

TVS MOTOR COMPANY LIMITED

Twenty Second Annual Report 2013-2014





Jupiter



TVS MOTOR COMPANY LIMITED

Board of Directors	<p>VENU SRINIVASAN <i>Chairman & Managing Director</i></p> <p>SUDARSHAN VENU <i>Whole-Time Director</i></p> <p>H. LAKSHMANAN</p> <p>T. KANNAN</p> <p>C. R. DUA</p> <p>K. S. BAJPAI</p> <p>R. RAMAKRISHNAN</p> <p>PRINCE ASIRVATHAM</p> <p>HEMANT KRISHAN SINGH</p>
Audit Committee	<p>T. KANNAN <i>Chairman</i></p> <p>C.R. DUA</p> <p>R. RAMAKRISHNAN</p> <p>PRINCE ASIRVATHAM</p>
Stakeholders' Relationship Committee	<p>R. RAMAKRISHNAN <i>Chairman</i></p> <p>VENU SRINIVASAN</p> <p>SUDARSHAN VENU</p>
Nomination and Remuneration Committee	<p>T. KANNAN <i>Chairman</i></p> <p>C.R. DUA</p> <p>H. LAKSHMANAN</p>
Corporate Social Responsibility Committee	<p>VENU SRINIVASAN <i>Chairman</i></p> <p>PRINCE ASIRVATHAM</p> <p>H. LAKSHMANAN</p>
President & CEO	K.N. RADHAKRISHNAN
Executive Vice President - Finance	S.G. MURALI
Company Secretary	K.S. SRINIVASAN
Auditors	V. SANKAR AIYAR & Co., Chartered Accountants, Mumbai.
Cost Auditor	A.N. RAMAN Cost Accountant, Chennai.
Shares listed with	BSE Ltd., Mumbai. National Stock Exchange of India Ltd., Mumbai. Madras Stock Exchange Ltd., Chennai.
Share Transfer Agent	Sundaram-Clayton Limited "Jayalakshmi Estates", 1 st Floor, No.29 (Old No.8), Haddows Road, Chennai - 600 006 Tamil Nadu, India. Tel : 044 - 2828 4959; 2827 2233 Fax : 044 - 2825 7121 Email: investorscomplaintsstata@scl.co.in kr.raman@scl.co.in

Bankers	<p>STATE BANK OF INDIA Corporate Accounts Group Branch, Chennai.</p> <p>STATE BANK OF MYSORE Corporate Accounts Branch, Bengaluru.</p>
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Registered Office

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

Tel : 044 - 2827 2233; Fax : 044 - 2825 7121

CIN No. L35921TN1992PLC022845

E-mail: contactus@tvs-motor.com

Website : www.tvs-motor.in

Plants Locations

1. Post Box No. 4, Harita, Hosur - 635 109, Tamil Nadu, India.
Tel : 04344 - 276780; Fax : 04344 - 276016
2. Post Box No. 1, Byathahalli Village,
Kadakola Post, Mysore - 571 311, Karnataka, India.
Tel : 0821 - 2596242; Fax : 0821 - 2596550 / 2596551
3. Bhatian Village, Nalagarh Post & Taluk
Solan District - 174 101, Himachal Pradesh, India.
Tel : 01795 - 220494; Fax : 01795 - 220496

Subsidiary Companies

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

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Financial Highlights

Rupees in crores

Details	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Sales and other income	7992	7193	7163	6324	4485	3741	3310	3921	3306	2955
Profit before interest, depreciation, amortisation and tax *	532	461	520	491	304	247	219	254	318	332
Profit before tax*	351	254	316	248	76	31	35	91	168	200
Profit after tax*	262	116	249	195	88	31	32	67	117	138
Net fixed assets	1174	1048	1078	995	983	1036	1043	1003	794	770
Share capital	48	48	48	48	24	24	24	24	24	24
Reserves and surplus	1368	1177	1122	952	842	786	798	786	742	655
Networth	1416	1225	1170	999	835	735	769	751	673	614
Total borrowings	527	635	831	768	1003	906	666	634	385	187
Earnings per share# (Rs.)	5.51	2.44	5.24	4.10	1.86	0.66	0.67	1.40	2.47	2.90
Dividend per share (Rs.)	1.40	1.20	1.30	1.10	1.20	0.70	0.70	0.85	1.30	1.30
Book value per share# (Rs.)	29.50	25.52	24.38	20.81	17.40	15.32	16.02	15.65	14.02	12.79
EBITDA/turnover (%)	6.7	6.4	7.3	7.4	6.8	6.6	6.6	6.5	9.6	11.2
Profit before tax/turnover (%)	4.4	3.5	4.4	3.9	1.7	0.8	1.1	2.3	5.1	6.8
Return on capital employed (%)	18.5	14.7	19.0	16.4	8.0	5.6	2.8	10.4	18.3	23.8
Return on net worth (%)	19.8	9.7	23.0	21.3	11.2	4.1	4.1	9.2	18.0	23.4

Notes:

The figures from 2010-11 are based on Revised Schedule VI classifications. The figures upto 2009-10 are based on respective year's reported results.

* Figures stated are before exceptional and extraordinary items.

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 twenty-second annual general meeting of the Company will be held at 'The Music Academy', New No. 168 (Old No. 306) T.T.K. Road, Royapettah, Chennai 600 014 on Monday, the 14th July 2014, at 10.00 A.M to transact the following business:

ORDINARY BUSINESS

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

"RESOLVED THAT the audited balance sheet as at 31st March 2014, the statement of profit and loss and cash flow statement including consolidated financial statements for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting, be and are hereby, approved and adopted".

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

"RESOLVED THAT Mr H Lakshmanan (holding DIN 00057973), director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a director of the Company."

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

"RESOLVED THAT M/s V. Sankar Aiyar & Co., Chartered Accountants, Mumbai, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, be and are hereby appointed as statutory auditors of the Company to hold office, from the conclusion of this annual general meeting for four consecutive years of the first term of five consecutive years, subject to ratification at every annual general meeting, on such remuneration, as may be fixed in this behalf by the board of directors of the Company."

SPECIAL BUSINESS

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

"RESOLVED THAT the vacancy caused by retirement of Mr K S Bajpai (holding DIN 00195135), director who does not offer himself for appointment, be not filled up".

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

"RESOLVED THAT the remuneration of Rs. 5 Lakhs, in addition to reimbursement of travel and out-of-pocket expenses, payable to Mr A N Raman, practising cost accountant, holding Membership No. 5359, allotted by The Institute of Cost Accountants of India, who was appointed as cost auditor of the Company for the year 2014-15 as recommended by the audit committee and

approved by the board of directors of the Company, in terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, be and is hereby ratified."

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 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr T Kannan (holding DIN 00040674), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Companies Act, 2013 as determined by the board from time to time."

7. 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 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr C R Dua (holding DIN 00036080) be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Companies Act, 2013 as determined by the board from time to time."

8. 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 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr Prince Asirvatham (holding DIN 00193260) be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting and to receive remuneration by way of fees,

reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Companies Act, 2013 as determined by the board from time to time."

9. 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 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr R Ramakrishnan (holding DIN 00809342) be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Companies Act, 2013 as determined by the board from time to time."

10. 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 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr Hemant Krishan Singh (holding DIN 06467315) be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Companies Act, 2013 as determined by the board from time to time."

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

RESOLVED THAT, in partial modification of the resolution passed by the shareholders through postal ballot on 18th March 2013 and subject to the applicable provisions of Section 197/198 read with Schedule V to the Companies Act 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), approval be and is hereby accorded for the proposed variation in certain perquisites payable to Mr Sudarshan Venu, Whole-Time director of the Company, during the remaining period of his tenure, as set out in the Explanatory Statement annexed hereto, as approved by the board at its meeting held on 29th April 2014.

"RESOLVED FURTHER THAT all other terms and conditions of appointment and remuneration payable to

him, as approved by way of postal ballot on 18th March 2013, shall remain unchanged."

By order of the board

Bengaluru
29th April 2014

K S SRINIVASAN
Company Secretary

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

Notes:

- 1) **A member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting. A person shall not act as a Proxy for more than 50 members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.**
- 2) The explanatory statement, pursuant to Section 102 of the Companies Act, 2013, in respect of the special businesses, as set out in the Notice is annexed hereto.
- 3) The register of members and the share transfer register will remain closed for a period of three days viz., from 12th July 2014 to 14th July 2014 for the purpose of annual general meeting of the Company.
- 4) In terms of Section 205A read with Section 205C of the Companies Act, 1956, the dividend declared by the Company, for earlier years, 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 Companies Act, 1956 on its website and also in the website of the Ministry of Corporate Affairs (MCA) in the relevant form every year.

- 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) Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode.
- 7) Members are requested to notify any change in their addresses to the Company immediately. Members holding shares in electronic form are requested to advise change of addresses to their Depository Participants.
- 8) 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.
- 9) Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to Proxy Form and handover 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 authorizing their representatives to attend and vote at the Annual General Meeting.
- 10) Members may also note that the Notice of the Annual General Meeting and the Annual Report will also be available on the Company's website www.tvsmotor.in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send their requests to investorscomplaintssta@scl.co.in.
- 11) Voting through electronic means:
- (a) The Company is pleased to provide members a facility to exercise their right to vote on the resolutions as set out in the Notice calling for the Annual General Meeting (AGM) by 'electronic means' and all the businesses may be transacted through e-Voting services provided by National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL), in compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014.
- (b) Voting rights are reckoned on the basis of the shares registered in the names of the members / beneficial owners as on the record date fixed for this purpose, viz., 9th June 2014.
- (c) Mr K Sriram, partner M/s. S. Krishnamurthy & Co., company secretaries, Chennai has been appointed as scrutinizier for conducting the e-Voting process in a fair and transparent manner.
- (d) Members are requested to read the instructions given below.
- (A) The instructions for e-Voting are as under:
- In case of members' receiving e-mail from NSDL [for members whose email IDs are registered with the Company / Depository Participants(s)]:
- (i) Open e-mail and then open PDF file viz., "TVS Motor Company - 22nd AGM e-Voting.pdf" with their Client ID or Folio No. as password. The said PDF file contains the User ID and password for e-Voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL in the address bar: www.eVoting.nsd.com
 - (iii) Click on shareholder - Login
 - (iv) Enter User ID and password as initial password noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password with new password with minimum 8 digits / characters or combination thereof. Note the new password. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential.
 - (vi) Home page of e-Voting opens. Go to "eVoting" icon and select "Active Evoting Cycles".
 - (vii) Select "EVEN" of TVS Motor Company Limited.
 - (viii) Now members are ready for e-Voting as Cast Vote page opens.
 - (ix) Cast the vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once the member has voted on the resolution, such member will not be allowed to modify their vote, subsequently.
 - (xii) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant board resolution / authority letter etc. together with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer through e-mail to sriram.krishnamurthy@rediffmail.com with a copy marked to evoting@nsdl.co.in and kr.raman@scl.co.in.
- (B) In case of members receiving physical copy of the Notice of AGM:
- (i) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:

EVEN (e-Voting Event Number)	USER ID	PASSWORD / PIN

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) of item No. 11(d)(A) above to cast vote.

(e) In case of any queries, members may refer to the Frequently Asked Questions (FAQs) for Members and e-Voting user manual for Members available at the downloads section of www.evoting.nsdl.com or contact NSDL at the following Telephone No: 022-24994600.

(f) If members are already registered with NSDL for e-Voting, then they can use their existing user ID and password for casting the vote.

(g) Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

(h) The e-Voting period commences on **8th July 2014 (9:00 am) and ends on 10th July 2014 (6:00 pm)**. During this period, members holding shares either in physical form or in dematerialized form, as on 9th June 2014, may cast their votes electronically. The e-Voting module will be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a member, such member will not be allowed to change it subsequently.

(i) The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast "in favour" or "against", if any, forthwith to the Chairman of the Company.

(j) The Results declared along with the Scrutinizer's Report will be placed on the Company's website www.tvsmotor.in and on the website of NSDL within two days of passing of the resolutions at the AGM and communicated to the Stock Exchanges.

(k) All documents referred to in the accompanying Notice and the Explanatory Statement will be open for inspection at the Registered Office of the Company during 10.00 am to 12.00 noon on all working days up to and including the date of the AGM.

12) In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief profile of directors, who are proposed to be re-appointed / appointed in this AGM, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholding and relationship with other directors of the Company are given below:

I. Mr H Lakshmanan

Born on 14th August 1933, Mr H Lakshmanan is a Company executive with vast experience. He joined the TVS Group in 1953. He rose to the position of executive director of Sundaram-Clayton Limited in 1982 and continues to hold the position. He has rich experience, expertise and knowledge in areas such as banking, finance, business administration and human resources.

He was co-opted as a director of the Company on 24th April 2000.

He is a member of the Nomination and Remuneration Committee and Corporate Social Responsibility Committee of the Company.

He holds 56,870 equity shares in the Company and he is not related to any director of the Company. Details of his other directorships and membership/chairmanship of committees are given below:

S. No.	Name of the Company	Position held	Committee membership / Chairmanship
1.	Harita Seating Systems Limited	Chairman	Chairman - Audit Committee; Chairman-Stakeholders Relationship Committee
2.	Sundaram Auto Components Limited	Chairman	Chairman - Audit Committee
3.	TVS Electronics Limited	Director	Member - Audit Committee; Member - Investors' Grievance Committee
4.	Chennai Business Consulting Services Limited (formerly known as TVS Finance and Services Limited)	Director	Member - Audit Committee
5.	TVS Capital Funds Limited (formerly known as TVS Investments Limited)	Director	Member - Governance Committee (Audit Committee)
6.	Harita-NTI Limited	Director	-
7.	Harita Techserv Limited	Director	Chairman - Audit Committee
8.	TVS Motor Services Limited	Director	-
9.	Harita Fehrer Limited	Director	Member - Audit Committee
10.	TVS Housing Limited	Director	-
11.	TVS Training and Services Limited	Director	-
12.	Sundaram Investment Limited	Director	-
13.	TVS Motor (Singapore) Pte Limited	Director	-
14.	TVS Motor Company (Europe) B.V.	Director	-
15.	PT TVS Motor Company Indonesia	Commissioner	-
16.	Harita Properties Private Limited	Director	-
17.	Lakson Technology Private Limited	Director	-
18.	TVS Organics Private Limited	Director	-
19.	Gallant E-Access Private Limited	Director	-

II. Mr T Kannan

Born on 9th May 1953, Mr T Kannan is a Graduate in Business Administration from the Madurai University. He is connected with a number of organisations related to industry, education and charity. He was co-opted as a director of the Company on 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.

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

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

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

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

He is a member of Syndicate Anna University, Chennai.

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 Thakkar of Arulmigu Meenakshi Sundareswarar Thirukoil, 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 Nomination and Remuneration Committee of the Company. He holds 5,000 equity shares in the Company and is not related to any director of the Company. Details of his other directorships and membership / chairmanship of committees are given below:

S. No.	Name of the Company	Nature of interest	Committee membership / Chairmanship
1.	Thiagarajar Mills Private Limited	Managing Director	-
2.	VTM Limited	Director	Member - Share Transfer, Demat and Shareholders' Grievance Committee
3	Thiagarajar Telekom Solutions Limited	Chairman & Director	-
4	Sundaram Textiles Limited	Director	-
5	Colour Yarns Limited	Director	-
6	Sundaram Brake Linings Limited	Director	Chairman - Audit Committee; Member - Investors' Grievance Committee

S. No.	Name of the Company	Nature of interest	Committee membership / Chairmanship
7	SIMA Textile Processing Centre Limited	Director	-
8	The Cotton Textiles Export Promotion Council, Mumbai	Director	-
9	Confederation of Indian Textile Industry	Director	-
10.	The Tamilnadu Chamber of Commerce & Industry, Madurai	Executive Committee Member	-

III. Mr C R Dua

Born on 3rd November 1951, Mr C R Dua is the founder of M/s. Dua Associates, which is one of the prominent law firms in India with presence in eight cities namely Delhi, Gurgaon, Mumbai, Chennai, Bangalore, Pune, Hyderabad and Chandigarh.

Mr Dua has successfully established and developed the firm which has the ability to focus on client requirements with service from various specialty practice groups within the organization and across offices.

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

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

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

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

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

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

An honours graduate of St. Stephen's College, Mr Dua holds a Masters Degree in Economics from the Delhi School of Economics and a law degree from the Faculty of Law, University of Delhi.

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

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

S. No.	Name of the Company	Position held	Committee membership / Chairmanship
1.	Cabot India Limited	Director	Member - Audit Committee; Member - Remuneration Committee
2.	Gillette India Limited	Director	Chairman - Audit Committee; Member - Remuneration Committee
3.	Pearl Global Industries Limited	Director	-
4.	Vodafone India Limited	Director	-
5.	Wimco Limited	Director	Member - Audit Committee
6.	Tractors and Farm Equipment Limited	Director	-
7.	Amit Investments Private Limited	Director	-
8.	Associated Corporate Consultants India Private Limited	Director	-
9.	Becton Dickinson India Private Limited	Alternate Director	-
10.	Emerson Process Management Power & Water Solutions India Private Limited	Director	-
11.	Fila Sport India Private Limited	Director	-

S. No.	Name of the Company	Position held	Committee membership / Chairmanship
12.	Inapex Private Limited	Director	-
13.	LexSphere Private Limited	Director	-
14.	Linde Engineering India Private Limited	Director	-
15.	McCann-Erickson (India) Private Limited	Director	-
16.	McDonald's India Private Limited	Director	-
17.	PBE India Private Limited	Director	-
18.	Result Services Private Limited	Director	-
19.	Sella Synergy India Private Limited	Director	-
20.	UL India Private Limited	Director	-
21.	Norling Private Limited	Director	-

IV. Mr Prince Asirvatham

Born on 1st May 1949, Mr Prince Asirvatham is a former Group Treasurer and Head (Investor Relations) of Hindustan Unilever Limited (formerly Hindustan Lever Limited). In a distinguished career spanning three decades with the Unilever Group in Asia, London and South America, he partnered Unilever in the design and implementation of its global 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 Social Responsibility 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 400 senior level managers from frontline Indian companies have participated in this challenge.

He 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 select "not for profit institutions" focused on Integrated Community Care and in promoting equal opportunities in the workplace for people with disability

where he promotes a seamless synergy of NGOs and Corporations to facilitate social harmony and inclusive growth. He is a Promoter Director of Guardian Risk Advisors Private Limited and is not a director of any other company.

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

He is a member of the Audit Committee and Corporate Social Responsibility Committee of the Company. He holds 10,000 equity shares in the Company and is not related to any director of the Company.

V. Mr R Ramakrishnan

Born on 26th March 1946, Mr R Ramakrishnan, is a Graduate in Commerce and holds a Master degree in Economics. He stood first in the University and was a Gold Medalist. He joined Indian Express Group of newspapers in 1965 where he rose to become its Chief Executive till he was elected to Parliament (Rajya Sabha) in 1980.

He was appointed as Sherriff of Madras in 1974-75. He had the distinction of being part of the five member high power delegation led by the then Prime Minister Mr Rajiv Gandhi to the 40th General Assembly of the United Nations in 1985 and had the privilege of addressing it twice.

He was a member of several Parliamentary Committees including the prestigious COPU (Committee of Public Undertakings), Joint Select Committee of Chit Funds, etc. He was also a member of the Press Council of India and Coffee Board of India for two terms and he represented India at the World Coffee Conference held in September 2005.

He was appointed as Governing Council Member of the Rajaji Institute of Public Affairs and Administration by the President of India and was also the Chairman of Sir C P Ramaswamy Aiyer Educational Trust.

He was the Chairman of Madras Race Club and he still continues to serve in the Committee of Madras Race Club. He has the distinction of continuing to serve without break as Chairman of the Appeal Board of the Madras Race Club for a period of twenty years. He had been the Governor for Rotary Club of Rotary District 3230, [the largest District in India extending from Hosur, Chennai to Vedaranyam (Sri Lankan Coast)]. He is the recipient of several awards including the highest Rotary "Service Above Self" award.

He was co-opted as a director of the Company on 11th March 2009.

He is the Chairman of the Stakeholders' Relationship Committee and a member of the Audit Committee of the Company. He holds 1,08,000 equity shares in the Company and is not related to any director of the Company. Details

of his other directorships and membership / chairmanship of committees are given below:

S. No.	Name of the Company	Position held	Committee membership / Chairmanship
1.	Madras Race Club	Director	-
2.	Ennore Coke Limited	Director	Chairman - Audit Committee
3.	Premier Energy and Infrastructure Limited	Director	Chairman - Audit Committee
4.	TVS Credit Services Limited	Director	Member - Audit Committee
5.	Swetha Enterprises Private Limited	Managing Director	-
6.	Simply Sofas Private Limited	Director	-
7.	Designo Lifestyle Solutions Private Limited	Director	-
8.	Haldia Coke and Chemicals Private Limited	Director	-
9.	Thansa Inspirations Private Limited	Director	-
10.	Cantata Home Furnitures Private Limited	Director	-
11.	Thansa Home Furnitures Private Limited	Director	-
12.	Asia Coke Limited	Director	-
13.	PT.TVS Motor Company Indonesia	Commissioner	-
14.	Dansons Lifestyle Solutions Private Limited	Director	-

VI. Mr Hemant Krishan Singh

Ambassador Hemant Krishan Singh is a former career diplomat with extensive experience of geo-economic issues as well as institutions which underpin international law and commerce. He holds a Masters Degree from Delhi University where he attended and later taught at St. Stephen's College before serving in the Indian Foreign Service from 1974-2010.

During his distinguished career, he has handled several significant assignments dealing with the United States, Europe and India's extended neighbourhood.

He was Deputy Permanent Representative of India to the UN in Geneva from 1995-99; Ambassador of India to Colombia, Ecuador and Costa Rica from 1999-2002; Ambassador to Indonesia and Timor Leste from 2003-2006; and Ambassador to Japan from 2006-2010.

Ambassador Singh holds the ICRIER-Wadhvani Chair in India-US Policy Studies at ICRIER, New Delhi, since September 2011.

He was co-opted as a director of the Company on 1st February 2013. He does not hold any share in the Company and he is not related to any director of the Company. He also does not hold directorship in any other Company.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

The following explanatory statement sets out all material facts relating to the special businesses mentioned in the accompanying Notice dated 29th April 2014 and shall be taken as forming part of the Notice.

