-50000	54,13,581	1.14	173	0.12
50001-100000	42,84,822	0.90	64	0.04
100001 & above	39,49,85,685	83.14	97	0.07
Total	47,50,87,114	100.00	1,44,852	100.00

10.11 Dematerialization of shares and liquidity:

Promoter & Promoter's group holding of 28,17,75,786 equity shares of Re.1/- each have been fully dematerialised. Out of the remaining 19,33,11,328 equity shares of Re.1/- each held

by persons other than promoters, 18,43,28,473 shares have been dematerialized as on 31st March, 2012 accounting for 95.35%.

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

10.13 Plant Locations:

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

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

Himachal : Bhatian Village, Nalagarh Post & Taluk
Pradesh Solan District - 174 101, Himachal Pradesh
Tel : 01795 - 220494
Fax : 01795 - 220496
Email : kn.radhakrishnan@tvs motor.co.in

10.14 Address for investor correspondence:

(i) For transfer / dematerialization of shares, payment of dividend on shares and any other query relating to the shares of the Company : Sundaram-Clayton Limited
Share Transfer Agent (STA)
Unit: TVS Motor Company Limited
New No. 22, Old No. 31
Railway Colony, 3rd Street, Mehta Nagar, Chennai - 600 029
Tel : 044 - 2374 1889,
044 - 2374 2939
Fax : 044 - 2374 1889.

(ii) For any query on annual report : Email: kr.raman@scl.co.in
sclshares@gmail.com

(iii) For investors' grievance & general correspondence : Email : ks.srinivasan@scl.co.in
investorscomplaintsstata@scl.co.in

11. Non-mandatory disclosures

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

11.1 The Board:

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

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

11.2 Remuneration Committee:

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

11.3 Shareholder rights:

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

11.4 Audit qualifications:

The statutory financial statements of the Company are unqualified.

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

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

11.6 Whistle Blower Policy:

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

12. Request to shareholders

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

Demat of Shares:

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

Registration of Electronic Clearing Service (ECS) mandate:

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

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

Transfer of shares in physical mode:

Shareholders should fill up complete and correct particulars in the transfer deed, for expeditious transfer of shares. Wherever applicable, registration number of power of attorney should also be quoted in the transfer deed at the appropriate place.

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

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

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

Consolidation of Multiple Folios:

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

Registration of Nominations:

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

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

Updation of address:

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

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

SMS alerts:

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

Timely encashment of dividend:

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 Investor Education and Protection Fund (IEPF).

As required by SEBI, shareholders are requested to furnish details of their bank account number, 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 31st March 2005 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

Shareholders are requested to note that the dividend, not claimed for a period of seven years from the date they first become due for payment, shall be transferred to IEPF in terms of Section 205C of the Act. Accordingly a sum of Rs. 10.46 lakhs, being unclaimed dividend was transferred to IEPF during the year. Shareholders are requested to note that, as per the applicable provisions

of the Act, unclaimed dividend once transferred to IEPF, will not be refunded.

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

PARTICULARS OF UNCLAIMED DIVIDEND OF THE COMPANY

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to IEPF
2004-2005 2 nd Interim	30.05.2005	05.07.2005	05.07.2012
2005-2006 1 st Interim	27.10.2005	03.12.2005	03.12.2012
2005-2006 2 nd Interim	26.06.2006	01.08.2006	01.08.2013
2006-2007 1 st Interim	26.10.2006	02.12.2006	02.12.2013
2006-2007 Final	17.08.2007	22.09.2007	22.09.2014
2007-2008 Final	14.08.2008	19.09.2008	19.09.2015
2008-2009 Interim	26.06.2009	01.08.2009	01.08.2016
2009-2010 1 st Interim	20.01.2010	25.02.2010	25.02.2017
2009-2010 2 nd Interim	21.07.2010	26.08.2010	26.08.2017
2010-2011 1 st Interim	20.01.2011	25.02.2011	25.02.2018
2010-2011 2 nd Interim	29.07.2011	03.09.2011	03.09.2018
2011-2012 1 st Interim	14.03.2012	19.04.2012	19.04.2019

Unclaimed share certificates:

In terms of the provisions of Clause 5A of the Listing Agreement (introduced vide SEBI circular dated 16th December, 2010), the unclaimed share certificates will be dematerialized and transferred to "Unclaimed Suspense Account". As required under this Clause of the Listing Agreement, the Company sent two reminder letters to the shareholders, whose share certificates were returned undelivered or unclaimed. It is also proposed to send the third and final reminder letter as required and action would be taken thereafter to transfer the shares so unclaimed to "Unclaimed Suspense Account" to comply with the requirement of this Clause of the Listing Agreement.

Green initiative in corporate governance:

MCA has undertaken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and issued circulars stating that service of notice / documents including annual reports can be sent by e-mail to its members. The advantages of sending such documents in electronic mode are to:

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

Accordingly, the annual report for the year 2011-12, notice for the annual general meeting, etc., of the Company are being sent in electronic mode to such of the members of the Company, whose e-mail addresses are registered with the Company / DPs and who have opted to receive the documents in electronic mode and not in physical mode.

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

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

To

The shareholders of TVS Motor Company Limited, Chennai.

On the basis of the written declarations received from members of the board and senior management personnel in terms of the relevant provisions of Clause 49 of the Listing Agreement, we hereby certify that both the members of the board and the senior management personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the board for the year ended 31st March 2012.

K S SRINIVASAN
Company Secretary

venu srinivasan
Chairman & Managing Director

Place : Chennai
Date : May 17, 2012

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 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investors' 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
Firm Regn. No.: 004207S

M. BALASUBRAMANIAM
Partner
Membership No.: F7945

Place : Bengaluru
Date : May 24, 2012

Auditors' report to the shareholders of TVS Motor Company Limited, Chennai for the year ended 31st March 2012

We have audited the attached Balance Sheet of TVS MOTOR COMPANY LIMITED, Chennai - 600 006 as at 31st March 2012 and the Statement of Profit and Loss 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 accounts as required by law have been kept by the Company so far as it appears from our examination of such books;

- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 31st March 2012 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 particularly notes under Accounting Standard 13 and Accounting Standard 30 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 31st March 2012;
 - ii) in so far as it relates to the Statement of Profit and Loss, 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 of the Company for the year ended on that date.

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

M. BALASUBRAMANIAM

Partner

Membership No.: F7945

Place: Bengaluru

Date : May 24, 2012

Annexure referred to in our report of even date on the accounts for the year ended 31st March 2012

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets are physically verified by the management at reasonable intervals. In our opinion, the interval is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The assets disposed off during the year are not substantial and therefore do not affect the going concern status of the Company.
- (ii) (a) The inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate. In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year, the Company has granted loans and advances to four Companies covered in the register maintained under Section 301 of the Companies Act, 1956 amounting to Rs. 50.30 crores (Balance due as at the year end Rs. 42.64 crores from two parties).
- (b) In our opinion, the rate of interest and other terms and conditions on which such loans and advances are made are not prima facie prejudicial to the interest of the Company.
- (c) The recovery of principal amount and interest thereon were in accordance with the terms of loan.
- (d) As on the date of Balance Sheet, there was no overdue amount recoverable on the said loans and advances.
- (e) During the year, the Company has taken loan of Rs.14.85 Cr from one party covered in the register maintained under Section 301 of the Companies Act, 1956. (Balance due as at the year end Rs.14.85 Cr)
- (f) The terms relating to interest and other conditions are not prima facie prejudicial to the interest of the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no minor or major continuing failure has been noticed in the internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion, that the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been properly entered in the said register.
- (b) In our opinion and according to the information and explanations given to us, transactions entered in the register maintained under Section 301 of the Companies Act 1956 and exceeding the value by rupees five lakhs during the year in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public.
- (vii) The Company has an Internal Audit System, which in our opinion is commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for maintenance of cost records in respect of automotive two and three wheelers and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records provided to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess and other statutory dues with the appropriate authorities. However, there have been marginal delays in respect of payments of Employees' State Insurance and National Calamity Contingent Duty.
- (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 2012 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the following are the details of the disputed dues, that were not deposited with the authorities concerned.

Name of the Statute	Nature of dues	Amount (Rs. in Cr)	Forum where dispute is pending
Central Excise Act, 1944	Cenvat / Excise dues	(a) 9.16	Central Excise and Service Tax Appellate Tribunal, Chennai
		(b) 41.54	Assistant / Deputy / Commissioner of Central Excise, Hosur and Mysore
		(c) 0.24	High Court of Karnataka
		(d) 7.32	Supreme Court
Finance Act, 1994	Service Tax	(a) 5.84	Assistant / Deputy / Commissioner of Central Excise, Hosur and Mysore
		(b) 2.43	Central Excise and Service Tax Appellate Tribunal, Chennai
Customs Act, 1962	Customs Duty	1.87	High Court of Judicature at Madras
Sales Tax / VAT Laws	Sales tax	(a) 2.69	Dept Authorities
		(b) 0.61	Tribunals
		(c) 0.20	High Court of Karnataka
		(d) 0.05	High Court of Orissa
		(e) 0.60	Supreme Court
The Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003 read with Amendment Act, 2007	Electricity Tax	(a) 3.96	High Court of Judicature at Madras
		(b) 0.76	Supreme Court
Income Tax Act, 1961	Income Tax & Interest thereon	(a) 21.97	High Court of Judicature at Madras, Chennai
		(b) 15.75	Income Tax Appellate Tribunal
		(c) 10.21	Commissioner of Income Tax, (Appeals)

- (x) The Company neither has accumulated losses as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) Based on our verification and according to the information and explanations given by the

management, the Company has not defaulted in repayment of dues to its banks.

- (xii) Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit/nidhi/mutual benefit fund/society and as such this Clause of the Order is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments other than in mutual fund investments. Proper records have been maintained in respect of these transactions and contracts and timely entries have been made therein. The investments have been held by the Company in its own name except to the extent of exemption granted under Section 49 of the Act, in respect of shares held in subsidiary companies through the nominees.
- (xv) In our opinion the terms and conditions of guarantees given by the Company for loans taken by others are not prejudicial to the interest of the Company.
- (xvi) The term loans availed by the Company were utilised for the purpose for which the loans were obtained.
- (xvii) On the basis of our examination, the Company has not used funds raised on short-term basis for long term investments.
- (xviii) During the year, the Company has not allotted any 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
Firm Regn. No.: 004207S

M. BALASUBRAMANIAM
Partner
Membership No.: F7945

Place: Bengaluru
Date : May 24, 2012

Balance Sheet as at 31st March 2012

		Rupees in crores	
	Note number	As at 31-03-2012	As at 31-03-2011
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	I	47.51	47.51
(b) Reserves and surplus	II	1,121.79	951.90
2 Non-current liabilities			
(a) Long-term borrowings	III	479.93	554.34
(b) Deferred tax liabilities (Net)		97.55	95.66
(c) Long-term provisions	IV	48.54	42.63
3 Current liabilities			
(a) Short-term borrowings	V	235.53	79.09
(b) Trade payables		737.70	669.11
(c) Other current liabilities	VI	314.22	367.92
(d) Short-term provisions	VII	57.73	49.35
Total		<u>3,140.50</u>	<u>2,857.51</u>
II ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	VIII	1,019.64	935.31
(ii) Intangible assets	VIII	5.93	2.28
(iii) Capital work-in-progress	VIII	52.51	57.39
(b) Non-current investments	IX	930.92	649.38
(c) Long-term loans and advances	X	53.20	95.75
2 Current assets			
(a) Current investments	XI	—	11.75
(b) Inventories	XII	584.56	527.92
(c) Trade receivables	XIII	234.07	270.62
(d) Cash and cash equivalents	XIV	13.03	6.01
(e) Short-term loans and advances	XV	146.89	206.28
(f) Other current assets	XVI	99.75	94.82
Total		<u>3,140.50</u>	<u>2,857.51</u>

Accounting standards, additional disclosures and notes on accounts

XXIII

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

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

S.G. MURALI
Executive Vice President – Finance

K.S. SRINIVASAN
Company Secretary

M. BALASUBRAMANIAM
Partner
Membership No.: F7945

Place : Bengaluru
Date : May 24, 2012

Statement of Profit and Loss for the year ended 31st March 2012

		Rupees in crores	
	Note number	Year ended 31-03-2012	Year ended 31-03-2011
I Revenue from operations	XVII	7,126.20	6,288.02
II Other income	XVIII	21.71	35.62
III Total Revenue (I + II)		<u>7,147.91</u>	<u>6,323.64</u>
IV Expenses:			
Cost of materials consumed	XIX	5,132.28	4,650.65
Purchases of stock-in-trade	XIX	143.91	107.14
Changes in inventories of finished goods, work-in-process and stock-in-trade	XIX	(15.14)	(143.88)
Employee benefits expense	XX	370.11	326.72
Finance costs	XXI	57.09	72.33
Depreciation and amortization expense		117.53	107.25
Other expenses	XXII	1,025.67	955.34
Total expenses		<u>6,831.45</u>	<u>6,075.55</u>
V Profit before tax (III-IV)		316.46	248.09
VI Tax expense:			
(1) Current tax		65.50	72.42
(2) Deferred tax		1.89	(18.91)
VII Profit/(Loss) for the period (V-VI)		<u>249.07</u>	<u>194.58</u>
VIII Earnings per equity share (Refer note no.XXIII 1(t) under AS 20)			
(1) Basic		5.24	4.10
(2) Diluted		5.24	4.10

Accounting standards, additional disclosures and notes on accounts

XXIII

venu srinivasan
Chairman & Managing Director

H. LAKSHMANAN
Director

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

S.G. MURALI
Executive Vice President – Finance

K.S. SRINIVASAN
Company Secretary

M. BALASUBRAMANIAM
Partner
Membership No.: F7945

Place : Bengaluru
Date : May 24, 2012

Notes on accounts

Particulars	As at 31-03-2012		As at 31-03-2011	
	Number	Rupees in crores	Number	Rupees in crores
I SHARE CAPITAL				
(a) Authorised, issued and subscribed				
Authorised:				
Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and paid up:				
Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51
Out of the above:				
Equity shares allotted as fully paid up by way of bonus shares in the five years immediately preceding the date of Balance Sheet:				
(i) Number of shares - 23,75,43,557				
(ii) Year of allotment - Year ended 31 st March 2011				
	47,50,87,114	47.51	47,50,87,114	47.51
(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year				
Shares outstanding at the beginning of the year	47,50,87,114	47.51	23,75,43,557	23.75
Shares issued during the year (by way of issue of bonus equity shares)	—	—	23,75,43,557	23.76
Shares outstanding at the end of the year	47,50,87,114	47.51	47,50,87,114	47.51
(c) (i) Rights and preferences attached to equity share:				
Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 1956.				
(ii) There are no restrictions attached to equity shares.				
(d) Shares held by holding / ultimate holding / subsidiaries / associates of holding company at the end of 31 st March 2012				

Name of shareholder	Class of share	As at 31-03-2012		As at 31-03-2011	
		No. of shares held	% of holding	No. of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	4,20,00,000	8.84	4,20,00,000	8.84
Anusha Investments Limited, Chennai (Subsidiary of Holding Company)	Equity	23,06,82,786	48.56	23,06,82,786	48.56

(e) Shareholders holding more than five percent at the end of 31st March 2012 (other than 1(d))

Name of shareholder	Class of share	As at 31-03-2012 No. of shares held	As at 31-03-2011 No. of shares held
Life Insurance Corporation of India, Mumbai	Equity	2,68,20,617	2,59,90,617

Notes on accounts – (continued)

		Rupees in crores	
		As at 31-03-2012	As at 31-03-2011
II RESERVES AND SURPLUS			
(a) Capital reserves			
(i) On shares forfeited (Rs.55,200/-)		—	—
(ii) On surplus arising out of amalgamation		6.43	6.43
(iii) Government grant		0.30	—
Closing balance		6.73	6.43
(b) General reserve			
Opening balance		810.00	801.00
Add: Transfer from the Statement of Profit and Loss		25.00	32.75
		835.00	833.75
Less: Capitalised by issue of 23,75,43,557 numbers of bonus equity shares of Re.1/- each		—	23.75
Closing balance		835.00	810.00
(c) Other Reserves - Hedging reserve		(4.84)	—
(d) Surplus i.e., balance in Statement of Profit and Loss			
Opening Balance		135.47	34.12
Add: Net profit / (Loss) for the current year		249.07	194.58
		384.54	228.70
Less: Tax relating to earlier years	2.86	—	—
First interim dividend paid	28.51	23.76	—
Second interim dividend payable	33.26	28.51	—
Dividend tax paid on first interim dividend	4.62	3.95	—
Dividend tax payable on second interim dividend	5.39	4.26	—
Transfer to general reserve	25.00	32.75	—
		99.64	93.23
Closing balance		284.90	135.47
Total (a) + (b) + (c) + (d)		1,121.79	951.90
III LONG TERM BORROWINGS			
Secured			
Term loans			
(a) From banks		184.45	292.43
(b) Soft loan from a state owned corporation viz., State Industries Promotion Corporation of Tamil Nadu Ltd. (SIPCOT)		77.23	77.23
(A)		261.68	369.66
Unsecured			
(c) Sales tax deferral loan from Karnataka Government		218.25	184.68
(B)		218.25	184.68
(A) + (B)		479.93	554.34

Repayment terms of long term loans

Rupees in crores									
Total of loans repayable	*Current maturity i.e. loans repayable in 2011-12	Balance long term loan as at 31-03-2011	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	*Current maturity i.e. loans repayable in 2012-13	Balance long term loan as at 31-03-2012
57.99	44.61	13.38	External commercial borrowings	Half-yearly	1	May 2012	14.70	14.70	—
227.00	34.05	192.95	Term Loan I	Quarterly	17	Apr 2016	192.95	45.40	147.55
123.00	36.90	86.10	Term Loan II	Quarterly	7	Nov 2013	86.10	49.20	36.90
12.50	12.50	—	Term Loan III	Quarterly	—	Jul 2011	—	—	—
69.62	6.33	63.29	Sales Tax Deferral:						
121.39	—	121.39	Phase - 1	Yearly	10	2020-21	63.29	6.33	56.96
77.23	—	77.23	Phase - 2	Yearly	12	2026-27	161.29	—	161.29
			State owned corporation	Yearly	2	2022-23	77.23	—	77.23
688.73	134.39	554.34	Total				595.56	115.63	479.93

* Grouped under "Other current liabilities".