Item No.4

Born on 30th March 1928, Mr K S Bajpai has been serving the board since January 2003. During his tenure of office, he has made distinct and immense contribution to the deliberations of the meetings of the board in general and for the growth of the Company in particular.

He is liable to retire by rotation and due for re-appointment in the AGM, in terms of the erstwhile applicable provisions of the Companies Act, 1956.

He has expressed his desire not to offer himself for appointment in the AGM, owing to his health conditions. The Directors place on record the valuable guidance, support and advice extended by him during his tenure. The Board does not propose to fill the vacancy arising from the retirement of Mr K S Bajpai.

Accordingly, the Board recommends the ordinary resolution as set out in item no.4 for approval of the members.

Item No.5

The board, at its meeting held on 29th April 2014, appointed Mr A N Raman, practising cost accountant, holding membership no. 5359, allotted by The Institute of Cost Accountants of India, as cost auditor of the Company, in terms of Section 148 of the Companies Act, 2013 (the Act 2013) and fixed a sum of Rs. 5 Lakhs as remuneration payable to him, for the financial year 2014-15.

The remuneration, as recommended by the audit committee and approved by the board, is therefore required to be ratified by the shareholders of the Company, as per the requirements of the Companies (Audit and Auditors) Rules 2014, read with Section 148(3) of the Act 2013.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in item no. 5.

Accordingly, the Board recommends the ordinary resolution, as set out in item no.5, for ratification by the shareholders of the Company.

Item No.6 to 10

The shareholders may be aware that Ministry of Corporate Affairs (MCA) notified majority sections of the Companies Act, 2013 (the Act 2013) along with corresponding Rules.

Out of these notified sections, 98 sections of the Act 2013 were made operative effective 12th September 2013, while

184 sections came into effect from 1st April 2014, replacing the corresponding provisions of the Companies Act, 1956.

The new Act 2013, *inter alia*, prescribed certain specific procedures for selection, appointment and remuneration of independent directors (IDs), besides their term can be for a period upto five consecutive years and are not liable to retire by rotation during this period.

Accordingly, all the following directors appointed earlier in terms of the erstwhile applicable provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement, are proposed to be appointed as non-executive independent directors for a term of five consecutive years, in compliance with the new provisions of the Act 2013.

Item No	Name of the directors (M/s)	Earlier appointment
6	T Kannan Non-executive Independent Director	Co-opted as a director of the Company on 27 th January 2000. He is the Chairman of the Audit Committee and the Nomination and Remuneration Committee of the Board of Directors of the Company.
7	C R Dua Non-executive Independent Director	Co-opted as a director of the Company on 27 th December 2001. He is a member of the Audit Committee and the Nomination and Remuneration Committee of the Board of Directors of the Company.
8	Prince Asirvatham Non-executive Independent Director	Co-opted as a director of the Company on 21 st April 2009. He is a member of the Audit Committee and the Corporate Social Responsibility Committee of the Board of Directors of the Company.
9	R Ramakrishnan Non-executive Non-Independent Director	Co-opted as a director of the Company on 11 th March 2009. He will cease to be a non-independent director on his appointment by the shareholders as independent director in the ensuing AGM. He is a member of the Audit Committee and Chairman of Stakeholders' Relationship Committee of the Board of Directors of the Company.
10	Hemant Krishan Singh Non-executive Independent Director	Co-opted as a director of the Company on 1 st February 2013.

In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief profile of these directors, who are proposed to be appointed as directors in this meeting for a term of five years in terms of the applicable provisions of the Act 2013, nature of their expertise in specific functional

areas, their other directorships and committee memberships, their shareholding and relationship with other directors in the Company are appended to the Notice annexed hereto.

All the aforesaid directors satisfy the criteria and other attributes for appointment as IDs as per the requirements of the Act 2013 and, being eligible, offer themselves for appointment, for a term of five consecutive years from the conclusion of the AGM.

Both the Nomination and Remuneration Committee of directors and the board were of the opinion, after evaluation of their performance and other attributes, that their continued association would be of immense benefit to the Company and it is desirable to avail their services as IDs for the said term of five consecutive years. All these directors fulfill the terms and conditions specified under the Act 2013 and rules made thereunder for their appointment as IDs by the shareholders and are independent of the management. The IDs are entitled to receive remuneration by way of fees and reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms Section 197 and other applicable provisions of the Companies Act, 2013, as determined by the board from time to time, within the overall limits specified under the Act 2013.

At the AGM held on 12th September 2012, the shareholders have already approved the payment of commission 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 Section 198 of the Act 2013 (corresponding Sections 349 and 350 of the Companies Act, 1956), for a period of five years commencing from 1st April 2013 by way of a special resolution.

Accordingly, the Board recommends the resolutions, as set out in item nos.6 to 10, in relation to the terms of appointment of M/s. T Kannan, C R Dua, Prince Asirvatham, R Ramakrishnan and Hemant Krishan Singh, as IDs for approval by the shareholders of the Company, by way of special resolutions since the articles of association so require.

Except M/s. T Kannan, C R Dua, Prince Asirvatham, R Ramakrishnan, Hemant Krishan Singh, directors, being appointees, none of the other directors or key managerial personnel of the Company or their relatives is concerned or interested, financially or otherwise, in their respective resolutions for appointment as set out in item nos. 6 to 10.

Notices have been received from members of the Company under Section 160 of the Act 2013, along with requisite deposit amount signifying the intention to propose the candidatures of the aforesaid IDs and to move the resolutions set out in item nos. 6 to 10 of this Notice.

The Board, therefore, recommends the resolutions, as set out in item nos.6 to 10 in the Notice to be approved by the shareholders, by way of special resolutions.

Copies of their letters of appointment, setting out the terms of appointment as IDs will be available for inspection without any fee by the members at the Registered Office of the Company, during normal business hours on any working day.

Item No.11

Mr Sudarshan Venu was appointed as Whole-Time Director (WTD) on such terms and conditions as approved by the shareholders, by way of postal ballot on 18th March 2013, for a period of five years effective 1st February 2013.

The board reviewed the perquisites payable to him after taking into consideration his active involvement in all spheres of management for exploring and expansion of business opportunities both in India and abroad. The board was of the opinion that certain perquisites were considered inadequate, when compared with the industry norms and similarly placed senior management personnel of the Company.

Therefore, the board, in its meeting held on 29th April 2014, modified / varied certain perquisites payable to him, subject to the approval of the shareholders in the AGM, as follows:

Existing	Proposed
Leave Travel Concession once in a year incurred in accordance with the rules of the Company.	Leave Travel Concession for four weeks in a year, for two trips abroad in a year.
Personal Accident Insurance for an amount, the annual premium of which does not exceed Rs.10,000/-.	Personal Accident Insurance for an amount, the annual premium of which does not exceed Rs.5 lakhs.
He shall be provided with car for use on Company's business and telephone at residence. Personal long distance calls on telephone and use of car for private purposes shall be dealt with by the Company as per the applicable provisions under the Income-tax Rules, 1962.	He shall be provided with two cars for use on Company's business and on private purposes and the same shall be dealt with by the Company as per the applicable provisions under the Income-tax Rules, 1962 or any re-enactment thereof. He shall be provided with telephone at residence. Personal long distance calls on telephone shall be dealt with by the Company as per the applicable provisions under the Income-tax Rules, 1962 or any re-enactment thereof.

It is therefore conceivable that such modification in the aforesaid perquisites would amount to revision / variation in the overall remuneration payable to him, since they come within the meaning of managerial remuneration, in terms of Section 197 / 198 read with Schedule V of the Companies Act, 2013.

The other terms and conditions of appointment and remuneration payable to him, as approved by way of postal ballot on 18th March 2013 by the shareholders, shall remain unchanged.

Except Mr Sudarshan Venu, Whole-Time Director, and Mr Venu Srinivasan, Chairman and Managing Director, being his relative, none of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out in Item no.11 of this Notice.

Accordingly, the Board recommends the resolution, as set out in item no.11 in the Notice to be approved by the shareholders, by way of a special resolution.

By order of the board

Bengaluru
29th April 2014

K S SRINIVASAN
Company Secretary

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

Directors' report to the Shareholders

The directors have pleasure in presenting the twenty-second annual report and the audited accounts for the year ended 31st March 2014.

1. COMPANY PERFORMANCE

Despite a challenging macro economic environment and intense competitive landscape, the Company sold 19.9 lakh two wheelers in line with last year. Motorcycle sales increased by 4% and scooters by 6%. Moped sales marginally declined mainly due to poor monsoon and decline of two wheeler sales in Tamilnadu. Three-wheeler sales of the Company increased by 63% in 2013-14. Sale of spare parts grew by 18%.

TVS Jupiter, the newly launched scooter bagged seven awards acclaiming its superiority over competitive products.

The Company's total revenue including other income increased to Rs.7,992.06 Cr in the current year from Rs.7,193.09 Cr in the previous year. Profit before tax and exceptional items (PBT) for the year 2013-14 significantly increased to Rs.351.26 Cr compared to Rs.254.42 Cr of the previous year. Similarly Profit after tax (PAT) for the year 2013-14 increased to Rs.261.63 Cr from Rs.116.02 Cr of the previous year, after taking into account the extra-ordinary and exceptional items.

2. FINANCIAL HIGHLIGHTS

Details	Year ended 31-03-2014	Year ended 31-03-2013
SALES:		
Quantitative	(Numbers in lakhs)	
Motorcycles	7.86	7.56
Mopeds	7.33	7.93
Scooters	4.74	4.46
Three Wheelers	0.80	0.49
Total vehicles sold	20.73	20.44
Financials		
	(Rupees in crores)	
Motorcycles	3061.41	2794.98
Mopeds	1470.23	1547.07
Scooters	1609.77	1441.54
Spares & Accessories and Raw Materials	947.34	845.95
Three Wheelers	768.95	440.11
Other Operating Income	104.15	99.60
Other Income	30.21	23.84
Sales (Net of Excise duty) & other income	7992.06	7193.09

	(Rupees in crores)	
EBITDA	531.95	460.62
Finance charges & Interest (Gross)	25.40	48.04
Amortisation	23.64	27.75
Depreciation	131.65	130.41
Profit before tax and exceptional items	351.26	254.42
Exceptional items	(2.81)	(91.63)
Profit before tax after exceptional items	348.45	162.79
Extraordinary item	4.09	0.79
Profit before tax after extraordinary item	352.54	163.58
Provision for tax	90.91	47.56
Profit for the year after tax	261.63	116.02
Balance in Statement of Profit & Loss	<u>323.81</u>	<u>284.90</u>
Profit available for appropriation	<u>585.44</u>	<u>400.92</u>
Appropriations:		
Dividend and Dividend Distribution Tax	77.52	65.51
Transfer to General Reserve	26.16	11.60
Surplus carried forward	<u>481.76</u>	<u>323.81</u>
	<u>585.44</u>	<u>400.92</u>

3. DIVIDEND

The board of directors (the board) at their meeting held on 25th October 2013, declared a first interim dividend of Re.0.65 per share (65%) for the year 2013-14 absorbing a sum of Rs.36.13 Cr including dividend distribution tax. The same was paid to the shareholders on 5th November 2013.

The board at its meeting held on 29th April 2014 declared a second interim dividend of Re.0.75 per share (75%) for the year 2013-14 absorbing a sum of Rs.41.19 Cr including dividend distribution tax. The same will be paid to the shareholders on or after 9th May 2014. Hence, the total amount of dividend including the second interim dividend payable, for the year ended 31st March 2014 will aggregate to Rs.1.40 per share (140%) on 47,50,87,114 equity shares of Re.1/- each.

The board does not recommend any further dividend for the year under consideration.

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Two wheeler industry continued to grow below the long term trend. The industry recovered marginally to 7% in 2013-14 from a low growth of 2% in 2012-13.

Macro economic environment continued to remain weak. Depressed economic sentiments coupled with high price levels and poor income growth continued to affect the industry.

Industry sales of two wheelers (Domestic plus Export)

Motorcycles continued with the low growth phase of last year and grew at 4% (124.6 lakh numbers) from a low of 0.1% (119.5 lakh numbers) in 2012-13. Propelled by new launches and favourable customer preferences, growth in scooters was high at 23% (36.9 lakh numbers) from 14% (30.14 lakh numbers). Scooters as a category continued to gain share from motorcycles in the total two wheeler industry. Mopeds declined by 8% over last year.

Industry sales of three wheelers (Domestic plus Export)

The petrol passenger three wheeler industry (3 plus 1 segment) increased by 5% during 2013-14 to 4.55 lakh units. This was mainly due to 17% increase in exports (from 3.00 lakhs in 2012-13 to 3.51 lakhs in 2013-14). Domestic sales declined by 23% (from 1.35 lakhs in 2012-13 to 1.04 lakhs in 2013-14) as new permits were not released by the State Governments.

BUSINESS OUTLOOK AND OVERVIEW

Low growth of GDP is expected to continue. Uncertain monsoon is an added concern. Inflation and consumer sentiments do not induce great confidence either. Added to this, geo-political uncertainty in parts of Asia and Europe may affect commodity prices. Consequently the Company expects modest growth for the two wheeler industry during the year 2014-15.

New Product Launches and Initiatives:

During the year 2013-14, the following new products and variants were launched.

TVS Sport:



TVS Sport that stands for style and mileage was introduced in a new colour called Indigo Streak. In November 2013, Econometer was introduced in TVS Sport, which gave the rider extra control for fuel efficient riding. TVS Sport is the first motorcycle to have it in the 100cc category.

TVS Phoenix 125:



TVS Phoenix was introduced in a stunning new Dual Tone Alpine White Color with Stylish Graphics. The new colour of TVS Phoenix is complemented by fully digital speedometer, backlit in premium amber, a digital fuel gauge, low battery reminder, trip meter, service

reminder, soft touch grips and soft touch switch gears. Features like aircraft inspired decals, roto petal disc brakes, LED pilot lamp, all black engine, alloy wheels and stitched dual texture high density comfort cushion seat with premium upholstery increase the style quotient of the motorcycle.

TVS Apache:



In October 2013, TVS Apache RTR 160 that stands for high performance was redesigned to race in five new monotone colours - White, Red, Yellow, Black and Titanium-

Grey. Racing Stripes running over pure bled colors make this full bodied track prodigy look more Athletic and Aerodynamic. Its linear and minimalistic design defines the hard angles, sculpted lines and muscular build.

TVS Jupiter:



TVS Jupiter was launched in September 2013 with next generation 110cc CVT-i Engine, best-in-class mileage and many class-leading features. With TVS Jupiter, riding comfort of scooters enters a new dimension. This innovative mobility embodies a combination of class-leading features and

style unprecedented in the two-wheeler segment. Its superior vehicle design and ergonomics make it a scooter which gives you 'more' in every aspect. TVS Jupiter comes with 15 class-leading features, 5 out of these are unique to TVS. It is a reliable, contemporary looking scooter with a masculine form highlighted by stylish body panels. With the launch of TVS Jupiter, the Company marked its entry into the male segment. And now the Company can leverage a complete scooter portfolio. TVS Jupiter became the most awarded scooter ever with 7 awards viz., Viewers Choice Two Wheeler of the Year & Scooter of the Year by NDTV Car and Bike, Scooter of the Year by Bike India, Top Gear, DNA and Motoring.

Two wheeler operations:

Domestic

Category shift from motorcycles to scooters continued in 2013-14 also, bringing more male buyers into the category. The shift in the scooter consumer preferences towards bigger scooters resulted in drop of TVS Scooty sales. Launch of TVS Jupiter has addressed this issue. Overall sales of scooters in the domestic market increased by 6%.

Motorcycle sales marginally increased during the year. The scenario is expected to improve further in 2014-15 due to launch of new StaR City+.

The Company's products are distributed through network of authorized dealers across India. The Company has strong distribution network in the 2W industry and it continuously seeks to increase its distribution reach.

Exports

The Company's two wheeler exports increased by 14% in 2013-14 due to demand expansion, better product mix and improvement in distribution network in some major export markets.

Tie-up with BMW Motorrad

The Company entered into a long-term 'co-operation agreement' with BMW Motorrad. This agreement inter alia is to source technological know-how for jointly developing and producing high-end motorcycles, that will cater to the segment below 500 cc. Program of the project is on schedule.

Three wheeler operations

Sale of three wheelers grew by 63%. The Company will consolidate the gains during 2014-15. Three Wheeler diesel version was test marketed during 2013-14. The results are satisfactory and will be rolled out during 2014-15.

Opportunities and Threats

Even though Indian economy has been experiencing a slow growth phase, the long term prospects for 2W industry continue to be attractive.

A slew of new launches of motorcycles and scooters in 2014-15 are expected to further strengthen the presence of the Company in motorcycles category and consolidate its position in scooter category.

RISKS AND CONCERNS

Revival of economic reforms and good monsoon are essential for recovery in economic growth and improved consumer sentiment. The success of planned launches in the motorcycle and scooter category and consolidation of Jupiter achieving steady state sales are important to maintain the momentum for the Company.

OPERATIONS REVIEW

Total Quality Management (TQM)

In continuation of the TQM journey so far, the Company continues to spread this message across the organization. In line with continuous improvement, more than 150 employees have been certified for TQM problem solving process. This helped to complete 310 projects during the last year.

During 2013-14, while Total Employee Involvement (TEI) was at 100%, more than 1,450 projects were implemented across Quality, Cost and Delivery by Quality Control Circle teams. Quality of suggestions improved by 25% over the last year and overall implemented suggestions stood at 60 per employee. These achievements were recognized by INSSAN (Indian National Suggestion Scheme Association) and awarded "Excellence in Suggestion Scheme" at national level in this segment.

Cost Management

Total cost management is a continuous journey and the Company manages the same through deployment of costs to users. The Company will continue to pursue value engineering and alternate sourcing to reduce material costs during this year.

Research and Development

The Company's strong Research and Development (R&D) team is continuously working towards design and development

of exciting new products for our customers. Aided by modern CAD / CAE resources and state-of-art facilities for engine and vehicle design, development and testing, Noise, Vibration and Harshness (NVH) measurements, R&D constantly develops new and innovative features. R&D team is also working on the development of fuel-efficient and environment friendly technologies. The Company also collaborates with leading research laboratories and educational institutions for developing future technologies.

In 2013-14, the R&D team delivered a new Scooter 'TVS Jupiter' with stunning style, class leading mileage and many first in class features. TVS Jupiter has become the 'Most Awarded' scooter, recognised as "class leading" by all major auto magazines. Further, the R&D team has successfully delivered a motorcycle specifically tailored for African market.

The R&D team has so far published 86 technical papers in national and international conferences.

Information Technology

The Company has been using ERP for integrating its various business processes within the Company and its business partners. The Company continued to implement several projects in supply chain to improve its efficiency and transparency. Data acquisition systems have been provided in the shop floor to improve overall equipment effectiveness.

A digital framework for measuring customer satisfaction and related actions to improve the customer satisfaction have been implemented.

As part of continuous improvement and to enhance information security, periodical audits are conducted by experts and control measures are taken. During the year, the Company enhanced the scope of ISO 27001:2005 certification and got it re-certified. Business continuity plan for major business critical applications has been implemented.

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 and timely and statutory obligations are adhered to.

Occupational Health & Safety (OHS)

The Company has won the "First prize" in State Safety Awards for longest accident free period from the Government of Tamil Nadu. The Company also obtained re-certification for continual improvement in Occupation Health Safety System through implementation of OHSAS18001:2007 standard.

Apart from 'on the job' safety, 'off the job' safety was also focussed regularly through various road safety campaigns and education.

HUMAN RESOURCE DEVELOPMENT

Human resource development framework has its constituents as Employee engagement, Resourcing, Performance & Compensation management, Competency based development, Career & succession planning and Organisation building. Each of these constituents has a structured approach and processes to deliver consistent results.

Leadership development continues to be one of the key initiatives of the Company. Through a structured talent review process, leadership development to identified talents through job rotation, challenging project assignments and exposure to globally acclaimed programs are taken up on a regular basis.

The Company continues to maintain its record of good industrial relations without any interruption in work. As on 31st March 2014, the Company had 4,684 employees on its rolls.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board at its meeting held on 25th October 2013, constituted a Corporate Social Responsibility Committee with Mr Venu Srinivasan as the Chairman of the Committee, Mr Prince Asirvatham and Mr H Lakshmanan as members.

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

SST over 18 years of service, 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 2,501 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh. Its major focus areas are - Economic development, Health care, Quality education, Environment and Infrastructure. Its significant achievements are:

- Through partnership with the community, over 5,300 Self Help Groups (SHG) were formed.
- 100% enrolment in schools, 0% drop-outs, 93% students pursue higher studies and over 60,145 adult women were made literate.
- Illiteracy amongst women reduced from 47% to 12%.
- 1,75,205 hectares under afforestation.
- 12,938 hectares covered for soil and water conservation.
- Proper solid and liquid waste management practices adopted in 1,418 villages.
- SHG members have a group saving of Rs.25.57 Cr.
- Over 1,47,136 of the families living in these villages have a monthly income of around Rs.15,000/- per family.
- 1,296 villages have access to safe drinking water.
- Enriching 2,501 villages across 5 states. Creating the most effective synergies for socio-economic development in India.

CAUTIONARY STATEMENT

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

5. SUBSIDIARY COMPANIES

The following are the subsidiaries of the Company:

1. Sundaram Auto Components Limited
2. TVS Housing Limited
3. TVS Motor Company (Europe) B.V.
4. TVS Motor (Singapore) Pte. Limited
5. PT. TVS Motor Company Indonesia
6. Sundaram Business Development Consulting (Shanghai) Company Limited

The Company has disinvested 7,35,00,000 equity shares of Rs.10/- each of TVS Energy Limited (TVS Energy), constituting 90.46% of paid up capital in TVS Energy to and in favour of Green Infra Limited (GIL), New Delhi.

Consequently, TVS Energy and its two subsidiaries, namely TVS Wind Energy Limited and TVS Wind Power Limited, ceased to be subsidiaries of the Company, effective at the close of business hours of 16th August 2013.

The Company continues to hold the required percentage of equity shares of Green Infra BTV Limited (name changed from TVS Energy Limited) for the purpose of fulfilling the norms of captive consumption.

6. PERFORMANCE OF SUBSIDIARIES

PT.TVS Motor Company Indonesia (PT TVS)

During 2013-14, PT TVS sold 19,200 vehicles registering a growth of 3% as against 18,600 vehicles sold last year. While its domestic sales grew by 12%, the exports were lower by 3%. During the year, PT TVS exported 10,300 two wheelers.

The Indonesian motorcycle industry grew by 9% during the year. While bebek category continued to decline by 11%, the Skubek category which offers greater convenience and imagery over the bebeks, continued its growth at 12% and now accounts for 63% of the total two wheeler market. During the year, PT TVS launched its first skubek model TVS Dazz which was well received in the market and has sold more than 5,000 vehicles so far.

During the year, PT TVS plans to launch a new 125cc sports motorcycle and a new 125cc superior Skubek which will further enhance the image of PT TVS. The launch of Skubek ensured PT TVS has complete range of two wheelers and will increase the dealer network and improve tie up with retail finance companies.

PT TVS continued its focus on exports and exported more than 10,000 units. During the year under review, PTTVS successfully made an entry into Myanmar market and plans to expand its presence in new markets like Laos, Cambodia, Malaysia and Turkey in the current year apart from improving its presence in the existing markets.

TVS Motor Company (Europe) B.V (TVSM Europe)

TVSM Europe has assigned all the assets and liabilities to another wholly owned subsidiary of the Company viz., TVS Motor (Singapore) Pte Limited on 31st March 2014 as a part of closure of its operations.

Accordingly a provision for diminution in the value of investment of Rs.33.09 Cr (last year Rs.91.63 Cr) has also been provided for in the books of the Company for winding up TVSM Europe.

Sundaram Auto Components Limited (SACL)

During the year, SACL achieved a turnover of Rs.292 Cr in Plastics component business. SACL earned a profit after tax of Rs.10.71 Cr during the year 2013-14.

Focused improvement in energy saving and material productivity resulted in improvement in contribution compared to previous year. During the year, SACL also produced 78 new parts for various customers.

SACL was awarded the "Best Supplier Kaizen award" by L&T for the year 2013-14. During the year, SACL increased its customer base with new business for producing air bag covers, fuel filters and other interior parts for four wheelers.

SACL declared an interim dividend of Rs.2.50 per share (25%) of face value of Rs.10/- each for the year ended 31st March 2014.

Investment in subsidiaries

During the year under review, the Company has made an additional investment of Rs.49.82 Cr in Class B shares viz., non-cumulative, non-convertible and redeemable preference shares of PT TVS. The Company has also made investment of Rs.0.44 Cr in equity capital of Sundaram Business Development Consulting (Shanghai) Company Limited.

7. CONSOLIDATED FINANCIAL STATEMENTS

As required under the Listing Agreement with the Stock Exchanges, the consolidated financial statements of the Company 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 29th April 2014, passed necessary resolution confirming compliance 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 Companies Act, 1956, 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 stakeholders, on receipt of a request from them, at the registered office of the Company during the business hours on any working day of the Company. 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 its 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 and (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 also attached.

8. DIRECTORS

Mr K S Bajpai has been serving on the board since January 2003. During his tenure of office, he has made distinct and immense contribution to the deliberations of the meetings of the board in general and for the growth of the Company in particular.

He is liable to retire by rotation in the AGM and is due for re-appointment, in terms of the erstwhile provisions of the Companies Act, 1956.

He has expressed his desire not to offer himself for appointment, owing to his health conditions. The board does not propose to fill the vacancy arising from the retirement of Mr K S Bajpai.

The board does hereby record its deep sense of appreciation for the valuable services rendered by him during his tenure.

During the year, the Ministry of Corporate Affairs (MCA) has notified majority of the provisions *inter alia* provisions relating to selection, manner of appointment, roles, functions, duties, re-appointment of independent directors (IDs) and the relevant rules under the Companies Act, 2013 (the Act 2013) and made them effective 1st April 2014.

The existing composition of the Company's board is fully in conformity with the applicable provisions of the Act 2013

and Clause 49 of the Listing Agreement having the following directors as non-executive IDs, namely M/s T Kannan, C R Dua, Prince Asirvatham and Hemant Krishan Singh.

The board also recommends the appointment of Mr R Ramakrishnan, who has been associated with the Company since 2009, as independent director of the Company, since he meets the criteria of independence, in terms of the requirements of relevant provisions under the Act 2013. On appointment as independent director by the shareholders of the Company, he will cease to be a non-independent director of the Company.

In terms of the provisions of Section 149(10) read with Section 149(5) of the Act 2013, IDs are eligible to hold office for a term upto five consecutive years on the board and eligible for re-appointment for the second term on passing special resolutions by the Company. During the period, they will not be liable to 'retire by rotation' as per the provisions of Sections 150(2), 152(2) read with Schedule IV to the Act 2013.

It is, therefore, proposed to appoint them as IDs for a consecutive period of five years at the AGM. Necessary declarations have been obtained from them, as envisaged under the Act 2013.

Both the Nomination and Remuneration Committee and the board also ensured that their appointments as IDs are in compliance with the requirements under the relevant statutes and that there were appropriate balance of skills, experience and knowledge in the board, so as to enable the board to discharge its functions and duties effectively.

Notices in writing signifying the intention to offer their candidatures as IDs of the Company along with the requisite deposit have been received from members of the Company in terms of Section 160 of the Act 2013.

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Act 2013, two-third of the total number of directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting.

Mr H Lakshmanan, director of the Company, is, therefore, liable to retire by rotation, at the ensuing AGM, and being eligible, offers himself for re-appointment.

The brief resume of these directors proposed to be appointed and re-appointed and other relevant information have been furnished in the Notice convening the AGM. Appropriate resolutions for their appointment / re-appointment are being placed for approval of the members at the AGM.

The board, therefore, recommends their appointment / re-appointment as directors of the Company.

9. AUDITORS

Statutory Auditors

The Company, in terms of Section 139 (1) and (2) of the Act 2013, is required to appoint statutory auditors for a term of five consecutive years i.e., till the conclusion of sixth

annual general meeting and ratify their appointment, during the period, in every annual general meeting by an ordinary resolution.

The period for which any firm has held office as auditor prior to the commencement of the Act 2013 will be taken into account for calculating the period of five consecutive years, as per the fourth proviso to Section 139(2) of the Act 2013 read with Rule 6(3) of the Companies (Audit and Auditors) Rules, 2014.

M/s. V. Sankar Aiyar & Co., Chartered Accountants, Mumbai, who were earlier appointed as statutory auditors of the Company, at the annual general meeting held on 19th July 2013, are eligible to be appointed for the remaining period of four years out of the first term of five consecutive years in terms of the Act 2013.

The Company has obtained necessary certificate under Section 141 of the Act 2013 from the auditor conveying their eligibility for the above appointment. The audit committee and board reviewed their eligibility criteria, as laid down under Section 141 of the Act 2013 and recommended their appointment as auditors for the aforesaid period.

Cost Auditor

As required under the Companies (Cost Accounting Records) Rules 2011, the Company filed the Cost Audit Report along with Cost Compliance Report for the financial year 2012-13 in XBRL format.

The board subject to the approval of the Central Government, has re-appointed Mr A N Raman, practising cost accountant, holding Membership No.5359, allotted by The Institute of Cost Accountants of India, as Cost Auditor for conducting the Cost Audit for the financial year 2014-15. The audit committee recommended his appointment and remuneration subject to the compliance of all the requirements as stipulated in circular no.15/2011 dated 11th April 2011 issued by the MCA.

The Company has also received necessary certificate under Section 141 of the Act 2013 conveying his eligibility for re-appointment. The remuneration fixed by the board, based on the recommendation of the audit committee is required to be ratified by the members at the AGM as per the requirement of Section 148(3) of the Act 2013.

Secretarial Auditors

As required under Section 204 of the Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company is required to appoint a Secretarial Auditor for auditing the secretarial and related records of the Company and to provide a report in this regard.

Accordingly, M/s S Krishnamurthy & Co., Company Secretaries, Chennai have been appointed as Secretarial Auditors for carrying out the secretarial audit for the financial year 2014-15 for attaching their report with the Board's report to the shareholders.

10. CORPORATE GOVERNANCE

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

A separate section on Corporate Governance and a certificate from the statutory auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) form part of this 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 Clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March 2014.

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 Companies Act, 1956 (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, for the year ended 31st March 2014.

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 2014, the applicable Accounting Standards had been followed and that there were 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 2014 on a "going concern basis."

12. 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
29th April 2014

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 in the year 2013-14

- i. Optimal utilization of plant and equipment.
- ii. Solar water heater for hot water application.
- iii. Optimization of compressed air pressure and consumption.
- iv. Implementation of other miscellaneous energy efficient projects.

The above measures have resulted in an annual saving of approximately Rs.2.10 Crores.

2. Proposed measures during the year 2014-15

- i. Optimal utilization of plant and equipment.
- ii. Hybrid Solar heat pump for engine pre-heating in Captive Power Plant.
- iii. Refrigerant technology for hot water application in paint plants.
- iv. Alternate source of fuel to reduce fuel consumption (HSD to LNG/CNG).
- v. Implementation of other miscellaneous energy efficient projects.

These measures are expected to yield an annual saving of approximately Rs.3.30 Crores.

2. Future plan of action

- i. Development of new technologies for reduction of emission and 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 skills and techniques to improve fit and finish quality of products.
- v. Development of new technologies to improve noise, vibration and harshness of the products.

3. Expenditure on R&D

	(Rs. in Cr)
Capital expenditure	18.48
Revenue expenditure	113.27
Total	<u>131.75</u>
Total expenditure as a percentage of turnover	1.65%

4. Data relating to imported technology

Technology imported during the last 5 years reckoned from the beginning of the financial year - NIL

B. TECHNOLOGY ABSORPTION FOR 2013-14

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

- i. Designed, developed and launched new 110cc class 4stroke Scooter with innovative features and improved fuel efficiency for domestic market.
- ii. Concept design & development of engines for meeting BSIV emission norms completed.
- iii. Developed 2nd batch of vehicles of new hybrid scooter with Gen4 technology for reduction of emission, reduction of CO₂ and improvement of fuel economy.
- iv. Development work on high performance motorcycle taken up. Concept development for engine completed.
- v. Concept design of a high efficiency scooter completed.
- vi. Designed, developed and launched TVS HLX motorcycle for export markets.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Export activities

During the year, export of two wheelers was 2.42 lakh units and three wheelers was 0.67 lakh units. The Company expanded its presence to 57 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	917.95
Foreign exchange earned	1766.44

For and on behalf of the Board

Bengaluru
29th April 2014

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 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 2014, the total strength of the board of directors (the board) is nine. As the Company has an executive chairman viz., Mr Venu Srinivasan who is the Chairman and Managing Director, the board is required, in terms of Clause 49 of the Listing Agreement, to have fifty per cent of its directors as independent directors.

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

Mr Sudarshan Venu, a Whole-Time Director and also a relative of Chairman and Managing Director, is an executive and non-independent director. Thus, the composition of the Company's board is in conformity with the Listing Agreement.

2.2 Board meetings:

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

The Company regularly places, before the board for its review, 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 background 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 and marketing strategies on a quarterly basis.

During the year 2013-2014, the board met four times on 30th April 2013, 9th August 2013, 25th October 2013 and 29th January 2014 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 19th July 2013 and also the number of other directorships, committee memberships / chairmanships as on 31st March 2014 are as follows:

Name of the Director (M/s)	Category	Attendance particulars		Number of other directorships, committee memberships / chairmanships		
		Board Meetings	Last Annual General Meeting	Other directorships*	Committee memberships**	Committee chairmanships
Venu Srinivasan	CMD	4	Yes	15	4	1
H Lakshmanan	NE-NI	4	Yes	19	9	4
T Kannan	NE-I	3	Yes	9	5	2
C R Dua	NE-I	3	No	21	4	1
K S Bajpai	NE-I	2	Yes	–	–	–
R Ramakrishnan	NE-NI	3	Yes	14	5	3
Prince Asirvatham	NE-I	4	Yes	1	1	–
Hemant Krishan Singh	NE-I	4	Yes	–	–	–
Sudarshan Venu	WTD	4	Yes	2	1	–

CMD : Chairman & Managing Director

NE-I: Non-Executive - Independent

NE-NI : Non-Executive - Non-Independent

WTD : Whole-Time Director

* 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 stakeholders relationship 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 the developments. They also make presentations to the board and audit committee of directors.

Apart from this, the observations on the 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 the Company Secretary regarding compliance of all applicable laws on quarterly basis.

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

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

The Company has in place the Code of Business Conduct and Ethics for member of the board and

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

All the members of the board and senior management personnel have confirmed compliance with the Code for the year ended 31st March 2014. The Annual Report contains a declaration to this effect signed by the Chairman and Managing Director and the Company Secretary as compliance officer of 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 appointed / 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 AGM.

3. Audit Committee

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

3.1 Brief description of terms of reference:

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

- a. Overseeing the Company's financial reporting process and the disclosure of financial information.
- b. Reviewing with the management quarterly and annual financial statements before submission to the board for approval with particular reference to the matters specified in the Listing Agreement.
- c. Reviewing the statement of related party transactions and transactions with companies in which one or more director(s) of the Company is / are deemed to be interested / concerned.
- d. Discussing the nature and scope of audit including internal audit prior to the commencement of the audit and areas of concern, if any, arising post audit.
- e. Reviewing the reports of internal auditors and ensuring that adequate follow-up action is taken by the management on observations and recommendations made by the internal auditors.
- f. Reviewing the findings of any internal investigations by the internal auditors into matters of suspected fraud or irregularity or a failure of internal control systems, of a material nature, if any.
- g. Recommending to the board the appointment / re-appointment / replacement of the statutory auditors and cost auditors and the fees payable for audits and approving the payment for any other services rendered by the statutory auditors.
- h. Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.
- i. Reviewing the management discussion, analysis of financial conditions and results of operations and other matters specified under Clause 49 of the Listing Agreement.
- j. Reviewing the financial statements, in particular the investments made by the unlisted subsidiaries.
- k. Reviewing the cost audit report.

- l. Reviewing with the management the annual financial statements before submission to the board, in particular
 - a. Any change in accounting policies and practices;
 - b. Major accounting entries passed, based on exercise of judgment by management;
 - c. Significant adjustments arising out of audit;
 - d. Compliance with accounting standards; and
 - e. Disclosure of contingent liabilities.
- m. Approving the appointment of the Chief Financial Officer after assessing the qualifications, experience, background, etc. of the candidate.
- n. In addition, reviewing such other functions as envisaged under Section 292A of the Companies Act 1956 and Clause 49 of the Listing Agreement with Stock Exchanges.

The subjects reviewed and recommended in the meetings of the Audit Committee were apprised to the board by the Chairman of the Audit Committee, for its approval.

In line with the requirements of Section 177 of the Act 2013, additional powers were vested with the Audit Committee, at the board meeting held on 29th April 2014.

3.2 Composition of Audit Committee:

As at 31st March 2014, the Audit Committee consists of the following non-executive independent / non-independent directors:

Names 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 is the Chairman of the Audit Committee and Mr K S Srinivasan, Company Secretary acts as the secretary of the Committee.

Chairman of the Audit Committee was present at the last Annual General Meeting held on 19th July 2013.

The composition of the Audit Committee is in accordance with the requirements of Clause 49 of the Listing Agreement read with Section 177 of the Act 2013.

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)
29.04.2013	T Kannan, C R Dua, Prince Asirvatham and R Ramakrishnan
08.08.2013	C R Dua, Prince Asirvatham and R Ramakrishnan
24.10.2013	T Kannan, C R Dua, Prince Asirvatham and R Ramakrishnan
28.01.2014	T Kannan, C R Dua and Prince Asirvatham

4. **Subsidiary companies**

- (i) The Company's Indian subsidiary companies do not fall under the definition of "material non listed Indian subsidiary".
- (ii) The Audit Committee of directors however reviews the financial statements and in particular the investments made by 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 holding, 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 Companies (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 Companies (Accounting Standards) Rules, 2006.

5.3 **Risk Management:**

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

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

5.4 **Instances of non-compliances, if any:**

There was no instance of non-compliance by the Company, 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 2014.

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-compliances thereof.

The Company regularly follows closure of trading window prior to the publication of price sensitive information. The Company has been disclosing promptly to the Stock Exchanges, where the shares of the Company are listed, all the information in compliance with Clause 36 of the Listing Agreement along with the applicable closure of trading window period. The Company has been advising the promoters, directors, senior management personnel and other persons covered by the Code 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. Nomination and Remuneration Committee

During the year, the board constituted a Nomination and Remuneration Committee in terms of Section 177 of the Act 2013.

6.1 Composition of the Committee:

As at 31st March 2014, the Nomination and Remuneration Committee consists of the following non-executive independent / non-independent directors as its members:

Names of the directors (M/s)	Status
T Kannan C R Dua	Non-Executive and Independent Director
H Lakshmanan	Non-Executive and Non-Independent Director

Mr T Kannan is the Chairman of the Nomination and Remuneration Committee and Mr K S Srinivasan, Company Secretary acts as the secretary of the Committee.

6.2 Remuneration to directors:

The remuneration payable to the Chairman and Managing Director (CMD) and Whole-Time Director (WTD) was fixed by the board within the limits approved by the shareholders in terms of the relevant provisions of the Companies Act, 1956 (the Act 1956).

During the year, the board determined the commission payable to CMD at Rs. 7.31 Cr, being around 2% and WTD at Rs.1.83 Cr, being around 0.5% of the net profits computed in accordance with Section 349 of the Act 1956.

During the year, the total remuneration payable to Mr Sudarshan Venu, WTD, would be Rs.2.72 Cr, including the aforesaid commission which is within the statutory limit of 5% of the net profits of the Company computed in the manner as aforesaid.

Sitting fees of Rs.20,000/- is paid to each Non-executive director for every meeting of the board and / or committee thereof attended by him, which is within the limits prescribed under the Act 1956.

As approved by the shareholders at the annual general meeting of the Company held on 12th September 2012, 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 commencing from 1st April 2013.

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

6.3 Particulars of sitting fees / commission paid to the non-executive and independent / non-independent directors during the financial year 2013-2014 are as follows:

(Rs. in lakhs)

Name of the Director (M/s.)	Sitting fees	Commission	Total
H Lakshmanan	1.20	–	1.20
T Kannan	1.80	15.00	16.80
C R Dua	1.40	15.00	16.40
K S Bajpai	0.40	12.00	12.40
R Ramakrishnan	1.80	–	1.80
Prince Asirvatham	1.60	15.00	16.60
Hemant Krishan Singh	0.80	12.00	12.80
Total	9.00	69.00	78.00

6.4 Details of shareholdings of Non-executive directors in the Company as on 31st March 2014:

S.No	Name of the Director (M/s)	No. of Equity shares held
1.	T Kannan	5,000
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.	Hemant Krishan Singh	–

7. Stakeholders' Relationship Committee

7.1 During the year, Investors' Grievance Committee was renamed as Stakeholders' Relationship Committee in compliance with the requirements of Section 178 of the Act 2013. The said Committee was also reconstituted with the following directors as its members viz., M/s. Venu Srinivasan and Sudarshan Venu, executive directors and R Ramakrishnan, non-executive director. Mr R Ramakrishnan 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 Stakeholders' Relationship Committee. For any clarification / complaint, the shareholders may contact Mr K S Srinivasan.

7.3 The Committee oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. The Committee also looks into redressal of investors' grievances pertaining to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The Company, in order to expedite the process of share transfers, has delegated the power of share transfers to an officer of the 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 2013-2014:

S.No	Nature of complaints	No. of complaints
1.	Non-receipt of share certificates	1
2.	Non-receipt of dividend warrants	30
3.	Non-receipt of annual reports	7
	TOTAL	38

7.5 All the queries and complaints received during the financial year ended 31st March 2014, were duly redressed and no complaints were pending at the year end.

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

7.6 Reconciliation of Share Capital Audit:

A qualified practising company secretary carries out a Reconciliation of Share Capital (RSC) Audit on a quarterly basis to reconcile the total admitted capital

with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital and places the report for perusal of the board.

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

8. General body meeting

8.1 Location and time where the Annual General Meetings were held during the last three years are as under:

Year	Location	Date	Time
2010-11	The Music Academy, New No.168, (Old No.306), T.T.K. Road, Royapettah, Chennai 600 014	14.09.2011	10.00 AM
2011-12		12.09.2012	10.00 AM
2012-13		19.07.2013	10.00 AM

8.2 Special resolutions passed in the previous three AGMs are as under:

Year	Subject matter of special resolution	Date of AGM
2010-11	Nil	14.09.2011
2011-12	i) Appointment of Mr Sudarshan Venu, a relative of Chairman, to hold office or place of profit as vice president of the Company effective 1 st December 2011 ii) Payment of commission to independent directors of the Company for a further period of five years from 1 st April 2013	12.09.2012
2012-13	Nil	19.07.2013

8.3 None of the subjects placed before the shareholders in the last / ensuing Annual General Meeting required / requires approval by a postal ballot.

8.4 Postal Ballot:

The board sought the consent of shareholders of the Company by way of special resolution through Postal Ballot as per the notice issued to the shareholders on 25th October 2013, for making any investment / giving any loan or guarantee / providing security in terms of Section 372A of the Act 1956 read with Section 186 of the Act 2013.

The special resolution was passed by the shareholders of the Company with majority.

The result of Postal Ballot is given below:

Particulars	No. of shares	% of votes
Votes cast for the resolution	34,18,83,835	96.52
Votes cast against the resolution	1,23,08,914	3.48

8.5 Declaration of result of Postal Ballot:

The procedures prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 and Clause 35B of the Listing Agreement were duly followed for conducting the postal ballot process (both physical and e-Voting) to approve the resolution mentioned above.

The result of postal ballot was published in the newspapers, namely Business Line and Dinamani on 19th December 2013 and also on the notice board at the registered office of the Company on 18th December 2013 and the same was also placed in the official website of the Company.