Notes on accounts – (continued)
III LONG TERM BORROWINGS – (continued)

Details of securities created:

- (i) External Commercial Borrowings secured by exclusive charge by way of hypothecation of specific movable properties including movable plant and equipment.
- (ii) Term loans
 - (a) First and exclusive charge on specific plant and equipment.
 - (b) Charge on pari-passu basis on the movable plant and equipment, spares, tools and accessories and other movables, both present and future situated in all plants, with the existing term loan lenders.
- (iii) Soft loan - State owned corporation viz., SIPCOT
First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of lands.

Amount payable in each instalments:

Description	Currency	Amount
External commercial borrowings	USD	3 million
External commercial borrowings	USD	2 million
Term Loan I	INR	11.35 crores
Term Loan II	INR	12.30 crores
Term Loan III	INR	12.50 crores
Sales tax deferral Phase - 1	INR	Not stipulated
Sales tax deferral Phase - 2	INR	Not stipulated
State owned corporation	INR	Not stipulated

IV LONG TERM PROVISIONS

Employee benefits

	Rupees in crores As at 31-03-2012	As at 31-03-2011
(a) Pension	43.09	38.15
(b) Leave salary	5.45	4.48
	<u>48.54</u>	<u>42.63</u>

V SHORT TERM BORROWINGS

Repayable on demand:

(a) From banks		
- Secured	95.02	64.87
- Unsecured	125.66	14.22
	<u>220.68</u>	<u>79.09</u>
(b) From related parties (unsecured)	14.85	–
	<u>235.53</u>	<u>79.09</u>

Details of securities created for loans availed and referred to in V(a) above:

First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.

VI OTHER CURRENT LIABILITIES

(a) Current maturities of long-term debt:		
(i) Term loans from banks	109.30	128.06
(ii) Sales tax deferral loan from Karnataka Government	6.33	6.33
(b) Unpaid dividends	1.99	1.13
(c) Foreign currency monetary item translation difference account	0.27	–
(d) Others		
(i) Tax deducted at source payable into Government	3.36	4.84
(ii) Sales tax payable	5.82	12.75
(iii) Employee related	18.17	17.39
(iv) For expenses	152.79	183.16
(v) Trade deposits received	16.19	14.26
	<u>314.22</u>	<u>367.92</u>

Notes on accounts – (continued)

Rupees in crores

VII SHORT TERM PROVISIONS

	As at 31-03-2012	As at 31-03-2011
(a) Employee benefit - Leave salary	2.44	2.01
(b) Warranty	15.23	14.57
(c) Second interim dividend payable	33.26	28.51
(d) Dividend tax on second interim dividend	5.39	4.26
(e) Other provisions for expenses	1.41	—
	<u>57.73</u>	<u>49.35</u>

VIII NON-CURRENT ASSETS - FIXED ASSETS

Rupees in crores

Description	Tangible									Intangible* (Software)	Total (tangible and intangible)		
	Land		Buildings	Plant & equip- ment	Furniture & fixtures	Office equip- ment	Vehicles	Total as at		As at			
	Free hold	Lease hold						31/03/ 2012	31/03/ 2011	31/03/ 2012	31/03/ 2011	31/03/ 2012	31/03/ 2011
Cost of assets													
As at 01-04-2011	30.10	10.94	267.42	1,590.93	9.88	43.25	8.65	1,961.17	1,900.31	11.08	8.83	1,972.25	1,909.14
Additions	0.45	-	36.64	152.23 [#]	0.56	7.72	3.09	200.69	112.49	6.87	2.25	207.56	114.74
Sub-total	30.55	10.94	304.06	1,743.16	10.44	50.97	11.74	2,161.86	2,012.80	17.95	11.08	2,179.81	2,023.88
Sales / deletion	-	-	0.07	21.87	0.08	1.74	1.60	25.36	51.63	-	-	25.36	51.63
Total	30.55	10.94	303.99	1,721.29	10.36	49.23	10.14	2,136.50	1,961.17	17.95	11.08	2,154.45	1,972.25
Depreciation / Amortisation													
Upto 31-03-2011	-	0.36	61.31	923.95	4.82	29.80	5.62	1,025.86	946.15	8.80	7.26	1,034.66	953.41
For the year	-	0.08	9.07	97.54	0.87	5.46	1.29	114.31	105.71	3.22	1.54	117.53	107.25
Sub-total	-	0.44	70.38	1,021.49	5.69	35.26	6.91	1,140.17	1,051.86	12.02	8.80	1,152.19	1,060.66
Withdrawn on assets sold / deleted	-	-	0.06	19.91	0.08	1.68	1.58	23.31	26.00	-	-	23.31	26.00
Total	-	0.44	70.32	1,001.58	5.61	33.58	5.33	1,116.86	1,025.86	12.02	8.80	1,128.88	1,034.66
Written down value													
As at 31-03-2012	30.55	10.50	233.67	719.71	4.75	15.65	4.81	1,019.64		5.93		1,025.57	
As at 31-03-2011	30.10	10.58	206.11	666.98	5.06	13.45	3.03		935.31		2.28		937.59
CAPITAL WORK-IN-PROGRESS (AT COST)													
(a) Building												0.46	0.46
(b) Plant & equipment												52.05	56.93
Total												52.51	57.39

* Vide note XXIII 1(z)

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

Rupees in crores

IX NON-CURRENT INVESTMENTS

	As at 31-03-2012	As at 31-03-2011
Trade Investments		
(a) Investments in equity instruments	508.41	383.42
(b) Investments in preference shares	392.51	235.96
(A)	<u>900.92</u>	<u>619.38</u>
Other Investments		
(a) Investments in bonds	15.00	15.00
(b) Employees pension related investments	15.00	15.00
(B)	<u>30.00</u>	<u>30.00</u>
(A) + (B)	<u>930.92</u>	<u>649.38</u>

Notes on accounts – (continued)
IX NON-CURRENT INVESTMENTS – (continued)

Sl. No.	Name of the body corporate	Subsidiary/ Associate/ JV/Controlled Entity/Others	No. of shares/ units		Partly paid/ fully paid	Extent of holding (%)		Rupees in crores	
			As at 31-03-2012	As at 31-03-2011		As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
A.	TRADE INVESTMENTS								
(a)	Investment in Equity Instruments:								
	Quoted:								
	Suprajit Engineering Limited, Bengaluru	Others	28,92,000	28,92,000	Fully paid			0.08	0.08
	Ucal Fuel Systems Limited, Chennai	Others	91,760	91,760	Fully paid			0.25	0.25
	Unquoted:								
	Sundaram Auto Components Limited, Chennai	Subsidiary	1,15,50,000	74,00,000	Fully paid	100	100	60.90	36.00
	TVS Motor Company (Europe) B.V., Amsterdam	Subsidiary	2,25,301	1,70,801	Fully paid	100	100	126.52	91.63
	TVS Motor (Singapore) Pte. Limited, Singapore	Subsidiary	6,43,64,301	6,43,64,301	Fully paid	100	100	201.20	201.20
	TVS Energy Limited, Chennai	Subsidiary	7,67,50,000	5,17,50,000	Fully paid	94.5	92	76.75	51.75
	TVS Housing Limited, Chennai	Subsidiary	50,000	50,000	Fully paid	100	100	0.05	0.05
	Sundaram Business Development Consulting (Shanghai) Co. Ltd., China	Subsidiary	400	–	Fully paid	100	–	0.20	–
	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	Associate	4,00,00,000	–	Fully paid	48.8	–	40.00	–
	TVS Lanka (Private) Limited, Colombo	Others	50,00,000	50,00,000	Fully paid			2.08	2.08
	TVS Motor Services Limited, Chennai	Others	3,80,000	3,80,000	Fully paid			0.38	0.38
	Total (a)							508.41	383.42
(b)	Investments in Preference Shares - Unquoted:								
	PT.TVS Motor Company Indonesia, Jakarta	Subsidiary	31,00,000	13,00,000	Fully paid	100	100	146.50	59.56
	TVS Motor Services Limited, Chennai	Others	24,60,10,000	17,64,00,000	Fully paid			246.01	176.40
	Total (b)							392.51	235.96
	Total (a)+(b)							900.92	619.38
B.	OTHER INVESTMENTS (Unquoted) :								
(a)	Investments in Bonds:								
	(i) Power Finance Corporation Limited, New Delhi	Others	150.00	150.00	Fully paid			15.00	15.00
	Total (a)							15.00	15.00
(b)	Other non-current investments:								
	(i) ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai	Others			Fully paid			9.23	9.23
	(ii) Life Insurance Corporation Pension Policy, Mumbai	Others			Fully paid			5.77	5.77
	(iii) National Savings Certificates (Rs.37,100/- deposited with Sales Tax authorities)	Others			Fully paid			–	–
	Total (b)							15.00	15.00
	Total (a)+(b)							30.00	30.00

Investment summary

Rupees in crores

Particulars	As at 31-03-2012		As at 31-03-2011	
	Cost	Market value	Cost	Market value
Quoted investments	0.33	6.37	0.33	6.05
Unquoted investments	930.59	–	649.05	–

Note: All investments are carried at cost.

Notes on accounts – (continued)

	Rupees in crores	
	As at 31-03-2012	As at 31-03-2011
X LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
(a) Capital advances	0.35	2.59
(b) Deposits made	7.12	9.94
(c) Loans to related parties	39.64	72.42
(d) Advance payment of Income tax less provisions	6.09	10.80
	<u>53.20</u>	<u>95.75</u>

XI CURRENT INVESTMENTS

Investments in mutual funds	–	15.11
Less : Provision for diminution in the value of investments	–	3.36
	<u>–</u>	<u>11.75</u>

Sl. No.	Particulars	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Units		Rupees in crores		Basis of valuation
			As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011	
(a)	Investments in Mutual Funds (quoted) :						
(i)	JM Financial Asset Management Pvt. Limited, Mumbai - JM Money Manager Fund - Super Plus Plan - Growth	Others	-	1,76,249	-	0.24	At cost
(ii)	JM Financial Asset Management Pvt. Limited, Mumbai - JM Emerging Leaders Fund - Growth Plan	Others	-	24,41,665	-	1.76	At market value
(iii)	JP Morgan Asset Management India Pvt. Limited, Mumbai - JP Morgan India Treasury Fund – Retail – Growth Plan	Others	-	19,00,536	-	2.22	At cost
(iv)	Religare Asset Management Company Limited, Mumbai - Religare Ultra Short Term Fund - Regular Growth	Others	-	10,018	-	1.33	At cost
(v)	Sundaram Asset Management Company Limited, Chennai - Sundaram Ultra Short Term Fund - Retail - Growth	Others	-	18,06,352	-	2.32	At cost
(vi)	Tata Asset Management Limited, Mumbai - Tata Indo-Global Infrastructure Fund - Growth	Others	-	50,00,000	-	3.88	At market value
					<u>-</u>	<u>11.75</u>	

	Rupees in crores	
	As at 31-03-2012	As at 31-03-2011
XII INVENTORIES (at weighted average cost or net realisable value whichever is less)		
(a) Raw materials and components*	205.77	184.69
(b) Goods-in-transit - Raw materials and components	47.62	31.52
(c) Work-in-process*	55.63	46.90
(d) Finished goods*	182.40	174.34
(e) Stock-in-trade*	27.86	29.51
(f) Stores and spares*	27.69	22.26
(g) Dies, moulds and tools*	37.59	38.70
	<u>584.56</u>	<u>527.92</u>

Note: Work-in-process comprises of:

Vehicles pending testing	2.56	2.19
Semi finished vehicles and sub-assemblies thereto	53.07	44.71
	<u>55.63</u>	<u>46.90</u>

* (as certified by Chairman & Managing Director)

Notes on accounts – (continued)

	Rupees in crores	
	As at 31-03-2012	As at 31-03-2011
XIII TRADE RECEIVABLES		
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	11.95	10.76
(ii) Considered doubtful	2.67	2.68
	14.62	13.44
Less: Provision for doubtful debts	2.67	2.68
	11.95	10.76
(b) Other unsecured debts (considered good)	222.12	259.86
	234.07	270.62
XIV CASH AND CASH EQUIVALENTS		
(a) Balances with banks (includes Rs.0.03 crore with more than 12 months maturity - Last year Rs.0.03 crore)	5.58	4.76
(b) Cheques/drafts on hand	5.23	–
(c) Cash on hand	0.23	0.12
(d) Earmarked balances with banks (for unpaid dividend)	1.99	1.13
	13.03	6.01
XV SHORT-TERM LOANS AND ADVANCES		
Unsecured considered good		
(a) Loans and advances to related parties	3.00	74.96
(b) Others:		
(i) Employee related	10.25	9.76
(ii) Excise current account	93.41	94.06
(iii) Vendor advance	28.33	25.27
(iv) Advance payment of Income-tax less provisions	11.90	2.23
	146.89	206.28
XVI OTHER CURRENT ASSETS		
(a) Interest accrued on deposits/investments	1.56	1.63
(b) Claims receivable	98.19	93.19
	99.75	94.82

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

	Rupees in crores	
	Year ended 31-03-2012	Year ended 31-03-2011
XVII REVENUE FROM OPERATIONS		
(a) Sale of products	7,571.50	6,702.18
(b) Sale of services	8.60	9.30
(c) Other operating revenues	132.23	109.59
	<u>7,712.33</u>	<u>6,821.07</u>
Less: Excise duty and service tax	586.13	533.05
	<u>7,126.20</u>	<u>6,288.02</u>
XVIII OTHER INCOME		
(a) Interest income	16.35	23.31
(b) Dividend:		
(i) From subsidiaries	2.22	2.59
(ii) From others	0.20	0.16
(c) Net gain on sale of investments (Net of loss of Rs.3.34 crores)	-	8.26
(d) Profit on sale of fixed assets	1.97	0.25
(e) Other non-operating income	0.97	1.05
	<u>21.71</u>	<u>35.62</u>
XIX MATERIAL COST		
Cost of Materials consumed:		
Opening stock of raw materials and components	184.69	98.97
Add: Purchases	5,153.36	4,736.37
	<u>5,338.05</u>	<u>4,835.34</u>
Less: Closing stock of raw materials and components	205.77	184.69
Consumption of raw materials and components	<u>5,132.28</u>	<u>4,650.65</u>
Purchases of stock-in-trade:		
Spare parts	105.77	78.50
Engine oil	38.14	28.64
	<u>143.91</u>	<u>107.14</u>
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work in process	46.90	27.05
Stock-in-trade (spare parts)	29.51	16.79
Finished goods	174.34	63.03
	<u>250.75</u>	<u>106.87</u>
Closing stock:		
Work in process	55.63	46.90
Stock-in-trade (spare parts)	27.86	29.51
Finished goods	182.40	174.34
	<u>265.89</u>	<u>250.75</u>
	(A)	
	<u>(15.14)</u>	<u>(143.88)</u>

Refer note no.XXIII 12 (1) for broad head of raw materials consumed.

Notes on accounts – (continued)

	Rupees in crores	
	Year ended 31-03-2012	Year ended 31-03-2011
XX EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and wages	309.79	279.03
(b) Contribution to provident and other funds	23.98	17.85
(c) Welfare expenses	36.34	29.84
	<u>370.11</u>	<u>326.72</u>
XXI FINANCE COSTS		
(a) Interest expense	57.10	70.30
(b) Amortisation of foreign currency monetary item translation difference account	(0.27)	1.67
(c) Others - Exchange fluctuation	0.26	0.36
	<u>57.09</u>	<u>72.33</u>
XXII OTHER EXPENSES		
(a) Consumption of stores, spares and tools*	54.24	48.71
(b) Power and fuel*	89.77	68.10
(c) Rent*	16.05	10.79
(d) Repairs - buildings*	8.34	6.29
(e) Repairs - plant and equipment*	49.84	48.12
(f) Insurance	2.37	2.20
(g) Rates and taxes (excluding taxes on income)	3.09	3.84
(h) Audit fees	0.29	0.29
(i) Packing and freight charges*	231.83	195.16
(j) Advertisement and publicity*	138.82	184.79
(k) Other marketing expenses*	210.49	182.69
(l) Net loss on sale of investments (Net of gain of Rs. 0.01 crores)	0.09	—
(m) Diminution in the value of investments (i.e. adjustment to the carrying amount of investments)	—	3.36
(n) Loss on sale of fixed assets	1.46	14.15
(o) Miscellaneous expenses* (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher)	218.99	186.85
	<u>1,025.67</u>	<u>955.34</u>

* Net of recoveries

Refer note no. XXIII 1 (e) on AS 5 for prior period items.

**XXIII Accounting standards, additional disclosures
and notes on accounts**

Rupees in crores

As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
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1 ACCOUNTING STANDARDS
(a) AS - 1 Disclosure of accounting policies

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

(b) AS - 2 Valuation of inventories

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

(c) AS - 3 Cash flow statements

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

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

The interim dividend declared in May 2012 by the wholly owned subsidiary viz., Sundaram Auto Components Limited, Chennai for the year ended 31st March 2012 is recognised as revenue only in the year 2012-13.