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 monthly sales update, results announcement, annual report, media releases, Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

9.1 Quarterly results:

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

9.2 Newspapers wherein results are normally published:

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

9.3 Website:

The Company's website is 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 and 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 releases 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 : Monday,
14th July 2014 at 10.00 AM
Venue : The Music Academy,
New No.168 (Old No.306),
T.T.K. Road, Royapettah,
Chennai - 600 014.

10.2 Financial year : 1st April to 31st March

Financial calendar : 2014-2015 (Tentative)

Financial reporting : Financial calendar
for the quarter ending

30th June 2014 : between 15th July and
14th August 2014

30th September 2014 : between 15th October and
14th November 2014

31st December 2014 : between 15th January and
14th February 2015

31st March 2015 : between 15th April and
30th May 2015

Annual General Meeting : between July and
September 2015

**10.3 Dates of Book Closure : 12th July 2014 to
14th July 2014 (3 days)**

10.4 Particulars of dividend payments:

The board at its meeting held on 25th October 2013, declared a first interim dividend of Re.0.65 per share (65%) for the year 2013-14 absorbing a sum of Rs. 36.13 Cr including dividend distribution tax. The same was paid to the shareholders on 5th November 2013.

The board at its meeting held on 29th April 2014 declared a second interim dividend of Re. 0.75 per share (75%) for the year 2013-14 absorbing a sum of Rs. 41.19 Cr including dividend distribution tax. The same will be paid to the shareholders on or after 9th May 2014. Hence, the total amount of dividend including the second interim dividend payable, for the year ended 31st March 2014 will aggregate to Rs. 1.40 per share (140%) 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)	—
BSE Limited (BSE)	532343
National Stock Exchange of India Limited (NSE)	TVSMOTOR
ISIN allotted by Depositories (Company ID Number)	INE 494B01023

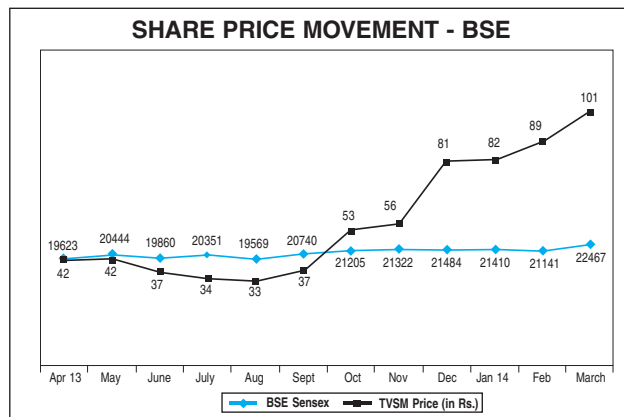
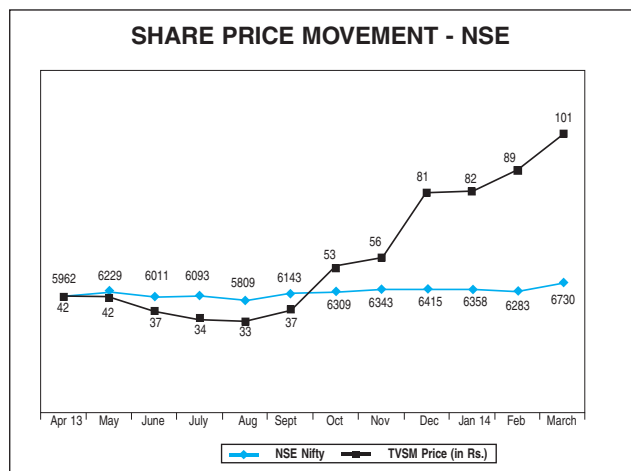
(Note: Annual listing fees and custodial charges for the year 2014-2015 were duly paid to the above Stock Exchanges and depositories)

10.6 Market Price Data:

(in Rs.)

Month	NSE (Monthly)		BSE (Monthly)	
	High price	Low price	High price	Low price
April 2013	42.40	31.45	42.35	31.50
May 2013	41.90	35.40	41.80	35.30
June 2013	37.00	30.70	37.00	30.65
July 2013	34.05	28.10	34.20	28.10
August 2013	33.00	29.05	33.00	29.10
September 2013	37.00	28.75	36.90	28.75
October 2013	52.70	37.10	52.50	35.10
November 2013	55.65	46.70	55.65	46.70
December 2013	81.40	52.50	81.40	52.05
January 2014	82.40	64.00	82.35	64.10
February 2014	89.35	76.50	89.20	76.65
March 2014	101.50	84.80	101.35	84.80

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:

- Sundaram-Clayton Limited (SCL), the holding Company, which has been registered with SEBI as share transfer agents in Category II, had been appointed as the share transfer agent of the Company (STA) with a view to rendering prompt and efficient service to the investors. The shareholders had 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.
- All matters connected with the share transfer, dividends and other matters are being handled by the STA located at the address mentioned elsewhere in this report.
- Shares lodged for transfers are normally processed within 10 days from the date of lodgment, if the documents are clear and complete in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 7 days. Grievances received from investors and other miscellaneous correspondences relating to change of address, mandates, etc., are processed by the STA within 7 days.
- 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.
- 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.

10.9 Shareholding pattern as on 31st March 2014:

Category of Shareholder	No. of shares held	%
Promoter and Promoter Group		
Bodies Corporate (A)	27,26,82,786	57.40
Public Shareholding		
Mutual Funds	5,41,96,169	11.40
Financial Institutions / Banks	1,39,050	0.03
Insurance Companies	2,58,01,405	5.43
Foreign Institutional Investors	2,51,63,478	5.30
Total Institutions (B)	10,53,00,102	22.16
Bodies Corporate	2,59,72,581	5.47
Individuals holding nominal capital in excess of Rs. 1 lakh	5,50,06,941	11.57
Individuals holding nominal capital upto Rs. 1 lakh	91,22,613	1.92
NRI Repatriable	15,93,581	0.34
NRI Non- Repatriable	6,16,324	0.13
Overseas Body Corporate	136	-
Foreign National	2,284	-
Directors and relatives	47,89,766	1.01
Total Non-Institutions (C)	9,71,04,226	20.44
Total Public Shareholding (B+C)	20,24,04,328	42.60
Grand Total (A + B + C)	47,50,87,114	100.00

10.10 Distribution of Shareholding as on 31st March 2014:

Shareholding (Range)	No. of shares	%	No. of members	%
Upto 5000	4,07,65,989	8.58	1,03,646	98.53
5001 - 10000	67,55,254	1.42	907	0.86
10001 - 20000	42,26,228	0.89	293	0.28
20001 - 50000	50,38,011	1.06	159	0.15
50001 - 100000	47,92,706	1.01	69	0.07
100001 & above	41,35,08,926	87.04	122	0.11
Total	47,50,87,114	100.00	1,05,196	100.00

10.11 Dematerialization of shares and liquidity:

Promoter's holding consisting of 27,26,82,786 equity shares of Re.1/- each have been fully dematerialised. Out of 20,24,04,328 equity shares of Re.1/- each held by persons other than the promoter, 19,43,94,915 shares have been dematerialized as on 31st March, 2014 accounting for 96.04%.

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.com
sg.murali@tvs motor.com

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.com
manohara.rao@tvs motor.com

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

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
Unit: TVS Motor Company Limited
"Jayalakshmi Estates", I Floor,
No. 29, Haddows Road,
Chennai - 600 006.
- (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
investorscomplaintssta@scl.co.in

11. Non-mandatory disclosures

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

11.1 The Board:

As the Company has an executive chairman, disclosure under this head is not mandatory.

During the year, the Ministry of Corporate Affairs (MCA) has notified certain provisions relating to selection, manner of appointment, role, functions, duties and re-appointment of independent directors (IDs) and made effective from 1st April 2014.

Accordingly, the IDs are eligible to hold office for a term of upto five consecutive years on the board and are eligible for re-appointment for the second term on passing special resolution by the Company in terms of Section 149(10) read with Section 149(5) of the Act 2013. During this period, they will not be liable to 'retire by rotation' as per Sections 150(2), 152(2) read with Schedule IV to the said Act 2013.

It is, therefore, proposed to appoint the IDs of the Company for a consecutive period of five years at the AGM in line with the requirement of the Act 2013.

11.2 Remuneration Committee:

The board at its meeting held on 25th October 2013 constituted a Nomination and Remuneration Committee as per the provisions of Section 178 of the Act 2013.

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 audited 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 Vigil Mechanism (Whistle Blower):

The Company has not denied access to any personnel, to approach the management on any

issue. The Company is in the process of formulating a policy on vigil mechanism as required under the Act 2013.

12. Request to shareholders

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

Demat of Shares:

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

Registration of Electronic Clearing Service (ECS) mandate:

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

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

Transfer of shares in physical mode:

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

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

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 and order are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.

Registration of Nominations:

Section 72 of the Act 2013 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 SH-13 to the Company or STA. 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 addresses registered with the Company, directly through the STA, 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 dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation / losing their right of claim owing to transfer of unclaimed dividends

beyond seven years to Investor Education and Protection Fund (IEPF).

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

Shareholders, who have not encashed their dividend warrants, in respect of dividends declared for the year ended 31st March, 2007 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 205C of the Companies Act, 1956. Accordingly a sum of Rs.11.33 lakhs, being unclaimed dividend, was transferred to IEPF during the year.

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

PARTICULARS OF UNCLAIMED DIVIDEND OF THE COMPANY

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to IEPF
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
2011-2012 2 nd Interim	24.05.2012	22.06.2012	22.06.2019
2012-2013 1 st Interim	01.02.2013	02.03.2013	02.03.2020
2012-2013 2 nd Interim	30.04.2013	29.05.2013	29.05.2020
2013-2014 1 st Interim	25.10.2013	23.11.2013	23.11.2020

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, during the year the Company sent the third and final reminder letters to the shareholders, whose share certificates were returned undelivered or unclaimed. Action is being taken to transfer the shares remaining unclaimed to 'Unclaimed Suspense Account" to comply with the requirement of this Clause of the Listing Agreement.

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Rule 11 of the Companies (Accounts) Rules, 2014, permits circulation of Annual Report through electronic

means to such of the members whose e-mail addresses are registered with NSDL or CDSL or with the Company to receive the documents in electronic form and physical copies to those shareholders whose e-mail addresses have not been either registered with the Company or with the DPs.

To support this green initiative of the Government, members are requested to register their e-mail addresses and also intimate changes, if any, with the DPs, in case shares are held in dematerialized form and with the STA, in case the shares are held in physical form.

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 2014.

VENU SRINIVASAN
Chairman & Managing Director

K S SRINIVASAN
Company Secretary

Place : Bengaluru
Date : 29th April 2014

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 2014, 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 Stakeholders' Relationship 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 V. Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No.: 109208 W

S. VENKATRAMAN
Partner

Place : Bengaluru
Date : 29th April 2014

Membership Number: 34319

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2014

To the members of TVS Motor Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of TVS Motor Company Limited, Chennai ("the Company"), which comprise of the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those 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 account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
 - e) on the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For V. Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No.: 109208W

Place: Bengaluru
Date : 29th April 2014

S. VENKATRAMAN
Partner
Membership No.: 34319

Annexure referred to in our report of even date on the accounts for the year ended 31st March 2014.

- (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 frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies as compared to book records were noticed on such verification.
- (c) Since the disposal of fixed assets during the year is not substantial, the preparation of financial statements on a going concern basis is not affected on this account.
- (ii) (a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable.
- (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 are 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) The Company has granted loans and advances to two Companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs.54.57 crores and the year end balance aggregates to Rs.48.07 crores.
- The Company has also granted interest free loan of Rs. 0.10 crores to a wholly owned subsidiary.
- (b) In our opinion, the rate of interest and other terms and conditions on which such loans and advances were granted, are not prima facie prejudicial to the interest of the Company.
- (c) The recovery of principal amount and interest thereon, as stipulated, are regular.
- (d) During the year, the Company has not taken loan from any party covered in the register maintained under Section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items are of special nature and suitable alternative sources are not available for obtaining comparable quotation, 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, we have not observed any continuing failure to correct major weaknesses 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 Act, 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 Act 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) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of the para 4 of the Order are not applicable to the Company.
- (vii) The Company has an Internal Audit System, which in our opinion is commensurate with its size and nature of its business.
- (viii) The Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Act in respect of certain products manufactured by the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records of the Company, the Company is generally 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.
- (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 2014 for a period of more than six months from the date they became payable.

- (c) According to the information and explanations given to us and the records of the Company, the dues of Sales Tax / Income Tax / Customs Duty / Wealth Tax / Service Tax / Excise Duty / Cess, which have not been deposited on account of any dispute are as follows:-

Name of the Statute/ (Nature of dues)	Period of dues	Amount (Rs. in Cr)	Forum where dispute is pending
Central Excise Act, 1944 (Cenvat/Excise Duty)	1986-2011	31.86	Central Excise and Service Tax Appellate Tribunal, Chennai
	1998-2013	19.43	Assistant/Deputy/ Commissioner of Central Excise, Hosur and Mysore
	2008-2010	0.07	Hon'ble High Court of Karnataka
	2005-2012	10.11	Hon'ble Supreme Court
Finance Act, 1994 (Service Tax)	1999-2012	4.26	Assistant/Deputy/ Commissioner of Central Excise, Hosur and Mysore
Customs Act, 1962 (Customs Duty)	2011-2012	0.06	Assistant/Deputy/ Commissioner of Central Excise, Hosur and Mysore
	1999-2001	1.87	Hon'ble High Court of Judicature at Madras
Sales Tax / VAT Laws (Sales Tax)	1998-2010	1.29	Department Authorities
	1997-2010	0.47	Tribunals
	1995-1998	0.05	Hon'ble High Court of Orissa
	2008-2009	0.60	Hon'ble Supreme Court
Income Tax Act, 1961 (Income Tax and Interest thereon)	2009-2010	106.31	Commissioner of Income Tax (Appeals)

- (x) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions/Banks.
- (xii) The Company has not granted any 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 fund or a nidhi or a mutual fund society. Therefore, the provisions of sub-para (xiii) of para 4 of the Order are not applicable to the Company.
- (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 mutual fund investments 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 and according to the information and explanations given to us, 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) In our opinion, the term loans availed have been utilised for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us, based on an overall examination of the balance sheet of the Company and related information made available, we report that funds raised on short term basis have not been used for long term investments.
- (xviii) During the year, the Company has not made preferential allotment of any shares to parties and Companies covered in the Register maintained under Section 301 of the Act.
- (xix) During the year, the Company has not issued any secured debentures and accordingly no securities were required to be created.
- (xx) During the year, the Company has not raised any money by public issue. Therefore, the requirement of disclosure by the Management on the end use of money raised by public issue and verification of the same is not applicable.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For V. Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATRAMAN
Partner
Membership No.: 34319

Place: Bengaluru
Date : 29th April 2014

TVS MOTOR COMPANY LIMITED

Balance Sheet as at 31st March 2014

		Rupees in crores	
	Note number	As at 31-03-2014	As at 31-03-2013
I EQUITY AND LIABILITIES			
1			
Shareholders' funds			
(a) Share capital	I	47.51	47.51
(b) Reserves and surplus	II	1,367.77	1,177.16
2			
Non-current liabilities			
(a) Long-term borrowings	III	442.41	494.14
(b) Deferred tax liabilities (Net)		124.68	93.12
(c) Long-term provisions	IV	53.17	48.79
3			
Current liabilities			
(a) Short-term borrowings	V	33.47	51.72
(b) Trade payables		998.91	808.58
(c) Other current liabilities	VI	428.82	356.78
(d) Short-term provisions	VII	67.96	57.80
Total		<u>3,564.70</u>	<u>3,135.60</u>
II ASSETS			
1			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	VIII	1,105.94	1,006.85
(ii) Intangible assets	VIII	19.77	4.63
(iii) Capital work-in-progress	VIII	48.08	36.09
(b) Non-current investments	IX	895.92	868.84
(c) Long-term loans and advances	X	86.27	73.35
2			
Current assets			
(a) Inventories	XI	548.15	509.66
(b) Trade receivables	XII	334.12	316.85
(c) Cash and bank balances	XIII	82.57	17.45
(d) Short-term loans and advances	XIV	364.31	248.95
(e) Other current assets	XV	79.57	52.93
Total		<u>3,564.70</u>	<u>3,135.60</u>
Significant accounting policies, notes on accounts and additional disclosures	XXIII		

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

S.G. MURALI
Executive Vice President – Finance

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Bengaluru
Date : April 29, 2014

Statement of Profit and Loss for the year ended 31st March 2014

Rupees in crores

	Note number	Year ended 31-03-2014	Year ended 31-03-2013
I Revenue from operations	XVI	8,652.09	7,851.13
Less: Excise duty and Service tax		690.24	681.88
		<u>7,961.85</u>	<u>7,169.25</u>
II Other income	XVII	30.21	23.84
III Total Revenue (I + II)		<u>7,992.06</u>	<u>7,193.09</u>
IV Expenses:			
Cost of materials consumed	XVIII	5,418.82	4,899.56
Purchases of stock-in-trade	XVIII	244.35	267.94
Changes in inventories of finished goods, work-in-process and stock-in-trade	XVIII	9.65	32.70
Employee benefits expense	XIX	476.11	407.13
Finance costs	XX	25.40	48.04
Depreciation and amortization expense		131.65	130.41
Other expenses	XXI	1,334.82	1,152.89
Total expenses		<u>7,640.80</u>	<u>6,938.67</u>
V Profit before exceptional and extraordinary items and tax (III-IV)		351.26	254.42
VI Exceptional items [Gain/(Loss)]	XXII	(2.81)	(91.63)
VII Profit before extraordinary items and tax (V+VI)		348.45	162.79
VIII Extraordinary items - Insurance recovery (net)		4.09	0.79
IX Profit before tax (VII+VIII)		352.54	163.58
X Tax expense:			
(a) Current tax		83.30	52.00
(b) MAT Credit entitlement		(4.73)	–
(c) Tax relating to earlier years		(19.23)	–
(d) Deferred tax (includes Rs.33.25 crores relating to earlier years Last year - Nil)		31.57	(4.44)
XI Profit for the year (IX-X)		<u>261.63</u>	<u>116.02</u>
XII Earnings per equity share - Refer note no.XXIII (7) (Face value Re.1/-each)			
(a) Basic and Diluted EPS before extraordinary items (in Rs.)		5.44	2.43
(b) Basic and Diluted EPS after extraordinary items (in Rs.)		5.51	2.44
Significant accounting policies, notes on accounts and additional disclosures	XXIII		

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

S.G. MURALI
Executive Vice President – Finance

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner

Place : Bengaluru
Date : April 29, 2014

Membership No.: 34319

Cash Flow Statement

Rupees in crores

	Year ended 31-03-2014	Year ended 31-03-2013
A. Cash flow from operating activities		
Net profit before extraordinary items and tax	348.45	162.79
Add: Depreciation and amortisation for the year	131.65	130.41
Amortisation of Foreign Currency Monetary Item Translation Difference Account	–	(0.27)
Loss on sale of fixed assets	0.12	–
Profit on sale of fixed assets	–	(0.37)
Net (profit) / loss on sale of investments	(32.61)	(0.07)
Provision for diminution in value of investments	33.09	91.63
Dividend income	(3.17)	(3.11)
Interest income	(22.54)	(18.59)
Interest expenditure	22.95	53.04
Provisions made (Pension, leave salary, warranty)	7.94	5.79
	<u>137.43</u>	<u>258.46</u>
Operating profit before working capital changes	485.88	421.25
Adjustments for:		
Trade receivables	(17.27)	(92.48)
Inventories	(38.49)	74.90
Other current assets	(26.64)	(23.69)
Short term loans and advances	(60.12)	(50.20)
Trade payables	190.33	111.13
Other current liabilities (excluding current maturity of long term loans)	115.44	44.14
Short term provisions	(1.93)	0.53
	<u>161.32</u>	<u>64.33</u>
Cash generated from operations (before extraordinary items)	647.20	485.58
Proceeds from fire claim settlement (net)	4.09	0.79
Direct taxes paid	(127.50)	(53.50)
Net cash from operating activities (A)	<u>523.79</u>	<u>432.87</u>
B. Cash flow from investing activities		
Purchase of fixed assets	(248.52)	(124.47)
Sale of fixed assets	2.52	8.52
Capital work-in-progress	(11.99)	16.42
Purchase of investments	(288.69)	(59.55)
Sale of investments	261.13	30.07
Interest received	22.54	18.59
Dividends received	3.17	3.11
	<u>(259.84)</u>	<u>(107.31)</u>
Net cash from / (used in) investing activities	(259.84)	(107.31)

TVS MOTOR COMPANY LIMITED

Cash Flow Statement – (continued)

		Rupees in crores	
		Year ended 31-03-2014	Year ended 31-03-2013
C. Cash flow from financing activities			
Borrowings:			
Term loan availed / (repaid)	(88.63)	(109.30)	
Unsecured loan availed / (repaid)	(18.25)	(183.81)	
Soft loan from a state owned corporation	–	75.40	
Sales tax deferral loan availed	–	21.11	
Other bank balances	0.45	(0.50)	
Interest paid	(22.95)	(53.04)	
Dividend and dividend tax paid	(69.00)	(71.50)	
		<u>(198.38)</u>	<u>(321.64)</u>
Net cash used in financing activities	(C)	(198.38)	(321.64)
D. Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)			
		<u>65.57</u>	<u>3.92</u>
Cash and cash equivalents at the beginning of the year		14.89	10.97
Cash and cash equivalents at the end of the year		<u>80.46</u>	<u>14.89</u>
		<u>65.57</u>	<u>3.92</u>

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

S.G. MURALI
Executive Vice President – Finance

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Bengaluru
Date : April 29, 2014

Notes on accounts

	As at 31-03-2014		As at 31-03-2013	
	Number	Rupees in crores	Number	Rupees in crores
I SHARE CAPITAL				
(a) Authorised, issued, subscribed and fully paid up				
Authorised:				
Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully 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				
	<u>47,50,87,114</u>	<u>47.51</u>	<u>47,50,87,114</u>	<u>47.51</u>
(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	47,50,87,114	47.51
Shares issued during the year	—	—	—	—
Shares outstanding at the end of the year	<u>47,50,87,114</u>	<u>47.51</u>	<u>47,50,87,114</u>	<u>47.51</u>
(c) (i) Rights and preferences attached to equity share:				
Every shareholder is entitled to such rights as to attend and vote at 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 the year				