(e) AS - 5 Net profit or loss for the period, prior period items and changes in accounting policies
I Prior period items:
A Income:

(i) Rent	—	0.02
(ii) Export incentive	—	2.41

B Expenses:

(i) Freight charges	0.02	—
(ii) Repairs and maintenance - Office equipments (Rs.27,233/- Last year - Nil)	—	—
(iii) Rent	0.01	0.01
(iv) Input cost	0.01	—
(v) Welfare - training and development	—	0.01
(vi) Legal fees	—	0.02
(vii) Bonus	—	0.17
(viii) Consultancy	—	0.02
(ix) Wages (Current year Nil, Last year Rs.44,770/-)	—	—
(x) Research and development (Current year Nil, Last year Rs.13,860/-)	—	—

II Changes in accounting policies:

The Company has adopted Accounting Standard 30 - "Financial Instruments: Recognition and Measurement". Its impact on profit for the year is indicated in AS-30.

(f) AS - 6 Depreciation accounting

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

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

Depreciation in respect of computers and vehicles has been charged at 30% and 18% respectively, which is higher than the rates prescribed under Schedule XIV.

During the year depreciation rates in respect to Furniture and fixtures, Mobile phones and Office equipment have been charged at 10%, 50% and 10% respectively, which is higher than the rates prescribed under Schedule XIV.

**XXIII Accounting standards, additional disclosures
and notes on accounts – (continued)**

		Rupees in crores	
		As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
(f) AS - 6 Depreciation accounting (continued)			
The change in rate of providing depreciation has the effect of reducing the profit during the year by Rs.1.64 crores. Additions/deletions of assets under this category are depreciated pro-rata, applying these rates.			
Depreciation in respect of tools and dies has been provided based on the quantity of components manufactured and the life of tools and dies.			
Tools and dies relating to three wheeler operations have been capitalised and applicable depreciation provided thereon, considering the lower volume as compared to two wheelers.			
Depreciation in respect of assets acquired during the year whose cost does not exceed Rs. 5,000/- has been provided at 100%.			
(g) AS - 7 Construction contracts			
This Accounting Standard is not applicable.			
(h) AS - 8 Research & Development			
This Accounting Standard is withdrawn.			
(i) AS - 9 Revenue recognition			
The income of the company is derived from sale (net of trade discounts) of automotive vehicles, parts thereof, lubricant oil, machinery and equipment and provision of technical know-how. The Company's gain on exchange fluctuation included in sale is Rs.14.88 crore while exchange fluctuation loss netted against sale is Rs.38.79 crore. 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.			
(j) AS - 10 Accounting for fixed assets			
All the fixed assets are valued at cost including expenditure incurred in bringing them to usable condition less depreciation.			
Cost of lands includes lands acquired under lease.		10.94	10.94
Cost of buildings includes buildings constructed on leasehold lands.		16.41	10.43
(k) AS - 11 Accounting for effects of changes in foreign exchange rates			
Purchase of imported raw materials, components, spare parts and capital goods are accounted based on retirement memos from banks. In respect of liabilities on import of raw materials, components, spare parts and capital goods which are in transit and where invoices / bills are yet to be received, the liability is accounted based on the advance copies of documents at the market exchange rate prevailing on the date of the Balance Sheet. Sales include realised exchange fluctuation on exports. Net exchange difference debited to Statement of Profit and Loss is Rs. 23.91 crores (Last year credited to Profit and Loss Account Rs.1.65 crores).			
In terms of the Companies (Accounting Standards) Amendment Rules, 2009, and Companies (Accounting Standards) Amendment Rules, 2011 on Accounting Standard - 11, notified by the Government of India, 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:			

**XXIII Accounting standards, additional disclosures
and notes on accounts – (continued)**

Rupees in crores

As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
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(k) AS - 11 Accounting for effects of changes in foreign exchange rates (continued)

Gains / (Losses) arising from changes in foreign exchange rates relating to depreciable capital assets added to / deducted from carrying cost of such assets.	(1.76)	(2.29)
Gains / (Losses) arising from changes in foreign exchange rates relating to other long term foreign currency monetary items (not relating to acquisition of depreciable assets) credited / debited to "Foreign Currency Monetary Item Translation Difference Account".	0.55	(1.75)
Amortisation of "Foreign Currency Monetary Item Translation Difference Account" by (debiting) / crediting Statement of Profit and Loss.	(0.27)	(1.67)

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

Derivative Instruments

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

Currency swaps - The Company had earlier entered into seven currency swap contracts covering the total external commercial borrowings of USD 100 mn. (last year seven contracts covering USD 100 mn.), fixing the repayment liability of the Company in Indian Rupees. Consequent to repayment of part of the above loans, as per the agreed schedule, currency swap contracts outstanding at year end are only to the extent of USD 3 mn. (last year USD 13 mn.)

Interest Rate Swap (IRS) - The Company had earlier entered into seven derivative contracts in respect of total external commercial borrowings amounting to USD 100 mn. (last year seven contracts in respect of USD 100 mn.) to convert floating interest rate to fixed interest. Consequent to repayment of part of the above loans, as per the agreed schedule interest rate swap contracts outstanding at the end of the year are only to the extent of USD 3 mn. (last year USD 13 mn.)

(l) AS - 12 Accounting for Government Grants

The Company received capital subsidy from Himachal Pradesh Government and the same has been credited to Capital reserve.

	0.30	—
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(m) AS - 13 Accounting for Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost or realisable value determined on individual basis. Long term investments are carried at cost. Provision for diminution in value, if any, is made to recognise a decline other than temporary in the value of investments. Refer to the note no. IX for aggregate amount of quoted and unquoted investments.

The Company holds directly 31,00,000 nos of Class B shares of USD 10/- each (Preference shares) in PT TVS Motor Company Indonesia, Jakarta (PT TVS). The Company holds through wholly owned subsidiaries 65,00,000 nos of Class A shares of USD 10/- each (Equity shares). Thus, PT TVS becomes a wholly owned subsidiary of the Company. The aggregate cost of investment is Rs.474.22 crores as detailed below:

Cost of investment in equity shares	327.72	
Cost of investment in preference shares	146.50	
Total cost of investments	<u>474.22</u>	

PT TVS Motor Company Indonesia, Jakarta has reported a loss for the current financial year ended 31.3.2012 and its net worth is lesser than the par value of investment held by the Company. In the opinion of the management, no provision is necessary for diminution in value of investment, as the decline in value is considered temporary.

XXIII Accounting standards, additional disclosures and notes on accounts – (continued)
(n) AS - 14 Accounting for amalgamations

During the year, there was no amalgamation.

(o) AS - 15 Accounting for Employee benefits

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

A Defined contribution plan

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

B Defined benefit plans

- (i) The Company extends defined benefit plan in the form of leave salary to employees. In addition, the Company also extends defined benefit plan in the form of pension to senior managers of the Company. Provision for leave salary and pension is made on actuarial valuation basis.
- (ii) The Company also extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India in accordance with the scheme framed by the Corporation.

C Disclosure as required by Accounting Standard 15

Rupees in crores

	Leave salary	Pension	Gratuity
(a) Expenses recognised in the Statement of Profit and Loss			
(i) Current service cost	1.64	—	2.39
(ii) Interest cost	0.44	3.05	2.65
(iii) Expected return on plan assets	—	—	(3.25)
(iv) Net actuarial loss / (gain) recognised in the year	1.34	2.02	2.03
Total	3.42	5.07	3.82
(b) Change in defined benefit obligation during the year ended 31-03-2012			
(i) Present value of obligation as at beginning of the year (01-04-2011)	6.49	38.15	33.05
(ii) Interest cost	0.44	3.05	2.65
(iii) Current service cost	1.64	—	2.39
(iv) Benefits paid	(2.02)	(0.13)	(2.28)
(v) Actuarial loss on obligation	1.34	2.02	2.03
(vi) Present value of obligation as at the end of the year (31-03-2012)	7.89	43.09	37.84
(c) Change in fair value of plan assets during the year ended 31-03-2012			
(i) Fair value of plan assets at the beginning of the year (01-04-2011)	—	—	35.65
(ii) Expected return on plan assets	—	—	3.25
(iii) Contributions made during the year	—	—	4.33
(iv) Benefits paid	—	—	(2.28)
(v) Actuarial gain on plan assets	—	—	—
(vi) Fair value of plan assets as at the end of the year (31-03-2012)	—	—	40.95

**XXIII Accounting standards, additional disclosures
and notes on accounts – (continued)**
(o) AS - 15 Accounting for Employee benefits (continued)

C Disclosure as required by Accounting Standard 15 (continued)

Rupees in crores

	Leave salary	Pension	Gratuity
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2011)	6.49	38.15	(2.59)
(ii) Contributions made during the year	–	–	(4.34)
(iii) Expenses	3.42	5.07	3.82
(iv) Benefits paid	(2.02)	(0.13)	–
(v) Value of benefit	7.89	43.09	(3.11)
Note: The net asset in respect of gratuity plan is not recognised as it is lying in an irrevocable trust fund approved by Income tax authorities.			
(e) Actuarial assumptions			
(i) Discount rate used	8.00%	8.00%	8.00%
(ii) Expected return on plan assets	NA	NA	8.00%
Estimates of future salary increase considered in actuarial valuation take into account the inflation, seniority, promotions and other relevant factors.			

Rupees in crores

As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
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(p) AS - 16 Borrowing costs

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

Amount of borrowing costs attributable to qualifying assets capitalised during the year. – 1.30

(q) AS - 17 Segment reporting

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

(r) AS - 18 Related party disclosures

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

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

Reporting entity : TVS Motor Company Limited, Chennai

	Period	
	From	To
Holding company: Sundaram-Clayton Limited, Chennai	01-04-2011	31-03-2012
Ultimate holding company: T V Sundram Iyengar & Sons Limited, Madurai	01-04-2011	31-03-2012

**XXIII Accounting standards, additional disclosures
and notes on accounts – (continued)**
(r) AS - 18 Related party disclosures - (continued)

	Period	
	From	To
Subsidiaries:		
Sundaram Auto Components Limited, Chennai	01-04-2011	31-03-2012
TVS Motor Company (Europe) B.V, Amsterdam	01-04-2011	31-03-2012
TVS Motor (Singapore) Pte. Limited, Singapore	01-04-2011	31-03-2012
PT. TVS Motor Company Indonesia, Jakarta	01-04-2011	31-03-2012
TVS Energy Limited, Chennai	01-04-2011	31-03-2012
TVS Housing Limited, Chennai	01-04-2011	31-03-2012
TVS Wind Power Limited, Chennai	01-04-2011	31-03-2012
TVS Wind Energy Limited, Chennai	01-04-2011	31-03-2012
Sundaram Business Development Consulting (Shanghai) Co. Ltd, China	02-09-2011	31-03-2012
Sundaram Engineering Products Services Limited, Chennai	01-12-2011	31-03-2012
Fellow subsidiaries:		
Anusha Investments Limited, Chennai	01-04-2011	31-03-2012
TVS Investments Limited, Chennai	01-04-2011	31-03-2012
Sundaram Investment Limited, Chennai	01-04-2011	31-03-2012
TVS Electronics Limited, Chennai	01-04-2011	31-03-2012
Tumkur Property Holdings Limited, Chennai	01-04-2011	31-03-2012
Prime Property Holdings Limited, Chennai	01-04-2011	31-03-2012
TVS-E Access (India) Limited, Chennai	01-04-2011	31-03-2012
TVS-E Servicetec Limited, Chennai	01-04-2011	31-03-2012
TVS Capital Funds Limited, Chennai	01-04-2011	31-03-2012
Sravanaa Properties Limited, Chennai	01-04-2011	31-03-2012
Southern Roadways Limited, Madurai	01-04-2011	31-03-2012
Sundaram Industries Limited, Madurai	01-04-2011	31-03-2012
The Associated Auto Parts Limited, Mumbai	01-04-2011	31-03-2012
TVS Interconnect Systems Limited, Madurai	01-04-2011	31-03-2012
TVS Logistics Services Limited, Madurai	01-04-2011	31-03-2012
Lucas-TVS Limited, Chennai	01-04-2011	31-03-2012
Sundaram Textiles Limited, Madurai	01-04-2011	31-03-2012
TVS Automobile Solutions Limited, Madurai	01-04-2011	31-03-2012
Sundaram Lanka Tyres Limited, Srilanka	01-04-2011	31-03-2012
NSM Holdings Limited, Madurai	01-04-2011	31-03-2012
TVSNet Technologies Limited, Madurai	01-04-2011	31-03-2012
TOR Projects & Services Limited, Madurai	01-04-2011	31-03-2012
NK Telecom Products Limited, Madurai	01-04-2011	31-03-2012
NK Telesystems Limited, Madurai	01-04-2011	31-03-2012
TVS RHR Finished Vehicles Logistics Solutions Limited, Chennai	01-04-2011	31-03-2012
TVS GMR Aviation Logistics Limited, Madurai	01-04-2011	31-03-2012
FLEXOL Packaging (India) Limited, Chennai	01-04-2011	31-03-2012
TVS Automotive Europe Limited, UK	01-04-2011	31-03-2012
TVS C J Components Limited, UK	01-04-2011	31-03-2012
TVS Logistics Iberia S.L., Spain	01-04-2011	31-03-2012
TVS Logistics Siam Limited, Thailand	01-04-2011	31-03-2012
TVS Autoserv GmbH, Germany	01-04-2011	31-03-2012
TVS Logistics Investment UK Limited, UK	01-04-2011	31-03-2012
TVS Supply Chain Solutions Limited, UK (formerly Multipart Solutions Limited)	01-04-2011	31-03-2012
Multipart Limited, UK (formerly known as IH Crick Property Co Limited)	01-04-2011	31-03-2012

XXIII Accounting standards, additional disclosures and notes on accounts – (continued)
(r) AS - 18 Related party disclosures - (continued)

	Period	
	From	To
Fellow subsidiaries (continued):		
Msys Software Solutions Limited, UK	01-04-2011	31-03-2012
TVS Dynamic Global Freight Services Limited, Chennai	01-04-2011	31-03-2012
TVS Commutation Solutions Limited, Madurai	01-04-2011	31-03-2012
Lucas Indian Service Limited, Chennai	01-04-2011	31-03-2012
TVS Automotive Systems Limited, Chennai	01-04-2011	31-03-2012
Iranian Automotive Systems, Iran	01-04-2011	31-03-2012
TVS Logistics Investments USA Inc., USA	01-04-2011	31-03-2012
Rajgarhia Automobile Solution Limited, Kolkata	22-11-2011	31-03-2012
TVS America Inc., USA	01-04-2011	31-03-2012
Manufacturers Equipment & Supply Co., USA	01-04-2011	31-03-2012
Associate company:		
Emerald Haven Realty Limited, Chennai (Formerly known as Green Earth Homes Limited)	26-03-2012	31-03-2012
List of Related Parties as per clause 3(c) of the Standard:		
Key Management Personnel:		
Mr Venu Srinivasan, Chairman & Managing Director		
Relative of Key Management Personnel:		
Mr Sudarshan Venu, Vice President	01-12-2011	31-03-2012
Enterprise over which key management personnel and his relative have significant influence:		
Harita-NTI Limited, Chennai	01-04-2011	31-03-2012

Particulars of transactions with related parties	Rupees in crores	
	As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
(a) Purchase of goods		
– ultimate holding company (T V Sundram Iyengar & Sons Limited, Madurai)	0.38	0.28
– holding company (Sundaram-Clayton Limited, Chennai)	164.22	149.34
– subsidiary companies (Sundaram Auto Components Limited, Chennai, PT. TVS Motor Company Indonesia, Jakarta)	162.54	142.98
– fellow subsidiaries (TVS Electronics Limited, Chennai, Lucas-TVS Limited, Chennai, Lucas Indian Service Limited, Chennai and Sundaram Industries Limited, Madurai)	33.98	26.97
– enterprises over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	2.22	2.23
(b) Sale of goods		
– holding company (Sundaram-Clayton Limited, Chennai)	0.10	–
– subsidiary companies:		
Sundaram Auto Components Limited, Chennai	695.03	431.84
PT. TVS Motor Company Indonesia, Jakarta	51.17	35.28

**XXIII Accounting standards, additional disclosures
and notes on accounts – (continued)**

Rupees in crores

As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
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(r) AS - 18 Related party disclosures - (continued)

(c) Rendering of services (including interest received)		
– holding company (Sundaram-Clayton Limited, Chennai)	1.95	2.57
– subsidiary companies (Sundaram Auto Components Limited, Chennai, TVS Motor Company (Europe) B.V, Amsterdam TVS Energy Limited, Chennai and PT. TVS Motor Company Indonesia, Jakarta)	8.77	16.76
– fellow subsidiaries (Lucas-TVS Limited, Chennai, TVS Dynamic Global Freight Services Limited, Chennai TVS Commutation Solutions Limited, Madurai Lucas Indian Service Limited, Chennai TVS Logistics Services Limited, Madurai TVS Electronics Limited, Chennai TVS-E Servicetec Limited, Chennai and Southern Roadways Limited, Madurai)	0.64	0.69
– enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	0.34	0.14
(d) Availing of services (includes sub-contract charges paid)		
– holding company (Sundaram-Clayton Limited, Chennai)	38.45	38.60
– subsidiary company (Sundaram Auto Components Limited, Chennai)	0.24	0.32
– fellow subsidiaries (TVS-E Servicetec Limited, Chennai, Southern Roadways Limited, Madurai, TVS Logistics Services Limited, Madurai, Lucas - TVS Limited, Chennai, TVS Dynamic Global Freight Services Limited, Chennai, TVS Commutation Solutions Limited, Madurai and TVS Electronics Limited, Chennai)	63.79	66.77
(e) Trade advances made during the year		
– subsidiary companies (Sundaram Auto Components Limited, Chennai, TVS Energy Limited, Chennai and TVS Housing Limited, Chennai)	46.80	77.82
(f) Other advances made during the year		
– enterprises over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	3.50	3.00
(g) Trade advances received back during the year		
– holding company (Sundaram-Clayton Limited, Chennai)	–	50.00
– subsidiary companies (Sundaram Auto Components Limited, Chennai, TVS Energy Limited, Chennai and TVS Housing Limited, Chennai)	137.21	29.36
(h) Other advances received back during the year		
– enterprises over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	3.50	3.00

TVS MOTOR COMPANY LIMITED

XXIII Accounting standards, additional disclosures and notes on accounts – (continued)

Rupees in crores

	As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
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(r) **AS - 18 Related party disclosures - (continued)**

(i) Amount outstanding as at Balance Sheet date:

(i) Trade receivables

– subsidiary companies (PT. TVS Motor Company Indonesia, Jakarta and Sundaram Auto Components Limited, Chennai)	48.64	41.93
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(ii) Loans and advances receivable

– subsidiary companies (Sundaram Auto Components Limited, Chennai, TVS Motor Company (Europe) B.V. Amsterdam and TVS Housing Limited, Chennai)	39.64	128.26
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(iii) Loans and advances payable

– Fellow subsidiary (Anusha Investments Limited, Chennai)	14.85	–
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(iv) Trade payables

– ultimate holding company (T V Sundram Iyengar & Sons Limited, Madurai)	0.03	–
– holding company (Sundaram-Clayton Limited, Chennai)	23.22	2.46
– subsidiary company (Sundaram Auto Components Limited, Chennai and PT. TVS Motor Company Indonesia, Jakarta)	14.34	13.30
– Fellow subsidiaries (TVS Electronics Limited, Chennai, TVS-E Servicetec Limited, Chennai, Southern Roadways Limited, Madurai, Sundaram Industries Limited, Madurai, TVS Logistics Services Limited, Madurai, Lucas-TVS Limited Chennai, Lucas Indian Service Limited, Chennai, TVS Commutation Solutions Limited, Chennai and TVS Dynamic Global Freight Solutions Limited, Chennai)	8.01	9.21
– enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	0.03	0.19

(j) Investments made during the year

– subsidiary companies:		
Sundaram Auto Components Limited, Chennai	24.90	–
TVS Motor Company (Europe) B.V., Amsterdam	34.89	–
TVS Energy Limited, Chennai	25.00	14.25
TVS Housing Limited, Chennai	–	0.05
PT. TVS Motor Company Indonesia, Jakarta	86.94	59.56
Sundaram Business Development Consulting (Shanghai) Co. Ltd, China	0.20	–
– associate company:		
Emerald Haven Realty Limited, Chennai (Formerly known as Green Earth Homes Limited)	40.00	–

(k) Obligation arising out of agreements facilitating credit to subsidiary company (PT. TVS Motor Company Indonesia, Jakarta)	53.88	53.88
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(l) Remuneration to key management personnel	3.23	7.75
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(m) Remuneration to relative of key management personnel	0.07	–
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**XXIII Accounting standards, additional disclosures
and notes on accounts – (continued)**

Rupees in crores

As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
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(s) **AS - 19 Accounting for Leases**

All the lease agreements entered into during the year are cancellable. Hence, no disclosure is required under this standard.

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

Earnings per share is calculated by dividing the profit attributable to the shareholders by the number of equity shares outstanding as at the close of the year.

Profit after tax	249.07	194.58
Number of equity shares	47,50,87,114	47,50,87,114
Face value of the share (in rupees)	1.00	1.00
Weighted average number of equity shares	47,50,87,114	47,50,87,114
Earnings per share (EPS) (in rupees)	5.24	4.10
Diluted earnings per share (in rupees)	5.24	4.10

(u) **AS - 21 Consolidated financial statements**

Consolidated financial statements of the Company and its subsidiaries are enclosed.

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

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	122.23	106.76
- tax on amortisation of dies and moulds	11.14	12.73
- tax on expenses admissible on payment basis under Income Tax Act, 1961	29.09	43.26
(A)	162.46	162.75

(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	55.69	60.27
- unabsorbed capital loss	9.22	6.82
(B)	64.91	67.09

Deferred tax liability (net of deferred tax asset) (A)-(B) - refer Balance Sheet	97.55	95.66
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(w) **AS - 23 Accounting for investments in associates in consolidated financial statements**

Emerald Haven Realty Limited (Formerly known as Green Earth Homes Limited, Chennai) became the associate of the Company from 26.03.2012.

(x) **AS - 24 Discontinuing operations**

During the year, the Company has not discontinued any of its operations.

(y) **AS - 25 Interim financial reporting**

The Company has elected to publish quarterly financial results which were subject to limited review by the statutory auditors.

**XXIII Accounting standards, additional disclosures
and notes on accounts – (continued)**

Rupees in crores

As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
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(z) 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 those assets:

Software

– Estimated useful life of the asset	2 years	2 years
– Amortisation rates used	50% each year as depreciation	50% each year as depreciation
– Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year		
Opening balance (Gross)	11.08	8.83
Additions during the year	6.87	2.25
Total	17.95	11.08
Amortised as depreciation	12.02	8.80
Closing written down value	5.93	2.28

(aa) AS - 27 Financial Reporting of interests in joint venture

There is no Joint venture as on 31.03.2012.

(ab) AS - 28 Impairment of assets

In respect of tools and dies meant for manufacture of certain slow moving models, accelerated depreciation amounting to Rs.1.53 crores (last year Rs.10.39 crores) has been provided during the year.

(ac) 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 note VII (b) (short term provision) to the Balance Sheet.

(ii) Contingent liabilities

The amount for which the Company is contingently liable is disclosed in note no. 6.

(iii) Contested liabilities are detailed in note no. 7.
(ad) AS 30 - Financial instruments: Recognition and Measurement

The Company has chosen to adopt the Accounting Standard 30 "Financial Instruments: Recognition and Measurement" and has applied the hedge accounting principles to the foreign currency forward contracts and non-derivative financial liability to hedge its risks associated with the foreign currency fluctuations relating to highly probable forecast transactions. The Company does not hold derivative financial instruments for speculative purposes.

**XXIII Accounting standards, additional disclosures
and notes on accounts – (continued)**

Rupees in crores

As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
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(ad) AS 30 - Financial instruments: Recognition and Measurement - (continued)

Changes in the fair value of the contracts that are designated and effective as hedges of future cash flows are taken directly to the Hedging Reserve Account and the ineffective portion is recognised in the Statement of Profit and Loss.

Accordingly, the designated and effective hedge instruments are marked to market and the net loss aggregating to Rs.4.84 crores has been taken directly to the Hedging Reserve Account. Consequent to this change, the profit of the Company is higher by Rs.4.84 crores.

2 LAND

Title deed in respect of land acquired near Ahmedabad in Gujarat at a cost of Rs.0.01 crore is yet to be received from the registering authority.

3 TRADE PAYABLES INCLUDES:

(a) Amount due to Small Scale Industrial units	35.55	37.73
(b) Amount due to other industrial units	618.70	594.31
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)	35.55	37.73
(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
(c) Interest accrued but not due on secured loans (included in current liabilities)	3.05	3.59

4 CONTRIBUTION TO PROVIDENT AND OTHER FUNDS INCLUDES:

(a) Contribution towards gratuity as per scheme framed by Life Insurance Corporation of India	4.54	2.38
(b) Contribution towards pension fund	5.09	2.82

TVS MOTOR COMPANY LIMITED

XXIII Accounting standards, additional disclosures and notes on accounts – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
5	PAYMENT TO AUDITORS COMPRISES:		
(a)	As statutory auditors	0.20	0.20
(b)	Taxation matters	0.04	0.04
(c)	Certification matters	0.03	0.03
(d)	Cost audit fees	0.02	0.02
(e)	Miscellaneous expenses include travel and stay expenses of auditors	0.19	0.17
		<u>0.48</u>	<u>0.46</u>
6	CONTINGENT LIABILITY NOT PROVIDED FOR:		
(a)	On counter guarantee given to banks	22.28	14.44
(b)	On letters of credit	97.21	94.50
(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	31.08	13.62
(e)	Capital commitment towards capital expenditure	58.92	58.84
(f)	On obligation arising out of agreements facilitating credit to a company	41.66	41.66
(g)	On obligation arising out of agreements facilitating credit to subsidiary company (PT.TVS Motor Company Indonesia, Jakarta)	53.88	53.88
(h)	On import of capital goods under Export Promotion Capital Goods Scheme	19.63	14.64
7	LIABILITY CONTESTED AND NOT PROVIDED FOR:		
(a)	Excise	58.23	48.75
(b)	Service tax	8.27	14.85
(c)	Customs	1.87	1.13
(d)	Sales tax	2.91	3.27
(e)	Electricity tax	0.18	0.18
(f)	Income tax	47.93	60.43
(g)	Others	1.87	1.87
8	GENERAL		
(a)	Loss on sale of investments netted against profit on sale of investments	0.01	3.34
(b)	Profit before tax for the year is after considering the accelerated amortisation of tools and dies of slow moving models	1.53	10.39
9	RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED AND CLAIMED UNDER INCOME TAX ACT, 1961		
(a)	R&D Revenue expenditure eligible for weighted deduction	79.52	66.36
(b)	Other R&D revenue expenditure	13.13	11.80
(c)	Capital Expenditure:		
(i)	Land and Building	1.07	–
(ii)	Others (including work-in-progress)	26.68	21.76
		<u>120.40</u>	<u>99.92</u>
10	Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.		

**XXIII Accounting standards, additional disclosures
and notes on accounts – (continued)**
11 DISCLOSURE MADE IN TERMS OF CLAUSE 32 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES

Rupees in crores

Sl. No.	Particulars	Name of the company		Amount outstanding as on 31-03-2012	Amount outstanding as on 31-03-2011
(a)	Loans and advances				
(i)	Loans and advances in the nature of loans made to subsidiary company	Sundaram Auto Components Limited, Chennai		–	24.96
		Maximum amount due at any time			
		During the year	27.96		
		During the previous year	24.96		
		TVS Motor Company (Europe) B.V., Amsterdam		39.64	71.30
		Maximum amount due at any time			
		During the year	71.30		
		During the previous year	71.30		
		TVS Energy Limited, Chennai		–	–
		Maximum amount due at any time			
		During the year	30.00		
		During the previous year	24.02		
		TVS Housing Limited, Chennai		–	32.00
		Maximum amount due at any time			
		During the year	32.00		
		During the previous year	43.00		
(ii)	Loans and advances in the nature of loans made to firms / companies in which directors of the Company are interested	Harita-NTI Limited, Chennai		–	–
		Maximum amount due at any time			
		During the year	3.50		
		During the previous year	3.00		
(iii)	Loans and advances where there is no repayment schedule but interest is charged to companies in which directors of the Company are interested	Harita Seating Systems Limited, Chennai		3.00	18.00
		Maximum amount due at any time			
		During the year	18.00		
		During the previous year	18.00		

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

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

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

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

**XXIII Accounting standards, additional disclosures
and notes on accounts – (continued)**

11 DISCLOSURE MADE IN TERMS OF CLAUSE 32 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES – (continued)

Rupees in crores

Sl. No.	Particulars	Name of the company		Amount outstanding as on 31-03-2012	Amount outstanding as on 31-03-2011
(b)	Investments by the Company				
(i)	In subsidiary companies / associate companies	Sundaram Auto Components Limited, Chennai [1,15,50,000 (last year-74,00,000) Equity shares of Rs.10/- each fully paid up] Maximum amount held at any time During the year During the previous year	60.90 36.00	60.90	36.00
		TVS Motor Company (Europe) B.V., Amsterdam [2,25,301 (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	126.52 91.63	126.52	91.63
		TVS Motor (Singapore) Pte. Limited, Singapore [6,43,64,301 (last year 6,43,64,301) Ordinary shares of Singapore \$ 1/- each fully paid up] Maximum amount held at any time During the year During the previous year	201.20 201.20	201.20	201.20
		TVS Energy Limited, Chennai [7,67,50,000 (last year 5,17,50,000) Equity shares of Rs.10/- each fully paid up] Maximum amount held at any time During the year During the previous year	76.75 51.75	76.75	51.75
		TVS Housing Limited, Chennai [50,000 (last year - 50000) Equity Shares of Rs.10/- each fully paid up] Maximum amount held at any time During the year During the previous year	0.05 0.05	0.05	0.05
		PT. TVS Motor Company Indonesia, Jakarta [31,00,000 (Last year - 13,00,000) Class B shares of Indonesian Rp.97,400/- each fully paid up] Maximum amount held at any time During the year During the previous year	146.50 59.56	146.50	59.56

**XXIII Accounting standards, additional disclosures
and notes on accounts – (continued)**

11 DISCLOSURE MADE IN TERMS OF CLAUSE 32 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES – (continued)

Rupees in crores					
Sl. No.	Particulars	Name of the company		Amount outstanding as on 31-03-2012	Amount outstanding as on 31-03-2011
(b)	Investments by the Company (contd.)	Sundaram Business Development Consulting (Shanghai) Co. Ltd, China [400 (Last year - Nil) Equity shares of of USD 100/- each fully paid up] Maximum amount held at any time		0.20	–
		During the year	0.20		
		During the previous year	–		
		Emerald Haven Realty Limited, Chennai, (Formerly known as Green Earth Homes Limited,) [4,00,00,000 (Last year - Nil) Equity shares of Rs. 10/- each fully paid up] Maximum amount held at any time		40.00	–
(c)	Investments by the holding company	During the year	40.00		
		During the previous year	–		
		Sundaram-Clayton Limited, Chennai together with its subsidiary Anusha Investments Limited, Chennai [27,26,82,786 (last year 27,26,82,786) Equity shares - of Re.1/- each fully paid up] Maximum amount held at any time		13.63	13.63
		During the year	13.63		
		During the previous year	13.63		

TVS MOTOR COMPANY LIMITED

XXIII Accounting standards, additional disclosures and notes on accounts – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
12 RAW MATERIALS CONSUMED			
(1) (a) Basic raw materials			
Steel sheets, coils, strips and bars		53.87	46.96
Steel tubes		0.03	0.07
Aluminium alloys and ingots		72.40	73.01
(b) Intermediates and components			
(which individually do not account for more than 10% of the total value of consumption)		5,149.89	4,637.75
		<u>5,276.19</u>	<u>4,757.79</u>
(2) Consumption of raw materials and components	% of total consumption		% of total consumption
(a) Imported	12.6	662.51	11.0
(b) Indigenous	87.4	4,613.68	89.0
	<u>100.0</u>	<u>5,276.19</u>	<u>100.0</u>
13 CONSUMPTION OF MACHINERY SPARES			
(a) Imported	35.4	2.86	11.6
(b) Indigenous	64.6	5.23	88.4
	<u>100.0</u>	<u>8.09</u>	<u>100.0</u>
14 IMPORTS (CIF VALUE)			
(a) Raw materials		63.52	54.66
(b) Spare parts and components		572.89	486.91
(c) Capital goods		32.48	29.18
15 OTHER EXPENDITURE IN FOREIGN CURRENCY			
(a) Travel		8.86	7.62
(b) Subscriptions		0.13	0.14
(c) Welfare expenses - training		1.95	1.35
(d) Consultancy		20.39	11.18
(e) Advertisement and publicity		14.99	17.04
(f) Other marketing expenses		0.07	0.10
(g) Procurement / selling commission		30.66	33.24
(h) Research and development		16.86	13.08
(i) Warranty cost reimbursement		1.43	1.51
(j) Interest on foreign currency loan (net of capitalisation - Rs. Nil - last year - Rs.1.18 crores)		1.94	8.04
(k) Overseas branch expenses including salary		3.62	2.49
(l) Membership Fee		0.07	0.08

TVS MOTOR COMPANY LIMITED

XXIII Accounting standards, additional disclosures and notes on accounts – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
16 PAYMENT TO NON-RESIDENT SHAREHOLDERS		
(a) No. of shareholders	Nil	Nil
(b) No. of shares held	Nil	Nil
(c) Net dividend	Nil	Nil
17 EARNINGS IN FOREIGN EXCHANGE		
(a) Exports (on FOB basis)	1,107.51	853.48
(b) Others:		
(i) Freight and insurance	12.15	6.42
(ii) Interest income	2.93	5.71
(iii) Technical know-how	7.60	6.06
(iv) Sale of aircraft	—	11.17
	<u>1,130.19</u>	<u>882.84</u>
18 SALE BY CLASS OF GOODS		
(a) Motorcycles	2,895.79	2,748.88
(b) Mopeds	1,458.74	1,235.34
(c) Scooters	1,622.82	1,340.69
(d) Three wheelers	323.65	314.35
(e) Spares and accessories, provision of technical know-how and plant & equipment	692.97	539.17
	<u>6,993.97</u>	<u>6,178.43</u>
19 OPENING AND CLOSING STOCK OF FINISHED GOODS		
(a) Motorcycles	106.70	115.62
(b) Mopeds	15.26	2.66
(c) Scooters	42.32	48.61
(d) Three wheelers	18.12	7.45
(e) Components which do not individually account for 10% or more of the total value of stock	27.86	29.51
	<u>210.26</u>	<u>203.85</u>

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

As per our report annexed
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Chartered Accountants
Firm Regn. No.: 004207S

S.G. MURALI
Executive Vice President – Finance

K.S. SRINIVASAN
Company Secretary

M. BALASUBRAMANIAM
Partner
Membership No.: F7945

Place : Bengaluru
Date : May 24, 2012

Cash Flow Statement

		Rupees in crores	
		Year ended 31-03-2012	Year ended 31-03-2011
A. Cash flow from operating activities			
Net profit before tax		316.46	248.09
Add: Depreciation and amortisation for the year	117.53	107.25	
Depreciation on sale/scrapping of assets	(23.31)	(26.00)	
Amortisation of Foreign Currency Monetary Item			
Translation Difference Account	(0.27)	0.01	
Loss on sale of fixed assets	1.46	14.15	
Profit on sale of fixed assets	(1.97)	(0.25)	
Net (profit)/loss on sale of investments	0.09	(8.26)	
Diminution in the value of investments	–	3.36	
Dividend income	(2.42)	(2.75)	
Interest income	(16.35)	(23.31)	
Interest expenditure	57.10	70.30	
		<u>131.86</u>	<u>134.50</u>
Operating profit before working capital changes		448.32	382.59
Adjustments for:			
Trade receivables	36.55	(49.83)	
Inventories	(56.64)	(238.19)	
Other current assets	(4.93)	14.07	
Short term loans and advances	56.53	(14.74)	
Trade payables	68.59	169.62	
Other current liabilities (excluding current maturity of long term loans)	(40.05)	49.22	
Short term provisions	2.50	2.50	
		<u>62.55</u>	<u>(67.35)</u>
Cash generated from operations		510.87	315.24
Direct taxes paid		(70.02)	(81.13)
Net cash from operating activities (A)		<u>440.85</u>	<u>234.11</u>
B. Cash flow from investing activities			
Purchase of fixed assets	(207.56)	(114.74)	
Sale of fixed assets	25.87	37.73	
Capital work-in-progress	4.88	(30.34)	
Long term loans and advances	47.07	(3.79)	
Purchase of investments	(281.54)	(867.34)	
Sale of investments	11.66	950.36	
Interest received	16.35	23.31	
Dividends received	2.42	2.75	
		<u>(380.85)</u>	<u>(2.06)</u>
Net cash from / (used in) investing activities (B)		<u>(380.85)</u>	<u>(2.06)</u>