Name of shareholder	Class of share	As at 31-03-2014		As at 31-03-2013	
		No. of shares held	% of holding	No. of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40

(e) Shareholders holding more than five percent at the end of the year (other than I (d))

Name of shareholder	Class of share	As at 31-03-2014 No. of shares held	As at 31-03-2013 No. of shares held
Reliance Capital Trustee Company Limited, Mumbai	Equity	4,11,98,970	3,92,04,556
Life Insurance Corporation of India, Mumbai	Equity	1,84,40,769	2,46,37,470

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

	Rupees in crores	
	As at 31-03-2014	As at 31-03-2013
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	0.30
Closing balance	<u>6.73</u>	<u>6.73</u>
(b) General reserve		
Opening balance	846.60	835.00
Add: Transfer from the Statement of Profit and Loss	26.16	11.60
Closing balance	<u>872.76</u>	<u>846.60</u>
(c) Hedging reserve		
Opening balance	0.02	(4.84)
Add: Created during the year	6.52	0.02
	<u>6.54</u>	<u>(4.82)</u>
Less: Utilised during the year	0.02	4.84
Closing balance	<u>6.52</u>	<u>0.02</u>
(d) Foreign Currency Monetary Item Translation Difference Account		
Opening balance	–	0.27
Add: Created during the year	–	–
	<u>–</u>	<u>0.27</u>
Less: Transfer to Finance costs	–	0.27
Closing balance	<u>–</u>	<u>–</u>
(e) Surplus i.e., balance in Statement of Profit and Loss		
Opening Balance	323.81	284.90
Add: Net profit for the current year	261.63	116.02
	<u>585.44</u>	<u>400.92</u>
Less: First interim dividend paid	30.88	28.51
Second interim dividend payable	35.63	28.51
Dividend tax *	11.01	8.49
Transfer to general reserve	<u>26.16</u>	<u>11.60</u>
	<u>103.68</u>	<u>77.11</u>
Closing balance	<u>481.76</u>	<u>323.81</u>
* includes Rs.0.20 Crores relating to previous year (Last year - Nil)		
Total (a) + (b) + (c) + (d) + (e)	<u>1,367.77</u>	<u>1,177.16</u>
III LONG-TERM BORROWINGS		
(A) Secured		
Term loans		
(a) From banks	56.75	102.15
(b) Soft loan from a state owned corporation viz., State Industries Promotion Corporation of Tamil Nadu Ltd. (SIPCOT)	<u>152.63</u>	<u>152.63</u>
	<u>209.38</u>	<u>254.78</u>
(B) Unsecured		
Sales tax deferral loan from Karnataka Government	<u>233.03</u>	<u>239.36</u>
	<u>233.03</u>	<u>239.36</u>
(A) + (B)	<u>442.41</u>	<u>494.14</u>

Notes on accounts – (continued)
III LONG-TERM BORROWINGS – (continued)
Repayment terms of long-term loans

Rupees in crores

Total of loans repayable	*Current maturity i.e. loans repayable in 2013-14	Balance long-term loans as at 31-03-2013	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	* Current maturity i.e. loans repayable in 2014-15	Balance long-term loans as at 31-03-2014
147.55	45.40	102.15	Term Loan I	Quarterly	9	Apr 2016	102.15	45.40	56.75
36.90	36.90	–	Term Loan II	Quarterly	–	Nov 2013	–	–	–
			Sales Tax Deferral						
56.96	6.33	50.63	Phase-1	Yearly	8	2020-21	50.63	6.33	44.30
188.73	–	188.73	Phase-2	Yearly	12	2026-27	188.73	–	188.73
152.63	–	152.63	State owned corporation	Yearly	3	2022-25	152.63	–	152.63
582.77	88.63	494.14	Total				494.14	51.73	442.41

* Grouped under "Other current liabilities".

Details of securities created:

(i) Term loans from Banks

(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.

(ii) 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 land.

Amount payable in each instalments:

Description	Currency	Amount
Term Loan I	INR	11.35 crores per quarter
Term Loan II	INR	12.30 crores per quarter
Sales tax deferral Phase - 1	INR	6.33 crores per annum
Sales tax deferral Phase - 2	INR	15.73 crores per annum
State owned corporation	INR	10.00, 67.23 and 75.40 crores (three instalments between 2022 and 2025)

Rupees in crores

As at	As at
31-03-2014	31-03-2013

IV LONG-TERM PROVISIONS

Employee benefits

(a) Pension

43.21	41.33
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(b) Leave salary

9.96	7.46
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<u>53.17</u>	<u>48.79</u>
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TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

	Rupees in crores	
	As at 31-03-2014	As at 31-03-2013
V SHORT-TERM BORROWINGS		
Repayable on demand from banks		
Secured	2.88	20.64
Unsecured *	30.59	31.08
* Includes packing credit foreign currency loan of Rs.29.95 crores (Last year - Rs.21.00 crores)		
	<u>33.47</u>	<u>51.72</u>
Details of securities created for loans availed from banks (secured)		
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	45.40	82.30
(ii) Sales tax deferral loan from Karnataka Government	6.33	6.33
(b) Unclaimed dividends (Not due for transfer to Investor Education and Protection Fund)	2.03	2.49
(c) Interest accrued but not due on secured loans	1.00	1.75
(d) Others		
(i) Statutory dues	12.09	14.87
(ii) Employee related	23.50	19.56
(iii) For expenses	237.06	168.70
(iv) Trade deposits received	20.02	18.14
(v) Advance received from customers	76.37	26.31
(vi) Money held under trust	5.02	16.33
	<u>428.82</u>	<u>356.78</u>
VII SHORT-TERM PROVISIONS		
(a) Employee benefits - Pension	4.94	4.38
(b) Employee benefits - Leave Salary	1.35	1.11
(c) Warranty	20.48	17.72
(d) Second interim dividend payable	35.63	28.51
(e) Dividend tax	5.56	4.15
(f) Other provisions for expenses	–	1.93
	<u>67.96</u>	<u>57.80</u>

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

VIII NON-CURRENT ASSETS - FIXED ASSETS

Rupees in crores

Description	Tangible							Intangible				Total (tangible and intangible)			
	Land		Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total as at		Software	Design Development and knowhow	Total as at		As at	
	Free hold	Lease hold						31/03/2014	31/03/2013			31/03/2014	31/03/2013	31/03/2014	31/03/2013
Cost of assets															
As at 01-04-2013	31.40	10.94	314.23	1,788.35	12.45	57.81	10.47	2,225.65	2,136.50	22.28	–	22.28	17.95	2,247.93	2,154.45
Additions	61.51	–	15.62	136.49	3.24	5.82	2.42	225.10	120.14	4.31	19.11	23.42	4.33	248.52	124.47
Sub-total	92.91	10.94	329.85	1,924.84	15.69	63.63	12.89	2,450.75	2,256.64	26.59	19.11	45.70	22.28	2,496.45	2,278.92
Sales / deletion	–	–	0.04	21.33	0.19	2.12	0.45	24.13	30.99	–	–	–	–	24.13	30.99
Total	92.91	10.94	329.81	1,903.51	15.50	61.51	12.44	2,426.62	2,225.65	26.59	19.11	45.70	22.28	2,472.32	2,247.93
Depreciation / Amortisation															
Upto 31-03-2013	–	0.53	80.18	1,086.21	6.64	38.97	6.27	1,218.80	1,116.86	17.65	–	17.65	12.02	1,236.45	1,128.88
For the year	–	0.09	10.58	102.21	1.15	7.82	1.52	123.37	124.78	5.09	3.19	8.28	5.63	131.65	130.41
Sub-total	–	0.62	90.76	1,188.42	7.79	46.79	7.79	1,342.17	1,241.64	22.74	3.19	25.93	17.65	1,368.10	1,259.29
Withdrawn on assets sold / deleted	–	–	0.04	18.91	0.12	2.05	0.37	21.49	22.84	–	–	–	–	21.49	22.84
Total	–	0.62	90.72	1,169.51	7.67	44.74	7.42	1,320.68	1,218.80	22.74	3.19	25.93	17.65	1,346.61	1,236.45
Written down value															
As at 31-03-2014	92.91	10.32	239.09	734.00	7.83	16.77	5.02	1,105.94	–	3.85	15.92	19.77	–	1,125.71	–
As at 31-03-2013	31.40	10.41	234.05	702.14	5.81	18.84	4.20	–	1,006.85	4.63	–	–	4.63	–	1,011.48
CAPITAL WORK-IN-PROGRESS (AT COST)															
(a) Building														0.62	0.56
(b) Plant & equipment														47.46	35.53
Total														48.08	36.09

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

b) Cost of buildings includes Rs.18.97 crores (Last year Rs.17.74 crores) pertaining to buildings constructed on leasehold land.

Rupees in crores

	As at 31-03-2014	As at 31-03-2013
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IX NON-CURRENT INVESTMENTS

Trade Investments

(a) Investments in equity instruments	435.96	509.02
Less: Provision for diminution in the value of investments	124.72	91.63
	311.24	417.39
(b) Investments in preference shares	554.03	417.51
	(A) 865.27	834.90

Other Investments

(a) Investments in bonds	15.00	15.00
(b) Employees pension related investments	15.65	16.91
	(B) 30.65	31.91
Investment in property	(C) –	2.03
	(A) + (B) + (C) 895.92	868.84

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

Sl. No.	Name of the body corporate	Subsidiary/ Associate	No. of shares/ units		Face Value	Curren- cy	Partly paid/ fully paid	Extent of holding (%)		Rupees in crores		
			As at 31-03-2014	As at 31-03-2013				As at 31-03-2014	As at 31-03-2013	As at 31-03-2014	As at 31-03-2013	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
A. TRADE INVESTMENTS												
(a)	Investment in Equity Instruments:											
	Quoted:											
(i)	Suprajit Engineering Limited, Bengaluru		28,92,000	28,92,000	1.00	INR	Fully paid			0.08	0.08	
(ii)	Ucal Fuel Systems Limited, Chennai		91,760	91,760	10.00	INR	Fully paid			0.25	0.25	
	Unquoted:											
(iii)	Sundaram Auto Components Limited, Chennai	Subsidiary	1,15,50,000	1,15,50,000	10.00	INR	Fully paid	100	100	60.90	60.90	
(iv)	TVS Motor Company (Europe) B.V., Amsterdam	Subsidiary	2,25,301	2,25,301	100.00	EUR	Fully paid	100	100	126.52	126.52	
(v)	TVS Motor (Singapore) Pte. Limited, Singapore	Subsidiary	6,43,64,301	6,43,64,301	1.00	SGD	Fully paid	100	100	201.20	201.20	
(vi)	Green Infra BTV Limited, Chennai (formerly known as TVS Energy Limited) (subsidiary upto 16.08.2013)		32,50,000	7,67,50,000	10.00	INR	Fully paid	4.0	94.5	3.25	76.75	
(vii)	TVS Housing Limited, Chennai	Subsidiary	50,000	50,000	10.00	INR	Fully paid	100	100	0.05	0.05	
(viii)	Sundaram Business Development Consulting (Shanghai) Co. Ltd., Shanghai	Subsidiary	2,220	1,500	100.00	USD	Fully paid	100	100	1.25	0.81	
(ix)	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	Associate	4,00,00,000	4,00,00,000	10.00	INR	Fully paid	48.8	48.8	40.00	40.00	
(x)	TVS Lanka (Private) Limited, Colombo		50,00,000	50,00,000	10.00	LKR	Fully paid			2.08	2.08	
(xi)	TVS Motor Services Limited, Chennai		3,80,000	3,80,000	10.00	INR	Fully paid			0.38	0.38	
	Total									435.96	509.02	
	Less: Provision for diminution in the value of investments in TVS Motor Company (Europe) B.V., Amsterdam										124.72	91.63
	Total (a)									311.24	417.39	
(b)	Investments in Preference Shares - Unquoted:											
(i)	PT.TVS Motor Company Indonesia, Jakarta	Subsidiary	38,97,400	31,00,000	97,400.00	IDR	Fully paid	100	100	196.32	146.50	
(ii)	TVS Motor Services Limited, Chennai		34,60,10,000	27,10,10,000	10.00	INR	Fully paid			346.01	271.01	
(iii)	Pinnacle Engines Inc., USA (face value 0.01 cent)		24,09,638	-	0.0001	USD	Fully paid			11.70	-	
	Total (b)									554.03	417.51	
	Total (a)+(b)									865.27	834.90	
B. OTHER INVESTMENTS (Unquoted) :												
(a)	Investments in Bonds:											
(i)	Power Finance Corporation Limited, New Delhi		150	150	10,00,000	INR	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					INR	Fully paid			9.23	9.23	
(ii)	Life Insurance Corporation Pension Policy, Mumbai					INR	Fully paid			6.42	7.68	
(iii)	National Savings Certificates (Rs.37,100/- deposited with Sales Tax authorities)					INR	Fully paid			-	-	
	Total (b)									15.65	16.91	
	Total (a)+(b)									30.65	31.91	

Investment summary

Rupees in crores

Particulars	As at 31-03-2014		As at 31-03-2013	
	Cost	Market value	Cost	Market value
Quoted investments	0.33	20.21	0.33	10.11
Unquoted investments	895.59		866.48	

Note: All investments are carried at cost net of provisions for diminution in the value as mentioned above.

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

	Rupees in crores	
	As at 31-03-2014	As at 31-03-2013
X LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
(a) Capital advances	6.35	9.68
(b) Deposits made	14.47	15.31
(c) Loans to related parties *	48.07	40.27
(d) Advance payment of Income Tax less provisions	17.38	8.09
	<u>86.27</u>	<u>73.35</u>
* Refer Note no. XXIII 6(c)(ii) on Loans and advances receivable from related parties		
XI INVENTORIES (at cost or net realisable value whichever is less)		
(a) Raw materials and components*	194.46	189.00
(b) Goods-in-transit - Raw materials and components	41.94	29.93
(c) Work-in-process*	32.78	39.00
(d) Finished goods*	161.79	167.57
(e) Stock-in-trade*	28.97	26.62
(f) Stores and spares*	27.90	25.51
(g) Dies, moulds & tools*	60.31	32.03
	<u>548.15</u>	<u>509.66</u>
Note: Work-in-process comprises of:		
Vehicles pending testing	0.52	3.69
Semi finished vehicles and sub-assemblies thereto	32.26	35.31
	<u>32.78</u>	<u>39.00</u>
* (as certified by Chairman & Managing Director)		
XII TRADE RECEIVABLES		
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	35.94	18.62
(ii) Considered doubtful	3.67	3.44
	<u>39.61</u>	<u>22.06</u>
Less: Provision for doubtful debts	<u>3.67</u>	<u>3.44</u>
	35.94	18.62
(b) Other unsecured debts (considered good)	298.18	298.23
	<u>334.12</u>	<u>316.85</u>
XIII CASH AND BANK BALANCES		
(a) Cash and cash equivalents		
(i) Balances with banks in current accounts	29.00	9.28
(ii) Balances with banks in fixed deposits (Less than 3 months maturity)	50.00	1.64
(iii) Cheques/drafts on hand	1.15	3.78
(iv) Cash on hand	0.31	0.19
(b) Other bank balances		
(i) Earmarked balances with banks (for unpaid dividend)	2.03	2.49
(ii) Balances with banks (with more than 12 months maturity)	0.08	0.07
	<u>82.57</u>	<u>17.45</u>
XIV SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
(a) Inter corporate deposits made	7.31	12.47
(b) Employee related	10.08	10.62
(c) Rent advance	3.48	2.87
(d) VAT receivable and dues from Government	123.71	112.98
(e) Balance with excise	114.89	63.37
(f) Prepaid expense	17.46	5.32
(g) Vendor advance	24.81	30.13
(h) Advance payment of Income Tax less provisions	62.57	11.19
	<u>364.31</u>	<u>248.95</u>

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2014	As at/ Year ended 31-03-2013
XV OTHER CURRENT ASSETS		
(a) Interest accrued on deposits/investments	1.40	2.06
(b) Claims receivable	1.18	2.30
(c) Export Incentive receivable	69.49	48.55
(d) Hedge asset and Deferred forward contract premium	7.50	0.02
	<u>79.57</u>	<u>52.93</u>
XVI REVENUE FROM OPERATIONS		
(a) Sale of products	8,450.63	7,625.63
(b) Sale of raw materials	81.66	115.10
(c) Sale of services	12.40	7.65
(d) Other operating revenues	107.40	102.75
	<u>8,652.09</u>	<u>7,851.13</u>
Less: Excise duty and service tax	690.24	681.88
	<u>7,961.85</u>	<u>7,169.25</u>
XVII OTHER INCOME		
(a) Interest income	21.88	19.09
(b) Dividend		
(i) From subsidiaries	2.89	1.73
(ii) From others	0.28	1.38
(c) Gain on sale of investments	2.32	0.07
(d) Profit on sale of fixed assets	–	0.37
(e) Other non-operating income	2.84	1.20
	<u>30.21</u>	<u>23.84</u>
XVIII MATERIAL COST		
Cost of Materials consumed:		
Opening stock of raw materials and components	189.00	205.77
Add: Purchases	5,424.28	4,882.79
	<u>5,613.28</u>	<u>5,088.56</u>
Less: Closing stock of raw materials and components	194.46	189.00
Consumption of raw materials and components	<u>5,418.82</u>	<u>4,899.56</u>
Purchases of stock-in-trade		
Spare parts	112.55	109.25
Engine oil	44.88	42.24
Raw materials	73.44	104.25
Finished goods	13.48	12.20
	<u>244.35</u>	<u>267.94</u>
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	39.00	55.63
Stock-in-trade	26.62	27.86
Finished goods	167.57	182.40
	<u>233.19</u>	<u>265.89</u>
	(A)	
Closing stock:		
Work-in-process	32.78	39.00
Stock-in-trade	28.97	26.62
Finished goods	161.79	167.57
	<u>223.54</u>	<u>233.19</u>
	(B)	
	(A)-(B)	<u>9.65</u>
		<u>32.70</u>

Refer note no.XXIII (15) for broad heads of raw materials consumed.

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

	Rupees in crores	
	Year ended 31-03-2014	Year ended 31-03-2013
XIX EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and wages	403.17	347.47
(b) Contribution to provident and other funds	32.30	23.36
(c) Welfare expenses	40.64	36.30
	<u>476.11</u>	<u>407.13</u>
XX FINANCE COSTS		
(a) Interest expense	22.20	51.74
(b) Amortisation of foreign currency monetary item translation difference account	–	(0.27)
(c) Others - Exchange fluctuation	3.20	(3.43)
	<u>25.40</u>	<u>48.04</u>
XXI OTHER EXPENSES		
(a) Consumption of stores, spares and tools*	46.25	49.47
(b) Power and fuel*	79.81	90.45
(c) Rent*	12.28	14.38
(d) Repairs - buildings	9.52	6.76
(e) Repairs - plant and equipment	37.92	38.07
(f) Insurance	2.62	2.66
(g) Rates and taxes (excluding taxes on income)	3.54	3.49
(h) Audit fees	0.35	0.35
(i) Packing and freight charges*	304.02	236.93
(j) Advertisement and publicity*	278.68	202.93
(k) Other marketing expenses*	259.42	257.55
(l) Loss on sale of fixed assets	0.12	–
(m) Foreign exchange loss	2.06	13.87
(n) 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)	298.23	235.98
	<u>1,334.82</u>	<u>1,152.89</u>
* Net of recoveries		
XXII EXCEPTIONAL ITEMS - GAIN / (LOSS)		
(a) Provision for diminution in value of investments	(33.09)	(91.63)
(b) Profit on sale of investment	30.28	–
	<u>(2.81)</u>	<u>(91.63)</u>

XXIII Significant accounting policies, notes on accounts and additional disclosures

1 SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of preparation**

The financial statements are prepared on a going concern basis under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 and the relevant provisions thereof.

(b) **Use of estimates**

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

(c) **Revenue recognition**

The Company recognises revenue from the sale of products net of trade discounts, when the products are delivered to the dealer / customer or when delivered to the carrier, when risks and rewards of ownership pass to the dealer / customer. Export incentives are accounted on accrual basis.

Sales include income from services. Sale of products and services is presented gross of excise duty and service tax where applicable, and excludes other indirect taxes.

Dividend from investments is recognised when the right to receive the payment is established. Interest income is recognised on time proportion basis, determined by the amount outstanding and the rate applicable.

(d) **Fixed assets**

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any.

Cost includes purchase price, taxes and duties, labour cost and directly attributable overhead expenditure incurred upto the date the asset is ready for its intended use. However, cost excludes Excise duty, VAT & Service tax, wherever credit of the duty or tax is availed of.

(e) **Borrowing costs**

Borrowing cost incurred for qualifying assets is capitalised upto the date the asset is ready for intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. Borrowing costs also include exchange differences relating to long term foreign currency borrowings attributable to the acquisition of depreciable asset w.e.f. April 1, 2007.

All other borrowing costs are recognised as an expense in the period for which they relate to.

(f) **Depreciation and amortisation**

(i) Depreciation is provided on Straight Line Method (SLM), at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except in the following cases:

Leasehold Land - amortised over the period of the lease

Computers - at 30%

Vehicles - at 18%

Furniture & fixtures - at 10%

Mobile phones - at 50%

Office equipment - at 10%

Tools and dies - for two wheelers based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 3 years. Tools and dies used for three wheeler operations are depreciated at 11.31 per cent.

(ii) On fixed assets added / disposed of during the year, depreciation is provided on pro-rata basis.

(iii) Depreciation in respect of assets costing less than Rs.5,000/- is provided at 100%.

(g) **Intangible assets**

Intangible assets in the form of Software acquired are recorded at their acquisition cost and are amortised over 2 years. Other intangible assets are recorded at their acquisition cost and are amortised over their useful life or 10 years, whichever is earlier.

XXIII Significant accounting policies, notes on accounts and additional disclosures

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

(h) **Impairment**

At each Balance Sheet date, the Company ascertains whether there is any impairment of the fixed / intangible assets based on internal / external factors. An impairment loss is recognised, wherever the carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognised by charging it to the Profit and Loss Statement.