Cash Flow Statement – (continued)

		Rupees in crores	
		Year ended 31-03-2012	Year ended 31-03-2011
C. Cash flow from financing activities			
Borrowings:			
Term loan repayment	(126.20)		(396.81)
Unsecured loan availed	14.85		–
Government grant	0.30		–
Long term provisions	5.91		3.25
Soft loan from a state owned corporation	–		67.23
Sales tax deferral loan availed	33.57		31.61
Interest paid	(57.10)		(70.30)
Dividend and dividend tax paid	(65.90)		(41.12)
		(194.57)	(406.14)
Net cash used in financing activities	(C)	(194.57)	(406.14)
D. Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)			
		(134.57)	(174.09)
Cash and cash equivalents at the beginning of the year			
Cash & bank	6.01		101.01
Cash credit - balance	(79.09)		–
		(73.08)	101.01
Cash and cash equivalents at the end of the year			
Cash & bank	13.03		6.01
Cash credit - balance	(220.68)		(79.09)
		(207.65)	(73.08)

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

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

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

S.G. MURALI
Executive Vice President – Finance

K.S. SRINIVASAN
Company Secretary

M. BALASUBRAMANIAM
Partner
Membership No.: F7945

Place : Bengaluru
Date : May 24, 2012

TVS MOTOR COMPANY LIMITED

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

Sl. No.	Particulars	Name of the Subsidiaries									
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Financial year of the subsidiary	Sundaram Auto Components Limited, Chennai	TVS Energy Limited, Chennai	TVS Wind Energy Limited, Chennai	TVS Wind Power Limited, Chennai	TVS Housing Limited, Chennai	Sundaram Engineering Products Services Limited, Chennai	TVS Motor Company (Europe) B.V., Amsterdam	TVS Motor (Singapore) Pte. Limited, Singapore	PT. TVS Motor Company Indonesia, Jakarta	Sundaram Business Development Consulting (Shanghai) Co., Ltd. China
2	Shares of the subsidiary held by the company on the above date	01-04-2011 31-03-2012	01-04-2011 31-03-2012	01-04-2011 31-03-2012	01-04-2011 31-03-2012	01-04-2011 31-03-2012	01-12-2011 31-03-2012	01-04-2011 31-03-2012	01-04-2011 31-03-2012	01-04-2011 31-03-2012	02-09-2011 31-12-2011
	(a) Number and face value	1,15,50,000 Equity shares of Rs.10/- each fully paid up	7,67,50,000 Equity shares of Rs. 10/- each fully paid up	1,31,50,000 Equity shares of Rs. 10/- each fully paid up	41,00,000 Equity shares of Rs. 10/- each fully paid up	50,000 Equity shares of Rs. 10/- each fully paid up	25,493 Equity shares of Rs. 10/- each fully paid up	2,25,301 Ordinary shares of Euro 100/- each fully paid up	6,43,64,301 Ordinary shares of Singapore \$ 1/- each fully paid up	65,00,000 Ordinary shares of US\$ 10 each fully paid up	400 Ordinary shares of US\$ 100 each fully paid up
	(b) Extent of holding	100.00%	94.50%	21.58% by (1) and 73.02% by (2)	73.21% by (2)	100.00%	25.5% by (1) and 25.5% by (2)	100.00%	100.00%	31.85% by (7) and 68.15% by (8)	100.00%
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.5.13 crores	(Rs.6.94 crores)	(Rs.0.88 crores)	(Rs.0.17 crores)	Rs.0.01 crores	-	Rs.2.42 crores	(Rs.0.02 crores)	(Rs.112.36 crores)	(Rs.0.01 crores)
	(b) for the previous financial years since it became a subsidiary - profit / (loss)	Rs.14.14 crores	(Rs.3.98 crores)	(Rs.0.09 crores)	(Rs.0.03 crores)	(Rs.0.01 crores)	-	(Rs.3.11 crores)	(Rs.1.37 crores)	(Rs.276.38 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	-	-	-	-	-	-	-	-	-	-
	(b) for the previous financial years since it became a subsidiary - profit	Rs.9.36 crores	-	-	-	-	-	-	-	-	-

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

Bengaluru
 May 24, 2012

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

Auditors' report on consolidated accounts of TVS Motor Company Limited, Chennai for the year ended 31st March 2012

We have audited the attached consolidated Balance Sheet of TVS Motor Company Limited, Chennai and its subsidiaries as at 31st March 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, both annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 on "Consolidated Financial Statements" read with Accounting Standard 23 on "Accounting for investments in Associates" issued by The Institute of Chartered Accountants of India, on the basis of the individual financial statements of TVS Motor Company Limited, Chennai, its subsidiaries viz., (1) Sundaram Auto Components Limited, Chennai (2) TVS Energy Limited, Chennai (3) TVS Housing Limited, Chennai (4) TVS Wind Energy Limited, Chennai (5) TVS Wind Power Limited, Chennai (6) TVS Motor Company (Europe) B.V., Amsterdam (7) TVS Motor (Singapore) Pte. Limited, Singapore (8) PT.TVS Motor Company Indonesia, Jakarta (9) Sundaram Business Development Consulting (Shanghai) Company Limited, China (10) Sundaram Engineering Products Services Limited, Chennai and its associate company viz., Emerald Haven Realty Limited, Chennai included in the aforesaid consolidation.

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

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

We did not audit the financial statements of subsidiaries namely (1) TVS Energy Limited, Chennai (2) TVS Wind Energy Limited, Chennai (3) TVS Wind Power Limited, Chennai (4) TVS Housing Limited, Chennai (5) TVS Motor Company (Europe) B.V., Amsterdam (6) TVS Motor (Singapore) Pte. Limited, Singapore, (7) PT.TVS Motor Company Indonesia, Jakarta, (8) Sundaram Business Development Consulting (Shanghai) Company Limited, China and associate company namely Emerald Haven Realty Limited, Chennai.

The financial statements and other information of the subsidiaries and associate 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 and associate is based solely on the report of the other auditors.

In our opinion, and based on our audit, the consolidated financial statements referred to above give a true and fair view of the financial position of TVS Motor Company Limited, Chennai and its subsidiaries named above as at 31st March 2012 and of the results of their operations and their cash flows for the year ended on that date in conformity with generally accepted accounting principles in India.

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

M. BALASUBRAMANIAM
Partner
Membership No.: F7945

Place : Bengaluru
Date : May 24, 2012

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Balance Sheet as at 31st March 2012

		Rupees in crores	
	Note number	As at 31-03-2012	As at 31-03-2011
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	I	47.51	47.51
(b) Reserves and surplus	II	677.77	634.43
2 Share application money pending allotment		–	0.75
3 Minority interest	III	5.96	5.64
4 Non-current liabilities			
(a) Long-term borrowings	IV	874.46	772.34
(b) Deferred tax liabilities (Net)		55.06	27.61
(c) Long-term provisions	V	53.45	46.47
5 Current liabilities			
(a) Short-term borrowings	VI	270.82	97.78
(b) Trade payables		788.32	709.19
(c) Other current liabilities	VII	512.70	430.74
(d) Short-term provisions	VIII	59.85	52.18
Total		<u>3,345.90</u>	<u>2,824.64</u>
II ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	IX	1,466.27	1,291.47
(ii) Intangible assets	IX	5.95	2.29
(iii) Capital work-in-progress	IX	185.72	57.61
(b) Non-current investments	X	318.43	209.05
(c) Long-term loans and advances	XI	24.57	42.57
2 Current assets			
(a) Current investments	XII	–	11.75
(b) Inventories	XIII	681.38	602.53
(c) Trade receivables	XIV	249.32	286.08
(d) Cash and cash equivalents	XV	137.48	43.49
(e) Short-term loans and advances	XVI	170.84	172.14
(f) Other current assets	XVII	105.94	105.66
Total		<u>3,345.90</u>	<u>2,824.64</u>

Accounting standards, additional disclosures and
notes on accounts

XXIV

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

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For Sundaram & Srinivasan
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Partner
Membership No.: F7945

Place : Bengaluru
Date : May 24, 2012

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Profit and Loss for the year ended 31st March 2012

		Rupees in crores	
	Note number	Year ended 31-03-2012	Year ended 31-03-2011
I Revenue from operations	XVIII	7,419.84	6,542.98
II Other income	XIX	14.40	25.77
III Total Revenue (I + II)		<u>7,434.24</u>	<u>6,568.75</u>
IV Expenses:			
Cost of materials consumed	XX	5,222.40	4,318.52
Purchases of stock-in-trade	XX	203.94	572.50
Changes in inventories of finished goods, work-in-process and stock-in-trade	XX	(23.80)	(143.27)
Employee benefits expense	XXI	430.46	378.62
Finance costs	XXII	88.26	70.77
Depreciation and amortization expense		158.29	133.63
Other expenses	XXIII	1,127.73	1,059.53
Total expenses		<u>7,207.28</u>	<u>6,390.30</u>
V Profit before tax (III-IV)		226.96	178.45
VI Tax expense:			
(1) Current tax		67.18	74.66
(2) Deferred tax		27.45	(24.15)
VII Profit/(Loss) for the period (V-VI)		<u>132.33</u>	<u>127.94</u>
VIII Earnings per equity share (Refer note no.XXIV 2(q) under AS 20)			
(1) Basic		2.79	2.70
(2) Diluted		2.79	2.70

Accounting standards, additional disclosures and notes on accounts

XXIV

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M. BALASUBRAMANIAM
Partner
Membership No.: F7945

Place : Bengaluru
Date : May 24, 2012

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated notes on accounts

Particulars	As at 31-03-2012		As at 31-03-2011	
	Number	Rupees in crores	Number	Rupees in crores
I SHARE CAPITAL				
(a) Authorised, issued and subscribed				
Authorised:				
Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and paid up:				
Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51
Out of the above:				
Equity shares allotted as fully paid up by way of bonus shares in the five years immediately preceding the date of Balance Sheet:				
(a) Number of shares - 23,75,43,557				
(b) Year of allotment - Year ended 31 st March 2011.	47,50,87,114	47.51	47,50,87,114	47.51
(b) Statement showing reconciliation of equity shares outstanding at the beginning and at the end of the year				
Shares outstanding at the beginning of the year	47,50,87,114	47.51	23,75,43,557	23.75
Shares issued during the year (by way of issue of bonus equity shares)	—	—	23,75,43,557	23.76
Shares outstanding at the end of the year	47,50,87,114	47.51	47,50,87,114	47.51
(c) Rights and preferences attached to equity share:				
(i) Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act 1956.				
(ii) There are no restrictions attached to equity shares.				
(d) Shares held by holding / ultimate holding / subsidiaries / associates of holding company at the end of 31 st March 2012				

Name of shareholder	Class of share	As at 31-03-2012		As at 31-03-2011	
		No. of shares held	% of holding	No. of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	4,20,00,000	8.84	4,20,00,000	8.84
Anusha Investments Limited, Chennai (Subsidiary of Holding Company)	Equity	23,06,82,786	48.56	23,06,82,786	48.56

(e) Shareholders holding more than five percent at the end of 31st March 2012 (other than 1(d))

Name of shareholder	Class of share	As at 31-03-2012 No. of shares held	As at 31-03-2011 No. of shares held
Life Insurance Corporation of India, Mumbai	Equity	2,68,20,617	2,59,90,617

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated notes on accounts – (continued)

		Rupees in crores	
		As at 31-03-2012	As at 31-03-2011
II RESERVES AND SURPLUS			
(a) Capital reserves			
(i) On shares forfeited (Rs.55,200/-)		–	–
(ii) On surplus arising out of amalgamation		6.51	6.51
(iii) Government grant		0.30	–
(iv) Foreign currency translation reserve		(39.38)	(29.10)
Closing Balance		<u>(32.57)</u>	<u>(22.59)</u>
(b) General reserve			
Opening Balance		817.72	806.57
Add: Transfer from Statement of Profit and Loss		25.60	34.90
Less: Capitalised by issue of 23,75,43,557 numbers of bonus equity shares of Re.1/- each		–	23.75
Closing Balance		<u>843.32</u>	<u>817.72</u>
(c) Other reserves - Hedging reserve		(4.71)	–
(d) Surplus i.e., balance in Statement of Profit and Loss			
Opening balance		(160.70)	(193.64)
Add: Net profit/(Loss) for the current year	132.33		127.94
Minority interest - share of loss	0.46		0.36
Share of profit/(Loss) of associates	(0.23)		–
Dividend received from subsidiary (for previous year)	<u>2.22</u>	<u>134.78</u>	<u>2.59</u>
		(25.92)	(62.75)
Less: Tax relating to earlier years	2.86		(0.01)
FCMITD capitalised (pertaining to earlier year)	0.10		–
First Interim dividend paid	28.51		23.76
Second interim dividend payable	33.26		28.51
Proposed dividend	1.73		2.22
Dividend tax	10.29		8.57
Transfer to general reserves	<u>25.60</u>	<u>102.35</u>	<u>34.90</u>
Closing balance		<u>(128.27)</u>	<u>(160.70)</u>
Total (a) + (b) + (c) + (d)		<u>677.77</u>	<u>634.43</u>
III MINORITY INTEREST			
Share capital		6.78	6.00
Less: Share of losses		<u>0.82</u>	<u>0.36</u>
		<u>5.96</u>	<u>5.64</u>
IV LONG TERM BORROWINGS			
Secured			
Term Loans			
(a) From banks		475.86	508.85
(b) From International Finance Corporation		103.12	–
(c) Soft loan from a state owned corporation viz., State Industries Promotion Corporation of Tamil Nadu Ltd. (SIPCOT)		<u>77.23</u>	<u>77.23</u>
	(A)	<u>656.21</u>	<u>586.08</u>
Unsecured			
(a) Sales tax deferral loan from Karnataka Government		218.25	184.68
(b) From others		–	1.58
	(B)	<u>218.25</u>	<u>186.26</u>
	(A) + (B)	<u>874.46</u>	<u>772.34</u>

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated notes on accounts – (continued)

IV LONG TERM BORROWINGS – (continued)

Repayment terms of long term loans

Rupees in crores

Total of loans repayable	*Current maturity i.e. loans repayable in 2011-12	Balance long term loan as at 31-03-2011	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	*Current maturity i.e. loans repayable in 2012-13	Balance long term loan as at 31-03-2012
57.99	44.61	13.38	External commercial borrowings	Half-yearly	1	May 2012	14.70	14.70	–
54.23	7.57	46.66	External commercial borrowings	Half-yearly	20	Feb 2022	197.46	6.55	190.91
227.00	34.05	192.95	Term Loan I	Quarterly	17	Apr 2016	192.95	45.40	147.55
123.00	36.90	86.10	Term Loan II	Quarterly	7	Nov 2013	86.10	49.20	36.90
12.50	12.50	–	Term Loan III	Quarterly	–	Jul 2011	–	–	–
16.94	12.25	4.69	Term Loan IV	Quarterly	16	Mar 2017	29.69	4.69	25.00
54.86	–	54.86	Term Loan V	Quarterly	35	Sep 2018	53.16	5.16	48.00
128.18	16.39	111.79	Financial Institution	Half yearly	16	Sep 2018	127.73	24.61	103.12
–	–	–	Term Loan VI	Quarterly	36	Aug 2023	30.00	2.50	27.50
			Sales Tax Deferral						
69.62	6.33	63.29	Phase - 1	Yearly	10	2020-21	63.29	6.33	56.96
121.39	–	121.39	Phase - 2	Yearly	12	2026-27	161.29	–	161.29
77.23	–	77.23	State owned corporation	Yearly	2	2022-23	77.23	–	77.23
942.94	170.60	772.34	Total				1,033.60	159.14	874.46

* Grouped under "Other current liabilities".

Details of securities created:

- (i) External Commercial Borrowings secured by exclusive charge by way of hypothecation of specific movable properties including movable plant and equipment.
- (ii) Term loans
 - (a) First and exclusive charge on specific plant and equipment.
 - (b) Charge on pari-passu basis on the movable plant and equipment, spares, tools and accessories and other movables, both present and future situated in all plants, with the existing term loan lenders.
- (iii) Soft loan - State owned corporation viz., SIPCOT
First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of lands.

Amount payable in each instalments:

Description	Currency	Amount
External commercial borrowings	USD	3 million, 2 million
External commercial borrowings	USD & JPY	1.69 million USD & 45.46 million JPY
Term Loan I	INR	11.35 crores
Term Loan II	INR	12.30 crores
Term Loan III	INR	12.50 crores
Term Loan IV	INR	1.56 crores
Term Loan V	INR	1.72 crores
Term Loan VI	INR	0.83 crores
Financial institution	USD	1.8 million, 5.8 million, 2.2 million & 1.1 million
Sales tax deferral Phase-1	INR	Not stipulated
Sales tax deferral Phase-2	INR	Not stipulated
State owned corporation	INR	Not stipulated

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated notes on accounts – (continued)

	Rupees in crores	
	As at 31-03-2012	As at 31-03-2011
V LONG TERM PROVISIONS		
Employee benefits		
(a) Pension	47.86	41.87
(b) Leave salary	5.59	4.60
	<u>53.45</u>	<u>46.47</u>
VI SHORT TERM BORROWINGS		
Repayable on demand:		
(a) From banks		
(i) Cash credit / Packing credit		
- Secured	106.64	68.23
- Unsecured	125.66	14.22
	<u>(i) 232.30</u>	<u>82.45</u>
(ii) Others		
- Secured	17.47	12.21
- Unsecured	6.19	2.91
	<u>(ii) 23.66</u>	<u>15.12</u>
	<u>(i)+(ii) 255.96</u>	<u>97.57</u>
(b) From related parties (unsecured)	14.86	0.21
	<u>270.82</u>	<u>97.78</u>
Details of securities created for loans availed and referred to in VI(a) above:		
First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods , stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.		
VII Other current liabilities		
(a) Current maturities of long-term debt		
(i) Term loans	152.81	164.27
(ii) Sales tax deferral loan from Karnataka Government	6.33	6.33
(b) Unpaid dividends	1.99	1.13
(c) Foreign currency monetary item translation difference account	0.27	–
(d) Others		
(i) Tax deducted at source payable into Government	4.28	5.43
(ii) Sales tax payable	20.30	19.32
(iii) Employee related	20.45	21.34
(iv) For expenses	168.46	195.58
(v) Trade deposits received	46.19	14.26
(vi) For capital expenditure	91.62	3.08
	<u>512.70</u>	<u>430.74</u>
VIII Short term provisions		
(a) Leave salary	2.55	2.11
(b) Warranty	15.23	14.57
(c) Second interim dividend payable	33.26	28.51
(d) Proposed dividend	1.73	2.22
(e) Dividend tax	5.67	4.62
(f) Other provisions for expenses	1.41	0.15
	<u>59.85</u>	<u>52.18</u>

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated notes on accounts – (continued)

IX NON-CURRENT ASSETS - FIXED ASSETS

Rupees in crores

Description	Tangible								Intangible* (Software)		Total (tangible and intangible)		
	Land		Buildings	Plant & equip- ment	Furniture & fixtures	Office equip- ment	Vehicles	Total as at		As at		As at	
	Free hold	Lease hold						31/03/ 2012	31/03/ 2011	31/03/ 2012	31/03/ 2011	31/03/ 2012	31/03/ 2011
Cost of assets													
As at 01-04-2011	74.19	13.91	326.00	1,949.75	14.59	45.31	9.03	2,432.78	2,202.46	12.09	9.84	2,444.87	2,212.30
Additions	7.70	—	50.22	261.44	1.12	7.86	3.62	331.96	288.15	6.88	2.25	338.84	290.40
Sub-total	81.89	13.91	376.22	2,211.19	15.71	53.17	12.65	2,764.74	2,490.61	18.97	12.09	2,783.71	2,502.70
Sales / deletion	—	—	0.07	22.14	0.08	1.75	1.60	25.64	57.83	—	—	25.64	57.83
Total	81.89	13.91	376.15	2,189.05	15.63	51.42	11.05	2,739.10	2,432.78	18.97	12.09	2,758.07	2,444.87
Depreciation / Amortisation													
Upto 31-03-2011	0.27	0.48	72.20	1,023.20	8.21	31.06	5.89	1,141.31	1,035.66	9.80	8.18	1,151.11	1,043.84
For the year	0.11	0.12	12.13	134.16	1.48	5.61	1.46	155.07	132.01	3.22	1.62	158.29	133.63
Sub-total	0.38	0.60	84.33	1,157.36	9.69	36.67	7.35	1,296.38	1,167.67	13.02	9.80	1,309.40	1,177.47
Withdrawn on assets sold / deleted	—	—	0.06	20.15	0.08	1.68	1.58	23.55	26.36	—	—	23.55	26.36
Total	0.38	0.60	84.27	1,137.21	9.61	34.99	5.77	1,272.83	1,141.31	13.02	9.80	1,285.85	1,151.11
Written down value													
As at 31-03-2012	81.51	13.31	291.88	1,051.84	6.02	16.43	5.28	1,466.27		5.95		1,472.22	
As at 31-03-2011	73.92	13.43	253.80	926.55	6.38	14.25	3.14		1,291.47		2.29		1,293.76
CAPITAL WORK-IN-PROGRESS (AT COST)													
(a) Building												2.82	0.53
(b) Plant & equipment												182.90	57.08
Total												185.72	57.61

* Vide note no.XXIV 2(t).

Addition is net of gain arising on account of restatement of external commercial borrowings attributable to acquisition of plant and machinery - vide notes on accounts note no.XXIV 2(h) under AS11.

X NON-CURRENT INVESTMENTS

Rupees in crores

	As at 31-03-2012	As at 31-03-2011
Trade Investments		
(a) Investments in equity instruments	42.95	2.95
Less: Pro-rata share in the losses	0.53	0.30
	42.42	2.65
(b) Investments in preference shares	246.01	176.40
(A)	288.43	179.05
Other Investments		
(a) Investments in bonds	15.00	15.00
(b) Employees pension related investments	15.00	15.00
(B)	30.00	30.00
(A) + (B)	318.43	209.05

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated notes on accounts – (continued)

X NON-CURRENT INVESTMENTS – (continued)

Sl. No.	Name of the body corporate	Subsidiary/ Associate/ JV/Controlled Entity/Others	No. of shares/ units		Partly paid/ fully paid	Extent of holding (%)		Rupees in crores	
			As at 31-03-2012	As at 31-03-2011		As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
A.	TRADE INVESTMENTS								
(a)	Investment in Equity Instruments:								
	Quoted:								
	Suprajit Engineering Limited, Bengaluru	Others	28,92,000	28,92,000	Fully paid			0.08	0.08
	Ucal Fuel Systems Limited, Chennai	Others	91,760	91,760	Fully paid			0.25	0.25
	Bank of Baroda, Vadodara	Others	2,000	2,000	Fully paid			0.02	0.02
	Unquoted:								
	TVS Lanka (Private) Limited, Colombo	Others	50,00,000	50,00,000	Fully paid			2.08	2.08
	TVS Motor Services Limited, Chennai	Others	3,80,000	3,80,000	Fully paid			0.38	0.38
	TVS Global Automobile Traders FZCO, Dubai	Others	1	1	Fully paid			0.14	0.14
	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	Associate	4,00,00,000	-	Fully paid	48.8	-	40.00	-
	Less: Share in the loss of associates							(0.53)	(0.30)
	Total (a)							42.42	2.65
(b)	Investments in Preference Share (Unquoted):								
	TVS Motor Services Limited, Chennai	Others	24,60,10,000	17,64,00,000	Fully paid			246.01	176.40
	Total (b)							246.01	176.40
	Total (a)+(b)							288.43	179.05
B.	OTHER INVESTMENTS (Unquoted):								
(a)	Investments in Bonds:								
	(i) Power Finance Corporation Limited, New Delhi	Others	150.00	150.00	Fully paid			15.00	15.00
	Total (a)							15.00	15.00
(b)	Other non-current investments:								
	(i) ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai	Others			Fully paid			9.23	9.23
	(ii) Life Insurance Corporation Pension Policy, Mumbai	Others			Fully paid			5.77	5.77
	(iii) National Savings Certificates (Rs.37,100/- deposited with Sales Tax authorities)	Others			Fully paid			-	-
	Total (b)							15.00	15.00
	Total (a)+(b)							30.00	30.00

Investment summary

Rupees in crores

Particulars	As at 31-03-2012		As at 31-03-2011	
	Cost	Market value	Cost	Market value
Quoted investments	0.35	6.53	0.35	6.24
Unquoted investments	318.08	-	208.70	-

Note: All investments are carried at cost.

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated notes on accounts – (continued)

Rupees in crores

	As at 31-03-2012	As at 31-03-2011
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XI LONG TERM LOANS AND ADVANCES

Unsecured, considered good

(a) Capital advances	2.10	17.21
(b) Deposits made	14.96	10.24
(c) Loans to related parties	–	4.12
(d) Advance payment of Income tax less provisions	7.51	11.00
	24.57	42.57

XII CURRENT INVESTMENTS (Quoted)

Investments in mutual funds	–	15.11
Less : Provision for diminution in the value of investments	–	3.36
	–	11.75

Sl. No.	Particulars	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Units		Rupees in crores		Basis of valuation
			As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011	
(a)	Investments in Mutual Funds (quoted) :						
	(i) JM Financial Asset Management Pvt. Limited, Mumbai - JM Money Manager Fund - Super Plus Plan - Growth	Others	-	1,76,249	-	0.24	At cost
	(ii) JM Financial Asset Management Pvt. Limited, Mumbai - JM Emerging Leaders Fund - Growth Plan	Others	-	24,41,665	-	1.76	At market value
	(iii) JP Morgan Asset Management India Pvt. Limited, Mumbai - JP Morgan India Treasury Fund – Retail – Growth Plan	Others	-	19,00,536	-	2.22	At cost
	(iv) Religare Asset Management Company Limited, Mumbai - Religare Ultra Short Term Fund - Regular Growth	Others	-	10,018	-	1.33	At cost
	(v) Sundaram Asset Management Company Limited, Chennai - Sundaram Ultra Short Term Fund - Retail - Growth	Others	-	18,06,352	-	2.32	At cost
	(vi) Tata Asset Management Limited, Mumbai - Tata Indo-Global Infrastructure Fund - Growth	Others	-	50,00,000	-	3.88	At market value
					-	11.75	

Rupees in crores

	As at 31-03-2012	As at 31-03-2011
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XIII INVENTORIES (at weighted average cost or net realisable value whichever is less)

(a) Raw materials and components	266.25	234.82
(b) Goods-in-transit - Raw materials and components	47.72	32.51
(c) Work-in-process	61.47	50.49
(d) Finished goods	191.57	175.44
(e) Stock-in-trade	42.09	45.40
(f) Goods-in-transit - stock-in-trade	5.87	2.23
(g) Stores and spares	28.82	22.94
(h) Dies, moulds and tools	37.59	38.70
	681.38	602.53

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated notes on accounts – (continued)

	Rupees in crores	
	As at 31-03-2012	As at 31-03-2011
XIV TRADE RECEIVABLES		
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	19.17	12.86
(ii) Considered doubtful	4.00	4.01
	<u>23.17</u>	<u>16.87</u>
Less: Provision for doubtful debts	4.00	4.01
	<u>19.17</u>	<u>12.86</u>
(b) Other unsecured debts (considered good)	230.15	273.22
	<u>249.32</u>	<u>286.08</u>
XV CASH AND CASH EQUIVALENTS		
(a) Balances with banks (includes Rs.0.03 crore with more than 12 months maturity - Last year Rs.0.03 crore)	129.57	32.97
(b) Cheques/drafts on hand	5.60	9.26
(c) Cash on hand	0.32	0.13
(d) Earmarked balances with banks (for unpaid dividend)	1.99	1.13
	<u>137.48</u>	<u>43.49</u>
XVI SHORT-TERM LOANS AND ADVANCES		
Unsecured considered good:		
(a) Loans and advances to related parties	3.00	18.00
(b) Others		
(i) Employee related	13.59	12.02
(ii) Excise current account	93.42	94.06
(iii) Vendor advance	33.76	36.53
(iv) Advance payment of Income tax less provisions	14.56	11.53
(v) Advance payment of sales tax / VAT	12.51	—
	<u>170.84</u>	<u>172.14</u>
XVII OTHER CURRENT ASSETS		
(a) Interest accrued on deposits/investments	1.73	3.09
(b) Claims receivable	100.90	102.57
(c) Foreign currency monetary item translation difference account	3.31	—
	<u>105.94</u>	<u>105.66</u>

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated notes on accounts – (continued)

	Rupees in crores	
	Year ended 31-03-2012	Year ended 31-03-2011
XVIII REVENUE FROM OPERATIONS		
(a) Sale of products	7,894.07	6,991.63
(b) Sale of services	6.34	1.34
(c) Other operating revenues	137.41	111.07
	<u>8,037.82</u>	<u>7,104.04</u>
Less: Excise duty and service tax	617.98	561.06
	<u>7,419.84</u>	<u>6,542.98</u>
XIX OTHER INCOME		
(a) Interest income	10.81	15.60
(b) Dividend	0.20	0.17
(c) Gain on sale of investments	0.16	8.65
(d) Profit on sale of fixed assets	1.97	0.30
(e) Other non operating income	1.26	1.05
	<u>14.40</u>	<u>25.77</u>
XX MATERIAL COST		
Cost of Materials consumed		
Opening stock of raw materials and components	234.82	122.56
Add: Purchases	5,253.83	4,430.78
	<u>5,488.65</u>	<u>4,553.34</u>
Less: Closing stock of raw materials and components	266.25	234.82
Consumption of raw materials and components	<u>5,222.40</u>	<u>4,318.52</u>
Purchases of stock-in-trade	<u>203.94</u>	<u>572.50</u>
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work in process	50.49	30.29
Stock-in-trade	45.40	18.15
Finished goods	175.44	79.62
	<u>(A) 271.33</u>	<u>128.06</u>
Closing stock:		
Work in process	61.47	50.49
Stock-in-trade	42.09	45.40
Finished goods	191.57	175.44
	<u>(B) 295.13</u>	<u>271.33</u>
	<u>(A)-(B) (23.80)</u>	<u>(143.27)</u>
XXI EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and wages	361.42	322.12
(b) Contribution to provident and other funds	26.27	21.02
(c) Welfare expenses	42.77	35.48
	<u>430.46</u>	<u>378.62</u>

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated notes on accounts – (continued)

	Rupees in crores	
	Year ended 31-03-2012	Year ended 31-03-2011
XXII FINANCE COSTS		
(a) Interest expense	83.23	84.84
(b) Amortisation of foreign currency monetary item translation difference account	4.17	(17.12)
(c) Other borrowing cost - exchange fluctuation and processing charges	0.86	3.05
	<u>88.26</u>	<u>70.77</u>
XXIII OTHER EXPENSES		
(a) Consumption of stores, spares and tools*	56.37	50.80
(b) Power and fuel*	103.26	85.85
(c) Rent*	22.60	15.64
(d) Repairs - buildings*	12.11	9.50
(e) Repairs - plant and equipment*	56.74	54.47
(f) Insurance	3.66	3.21
(g) Rates and taxes, (excluding taxes on income)	4.51	5.44
(h) Audit fees	0.90	1.03
(i) Packing and freight charges*	250.94	211.21
(j) Advertisement and publicity*	157.14	205.40
(k) Other marketing expenses*	218.19	191.09
(l) Loss on sale of investments	0.09	—
(m) Diminution in the value of investments (i.e. adjustment to the carrying amount of investments)	—	3.36
(n) Loss on sale of fixed assets	1.50	15.12
(o) Miscellaneous expenses* (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher)	239.72	207.41
	<u>1,127.73</u>	<u>1,059.53</u>

* Net of recoveries

Refer note no.XXIV 2(d) on AS5 for prior period items.

XXIV ACCOUNTING STANDARDS, ADDITIONAL DISCLOSURES AND NOTES ON ACCOUNTS

1 CONSOLIDATION OF ACCOUNTS

A Basis of accounting

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

B Translation of foreign currency statements

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

C Principles of consolidation

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

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

- the financial statements of the Company and its subsidiaries have been prepared on a line by line consolidation by adding the book values of like items of assets, liabilities, income and expenditure as per the respective audited financial statements of the respective companies.

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

XXIV Accounting standards, additional disclosures and notes on accounts – (continued)

1 CONSOLIDATION OF ACCOUNTS – (continued)

C Principles of consolidation – (continued)

- the accounts of TVS Motor (Singapore) Pte. Limited, Singapore, TVS Motor Company (Europe) B.V., Amsterdam, PT. TVS Motor Company Indonesia, Jakarta and Sundaram Business Development Consulting (Shanghai) Company Limited, China have been audited by the auditors qualified to conduct audit in accordance with the laws of the respective countries.
- the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the manner as the Company's individual financial statements.
- intra-group transactions and resulting unrealised profits have been eliminated.

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

Sl. 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	31-03-2012	–
(b)	TVS Energy Limited, Chennai	India	94.5	31-03-2012	–
(c)	TVS Wind Power Limited, Chennai	India	73.21 by (b)	31-03-2012	–
(d)	TVS Wind Energy Limited, Chennai	India	73.02 by (b) & 21.58 by (a)	31-03-2012	–
(e)	TVS Housing Limited, Chennai	India	100	31-03-2012	–
(f)	TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	100	31-03-2012	–
(g)	TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	100	31-03-2012	–
(h)	PT. TVS Motor Company Indonesia, Jakarta	Indonesia	68.15 by (f) 31.85 by (g)	31-03-2012	–
(i)	Sundaram Business Development Consulting (Shanghai) Co. Ltd, China	China	100	31-12-2011	91 days
(j)	Sundaram Engineering Products Services Limited, Chennai	India	25.5 by (a) 25.5 by (b)	31-03-2012	–
	Associate Company:				
	Emerald Haven Realty Limited, Chennai (Formerly known as Green Earth Homes Limited)	India	48.8	31-03-2012	–

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 subsidiaries viz., Sundaram Auto Components Limited, Chennai, TVS Energy Limited, Chennai and its subsidiaries, TVS Housing Limited, Chennai and Sundaram Engineering Products Services Limited, Chennai. The accounts are maintained on accrual basis as a going concern.