(i) **Transactions in foreign currencies**

- (i) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- (ii) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- (iii) Non-monetary items denominated in foreign currencies such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- (iv) Exchange differences arising on settlement of transactions and translation of monetary items other than those covered by (v) below are recognised as income or expense in the year in which they arise.
- (v) Exchange differences relating to long term foreign currency monetary assets / liabilities are accounted for with effect from April 1, 2007 in the following manner:
 - Differences relating to borrowings attributable to the acquisition of the depreciable capital assets are added to / deducted from the cost of such capital assets.
 - Other differences are accumulated in Foreign Currency Monetary Item Translation Difference Account, to be amortized over the period till the date of maturity or March 31, 2020, whichever is earlier in accordance with the notification issued by the Ministry of Corporate Affairs on December 29, 2011.
- (vi) Exchange differences relating to forward exchange contracts entered into for hedging i.e for mitigating the foreign currency fluctuation risk on an underlying asset or liability other than those covered under (v) above are recognised in the Profit and Loss Statement. Premium or discount on forward contracts other than those covered in (v) above is amortised over the life of such contracts and is recognised as income or expense.

(j) **Hedge accounting**

With effect from 1st April 2008, the Company has adopted the principles of hedge accounting prescribed by Accounting Standard (AS30) - "Financial Instruments Recognition and Measurement". Accordingly the Company designates certain pre-shipment credit limits (PCFC) as hedging instruments and uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions.

Recognition and Measurement

These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward and option contracts that are designated and effective as hedges of future cash flows are recognized directly in Hedging Reserve Account under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Profit and Loss Statement. Amounts accumulated in Hedging Reserve Account are transferred to Profit and Loss Statement in the respective periods in which the forecasted transactions are consummated.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Hedging Reserve Account is retained there until the forecasted transaction is consummated.

If the forecasted transaction is no longer expected to take place, the net cumulative gain or loss recognised in Hedging Reserve Account is immediately transferred to the Profit and Loss Statement.

(k) **Inventories**

Inventories are valued at the lower of cost and net realisable value.

Cost of raw materials and consumables are ascertained on a moving weighted average basis. Attributable costs are allocated to work-in-process, stock-in-trade and finished goods.

(l) **Investments**

Long term investments are stated at cost. The carrying amount is reduced to recognise a decline, other than temporary, in the value of the investment. Current investments are stated at lower of cost and market value.

XXIII Significant accounting policies, notes on accounts and additional disclosures

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

(m) **Employee benefits**

(i) Provident fund

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions as specified under the law are made to the provident fund set up as irrevocable trust by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

(ii) Pension

The Company has a pension plan which is a defined benefit plan, for its senior managers. The liability for the pension benefits payable in future under the said plan, is provided for based on an independent actuarial valuation as at Balance Sheet date.

(iii) Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Profit and Loss Statement.

(iv) Leave encashment

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

(n) **Taxes on income**

Tax expense comprises of current and deferred taxes.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax is net of credit for entitlement for Minimum Alternative Tax (MAT).

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to be applied in the period when asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

(o) **Government Grants**

Government grants are recognised on receipt. Grants identifiable to specific fixed assets are shown as a deduction from the gross value of the asset concerned in arriving at its book value. Where the government grants cannot be identified with any specific identifiable fixed assets, such amount is credited to capital reserve.

(p) **Provisions and contingent liabilities**

(i) Provision

A provision arising out of a present obligation is recognised only when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

(ii) Contingent liabilities

Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

XXIII Significant accounting policies, notes on accounts and additional disclosures
2 Derivative transactions:

The Company uses forward exchange contracts and certain foreign currency packing credit loans to hedge its exposure in foreign currency.

Derivative instruments outstanding as at 31.3.2014:

S. No.	Particulars	Currency	Amount		Buy /Sell	Amount	
			Foreign currency in millions			Rupees in crores	
			31-03-2014	31-03-2013		31-03-2014	31-03-2013
a)	Forward exchange contracts (net)						
		US\$ / INR	83.50	8.49	Sell	500.29	46.09
		Euro / INR	2.40	–	Buy	19.84	–
b)	Foreign currency exposures not covered by derivative instruments - receivable / payable (net)						
		US\$ / INR	4.33	7.88	Sell	25.96	42.81
		Euro / INR	0.03	0.05	Sell	0.21	0.38
		JPY / INR	39.14	62.12	Sell	2.27	3.58
		GBP & CHF / INR	–	–	Sell	0.08	0.10

Rupees in crores
As at/
Year ended
31-03-2014

As at/
Year ended
31-03-2013

3 Diminution in the value of investment:

The Company evaluated its investment in TVS Motor Company (Europe) B.V., Amsterdam, a wholly owned subsidiary (TVSM Europe), for the purpose of determination of potential diminution in value on account of proposed closure of its operations. Based on such evaluation, the Company has recognised a provision for diminution in the value of investment in TVSM Europe as at 31st March 2014 amounting to Rs.33.09 crores (Last year Rs.91.63 crores). This appears as an exceptional item in the Statement of Profit and Loss.

Apart from the above provision, in the opinion of the management, no further provision is necessary.

The Company holds in PT TVS through wholly owned subsidiaries viz., TVS Motor Company (Europe) B.V., Amsterdam and TVS Motor (Singapore) Pte. Limited, Singapore, 65,00,000 nos. of Class A shares of USD 10/- each (equity shares). The Company directly holds 38,97,400 nos. of Class B shares of USD 10/- each (preference shares) in PT TVS. The aggregate cost of investments in PT TVS (a wholly owned subsidiary) is detailed below:

Cost of investment in equity shares (net of provision for diminution in value)	203.00	236.09
Cost of investment in preference shares	196.32	146.50
Total cost of investments	399.32	382.59

**XXIII Significant accounting policies, notes on accounts
and additional disclosures – (continued)**
4 (a) Defined benefit plans / leave salary as per actuarial valuation: Rupees in crores

	Gratuity	Pension	Leave salary
(a) Expenses recognised in the Statement of Profit and Loss			
(i) Current service cost	3.00	–	2.57
(ii) Interest cost	3.45	3.66	0.61
(iii) Expected return on plan assets	(3.95)	–	–
(iv) Net actuarial loss / (gain) recognised in the year	6.05	(1.22)	1.61
Total	8.55	2.44	4.79
(b) Change in defined benefit obligation during the year ended 31-03-2014			
(i) Present value of obligation as at the beginning of the year (01-04-2013)	43.11	45.71	8.57
(ii) Interest cost	3.45	3.66	0.61
(iii) Current service cost	3.00	–	2.57
(iv) Benefits paid	(3.13)	–	(2.04)
(v) Actuarial loss on obligation	6.05	(1.22)	1.61
(vi) Present value of obligation as at the end of the year (31-03-2014)	52.48	48.15	11.32
(c) Change in fair value of plan assets during the year ended 31-03-2014			
(i) Fair value of plan assets at the beginning of the year (01-04-2013)	46.36	–	–
(ii) Expected return on plan assets	3.95	–	–
(iii) Contributions made during the year	9.15	–	–
(iv) Benefits paid	(3.13)	–	–
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year (31-03-2014)	56.33	–	–
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2013)	(3.25)	45.71	8.57
(ii) Contributions made during the year	(9.15)	–	–
(iii) Expenses	8.55	2.44	4.79
(iv) Benefits paid	–	–	(2.04)
(v) Value of benefit	(3.85)	48.15	11.32
Note: The net asset in respect of gratuity plan is not recognised as it is lying in 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	NA
Estimates of future salary increases considered in actuarial valuation takes into account the inflation, seniority, promotions and other relevant factors.			

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

4 (b) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of Rs.10.76 crores (last year Rs.9.07 crores) has been recognised in the Statement of Profit and Loss.

5 The Company operates in only one segment viz., automotive vehicles.

6 (a) Related parties and their relationship:

	Period	
	From	To
Holding company:		
Sundaram-Clayton Limited, Chennai	01-04-2013	31-03-2014
Ultimate holding company:		
T V Sundram Iyengar & Sons Limited, Madurai	01-04-2013	31-03-2014
Subsidiaries:		
Sundaram Auto Components Limited, Chennai	01-04-2013	31-03-2014
TVS Motor Company (Europe) B.V, Amsterdam	01-04-2013	31-03-2014
TVS Motor (Singapore) Pte. Limited, Singapore	01-04-2013	31-03-2014
PT. TVS Motor Company Indonesia, Jakarta	01-04-2013	31-03-2014
Green Infra BTV Limited, Chennai (Formerly known as TVS Energy Limited)	01-04-2013	16-08-2013
TVS Housing Limited, Chennai	01-04-2013	31-03-2014
Green Infra Wind Power Theni Limited, Chennai (Formerly known as TVS Wind Power Limited)	01-04-2013	16-08-2013
Green Infra Wind Energy Theni Limited, Chennai (Formerly known as TVS Wind Energy Limited)	01-04-2013	16-08-2013
Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai	01-04-2013	31-03-2014
Fellow subsidiaries:		
Sundaram Investment Limited, Chennai	01-04-2013	31-03-2014
TVS Capital Funds Limited, Chennai	01-04-2013	31-03-2014
TVS Electronics Limited, Chennai	01-04-2013	31-03-2014
Uthiram Rubber Products Limited, Madurai	06-05-2013	31-03-2014
Prime Property Holdings Limited, Chennai	01-04-2013	31-03-2014
TVS-E Access (India) Limited, Chennai	01-04-2013	31-03-2014
TVS Training and Services Limited, Chennai	01-04-2013	31-03-2014
NCR Autocars Limited, New Delhi	13-05-2013	31-03-2014
Southern Roadways Limited, Madurai	01-04-2013	31-03-2014
Sundaram Industries Limited, Madurai	01-04-2013	31-03-2014
The Associated Auto Parts Limited, Mumbai	01-04-2013	31-03-2014
TVS Interconnect Systems Limited, Madurai	01-04-2013	31-03-2014
Lucas-TVS Limited, Chennai	01-04-2013	31-03-2014

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)
6 (a) Related parties and their relationship – (continued)

	Period	
	From	To
Sundaram Textiles Limited, Madurai	01-04-2013	31-03-2014
TVS Automobile Solutions Limited, Madurai	01-04-2013	31-03-2014
Sundaram Lanka Tyres Limited, Colombo	01-04-2013	31-03-2014
NSM Holdings Limited, Madurai	01-04-2013	31-03-2014
SNS Warranty Solutions Limited, Madurai	26-12-2013	31-03-2014
NK Telecom Products Limited, Madurai	01-04-2013	31-03-2014
NK Tele Systems Limited, Madurai	01-04-2013	31-03-2014
Lucas Indian Service Limited, Chennai	01-04-2013	31-03-2014
TVS Automotive Systems Limited, Chennai	01-04-2013	31-03-2014
Rajgarhia Automobile Solution Limited, Kolkata	01-04-2013	31-03-2014
Pusam Rubber Products Limited, Madurai	01-04-2013	31-03-2014
Sundaram-Clayton (USA) Limited, USA	01-04-2013	31-03-2014
Essex Automobile Solutions Limited, Gujarat	01-04-2013	31-03-2014
Gallant E-Access Private Limited, Delhi	18-02-2014	31-03-2014
TVS Insurance Broking Limited, Chennai (Previously known as Navratna Insurance Broking Limited)	01-04-2013	31-03-2014
Focuz Automobile Services Limited, Ernakulam	01-04-2013	31-03-2014
GS Automotive Service Equipments (Chennai) Private Limited, Madurai	01-04-2013	31-03-2014
TVS All Car Services Private Limited, Madurai (Previously known as SANRAV Automobile Solutions (Chennai) Private Limited)	01-04-2013	31-03-2014
Sundaram Engineering Products Services Limited, Chennai	01-04-2013	31-03-2014
Associate companies:		
Emerald Haven Realty Limited, Chennai (Formerly known as Green Earth Homes Limited)	01-04-2013	31-03-2014
Green Infra Wind Energy Theni Limited, Chennai (Formerly known as TVS Wind Energy Limited)	17-08-2013	31-03-2014
Sundaram Engineering Products Services Limited, Chennai	01-04-2013	30-03-2014
List of Related Parties as per clause 3(c) of the Standard:		
Key Management Personnel:		
Mr Venu Srinivasan, Chairman & Managing Director	01-04-2013	31-03-2014
Mr Sudarshan Venu, Whole-time Director	01-04-2013	31-03-2014
Enterprise over which key management personnel and his relative have significant influence:		
Harita-NTI Limited, Chennai	01-04-2013	31-03-2014

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2014	As at/ Year ended 31-03-2013
6 (b) Transactions with related parties:		
(i) Purchase of goods		
– ultimate holding company (T V Sundram Iyengar & Sons Limited, Madurai)	0.46	0.43
– holding company (Sundaram-Clayton Limited, Chennai)	216.25	174.59
– subsidiary companies		
Sundaram Auto Components Limited, Chennai	189.97	173.51
PT. TVS Motor Company Indonesia, Jakarta	0.24	0.62
Green Infra BTV Limited, Chennai	2.62	–
– fellow subsidiaries		
TVS Electronics Limited, Chennai	0.25	0.02
Sundaram Industries Limited, Madurai	0.28	0.49
Lucas-TVS Limited, Chennai	42.97	37.50
Lucas Indian Service Limited, Chennai	1.16	0.86
– enterprises over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	0.59	0.65
(ii) Sale of goods		
– holding company (Sundaram-Clayton Limited, Chennai)	0.01	–
– subsidiary companies		
Sundaram Auto Components Limited, Chennai	1,383.80	987.42
PT. TVS Motor Company Indonesia, Jakarta	37.50	34.93
(iii) Rendering of services (including interest received)		
– holding company (Sundaram-Clayton Limited, Chennai)	1.08	1.30
– subsidiary companies		
Sundaram Auto Components Limited, Chennai	0.44	0.49
TVS Motor Company (Europe) B.V, Amsterdam	3.67	3.33
PT. TVS Motor Company Indonesia, Jakarta	5.82	4.55
– fellow subsidiary		
Southern Roadways Limited, Madurai	0.01	0.01
(iv) Availing of services (includes sub-contract charges paid)		
– holding company (Sundaram-Clayton Limited, Chennai)	37.66	38.16
– subsidiary companies		
Sundaram Auto Components Limited, Chennai	–	0.33
Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai	1.11	1.28
PT. TVS Motor Company Indonesia, Jakarta	0.47	–
– fellow subsidiaries		
TVS Electronics Limited, Chennai	0.71	0.88
Southern Roadways Limited, Madurai	2.58	2.28
(v) Trade advances made during the year		
– subsidiary company		
Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai	–	1.14
(vi) Trade advances received back during the year		
– subsidiary companies		
Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai	–	1.14
TVS Motor Company (Europe) B.V, Amsterdam	–	1.83

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2014	As at/ Year ended 31-03-2013
6 (b) Transactions with related parties - (continued)		
(vii) Investments made during the year		
– subsidiary companies :		
PT. TVS Motor Company Indonesia, Jakarta	49.82	–
Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai	0.44	0.61
(viii) Investments redeemed during the year		
– erstwhile subsidiary company :		
Green Infra BTV Limited, Chennai (Formerly known as TVS Energy Limited, Chennai - subsidiary upto 16.08.2013). The Company divested 7,35,00,000 shares of Rs 10/- each during the year.	73.50	–
(ix) Remuneration to key management personnel	10.03	3.20
Remuneration to relative of key management personnel	–	0.20
(x) Dividend received from subsidiary company (Sundaram Auto Components Limited)	2.89	1.73
(xi) Dividend paid to holding company (Sundaram-Clayton Limited)	34.09	35.44
6 (c) Balance with related parties:		
(i) Trade receivables		
– subsidiary companies		
Sundaram Auto Components Limited, Chennai	63.30	79.78
PT. TVS Motor Company Indonesia, Jakarta	5.21	15.67
(ii) Loans and advances receivable		
– subsidiary companies		
TVS Motor Company (Europe) B.V. Amsterdam	–	40.17
TVS Motor (Singapore) Pte. Limited, Singapore	48.07	0.10
(iii) Trade payables		
– ultimate holding company (T V Sundram Iyengar & Sons Limited, Madurai)	0.01	–
– holding company (Sundaram-Clayton Limited, Chennai)	19.16	11.28
– subsidiary companies		
Sundaram Auto Components Limited, Chennai	14.96	3.45
PT. TVS Motor Company Indonesia, Jakarta	–	0.58
– Fellow subsidiaries		
Lucas-TVS Limited, Chennai	5.96	5.87
Lucas Indian Service Limited, Chennai	0.14	0.14
Sundaram Industries Limited, Madurai	0.05	0.06
– enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	0.05	0.01
(iv) Obligation arising out of agreements facilitating credit to subsidiary company (PT. TVS Motor Company Indonesia, Jakarta)	107.80	53.88

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2014	As at/ Year ended 31-03-2013
7	Earnings per share:		
	Profit after tax before extraordinary items	258.60	115.46
	Profit after tax after extraordinary items	261.63	116.02
	Number of equity shares	475087114	475087114
	Face value of the share (in rupees)	1.00	1.00
	Weighted average number of equity shares	475087114	475087114
	Basic and diluted earnings per share before extraordinary items (in rupees)	5.44	2.43
	Basic and diluted earnings per share after extraordinary items (in rupees)	5.51	2.44
8	Deferred tax:		
	(i) Deferred tax liability consists of:		
	– tax on depreciation	160.73	123.21
	– tax on amortisation of dies and moulds	10.26	8.06
	– tax on expenses admissible on payment basis under Income Tax Act, 1961	–	28.29
	(A)	<u>170.99</u>	<u>159.56</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 and others	46.31	66.44
	(B)	<u>46.31</u>	<u>66.44</u>
	Deferred tax liability (net of deferred tax asset) (A) - (B)	124.68	93.12
9	Warranty provision (current):		
	Opening balance	17.72	15.23
	Add: Provision for the year (net)	<u>20.48</u>	<u>17.72</u>
		38.20	32.95
	Less: Payments / debits (net)	<u>17.72</u>	<u>15.23</u>
	Closing balance	<u>20.48</u>	<u>17.72</u>
10	Trade payables includes:		
	Amount due to Micro, Small and Medium Enterprises	39.44	38.44
	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)	39.44	38.44
	(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

**XXIII Significant accounting policies, notes on accounts
and additional disclosures – (continued)**

		Rupees in crores	
		As at/ Year ended 31-03-2014	As at/ Year ended 31-03-2013
(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
11	Payment to auditors comprises:		
(a)	As statutory auditors	0.26	0.25
(b)	Taxation matters	0.04	0.02
(c)	Certification matters	–	0.04
(d)	Cost audit fees	0.05	0.04
		<u>0.35</u>	<u>0.35</u>
	Miscellaneous expenses include travel and stay expenses of auditors	0.22	0.17
		<u>0.57</u>	<u>0.52</u>
12	Contingent liabilities and commitments not provided for:		
(a)	Claims against the Company not acknowledged as debts:		
(i)	Excise	57.08	56.55
(ii)	Service tax	4.26	5.03
(iii)	Customs	1.93	1.93
(iv)	Sales tax	3.88	2.44
(v)	Income tax	10.31	16.76
(vi)	Others	3.50	4.60
(b)	Guarantees:		
(i)	On counter guarantee given to banks	53.92	24.14
(ii)	On guarantee to Housing Development Finance Corporation Limited, Mumbai, on loans granted to employees of the Company	–	1.25
(c)	Other money for which the Company is contingently liable:		
(i)	On letters of credit	166.81	112.08
(ii)	On bills discounted with banks	83.81	61.51
(iii)	On import of capital goods under Export Promotion Capital Goods Scheme	32.34	22.08
(iv)	On obligation arising out of agreements facilitating credit to the Company	41.66	41.66
(v)	On obligation arising out of agreements facilitating credit to subsidiary company	53.88	53.88
(vi)	On factoring arrangements	3.96	3.49
(d)	Commitments:		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	89.95	78.47
13	Expenditure incurred on Research and development (claimed under Income Tax Act, 1961)		
(a)	R&D Revenue expenditure eligible for weighted deduction	95.61	83.52
(b)	Other R&D revenue expenditure	17.66	13.35
(c)	Capital Expenditure:		
(i)	Land and Building	–	1.31
(ii)	Others (including work-in-progress)	18.48	28.97
		<u>131.75</u>	<u>127.15</u>

**XXIII Significant accounting policies, notes on accounts
and additional disclosures – (continued)**
14 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 31-03-2014	Amount outstanding as on 31-03-2013
(a)	Loans and advances				
(i)	Loans and advances in the nature of loans made to subsidiary company	TVS Motor Company (Europe) B.V., Amsterdam Maximum amount due at any time During the year During the previous year	47.97 40.17	–	40.17
		TVS Motor (Singapore) Pte. Limited, Singapore Maximum amount due at any time During the year During the previous year	48.07 48.07 0.10	48.07	0.10
(ii)	Loans and advances where there is no repayment schedule but interest is charged to companies in which directors of the Company are interested	Harita Seating Systems Limited, Chennai Maximum amount due at any time During the year During the previous year	6.50 8.00	–	6.50

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) 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.

(c) The subsidiary companies listed above also fall under the category of company in which directors of the Company are interested.