XXIV Accounting standards, additional disclosures
and notes on accounts – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
(b) AS - 2 Valuation of inventories		
Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at weighted average cost or net realisable value, whichever is less.		
(c) AS - 3 Cash flow statements		
The cash flow statement is prepared under "indirect method" and the same is annexed.		
(d) AS - 5 Net profit or loss for the period, prior period items and changes in accounting policies		
I Prior period items:		
A Income:		
(i) Rent	—	0.02
(ii) Export incentive	—	2.41
B Expenses:		
(i) Freight charges	0.02	—
(ii) Repairs and maintenance - others	0.03	—
(iii) Rent	0.01	0.01
(iv) Welfare - training & development	—	0.01
(v) Legal fees	—	0.02
(vi) Bonus	—	0.17
(vii) Consultancy fees	—	0.02
(viii) Medical bill	—	0.02
(ix) Input cost	0.01	—
II Changes in accounting policies:		
The Company has adopted Accounting Standard 30 - "Financial Instruments: Recognition and Measurement". Its impact on profit for the year is indicated in AS-30.		
(e) AS - 6 Depreciation accounting		
Depreciation has been provided under the straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956 with the applicable shift allowance.		
In respect of wind mills, depreciation is charged on straight line method at rates notified under Electricity Act, 2003 based on general circular no.31/2011 dated 31 st May 2011 (issued by Ministry of Corporate Affairs).		
In respect of assets added / assets sold during the year pro-rata depreciation has been provided at the rates prescribed under Schedule XIV.		
Depreciation in respect of computers, vehicles and communication equipment has been charged at 30%, 18% and 20% respectively, which is higher than the rates prescribed under Schedule XIV.		
During the year depreciation rates in respect to Furniture and fixtures, Mobile phones and Office equipment have been charged at 10%, 50% and 10% respectively, which is higher than the rates prescribed under Schedule XIV.		

XXIV Accounting standards, additional disclosures and notes on accounts – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
<p>Depreciation in respect of tools and dies has been provided based on the quantity of components manufactured and the life of tools and dies.</p> <p>Tools and dies relating to three wheeler operations have been capitalised and applicable depreciation provided thereon, considering the lower volume as compared to two wheelers.</p> <p>Depreciation in respect of assets acquired during the year whose actual cost does not exceed Rs.5,000/- has been provided at 100%.</p>			
(f)	AS - 9 Revenue recognition		
<p>The income of the Company and its subsidiaries are derived from sale (net of trade discounts) of automotive vehicles, parts thereof, lubricant oil, wind energy, machinery and equipment, rubber and plastic components, and provision of technical know-how. The Company's gain on exchange fluctuation included in sale is Rs.15.07 crore while exchange fluctuation loss netted against sale is Rs.40.70 crore.</p> <p>Sale of goods is recognised on despatch of goods to customers. Sales revenue in respect of wind energy is recognised for the quantity generated as approved and certified by the specified authority.</p> <p>Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.</p> <p>Dividend from investments in shares / units is recognised when the Company / Mutual Fund, in which they are held, declares the dividend and the right to receive the same is established.</p> <p>The revenue and expenditure are accounted on a going concern basis.</p>			
(g)	AS - 10 Accounting for fixed assets		
<p>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>		13.91	13.91
<p>Cost of buildings includes buildings constructed on leasehold land.</p>		34.76	23.86
(h)	AS - 11 Accounting for effects of changes in foreign exchange rates		
<p>Purchase of imported raw materials, components, spare parts and capital goods are accounted based on retirement memos from banks. In respect of liabilities on import of raw materials, components, spare parts and capital goods which are in transit and where invoices / bills are yet to be received, the liability is accounted based on the advance copies of documents at the market exchange rate prevailing on the date of the Balance Sheet. Sales include realised exchange fluctuation on exports. Net exchange difference debited to Statement of Profit and Loss is Rs. 25.63 crores (Last year credited to Profit and Loss Account Rs.1.70 crores).</p> <p>In terms of the Companies (Accounting Standards) Amendment Rules, 2009, and Companies (Accounting Standards) Amendment Rules, 2011 on Accounting Standard 11, notified by the Government of India, 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 ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

XXIV Accounting standards, additional disclosures and notes on accounts – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
(h) AS - 11 Accounting for effects of changes in foreign exchange rates - (continued)		
Gains / (losses) arising from changes in foreign exchange rates relating to depreciable capital assets added to / deducted from carrying cost of such assets.	(5.77)	0.83
Gains / (losses) arising from changes in foreign exchange rates relating to other long term foreign currency monetary items (not relating to acquisition of depreciable assets) credited / debited to "Foreign Currency Monetary Item Translation Difference Account".	7.16	4.15
Amortisation of "Foreign Currency Monetary Item Translation Difference Account" by (debiting) / crediting to Statement of Profit and Loss.	(3.57)	17.09
Consequential charge / credit to depreciation has been effected in the current year.		
Derivative Instruments:		
Derivative contracts are entered into by the Company based on underlying transactions. The Company has not entered into any derivative contracts of a speculative nature.		
Currency swaps - The Company had earlier entered into seven currency swap contracts covering the total external commercial borrowings of USD 100 million (last year seven contracts covering USD 100 million), fixing the repayment liability of the Company in Indian Rupees. Consequent to repayment of part of the above loans, as per the agreed schedule, currency swap contracts outstanding at the end of the year are only to the extent of USD 3 million (last year USD 13 million).		
During the year, one of the subsidiaries has entered into currency swap contracts covering the external commercial borrowings of JPY 909.10 million and USD 28.70 million. Interest Rate Swap (IRS) - The Company had earlier entered into seven derivative contracts in respect of total external commercial borrowings amounting to USD 100 million (last year seven contracts in respect of USD 100 million) to convert floating interest rate to fixed interest. Consequent to repayment of part of the above loans, as per the agreed schedule interest rate swap contracts outstanding at the end of the year are only to the extent of USD 3 mn. (last year USD 13 mn.)		
During the year, one of the subsidiaries has entered into interest rate swap contracts covering the external commercial borrowings of JPY 909.10 million and USD 16.70 million.		
(i) AS - 12 Accounting for Government grants		
The Company received capital subsidy from Himachal Pradesh Government and the same has been credited to Capital Reserve.	0.30	—
(j) AS - 13 Accounting for Investments		
Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost or realisable value determined on individual basis. Long term investments are carried at cost. Provision for diminution in value, if any, is made to recognise a decline other than temporary in the value of investments.		
(k) AS - 14 Accounting for amalgamations		
During the year there was no amalgamation.		

**XXIV Accounting standards, additional disclosures
and notes on accounts – (continued)**
(I) AS - 15 Accounting for employee benefits
A Defined contribution plan

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

B Defined benefit plans

- (i) The Company extends defined benefit plan in the form of leave salary to employees. In addition, the Company also extends defined benefit plan in the form of pension to senior managers of the Company. Provision for leave salary and pension is made on actuarial valuation basis.
- (ii) The Company also extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India in accordance with the scheme framed by the Corporation.

C Disclosure as required by Accounting Standard 15

Rupees in crores

	Leave Salary	Pension	Gratuity
(a) Expenses recognised in the Statement of Profit and Loss			
(i) Current service cost	1.71	–	2.52
(ii) Interest cost	0.45	3.11	2.76
(iii) Expected return on plan assets	–	–	(3.38)
(iv) Net actuarial loss / (gain) recognised in the year	1.40	2.02	2.04
Total	3.56	5.13	3.94
(b) Change in defined benefit obligation during the year ended 31 st March 2012			
(i) Present value of obligation as at the beginning of the year (01-04-2011)	6.71	38.79	34.43
(ii) Interest cost	0.45	3.11	2.76
(iii) Current service cost	1.71	–	2.52
(iv) Benefits paid	(2.13)	(0.13)	(2.34)
(v) Actuarial loss on obligation	1.40	2.02	2.04
(vi) Present value of obligation as at the end of the year (31-03-2012)	8.14	43.79	39.41
(c) Change in fair value of plan assets during the year ended 31 st March 2012			
(i) Fair value of plan assets at the beginning of the year (01-04-2011)	–	–	37.14
(ii) Expected return on plan assets	–	–	3.38
(iii) Contributions made during the year	–	–	4.49
(iv) Benefits paid	–	–	(2.34)
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year (31-03-2012)	–	–	42.67
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2011)	6.71	38.79	(2.69)
(ii) Contributions made during the year	–	–	(4.49)
(iii) Expenses	3.56	5.13	3.94
(iv) Benefits paid	(2.13)	(0.13)	–
(v) Value of benefit obligations / (net assets) at the close of the year (31-03-2012)	8.14	**	(3.24)
** Note: The net asset in respect of gratuity plan is not recognised as it is lying in an irrevocable trust fund approved by Income tax authorities.			
(e) Actuarial assumptions			
(i) Discount rate used	8.00%	8.00%	8.00%
(ii) Expected return on plan assets	NA	NA	8.00%
Estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotions and other relevant factors.			

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

XXIV Accounting standards, additional disclosures and notes on accounts – (continued)

Rupees in crores

As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
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(m) **AS - 16 Borrowing costs**

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

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

0.91	7.14
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(n) **AS - 17 Segment reporting - year ended 31st March 2012**

Particulars	Business segment			
	Automotive vehicles & parts	Automotive components	Others	Total
Revenue				
External sales - domestic	6,077.63	146.42	16.82	6,240.87
- exports	1,174.91	4.06	–	1,178.97
Inter segment sales	748.48	148.81	3.64	900.93
Total sales	8,001.02	299.29	20.46	8,320.77
Less: Inter segment sales	748.48	148.81	3.64	900.93
Net revenue	7,252.54	150.48	16.82	7,419.84
Segment-wise results before interest and tax	297.09	12.35	5.78	315.22
Less: Interest				88.26
Less: Loss of subsidiaries				–
Add: Inter segment income / (expenses)				–
Profit before tax				226.96
Less: Tax expense				94.63
Profit after tax	–	–	–	132.33
Segment assets	2,652.81	212.75	480.34	3,345.90
Segment liabilities	2,064.84	130.29	419.53	2,614.66
Total cost incurred during the year to acquire segment assets	176.55	29.85	220.85	427.25
Segment depreciation / amortisation	134.30	10.46	9.96	154.72
Non-cash expenses / (income) other than depreciation / amortisation	3.57	–	–	3.57

Notes: The Company and its Indian subsidiaries cater mainly to the needs of the domestic market.

The export turnover is not significant in the context of the total turnover. As such, there are no reportable geographical segments.

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

Disclosure is made as per the requirements of the standard and the same is given in Note No. 11 and 12.

(p) **AS - 19 Leases**

All the lease agreements entered into during the year are cancellable. Hence, no disclosure is required under this Standard.

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

XXIV Accounting standards, additional disclosures and notes on accounts – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
(q)	AS - 20 Earnings per share		
Earnings per share is calculated by dividing the profit attributable to the shareholders by the number of equity shares outstanding as at the close of the year.			
	Profit after tax	132.33	127.94
	Number of equity shares	47,50,87,114	47,50,87,114
	Face value of the share (in rupees)	1.00	1.00
	Weighted average number of equity shares	47,50,87,114	47,50,87,114
	Earnings per share (EPS) (in rupees)	2.79	2.70
	Diluted earnings per share (in rupees)	2.79	2.70
(r)	AS - 22 Accounting for taxes on income		
	(i) Deferred tax liability consists of:		
	- tax on depreciation	135.75	111.94
	- tax on amortisation of dies and moulds	11.14	12.73
	- tax on expenses admissible on payment basis under Income-tax Act, 1961	29.10	43.26
	(A)	<u>175.99</u>	<u>167.93</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	59.09	60.74
	- unabsorbed depreciation	—	72.56
	- unabsorbed capital loss	9.22	6.82
	- unabsorbed business loss	52.62	0.20
	- preliminary expenses (current year Rs. Nil, last year- Rs. 4,200/-)	—	—
	(B)	<u>120.93</u>	<u>140.32</u>
	Deferred tax liability (net of deferred tax asset) (refer Balance Sheet) (A)-(B)	55.06	27.61
(s)	AS - 23 Accounting for investments in associates		
Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited) became the associate of the Company from 26.03.2012			
(t)	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 those assets:			
	(i) Software		
	- Estimated useful life of the asset	2 years	2 years
	- Amortisation rates used	50% each year as depreciation	50% each year as depreciation
	- Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year		
	Opening balance	12.09	9.29
	Additions during the year	<u>6.88</u>	<u>2.25</u>
	Total	18.97	11.54
	Amortised as depreciation	13.02	9.25
	Closing written down value	<u>5.95</u>	<u>2.29</u>

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

XXIV Accounting standards, additional disclosures and notes on accounts – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
(t) AS - 26 Accounting for intangible assets – (continued)			
(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	
Additions during the year	–	–	
Total	–	0.55	
Amortised as depreciation	–	0.55	
Closing written down value	–	–	

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

There is no Joint venture as on 31.03.2012.

(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. 1.53 crores (last year Rs.10.39 crores) has been provided during the year. Further, a sum of Rs.0.03 crore (last year Rs.0.97 crore) 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 note VIII (b) to the Balance Sheet.

(ii) Contingent liabilities:

The amount for which the Company is contingently liable is disclosed in note no.7.

(iii) Contested liabilities are detailed in note no.8.

(x) **AS - 30 Financial Instruments: Recognition and Measurement**

The Company has chosen to adopt the Accounting Standard 30 "Financial Instruments: Recognition and Measurement" and has applied the hedge accounting principles to the foreign currency forward contracts and non-derivative financial liability to hedge its risks associated with the foreign currency fluctuations relating to highly probable forecast transactions. The Company does not hold derivative financial instruments for speculative purposes.

Changes in the fair value of the contracts that are designated and effective as hedges of future cash flows are taken directly to the Hedging Reserve Account and the ineffective portion is recognised in the Statement of Profit and Loss.

Accordingly, the designated and effective hedge instruments are marked to market and the net loss aggregating to Rs.4.71 crores has been taken directly to the Hedging Reserve Account. Consequent to this change, the profit of the Company is higher by Rs.4.71 crores.

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

XXIV Accounting standards, additional disclosures and notes on accounts – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
3	LAND:		
	Title deeds in respect of land acquired near Ahmedabad in Gujarat at a cost of Rs.0.01 crore is yet to be received from the registering authority.		
4	TRADE PAYABLES INCLUDE:		
	(a) Amount due to Small Scale Industrial units	36.40	38.56
	(b) Amount due to other industrial units	696.58	678.07
	(c) Interest accrued but not due on secured loans (included in current liabilities)	5.20	3.59
5	CONTRIBUTION TO PROVIDENT AND OTHER FUNDS INCLUDE:		
	(a) Contribution towards gratuity as per scheme framed by Life Insurance Corporation of India	4.71	2.79
	(b) Contribution towards pension fund	5.09	3.12
6	PAYMENT TO AUDITORS COMPRISE:		
	(a) As statutory auditors	0.76	0.82
	(b) Taxation matters	0.06	0.15
	(c) Certification matters	0.06	0.04
	(d) Cost audit fees	0.02	0.02
	(e) Miscellaneous expenses include travel and stay expenses of auditors	0.21	0.19
		<u>1.11</u>	<u>1.22</u>
7	CONTINGENT LIABILITY NOT PROVIDED FOR:		
	(a) On counter guarantee given to banks	22.58	14.89
	(b) On letters of credit	110.40	105.43
	(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	42.19	23.17
	(e) Capital commitments towards capital expenditure	77.47	58.84
	(f) On obligation arising out of agreements facilitating credit to a company	41.66	41.66
	(g) On obligation arising out of agreements facilitating credit to a subsidiary company (PT. TVS Motor Company Indonesia, Jakarta)	53.88	53.88
	(h) On import of capital goods under Export Promotion Capital Goods Scheme	20.03	15.04
8	LIABILITY CONTESTED AND NOT PROVIDED FOR:		
	(a) Excise	58.30	49.13
	(b) Service tax	8.52	15.32
	(c) Customs	1.87	1.13
	(d) Sales tax	2.91	3.55
	(e) Electricity tax	0.18	0.18
	(f) Income tax	48.12	60.48
	(g) Others	1.87	1.87
9	GENERAL:		
	(a) Gain/loss on sale of investments netted against loss/profit on sale of investments	—	3.34
	(b) Profit before tax for the year is after considering the accelerated amortisation of tools and dies of slow moving models and impairment of fixed assets	1.56	11.36

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

XXIV Accounting standards, additional disclosures and notes on accounts – (continued)

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

11 RELATED PARTY DISCLOSURE

	Period	
	From	To
List of related parties		
Reporting entities:		
TVS Motor Company Limited, Chennai	01-04-2011	31-03-2012
Sundaram Auto Components Limited, Chennai	01-04-2011	31-03-2012
TVS Motor Company (Europe) B.V, Amsterdam	01-04-2011	31-03-2012
TVS Motor (Singapore) Pte. Limited, Singapore	01-04-2011	31-03-2012
PT. TVS Motor Company Indonesia, Jakarta	01-04-2011	31-03-2012
TVS Energy Limited, Chennai	01-04-2011	31-03-2012
TVS Housing Limited, Chennai	01-04-2011	31-03-2012
TVS Wind Power Limited, Chennai	01-04-2011	31-03-2012
TVS Wind Energy Limited, Chennai	01-04-2011	31-03-2012
Sundaram Business Development Consulting (Shanghai) Co. Ltd, China	02-09-2011	31-03-2012
Sundaram Engineering Products Services Limited, Chennai	01-12-2011	31-03-2012
Holding company:		
Sundaram-Clayton Limited, Chennai	01-04-2011	31-03-2012
Ultimate holding company:		
T V Sundram Iyengar & Sons Limited, Madurai	01-04-2011	31-03-2012
Fellow subsidiaries:		
Anusha Investments Limited, Chennai	01-04-2011	31-03-2012
TVS Investments Limited, Chennai	01-04-2011	31-03-2012
Sundaram Investment Limited, Chennai	01-04-2011	31-03-2012
TVS Electronics Limited, Chennai	01-04-2011	31-03-2012
Tumkur Property Holdings Limited, Chennai	01-04-2011	31-03-2012
Prime Property Holdings Limited, Chennai	01-04-2011	31-03-2012
TVS-E Access (India) Limited, Chennai	01-04-2011	31-03-2012
TVS-E Servicetec Limited, Chennai	01-04-2011	31-03-2012
TVS Capital Funds Limited, Chennai	01-04-2011	31-03-2012
Sravanaa Properties Limited, Chennai	01-04-2011	31-03-2012
Southern Roadways Limited, Madurai	01-04-2011	31-03-2012
Sundaram Industries Limited, Madurai	01-04-2011	31-03-2012
The Associated Auto Parts Limited, Mumbai	01-04-2011	31-03-2012
TVS Interconnect Systems Limited, Madurai	01-04-2011	31-03-2012
TVS Logistics Services Limited, Madurai	01-04-2011	31-03-2012
Lucas-TVS Limited, Chennai	01-04-2011	31-03-2012
Sundaram Textiles Limited, Madurai	01-04-2011	31-03-2012
TVS Automobile Solutions Limited, Madurai	01-04-2011	31-03-2012
Sundaram Lanka Tyres Limited, Srilanka	01-04-2011	31-03-2012
NSM Holdings Limited, Madurai	01-04-2011	31-03-2012
TVSNet Technologies Limited, Madurai	01-04-2011	31-03-2012
TOR Projects & Services Limited, Madurai	01-04-2011	31-03-2012
NK Telecom Products Limited, Madurai	01-04-2011	31-03-2012

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

XXIV Accounting standards, additional disclosures and notes on accounts – (continued)

11 RELATED PARTY DISCLOSURE (continued)

	Period	
	From	To
NK Telesystems Limited, Madurai	01-04-2011	31-03-2012
TVS RHR Finished Vehicles Logistics Solutions Limited, Chennai	01-04-2011	31-03-2012
TVS GMR Aviation Logistics Limited, Madurai	01-04-2011	31-03-2012
FLEXOL Packaging (India) Limited, Chennai	01-04-2011	31-03-2012
TVS Automotive Europe Limited, UK	01-04-2011	31-03-2012
TVS C J Components Limited, UK	01-04-2011	31-03-2012
TVS Logistics Iberia S.L., Spain	01-04-2011	31-03-2012
TVS Logistics Siam Limited, Thailand	01-04-2011	31-03-2012
TVS Autoserv GmbH, Germany	01-04-2011	31-03-2012
TVS Logistics Investment UK Limited, UK	01-04-2011	31-03-2012
TVS Supply Chain Solutions Limited, UK (formerly Multipart Solutions Limited)	01-04-2011	31-03-2012
Multipart Limited, UK (formerly known as IH Crick Property Co Limited)	01-04-2011	31-03-2012
Msys Software Solutions Limited, UK	01-04-2011	31-03-2012
TVS Dynamic Global Freight Services Limited, Chennai	01-04-2011	31-03-2012
TVS Commutation Solutions Limited, Madurai	01-04-2011	31-03-2012
Lucas Indian Service Limited, Chennai	01-04-2011	31-03-2012
TVS Automotive Systems Limited, Chennai	01-04-2011	31-03-2012
Iranian Automotive Systems, Iran	01-04-2011	31-03-2012
TVS Logistics Investments USA Inc., USA	01-04-2011	31-03-2012
Rajgarhia Automobile Solution Limited, Kolkata	22-11-2011	31-03-2012
TVS America Inc., USA	01-04-2011	31-03-2012
Manufacturers Equipment & Supply Co., USA	01-04-2011	31-03-2012
Associate company:		
Emerald Haven Realty Limited, Chennai (Formerly known as Green Earth Homes Limited)	26-03-2012	31-03-2012
List of Related Parties as per clause 3(c) of the standard		
Key Management personnel:		
Mr. Venu Srinivasan, Chairman & Managing Director		
Mr. P.S.Bashyam - subsidiary company (Sundaram Auto Components Limited, Chennai, Manager within the meaning of section 269 and 386 of the Companies Act, 1956)		
Mr. G.R.V. Rajan, Manager (TVS Energy Limited, Chennai)		
Enterprise over which key management personnel and his relatives have significant influence:		
Harita-NTI Limited, Chennai		
Relative of key management personnel:		
Dr. Malini Srinivasan - subsidiary company (Sundaram Auto Components Limited, Chennai, sister of Mr. Venu Srinivasan)	01-04-2011	31-03-2012
Mr.Sudarshan Venu, Vice President (TVS Motor Company Limited, Chennai)	01-12-2011	31-03-2012

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

XXIV Accounting standards, additional disclosures and notes on accounts – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
12	PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES		
(a)	Purchase of goods		
-	ultimate holding company (T V Sundram Iyengar & Sons Limited, Madurai)	0.38	0.28
-	holding company (Sundaram-Clayton Limited, Chennai)	164.22	149.34
-	fellow subsidiaries (Lucas -TVS Limited, Chennai, Lucas Indian Service Limited, Chennai, Sundaram Industries Limited, Madurai and TVS Electronics Limited, Chennai)	34.01	26.97
-	enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	2.22	2.23
(b)	Sale of goods		
-	holding company (Sundaram-Clayton Limited, Chennai)	6.43	—
-	fellow subsidiaries (Lucas-TVS Limited, Chennai and Sundaram Industries Limited, Madurai)	0.40	—
(c)	Rendering of services (including interest received)		
-	holding company (Sundaram-Clayton Limited, Chennai)	2.06	2.57
-	fellow subsidiaries (TVS Electronics Limited, Chennai, Anusha Investments Limited, Chennai, TVS-E Servicetec Limited, Chennai, TVS Investments Limited, Chennai, TVS Logistics Services Limited, Madurai, TVS Commutation Solutions Limited Madurai, Lucas-TVS Limited, Chennai and Southern Roadways Limited, Madurai)	0.64	0.69
-	enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	0.34	0.14
(d)	Availing of services (including sub-contract charges paid)		
-	holding company (Sundaram-Clayton Limited, Chennai)	42.38	38.60
-	fellow subsidiaries (TVS Electronics Limited, Chennai, TVS-E Servicetec Limited, Chennai, Southern Roadways Limited, Madurai, TVS Logistics Services Limited, Madurai, Lucas-TVS Limited, Chennai, TVS Dynamic Global Freight Services Limited, Chennai and TVS Commutation Solutions Limited, Madurai)	63.84	66.77
(e)	Other advances made during the year		
-	enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	3.50	3.00
(f)	Trade advances received back during the year		
-	holding company (Sundaram-Clayton Limited, Chennai)	—	50.00
(g)	Other advances received back during the year		
-	enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	3.50	3.00
(h)	Amount outstanding as at Balance Sheet date:		
(i)	Trade receivables		
-	fellow subsidiaries (Lucas-TVS Limited, Chennai)	0.19	—
(ii)	Trade payables		
-	ultimate holding company (T V Sundram Iyengar & Sons Limited, Madurai)	0.03	—
-	holding company (Sundaram-Clayton Limited, Chennai)	24.06	2.46
-	fellow Subsidiaries (TVS Electronics Limited, Chennai, TVS-E ServiceTec Limited, Chennai, Southern Roadways Limited, Madurai, Sundaram Industries Limited, Madurai, TVS Logistics Services Limited, Madurai, Lucas-TVS Limited, Chennai, Lucas Indian Service Limited, Chennai, TVS Commutation Solutions Limited, Chennai and TVS Dynamic Global Freight Solutions Limited, Chennai)	8.03	9.21
-	Enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	0.03	0.19

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

XXIV Accounting standards, additional disclosures and notes on accounts – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2012	As at/ Year ended 31-03-2011
12	PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES – (continued)		
(i)	Investment made during the year		
	- subsidiary companies :		
	Sundaram Auto Components Limited, Chennai	24.90	–
	TVS Motor Company (Europe) B.V., Amsterdam	34.89	–
	TVS Energy Limited, Chennai	25.00	14.25
	TVS Housing Limited, Chennai	–	0.05
	PT. TVS Motor Company Indonesia, Jakarta	86.94	59.56
	Sundaram Business Development Consulting (Shanghai) Co. Ltd, China	0.20	–
	- associate - Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	40.00	–
(j)	Obligation arising out of agreements facilitating credit to		
	- subsidiary company (PT. TVS Motor Company Indonesia, Jakarta)	53.88	53.88
(k)	Remuneration to key management personnel	3.63	8.10
(l)	Remuneration to relatives of key management personnel	0.56	0.43
venu srinivasan <i>Chairman & Managing Director</i>		H. LAKSHMANAN <i>Director</i>	
S.G. MURALI <i>Executive Vice President – Finance</i>		K.S. SRINIVASAN <i>Company Secretary</i>	
Place : Bengaluru Date : May 24, 2012		As per our report annexed For Sundaram & Srinivasan <i>Chartered Accountants</i> Firm Regn. No.: 004207S M. BALASUBRAMANIAM <i>Partner</i> Membership No.: F7945	

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Cash Flow Statement

		Rupees in crores	
		Year ended 31-03-2012	Year ended 31-03-2011
A. Cash flow from operating activities			
Net profit before tax		226.96	178.45
Add: Depreciation and amortisation for the year	158.29	133.63	
Depreciation on sale/scraping of assets	(23.55)	(26.36)	
Amortisation of Foreign Currency Monetary Item Translation Difference Account	4.17	(18.75)	
Loss on sale of fixed assets	1.50	15.12	
Profit on sale of fixed assets	(1.97)	(0.30)	
Profit on sale of investments	(0.16)	(11.99)	
Loss on sale of investments	0.09	3.34	
Diminution in the value of investments	—	3.36	
Income tax relating to earlier years	—	0.01	
Movement in foreign currency translation reserve	(10.28)	(6.01)	
Dividend income	(0.20)	(0.17)	
Interest income	(10.81)	(15.60)	
Interest expenditure	83.23	84.84	
		<u>200.31</u>	<u>161.12</u>
Operating profit before working capital changes		427.27	339.57
Adjustments for:			
Trade receivables	36.76	(59.84)	
Inventories	(78.85)	(260.89)	
Other current assets	3.03	12.67	
Short term loans and advances	(1.56)	65.29	
Trade payables	79.13	180.58	
Other current liabilities (excluding current maturity of long term loans)	88.44	68.40	
Short term provisions	2.36	2.75	
		<u>129.31</u>	<u>8.96</u>
Cash generated from operations		556.58	348.53
Direct taxes paid		(73.90)	(83.22)
Net cash from operating activities	(A)	482.68	265.31
B. Cash flow from investing activities			
Purchase of fixed assets	(338.94)	(290.40)	
Sale of fixed assets	26.11	43.01	
Capital work-in-progress	(128.11)	(28.18)	
Long term loans and advances	24.72	(22.33)	
Purchase of investments	(109.61)	(803.98)	
Sale of investments	11.82	975.05	
Interest received	10.81	15.60	
Dividends received	0.20	0.17	
		<u>(503.00)</u>	<u>(111.06)</u>
Net cash from / (used in) investing activities	(B)	(503.00)	(111.06)

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Cash Flow Statement – (continued)

		Rupees in crores	
		Year ended 31-03-2012	Year ended 31-03-2011
C. Cash flow from financing activities			
Proceeds from issue of share capital	0.03		6.00
Share application money received	–		0.75
Long term loans availed	49.88	(311.94)	
Short term loans availed	23.19	9.77	
Sales tax deferral loan availed	33.57	98.84	
Government grant	0.30	–	
Long term provisions	6.98	4.82	
Interest paid	(83.23)	(84.84)	
Dividend and dividend tax paid	(66.26)	(41.56)	
		(35.54)	(318.16)
Net cash used in financing activities (C)		(35.54)	(318.16)
D. Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)			
		(55.86)	(163.91)
Cash and cash equivalents at the beginning of the year			
Cash & bank	43.49	124.95	
Cash credit - balance	(82.45)	–	
		(38.96)	124.95
Cash and cash equivalents at the end of the year			
Cash & bank	137.48	43.49	
Cash credit - balance	(232.30)	(82.45)	
		(94.82)	(38.96)

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

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

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

S.G. MURALI
Executive Vice President – Finance

K.S. SRINIVASAN
Company Secretary

M. BALASUBRAMANIAM
Partner
Membership No.: F7945

Place : Bengaluru
Date : May 24, 2012

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

Sl. No.	Particulars	Name of subsidiaries													
		Sundaram Auto Components Limited, Chennai	TVS Energy Limited, Chennai	TVS Wind Energy Limited, Chennai	TVS Wind Power Limited, Chennai	TVS Housing Limited, Chennai	Sundaram Engineering Products Services Limited, Chennai	TVS Motor Company (Europe) B.V. Amsterdam		TVS Motor (Singapore) Pte. Limited, Singapore		PT. TVS Motor Company Indonesia, Jakarta		Sundaram Business Development Consulting (Shanghai) Co. Ltd. China	
		Rs. in crores	Rs. in crores	Rs. in crores	Rs. in crores	Rs. in crores	Rs. in crores	Rs. in crores	US \$ in Million	Rs. in crores	Singapore \$ in Million	Rs. in crores	Indonesian Rupiah in Million	Rs. in crores	Rs. in RMB ¥ in Million
(a)	Capital	11.55	81.25	13.90	5.60	0.05	0.05	126.52	28.59	201.20	64.36	434.28	935,040.00	0.20	0.25
(b)	Reserves	65.76	(11.67)	(1.05)	(0.27)	-	-	6.31	(0.16)	(5.15)	(0.41)	(431.37)	(816,539.44)	-	(0.02)
(c)	Total assets	229.71	415.39	43.92	17.95	30.07	0.05	172.60	36.25	196.13	63.97	221.39	473,579.98	0.20	0.23
(d)	Total liabilities	229.71	415.39	43.92	17.95	30.07	0.05	172.60	36.25	196.13	63.97	221.39	473,579.98	0.20	0.23
(e)	Details of investment	0.16	-	-	-	-	-	-	-	-	-	-	-	-	-
(f)	Turnover including other income	1,066.88	16.63	4.53	1.91	0.14	-	6.06	1.26	-	-	107.78	196,953.94	-	-
(g)	Profit before taxation	7.92	(6.87)	(1.37)	(0.34)	0.01	-	2.27	0.50	(0.02)	-	(87.72)	(151,884.26)	(0.01)	(0.02)
(h)	Provision for taxation	2.79	0.47	(0.40)	(0.11)	-	-	(0.15)	(0.03)	-	-	24.64	43,446.73	-	-
(i)	Profit after taxation	5.13	(7.34)	(0.97)	(0.23)	0.01	-	2.42	0.53	(0.02)	-	(112.36)	(195,330.99)	(0.01)	(0.02)
(j)	Proposed dividend	1.73	-	-	-	-	-	-	-	-	-	-	-	-	-

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

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

Particulars	For Assets and Liabilities - at closing exchange rate	For Profit and Loss items - at daily average rate
US Dollar to INR	Rs. 50.88 / US \$	Rs. 48.13 / US \$
Indonesian Rupiah (IDR) to INR	Re. 0.005672 / IDR	Re. 0.005472/ IDR
Singapore Dollar to INR	Rs. 40.48 / Singapore \$	Rs. 38.35/ Singapore \$
RMB Yuan to INR	Rs. 8.53/ RMB ¥	Rs. 7.88/ RMB ¥

3. Investments exclude investment in subsidiaries.

NATIONAL ELECTRONIC CLEARING SERVICES NECS MANDATE FORM

To,

TVS Motor Company Limited
"Jayalakshmi Estates",
29 (Old No.8), Haddows Road,
Chennai - 600 006, Tamil Nadu, India

Dear Sirs,

FORM FOR NATIONAL ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Please fill in the information in CAPITAL LETTERS in ENGLISH only.

Folio No.

For Office use only

NECS Ref. No.

Name of Sole/First holder	<input type="text"/>
Address	<input type="text"/>
Bank Name	<input type="text"/>
Address of the Branch	<input type="text"/>
Branch Code (MICR Code of the Bank)	<input type="text"/> (9 Digit Code number appearing on the MICR Band of the Cheque supplied by the Bank)

11-Digit IFSC Code	<input type="text"/>
Account type ((Please Tick (✓) wherever applicable)	<input type="checkbox"/> Savings <input type="checkbox"/> Current <input type="checkbox"/> Cash credit
A/c. No. (as appearing in the cheque leaf)*	<input type="text"/>

* Please attach a copy of cancelled cheque for ensuring accuracy of the account details.

Shareholders holding shares in electronic form shall contact their DP for updation of NECS / NEFT details for their demat account.

I, hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not affected at all for reasons of incompleteness or incorrectness of information supplied as above, I shall not hold the Company or the Share Transfer Agent responsible. I agree to avail the NECS facility as and when implemented by TVS Motor Company Limited.

I further undertake to inform the Company of any change in the particulars given above to facilitate updation of records.

Place :

Date :

(Signature of Sole/First holder)

TVS MOTOR COMPANY LIMITED

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

ATTENDANCE SLIP

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

Name of the attending member _____

DP Id.* _____ Client Id.* _____

Folio No.** _____ No. of shares _____

Name of proxy _____

(If proxy attends instead of member)

I hereby register my presence at the annual general meeting.

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

Date : Wednesday, 12th September 2012

Time : 10.00 a.m.

Signature of member/proxy

* Applicable for investors holding shares in electronic form.

** Applicable for investors holding shares in physical form.

REQUEST TO MEMBERS

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

Tear Here

TVS MOTOR COMPANY LIMITED

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

PROXY FORM

DP Id.* _____ Client Id.* _____ Folio No.** _____

I/We _____ of _____ in the district of _____ being a Member/Members of TVS MOTOR COMPANY LIMITED hereby appoint _____ of _____ in the district of _____ or failing him / her _____ of _____ in the district of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the annual general meeting of the Company to be held on Wednesday, the 12th September 2012 and at any adjournment thereof.

Signed this _____ day of _____ 2012.

For Office use

Proxy No.	
Date of receipt	
No. of shares	

Revenue
Stamp

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

* Applicable for investors holding shares in electronic form.

** Applicable for investors holding shares in physical form.

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