(b)	Investments by the Company				
(i)	In subsidiary companies	Sundaram Auto Components Limited, Chennai [1,15,50,000 (last year-1,15,50,000) Equity shares of Rs.10/- each fully paid up] Maximum amount held at any time During the year During the previous year	60.90 60.90	60.90	60.90
		TVS Motor Company (Europe) B.V., Amsterdam [2,25,301 (last year-2,25,301) Ordinary shares of Euro 100/- each fully paid up] Maximum amount held at any time During the year During the previous year * net of provision for diminution in value	34.89 126.52	1.80 *	34.89 *

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

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

Sl. No.	Particulars	Name of the company	Rupees in crores		
			Amount outstanding as on 31-03-2014	Amount outstanding as on 31-03-2013	
(b)	Investments by the Company - (continued)	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		201.20	201.20
		During the year	201.20		
		During the previous year	201.20		
		Green Infra BTV Limited, Chennai (Formerly known as TVS Energy Limited, Chennai) [32,50,000 (last year 7,67,50,000) Equity shares of Rs.10/- each fully paid up] Subsidiary upto 16.08.2013 Maximum amount held at any time		3.25	76.75
		During the year	76.75		
		During the previous year	76.75		
		TVS Housing Limited, Chennai [50,000 (last year - 50,000) Equity Shares of Rs.10/- each fully paid up] Maximum amount held at any time		0.05	0.05
		During the year	0.05		
		During the previous year	0.05		
		PT. TVS Motor Company Indonesia, Jakarta [38,97,400 (Last year - 31,00,000) Class B shares of Indonesian Rp.97,400/- each fully paid up] Maximum amount held at any time		196.32	146.50
		During the year	196.32		
		During the previous year	146.50		
Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai [2,200 (Last year - 1,500) Equity shares of of USD 100/- each fully paid up] Maximum amount held at any time		1.25	0.81		
During the year	1.25				
During the previous year	0.81				

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)
14 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 31-03-2014	Amount outstanding as on 31-03-2013
(b)	Investments by the Company - (continued)				
(ii)	In associate company	Emerald Haven Realty Limited, Chennai, (Formerly known as Green Earth Homes Limited) [4,00,00,000 (Last year - 4,00,00,000) Equity shares of Rs. 10/- each fully paid up]		40.00	40.00
		Maximum amount held at any time			
		During the year	40.00		
		During the previous year	40.00		
(c)	Investments by the holding company	Sundaram-Clayton Limited, Chennai holds 27,26,82,786 (Last year 27,26,82,786) Equity shares of Re.1/- each fully paid up		13.63	13.63
		Maximum amount held at any time			
		During the year	13.63		
		During the previous year	13.63		

Rupees in crores			
	As at / Year ended 31-03-2014		As at / Year ended 31-03-2013

15 Raw materials consumed:

(i) (a) Basic raw materials				
Steel sheets, coils, strips and bars		43.65		47.32
Steel tubes		0.01		0.02
Aluminium alloys and ingots		70.57		64.40
(b) Intermediates and components (which individually do not account for more than 10% of the total value of consumption)		5,304.59		4,787.82
		<u>5,418.82</u>		<u>4,899.56</u>
(II) Consumption of raw materials and components	% of total consumption		% of total consumption	
(a) Imported	14.5	783.04	14.2	697.62
(b) Indigenous	85.5	4,635.78	85.8	4,201.94
	<u>100.0</u>	<u>5,418.82</u>	<u>100.0</u>	<u>4,899.56</u>

**XXIII Significant accounting policies, notes on accounts
and additional disclosures – (continued)**

	Rupees in crores	
	As at / Year ended 31-03-2014	As at / Year ended 31-03-2013
16 Earnings in foreign exchange:		
(a) Exports (on F.O.B. basis)	1,716.18	1,155.85
(b) Others:		
(i) Freight and insurance	41.30	22.11
(ii) Interest income	3.67	3.33
(iii) Dividend income	0.02	1.14
(iv) Technical knowhow	5.27	4.55
	<u>1,766.44</u>	<u>1,186.98</u>
17 Imports (CIF value):		
(a) Raw materials	48.66	41.85
(b) Components and spare parts	686.44	499.21
(c) Capital goods	27.07	14.38
18 Other expenditure in foreign currency:		
(a) Travel	17.68	11.35
(b) Subscriptions	0.39	0.03
(c) Welfare expenses - training	0.78	0.91
(d) Consultancy	30.15	22.36
(e) Advertisement and publicity	24.53	20.99
(f) Other marketing expenses	8.72	0.01
(g) Procurement / selling commission	18.53	22.33
(h) Research and development	25.64	20.49
(i) Warranty cost reimbursement	3.42	1.54
(j) Interest on foreign currency loan	0.98	0.62
(k) Overseas representative office expenses including salary	4.19	3.45
(l) Membership fee	–	0.04
(m) Repairs & Maintenance	2.40	–
(n) Technical know-how	18.37	–

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2014	As at/ Year ended 31-03-2013
19 Sale by class of Goods		
(a) Motorcycles	3,061.41	2,794.98
(b) Mopeds	1,470.23	1,547.07
(c) Scooters	1,609.77	1,441.54
(d) Three wheelers	768.95	440.11
(e) Raw materials, spares and accessories, provision of technical know-how and plant & equipment	947.34	845.95
	<u>7,857.70</u>	<u>7,069.65</u>
20 Stock of finished goods		
(a) Motorcycles	96.00	96.44
(b) Mopeds	15.20	11.09
(c) Scooters	33.77	49.56
(d) Three wheelers	16.82	10.48
(e) Components which do not individually account for 10% or more of the total value of stock	28.97	26.62
	<u>190.76</u>	<u>194.19</u>

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

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

S.G. MURALI
Executive Vice President – Finance

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner

Place : Bengaluru
Date : April 29, 2014

Membership No.: 34319

TVS MOTOR COMPANY LIMITED

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

Sl. No.	Particulars	Name of the Subsidiaries					
		Sundaram Auto Components Limited, Chennai (1)	TVS Housing Limited, Chennai (2)	TVS Motor Company (Europe) B.V, Amsterdam (3)	TVS Motor (Singapore) Pte. Limited, Singapore (4)	PT. TVS Motor Company Indonesia, Jakarta (5)	Sundaram Business Development Consulting (Shanghai) Co. Ltd., Shanghai (6)
1	Financial year of the subsidiary	01-04-2013-31-03-2014	01-04-2013-31-03-2014	01-04-2013-31-03-2014	01-04-2013-31-03-2014	01-04-2013-31-03-2014	01-01-2013-31-12-2013
2	Shares of the subsidiary held by the Company on the above date						
(a)	Number and face value	1,15,50,000 Equity shares of Rs.10/- each fully paid up 100.00%	50,000 Equity shares of Rs.10/- each fully paid up 100.00%	2,25,301 Ordinary shares of Euro 100/- each fully paid up 100.00%	6,43,64,301 Ordinary shares of Singapore \$ 1/- each fully paid up 100.00%	73,00,000 Ordinary shares of US \$10 each fully paid up 39.32% by (3) and 60.68% by (4)	2,200 Ordinary shares of US \$ 100 each fully paid up 100.00%
(b)	Extent of holding						
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.10.68 crores	Rs.0.02 crores	(Rs.25.39 crores)	(Rs.0.04 crores)	(Rs.129.53 crores)	Rs.0.08 crores
(b)	for the previous financial years since it became a subsidiary - profit / (loss)	Rs.31.16 crores	-	(Rs.89.81 crores)	(Rs.1.44 crores)	(Rs.413.24 crores)	(Rs.0.47 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.13.98 crores	-	-	-	-	-

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

S.G. MURALI
Executive Vice President – Finance

K.S. SRINIVASAN
Company Secretary

Bengaluru
April 29, 2014

**CONSOLIDATED FINANCIAL STATEMENTS OF
TVS MOTOR COMPANY LIMITED**

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2014

To the Board of Directors of TVS Motor Company Limited

We have audited the accompanying consolidated financial statements of TVS Motor Company Limited ("the Company") and its subsidiaries and associates, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose

of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of certain subsidiaries/associates, whose financial statements reflect total assets (net) of Rs.899.70 crores as at March 31, 2014, total revenues of Rs.1982.91 crores and net cash outflows amounting to Rs.45.32 crores for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For V. Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATRAMAN
Partner
Membership No.: 34319

Place: Bengaluru
Date : 29th April 2014

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated Balance Sheet as at 31st March 2014

Rupees in crores

	Note number	As at 31-03-2014	As at 31-03-2013
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	I	47.51	47.51
(b) Reserves and surplus	II	1,113.32	850.77
2 Share application money pending allotment		–	–
3 Minority interest	III	–	6.89
4 Non-current liabilities			
(a) Long-term borrowings	IV	517.76	845.68
(b) Deferred tax liabilities (Net)		133.31	81.80
(c) Long-term provisions	V	62.59	56.23
5 Current liabilities			
(a) Short-term borrowings	VI	108.13	71.87
(b) Trade payables		1,034.20	852.60
(c) Other current liabilities	VII	542.53	503.34
(d) Short-term provisions	VIII	72.23	64.24
Total		<u>3,631.58</u>	<u>3,380.93</u>
II ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	IX	1,497.26	1,588.09
(ii) Intangible assets	IX	19.92	4.93
(iii) Capital work-in-progress	IX	48.21	36.16
(b) Non-current investments	X	438.65	347.71
(c) Long-term loans and advances	XI	44.09	39.48
2 Current assets			
(a) Inventories	XII	666.05	635.79
(b) Trade receivables	XIII	352.92	318.73
(c) Cash and bank balances	XIV	98.47	79.60
(d) Short-term loans and advances	XV	380.53	263.34
(e) Other current assets	XVI	85.48	67.10
Total		<u>3,631.58</u>	<u>3,380.93</u>
Significant accounting policies, notes on accounts and additional disclosures	XXIII		

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
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S.G. MURALI
Executive Vice President – Finance

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner

Place : Bengaluru
Date : April 29, 2014

Membership No.: 34319

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated Statement of Profit and Loss for the year ended 31st March 2014

		Rupees in crores	
	Note number	Year ended 31-03-2014	Year ended 31-03-2013
I	Revenue from operations	9,112.93	8,229.60
	Less: Excise duty and Service tax	<u>733.92</u>	<u>719.13</u>
		8,379.01	7,510.47
II	Other income	<u>26.66</u>	<u>24.17</u>
III	Total Revenue (I + II)	<u>8,405.67</u>	<u>7,534.64</u>
IV	Expenses:		
	Cost of materials consumed	5,483.65	4,997.59
	Purchases of stock-in-trade	402.80	359.47
	Changes in inventories of finished goods, work-in-process and stock-in-trade	16.73	(9.47)
	Employee benefits expense	541.02	473.88
	Finance costs	80.09	103.41
	Depreciation and amortization expense	148.96	175.60
	Other expenses	1,447.86	1,250.66
	Total expenses	<u>8,121.11</u>	<u>7,351.14</u>
V	Profit before exceptional and extraordinary items and tax (III-IV)	284.56	183.50
VI	Exceptional items [Gain/(Loss)]	17.95	92.78
VII	Profit before extraordinary items and tax (V+VI)	302.51	276.28
VIII	Extraordinary items - Income	4.58	13.43
IX	Profit before tax (VII+VIII)	307.09	289.71
X	Tax expense:		
	(a) Current tax	92.68	64.62
	(b) MAT Credit entitlement	(4.93)	-
	(c) Tax relating to earlier years	(19.19)	0.18
	(d) Deferred tax (includes Rs.33.25 crores relating to earlier years Last year - Nil)	51.65	26.74
XI	Profit/(Loss) for the period (IX-X)	<u>186.88</u>	<u>198.17</u>
XII	Share of Profit of Associates (net)	0.59	0.33
XIII	Minority Interest	(1.17)	(0.96)
XIV	Profit/(Loss) for the period (XI + XII + XIII)	<u>186.30</u>	<u>197.54</u>
XV	Earnings per equity share (Refer note no.XXIII (6)) (Face value Re.1/- each)		
	(a) Basic and Diluted EPS before extraordinary items (in Rs.)	3.86	3.96
	(b) Basic and Diluted EPS after extraordinary items (in Rs.)	3.92	4.16
	Significant accounting policies, notes on accounts and additional disclosures	XXIII	

VENU SRINIVASAN
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As per our report annexed
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S.G. MURALI
Executive Vice President – Finance

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner

Place : Bengaluru
Date : April 29, 2014

Membership No.: 34319

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated Cash Flow Statement

		Rupees in crores	
		Year ended 31-03-2014	Year ended 31-03-2013
A. Cash flow from operating activities			
Net profit before tax and extraordinary items		302.51	276.28
Add: Depreciation and amortisation for the year	148.96		175.60
Amortisation of Foreign Currency Monetary Item Translation Difference Account	–		3.04
Loss on sale of fixed assets	0.48		0.13
Profit on sale of fixed assets	–		(0.42)
Profit on sale of investments	(20.63)		(0.07)
Provision for Pension, Leave salary, Warranty and other expenses	5.80		11.81
Minority interest	(1.50)		–
Dividend income	(0.29)		(1.38)
Interest income	(21.47)		(16.33)
Interest expenditure	47.35		93.60
		<u>158.70</u>	<u>265.98</u>
Operating profit before working capital changes		461.21	542.26
Adjustments for:			
Trade receivables	(34.19)		(79.11)
Inventories	(30.26)		45.59
Other current assets	(12.04)		(34.98)
Loans and advances	(54.23)		(36.86)
Trade payables	181.60		104.53
Other current liabilities (excluding current maturity of long-term loans)	87.95		(26.33)
		<u>138.83</u>	<u>(27.16)</u>
Cash generated from operations (before extraordinary items)		600.04	515.10
Proceeds from fire claim settlement / sale of a division		4.58	13.43
Direct taxes paid		<u>(134.32)</u>	<u>(64.84)</u>
Net cash from operating activities	(A)	470.30	463.69
B. Cash flow from investing activities			
Purchase of fixed assets	(272.36)		(311.94)
Sale of fixed assets	10.69		53.69
Capital work-in-progress	(12.05)		149.56
Purchase of investments	(318.18)		(58.98)
Sale of investments	231.35		30.07
Proceeds from sale of investments in subsidiary	103.77		–
Interest received	21.47		16.33
Dividends received	0.29		1.38
		<u>(235.02)</u>	<u>(119.89)</u>
Net cash from / (used in) investing activities	(B)	(235.02)	(119.89)

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated Cash Flow Statement – (continued)

		Rupees in crores	
		Year ended 31-03-2014	Year ended 31-03-2013
C. Cash flow from financing activities			
Long-term loans availed / (repaid)	(129.51)	(133.86)	
Short-term loans availed / (repaid)	36.26	(198.95)	
Sales tax deferral loan availed / (repaid)	(6.33)	96.51	
Other bank balances	0.45	(0.54)	
Interest paid	(47.35)	(93.60)	
Dividend and dividend tax paid	<u>(69.48)</u>	<u>(71.78)</u>	
		<u>(215.96)</u>	<u>(402.22)</u>
Net cash used in financing activities	(C)	(215.96)	(402.22)
D. Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)			
		19.32	(58.42)
Cash and cash equivalents at the beginning of the year		77.04	135.46
Cash and cash equivalents at the end of the year		<u>96.36</u>	<u>77.04</u>
		<u>19.32</u>	<u>(58.42)</u>

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

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S.G. MURALI
Executive Vice President – Finance

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Bengaluru
Date : April 29, 2014

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts

	As at 31-03-2014		As at 31-03-2013		
	Number	Rupees in crores	Number	Rupees in crores	
I SHARE CAPITAL					
(a) Authorised, issued, subscribed and fully paid up					
Authorised:					
Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00	
Issued, subscribed and fully 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	47,50,87,114	47.51	
Shares issued during the year	-	-	-	-	
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 the year					
Name of shareholder	Class of share	As at 31-03-2014		As at 31-03-2013	
		No. of shares held	% of holding	No. of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40
(e) Shareholders holding more than five percent at the end of the year (other than I (d))					
Name of shareholder	Class of share	As at 31-03-2014 No. of shares held		As at 31-03-2013 No. of shares held	
Reliance Capital Trustee Company Limited, Mumbai	Equity	4,11,98,970		3,92,04,556	
Life Insurance Corporation of India, Mumbai	Equity	1,84,40,769		2,46,37,470	

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

	Rupees in crores	
	As at 31-03-2014	As at 31-03-2013
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	0.30
(iv) Foreign currency translation reserve	75.02	(1.52)
Closing Balance	<u>81.83</u>	<u>5.29</u>
(b) General reserve		
Opening Balance	856.28	843.32
Add: Current Year Transfer from Statement of Profit and Loss	27.23	12.96
Closing Balance	<u>883.51</u>	<u>856.28</u>
(c) Other reserves - Hedging reserve		
Opening balance	0.03	(4.71)
Add: Created during the year	6.37	0.03
	6.40	(4.68)
Less: Utilised during the year	(0.03)	4.71
Closing balance	<u>6.37</u>	<u>0.03</u>
(d) Foreign Currency Monetary Item Translation Difference Account		
Opening balance	–	(3.04)
Add: Created during the year	–	–
	–	(3.04)
Less: Transfer to Finance costs	–	(3.04)
Closing balance	<u>–</u>	<u>–</u>
(e) Revaluation Reserve		
Opening Balance	–	–
Add: Revaluation of land by one of the subsidiary	145.03	–
Closing Balance	<u>145.03</u>	<u>–</u>
(f) Surplus i.e. balance in Statement of Profit and Loss		
Opening balance	(10.83)	(128.27)
Add: Net profit for the current year	186.30	197.54
Dividend received from subsidiary (for last year)	2.89	1.73
Share of erstwhile subsidiary profit on becoming associate	0.84	–
	190.03	199.27
	<u>179.20</u>	<u>71.00</u>
Less: First interim dividend paid	30.88	28.51
Second interim dividend paid / payable	35.63	28.51
Proposed dividend	2.89	2.89
Dividend tax *	11.52	8.96
Deferred tax relating to earlier years	22.12	–
Transfer to foreign currency translation reserves	52.35	–
Transfer to general reserves	27.23	–
	<u>182.62</u>	<u>12.96</u>
Closing balance	<u>(3.42)</u>	<u>(10.83)</u>
* Includes Rs.0.22 crores relating to previous year (Last year - Nil)		
Total (a)+(b)+(c)+(d)+(e)+(f)	<u>1,113.32</u>	<u>850.77</u>
III MINORITY INTEREST		
Share capital	–	6.75
Add: Share of profit / (loss)	–	0.14
	<u>–</u>	<u>6.89</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

		Rupees in crores	
		As at 31-03-2014	As at 31-03-2013
IV LONG-TERM BORROWINGS			
(A) Secured			
Term Loans			
(a)	From banks	81.97	375.93
(b)	From Financial Institutions	50.13	77.76
(c)	Soft loan from a state owned corporation viz., State Industries Promotion Corporation of Tamil Nadu Ltd. (SIPCOT)	152.63	152.63
		<u>(A) 284.73</u>	<u>606.32</u>
(B) Unsecured			
	Sales tax deferral loan from Karnataka Government	233.03	239.36
		<u>(B) 233.03</u>	<u>239.36</u>
		<u>(A) + (B) 517.76</u>	<u>845.68</u>

Repayment terms of long-term loans

Rupees in crores

Total of loans repayable	*Current maturity i.e. loans repayable in 2013-14	Balance long-term loans as at 31-03-2013	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	*Current maturity i.e. loans repayable in 2014-15	Balance long-term loans as at 31-03-2014
190.91	14.20	176.71	External commercial borrowings	Half-yearly	–	Feb 2022	–	–	–
147.55	45.40	102.15	Term Loan I	Quarterly	9	Apr 2016	102.15	45.40	56.75
36.90	36.90	–	Term Loan II	Quarterly	–	Nov 2013	–	–	–
38.00	6.24	31.76	Term Loan IV	Quarterly	8	Mar 2017	25.00	8.00	17.00
48.00	6.86	41.14	Term Loan V	Quarterly	–	–	–	–	–
109.07	31.31	77.76	Financial institution	Half-yearly	12	Sep 2018	85.27	35.14	50.13
–	–	–	Bank Term Loan	Monthly	23	Feb 2017	15.16	6.94	8.22
27.50	3.33	24.17	Term Loan VI	Quarterly	–	–	–	–	–
			Sales Tax Deferral:						
56.96	6.33	50.63	Phase - 1	Yearly	8	2020-21	50.63	6.33	44.30
188.73	–	188.73	Phase - 2	Yearly	12	2026-27	188.73	–	188.73
152.63	–	152.63	State owned corporation	Yearly	3	2022-25	152.63	–	152.63
996.25	150.57	845.68	Total				619.57	101.81	517.76

* 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 land.
- (iv) Term loans from financial institution and bank of a subsidiary include:
 - a) Loan from Financial institution of Rs. 85.27 crores secured by collateral on property, plant and equipment of the subsidiary situated outside India.
 - b) A loan of Rs.2.08 crores in IDR and Rs.13.08 crores in USD obtained from a bank collateralized by the subsidiary's new tooling and equipment.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

Amount payable in each instalments:

Description	Currency	Amount
Term Loan I	INR	11.35 crores
Term Loan II	INR	12.30 crores
Term Loan IV	INR	1.56 crores
Term Loan V	INR	1.72 crores
Term Loan VI	INR	0.83 crores
Financial institution I	USD	1.80 million, 5.80 million, 2.20 million and 1.1 million
Bank term loan	USD	23 unequated monthly instalments
Sales tax deferral Phase-1	INR	6.33 crores
Sales tax deferral Phase-2	INR	15.73 crores
State owned corporation	INR	10.00 crores, 67.23 crores and 75.40 crores

Rupees in crores

	As at 31-03-2014	As at 31-03-2013
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V LONG-TERM PROVISIONS

Employee benefits

(a) Pension	52.33	48.50
(b) Leave salary	10.26	7.73
	62.59	56.23

VI SHORT-TERM BORROWINGS

Repayable on demand:

(a) From banks

(i) Cash credit / Packing credit

- Secured	76.64	26.76
- Unsecured *	30.59	31.08
	107.23	57.84

(ii) Others

- Secured	–	13.80
- Unsecured	0.90	0.23
	0.90	14.03

* Includes packing credit foreign currency Rs.29.95 crore
(Last year - Rs.21.00 Crore)

	108.13	71.87
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Details of securities created for loans availed:

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.

Short term borrowings from banks of a subsidiary include:

- a) A loan of Rs.1.05 Crores in IDR and Rs.37.76 Crores in USD obtained from a bank, secured by a letter of comfort issued by a bank in India.
- b) A loan of Rs.4.81 Crores in IDR and Rs.12.73 Crores in USD obtained from another bank, collateralized by the subsidiary's inventory and trade account receivables.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

	Rupees in crores	
	As at 31-03-2014	As at 31-03-2013
VII OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt		
(i) Term loans	95.48	144.24
(ii) Sales tax deferral loan from Karnataka Government	6.33	6.33
(b) Unclaimed dividend (Not due for transfer to Investor Education and Protection Fund)	2.03	2.49
(c) Interest accrued but not due	1.28	2.10
(d) Others		
(i) Statutory dues	25.80	25.42
(ii) Employee related	23.52	19.58
(iii) For expenses	257.69	195.91
(iv) Trade deposits received	49.01	48.14
(v) For project expenditure	–	16.49
(vi) Advance received from customers	76.37	26.31
(vii) Money held under trust	5.02	16.33
	<u>542.53</u>	<u>503.34</u>
VIII SHORT-TERM PROVISIONS		
(a) Employee benefits - Leave salary	1.50	1.26
(b) Employee benefits - Pension	4.94	4.38
(c) Warranty	20.48	17.72
(d) Second interim dividend payable	35.63	28.51
(e) Proposed dividend	2.89	2.89
(f) Dividend tax	6.05	4.62
(g) Other provisions for expenses	0.74	4.86
	<u>72.23</u>	<u>64.24</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

IX NON-CURRENT ASSETS - FIXED ASSETS

Rupees in crores

Description	Tangible							Intangible				Total (tangible and intangible)			
	Land		Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total as at		Software	Design Development and knowhow	Total as at		As at	
	Free hold	Lease hold						31/03/2014	31/03/2013			31/03/2014	31/03/2013	31/03/2014	31/03/2013
Cost of assets															
As at 01-04-2013	71.12	22.43	399.37	2,424.69	19.57	59.82	11.45	3,008.45	2,739.10	23.67	–	23.67	18.97	3,032.12	2,758.07
Additions	206.54	–	16.97	160.47	3.69	6.99	2.43	397.09	309.49	4.36	19.11	23.47	4.70	420.56	314.19
Foreign exchange translation reserve adjustments	(1.52)	–	(0.13)	9.94	(0.31)	–	(0.03)	7.95	46.78	–	–	–	–	7.95	46.78
Sub-total	276.14	22.43	416.21	2,595.10	22.95	66.81	13.85	3,413.49	3,095.37	28.03	19.11	47.14	23.67	3,460.63	3,119.04
Less : Assets of erstwhile subsidiaries	6.69	1.61	0.42	359.61	0.04	–	–	368.37	–	–	–	–	–	368.37	–
Sales / deletion	–	–	0.04	94.03	0.26	2.19	0.51	97.03	86.92	–	–	–	–	97.03	86.92
Total	269.45	20.82	415.75	2,141.46	22.65	64.62	13.34	2,948.09	3,008.45	28.03	19.11	47.14	23.67	2,995.23	3,032.12
Depreciation / Amortisation															
Upto 31-03-2013	–	0.78	98.92	1,261.87	11.67	40.28	6.84	1,420.36	1,272.83	18.74	–	18.74	13.02	1,439.10	1,285.85
For the year	–	0.14	14.11	114.98	1.63	7.98	1.64	140.48	169.88	5.29	3.19	8.48	5.72	148.96	175.60
Foreign exchange translation reserve adjustments	–	–	(0.90)	12.33	(0.29)	–	(0.02)	11.12	11.17	–	–	–	–	11.12	11.17
Sub-total	–	0.92	112.13	1,389.18	13.01	48.26	8.46	1,571.96	1,453.88	24.03	3.19	27.22	18.74	1,599.18	1,472.62
Less : Assets of erstwhile subsidiaries	–	0.08	–	35.17	0.02	–	–	35.27	–	–	–	–	–	35.27	–
Withdrawn on assets sold / deleted	–	–	0.04	83.19	0.14	2.10	0.39	85.86	33.52	–	–	–	–	85.86	33.52
Total	–	0.84	112.09	1,270.82	12.85	46.16	8.07	1,450.83	1,420.36	24.03	3.19	27.22	18.74	1,478.05	1,439.10
Written down value															
As at 31-03-2014	269.45	19.98	303.66	870.64	9.80	18.46	5.27	1,497.26	–	4.00	15.92	19.92	–	1,517.18	–
As at 31-03-2013	71.12	21.65	300.45	1,162.82	7.90	19.54	4.61	–	1,588.09	4.93	–	–	4.93	–	1,593.02
CAPITAL WORK-IN-PROGRESS (AT COST)															
(a) Building														0.62	0.56
(b) Plant & equipment														47.59	35.60
Total														48.21	36.16

a) Additions include revaluation of land by one of its subsidiaries for Rs.145.03 crores, based on the fair value ascertained by a qualified external appraiser.

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

c) Cost of buildings includes Rs.37.90 crores (Last year Rs.36.20 crores) pertaining to buildings constructed on leasehold land.

X NON-CURRENT INVESTMENTS

Rupees in crores

	As at 31-03-2014	As at 31-03-2013
Trade Investments		
(a) Investments in equity instruments	49.05	42.96
Add: Profit/(loss) of associate	1.24	(0.20)
	50.29	42.76
(b) Investments in preference shares	357.71	271.01
	(A) 408.00	313.77
Other Investments		
(a) Investments in bonds	15.00	15.00
(b) Employees pension related investments	15.65	16.91
	(B) 30.65	31.91
Investment in Property	(C) –	2.03
	(A) + (B) + (C) 438.65	347.71

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

X NON-CURRENT INVESTMENTS – (continued)

Sl. No.	Name of the body corporate	Subsidiary/ Associate	No. of shares/ units		Face Value	Curren- cy	Partly paid/ fully paid	Extent of holding (%)		Rupees in crores	
			As at 31-03-2014	As at 31-03-2013				As at 31-03-2014	As at 31-03-2013	As at 31-03-2014	As at 31-03-2013
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. TRADE INVESTMENTS											
(a)	Investment in Equity Instruments:										
	Quoted:										
(i)	Suprajit Engineering Limited, Bengaluru		28,92,000	28,92,000	1.00	INR	Fully paid			0.08	0.08
(ii)	Ucal Fuel Systems Limited, Chennai		91,760	91,760	10.00	INR	Fully paid			0.25	0.25
(iii)	Bank of Baroda, Vadodara		-	2,000			Fully paid			-	0.02
	Unquoted:										
(iv)	TVS Lanka (Private) Limited, Colombo		50,00,000	50,00,000	10.00	LKR	Fully paid			2.08	2.08
(v)	TVS Motor Services Limited, Chennai		3,80,000	3,80,000	10.00	INR	Fully paid			0.38	0.38
(vi)	TVS Global Automobile Traders FZCO, Dubai		-	1	100,000	AED	Fully paid			-	0.14
(vii)	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	Associate	4,00,00,000	4,00,00,000	10.00	INR	Fully paid	48.8	48.8	40.00	40.00
(viii)	Sundaram Engineering Products Services Limited, Chennai (Associate upto 30.03.2014)		7,746	12,746	10.00	INR	Fully paid	15.5	25.5	0.01	0.01
(ix)	Green Infra BTV Limited, Chennai (Formerly known as TVS Energy Limited) (subsidiary upto 16.08.2013)		32,50,000	-	10.00	INR	Fully paid	4.0		3.25	-
(x)	Green Infra Wind Energy Theni Limited, Chennai (formerly known as TVS Wind Energy Limited) (subsidiary upto 16.08.2013)	Associate	30,00,000		10.00	INR	Fully paid	21.6		3.00	-
	Sub-total										
	Add : Share in profit/(loss) of associate										
	Total (a)										
(b)	Investments in Preference Shares (Unquoted):										
(i)	TVS Motor Services Limited, Chennai		34,60,10,000	27,10,10,000	10.00	INR	Fully paid			346.01	271.01
(ii)	Pinnacle Engines Inc., USA (face value 0.01 cent)		24,09,638	-	0.0001	USD	Fully paid			11.70	-
	Total (b)										
	Total (a)+(b)										
B. OTHER INVESTMENTS (Unquoted) :											
(a)	Investments in Bonds:										
(i)	Power Finance Corporation Limited, New Delhi		150	150	10,00,000	INR	Fully paid			15.00	15.00
	Total (a)										
(b)	Other non-current investments										
(i)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai						Fully paid			9.23	9.23
(ii)	Life Insurance Corporation Pension Policy, Mumbai						Fully paid			6.42	7.68
(iii)	National Savings Certificates (Rs.37,100/- deposited with Sales Tax authorities)						Fully paid			-	-
	Total (b)										
	Total (a)+(b)										

Investment summary

Rupees in crores

Particulars	As at 31-03-2014		As at 31-03-2013	
	Cost	Market value	Cost	Market value
Quoted investments	0.33	20.21	0.35	10.25
Unquoted investments	438.32		345.33	

Note : All investments are valued at cost.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

		Rupees in crores	
		As at 31-03-2014	As at 31-03-2013
XI	LONG-TERM LOANS AND ADVANCES		
	Unsecured, considered good		
	(a) Capital advances	6.48	9.91
	(b) Deposits made	18.18	19.42
	(c) Advance payment of Income Tax less provisions	19.43	10.15
		<u>44.09</u>	<u>39.48</u>
XII	INVENTORIES (at cost or net realisable value whichever is less)		
	(a) Raw materials and components	231.65	215.94
	(b) Goods-in-transit - Raw materials and components	42.02	29.93
	(c) Work-in-process	36.93	41.95
	(d) Finished goods	162.38	163.91
	(e) Stock-in-trade	86.11	98.74
	(f) Goods-in-transit - stock-in-trade	18.47	27.41
	(g) Stores and spares	28.18	25.88
	(h) Dies, moulds & tools	60.31	32.03
		<u>666.05</u>	<u>635.79</u>
XIII	TRADE RECEIVABLES		
	(a) Unsecured debts outstanding for a period exceeding six months		
	(i) Considered good	45.05	24.37
	(ii) Considered doubtful	4.76	4.14
		<u>49.81</u>	<u>28.51</u>
	Less: Provision for doubtful debts	4.76	4.14
		<u>45.05</u>	<u>24.37</u>
	(b) Other unsecured debts (considered good)	307.87	294.36
		<u>352.92</u>	<u>318.73</u>
XIV	CASH AND CASH BALANCES		
	(a) Cash and cash equivalents		
	(i) Balances with banks in current accounts	41.17	70.83
	(ii) Balances with banks in fixed deposits	53.26	1.64
	(iii) Cheques/drafts on hand	1.16	4.31
	(iv) Cash on hand	0.77	0.26
	(b) Other bank balances		
	(i) Earmarked balances with banks (for unpaid dividend)	2.03	2.49
	(ii) Balances with banks (with more than 12 months maturity)	0.08	0.07
		<u>98.47</u>	<u>79.60</u>
XV	SHORT-TERM LOANS AND ADVANCES		
	Unsecured considered good:		
	(a) Inter corporate deposits made	7.31	12.47
	(b) Employee related	10.08	10.62
	(c) Rent advance	3.48	2.87
	(d) VAT receivable and dues from government	132.79	117.32
	(e) Excise current account	118.23	63.39
	(f) Prepaid expense	17.51	5.33
	(g) Vendor advance	27.58	38.23
	(h) Advance payment of Income Tax less provisions	63.55	13.11
		<u>380.53</u>	<u>263.34</u>
XVI	OTHER CURRENT ASSETS		
	(a) Interest accrued on deposits/investments	1.41	2.23
	(b) Claims receivable	3.73	10.44
	(c) Export Incentive Receivable	69.49	48.55
	(d) Hedge asset and Deferred forward contract premium	7.35	0.03
	(e) Others	3.50	5.85
		<u>85.48</u>	<u>67.10</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

	Rupees in crores	
	Year ended 31-03-2014	Year ended 31-03-2013
XVII REVENUE FROM OPERATIONS		
(a) Sale of products	8,914.70	8,006.86
(b) Sale of raw materials	81.66	115.10
(c) Sale of services	6.82	2.67
(d) Other operating revenues	109.75	104.97
	<u>9,112.93</u>	<u>8,229.60</u>
Less : Excise duty and service tax	733.92	719.13
	<u>8,379.01</u>	<u>7,510.47</u>
XVIII OTHER INCOME		
(a) Interest income	20.65	16.83
(b) Dividend	0.29	1.38
(c) Gain on sale of investments	2.68	0.07
(d) Profit on sale of fixed assets	–	0.42
(e) Other non operating income	3.04	5.47
	<u>26.66</u>	<u>24.17</u>
XIX MATERIAL COST		
Cost of Materials consumed		
Opening stock of raw materials and components	215.94	266.25
Add: Purchases	5,499.36	4,947.28
	<u>5,715.30</u>	<u>5,213.53</u>
Less: Closing stock of raw materials	231.65	215.94
Consumption of raw materials	<u>5,483.65</u>	<u>4,997.59</u>
Purchases of stock-in-trade	402.80	359.47
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	41.95	61.47
Stock-in-trade	98.74	42.09
Finished goods	163.91	191.57
	<u>(A) 304.60</u>	<u>295.13</u>
Closing stock:		
Work in process	36.93	41.95
Stock-in-trade	86.11	98.74
Finished goods	162.38	163.91
Finished goods of erstwhile subsidiaries	2.45	–
	<u>(B) 287.87</u>	<u>304.60</u>
	<u>(A)-(B) 16.73</u>	<u>(9.47)</u>
XX EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and wages	457.11	402.77
(b) Contribution to provident and other funds	36.82	27.95
(c) Welfare expenses	47.09	43.16
	<u>541.02</u>	<u>473.88</u>

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

Consolidated notes on accounts – (continued)

	Rupees in crores	
	Year ended 31-03-2014	Year ended 31-03-2013
XXI FINANCE COSTS		
(a) Interest expense	48.17	93.13
(b) Amortisation of foreign currency monetary item translation difference account	–	3.03
(c) Other borrowing cost - exchange fluctuation and processing charges	<u>31.92</u>	<u>7.25</u>
	<u>80.09</u>	<u>103.41</u>
XXII OTHER EXPENSES		
(a) Consumption of stores, spares and tools*	48.59	51.96
(b) Power and fuel*	89.33	105.44
(c) Rent*	20.58	25.72
(d) Repairs - buildings	13.53	10.64
(e) Repairs - plant and equipment	43.39	44.46
(f) Insurance	3.65	4.28
(g) Rates and taxes (excluding taxes on income)	6.38	6.65
(h) Audit fees	1.04	1.02
(i) Packing and freight charges*	339.19	259.50
(j) Advertisement and publicity*	291.35	214.44
(k) Other marketing expenses*	263.99	261.71
(l) Loss on sale / impairment of assets	0.48	0.13
(m) Foreign exchange loss	2.06	13.87
(n) 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)	<u>324.30</u>	<u>250.84</u>
	<u>1,447.86</u>	<u>1,250.66</u>

* Net of recoveries

XXIII Significant accounting policies, notes on accounts and additional disclosures

1 SIGNIFICANT ACCOUNTING POLICIES

A Nature of operations

TVS Motor Company Limited (the Company), a public limited company, together with its subsidiaries and associates (collectively referred to as the "Group") operate in a wide range of activities such as manufacturing of automotive vehicles and components and spare parts thereof, vehicle financing, wind power producing and housing.

The Company's shares are listed for trading on the National Stock Exchange of India Limited, BSE Limited and Madras Stock Exchange Limited.

B Significant accounting policies

(a) Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles in India, Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 and the relevant provisions thereof.

(b) Principles of consolidation

The financial statements of the subsidiary companies and associate companies used in the consolidation are drawn up to the same reporting date as of the Company except in case of Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai, a subsidiary.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

1 SIGNIFICANT ACCOUNTING POLICIES – (continued)

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

- i) The financial statements of the Company and its subsidiary companies have been combined on a line- by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.
- ii) The consolidated financial statements include the share of profit / loss of associate companies, which are accounted under the 'Equity method' as per which the share of profit / loss of the associate company has been adjusted to the cost of investment. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.
- iii) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments in the subsidiary companies are made and further movements in their share in the equity, subsequent to the dates of investments.
- iv) 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 same manner as that adopted by the Parent Company for its separate financial statements.
- (v) 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
1.	Subsidiary companies:			
(a)	Sundaram Auto Components Limited, Chennai	India	100	31-03-2014
(b)	Green Infra BTV Limited, Chennai (formerly known as TVS Energy Limited) subsidiary upto 16.08.2013	India	94.5	
(c)	Green Infra Wind Power Theni Limited, Chennai (formerly known as TVS Wind Power Limited) subsidiary upto 16.08.2013	India	73.21 by (b)	
(d)	Green Infra Wind Energy Theni Limited, Chennai (formerly known as TVS Wind Energy Limited) subsidiary upto 16.08.2013	India	73.02 by (b) & 21.58 by (a)	
(e)	TVS Housing Limited, Chennai	India	100	31-03-2014
(f)	TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	100	31-03-2014
(g)	TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	100	31-03-2014
(h)	PT. TVS Motor Company Indonesia, Jakarta	Indonesia	68.15 by (f) 31.85 by (g)	31-03-2014
(i)	Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai	China	100	31-12-2013
2.	Associate Company:			
(a)	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	India	48.80	31-03-2014
(b)	Green Infra Wind Energy Theni Limited, Chennai (formerly known as TVS Wind Energy Limited)	India	21.58 by 1 (a)	31-03-2014

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

1 SIGNIFICANT ACCOUNTING POLICIES – (continued)

(c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

(d) Revenue recognition

The Company recognises revenues from the sale of products net of trade discounts, when the products are delivered to the dealer / customer or when delivered to the carrier, when risks and rewards of ownership pass to the dealer / customer. Export incentives are accounted on accrual basis.

Sales includes income from services. Sale of products and services is presented gross of excise duty and service tax where applicable, and excludes other indirect taxes.

Dividend from investments is recognised when the right to receive the payment is established. Interest income is recognised on the time proportion basis determined by the amount outstanding and the rate applicable.

(e) Fixed assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any.

Cost includes purchase price, taxes and duties, labour cost and directly attributable overhead expenditure incurred upto the date the asset is ready for its intended use. However, cost excludes excise duty, VAT and service tax wherever credit of the duty or tax is availed of.

In case, any particular asset is revalued at fair value, consequent increase in revaluation will be credited to Revaluation Reserve Account under Reserves and Surplus. Any decrease in the revaluation is recognised in the Statement of Profit and Loss to the extent it exceeds the balance, if any, held in Revaluation Reserve relating to a previous revaluation of that asset.

(f) Borrowing costs

Borrowing cost incurred for qualifying assets is capitalised upto the date the asset is ready for intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. Borrowing costs also include exchange differences relating to long term foreign currency borrowings attributable to the acquisition of depreciable asset w.e.f. April 1, 2007.

All other borrowing costs are recognised as an expense in the period for which they relate to.

(g) Depreciation and amortisation

(i) Depreciation is provided on Straight Line Method (SLM), at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except in the following cases:

Leasehold Land - amortised over the period of the lease

Computers - at 30%

Vehicles - at 18%

Furniture & fixtures - at 10%

Mobile phones - at 50%

Office equipment - at 10%

Tools and dies - for two wheelers based on quantity of components manufactured and the life of tools and dies, subject to a maximum of three years. Tools and dies used for three wheeler operations are depreciated at 11.31%.

(ii) In one of the foreign subsidiaries following depreciation rates are adopted:

Building - 5%

Machinery and tools - 10 to 25%

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

1 SIGNIFICANT ACCOUNTING POLICIES – (continued)

Office equipment and furniture - 25%

Vehicles - 20%

Moulds and dies based on the units of production

(iii) 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 31st May 2011 (issued by Ministry of Corporate Affairs).

(iv) On fixed assets added/disposed of during the year, depreciation is provided on pro-rata basis.

(v) Depreciation in respect of assets costing less than Rs.5000/- is provided at 100%.

(h) Intangible assets

Intangible assets in the form of Software acquired are recorded at their acquisition cost and are amortised over 2 years. Other intangible assets are recorded at their acquisition cost and are amortised over their useful life or 10 years, whichever is earlier.

(i) Impairment

At each Balance Sheet date, the Company ascertains whether there is any impairment of the fixed / intangible assets based on internal / external factors. An impairment loss is recognised, wherever the carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognised by charging it to the Profit and Loss Statement.

(j) Transactions in foreign currencies

(i) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

(ii) Foreign currency monetary assets and liabilities such as cash, receivables, payables etc. are translated at year end exchange rates.

(iii) Non-monetary items denominated in foreign currency such as investments, fixed assets etc., are valued at the exchange rate prevailing on the date of transaction.

(iv) Exchange differences arising on settlement of transactions and translation of monetary items other than those covered by (v) below are recognised as income or expense in the year in which they arise.

(v) Exchange differences relating to long term foreign currency monetary assets / liabilities are accounted for, with effect from April 1, 2007 in the following manner:

- Differences relating to borrowings attributable to the acquisition of the depreciable capital asset are added to / deducted from the cost of such capital assets.

- Other differences are accumulated in Foreign Currency Monetary Item Translation Difference Account, to be amortized over the period till the date of maturity or March 31, 2020, whichever is earlier in accordance with the notification issued by the Ministry of Corporate Affairs on December 29, 2011.

(vi) Exchange differences relating to forward exchange contracts entered into for hedging i.e for mitigating the foreign currency fluctuation risk on an underlying asset or liability other than those covered under (v) above are recognised in the Profit and Loss Statement. Premium or discount on forward contracts other than those covered in (v) above is amortised over the life of such contracts and is recognised as income or expense.

(vii) For the purpose of consolidation, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such change is accumulated under Foreign Currency Translation Reserve.

(k) Hedge accounting

With effect from April 1, 2008, the Company has adopted the principles of hedge accounting prescribed by Accounting Standard (AS30) - "Financial Instruments Recognition and Measurement": Accordingly the Company designates certain pre-shipment credit limits (PCFC) as hedging instruments and uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions.

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

1 SIGNIFICANT ACCOUNTING POLICIES – (continued)

Recognition and Measurement

These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward and option contracts that are designated and effective as hedges of future cash flows are recognized directly in Hedging Reserve Account under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Profit and Loss Statement. Amounts accumulated in Hedging Reserve Account are transferred to Profit and Loss Statement in the respective periods in which the forecasted transactions consummated.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Hedging Reserve Account is retained there until the forecasted transaction is consummated.

If the forecasted transaction is no longer expected to take place, the net cumulative gain or loss recognised in Hedging Reserve Account is immediately transferred to the Profit and Loss Statement.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost of raw materials and consumables are ascertained on a moving weighted average basis. Attributable costs are allocated to work-in-progress, stock-in-trade and finished goods.

(m) Investments

Long term investments are stated at cost. The carrying amount is reduced to recognise a decline, other than temporary in the value of the investments. Current investments are stated at lower of cost and market value.

(n) Employee benefits

(i) Provident fund

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions as specified under the law are made to the provident fund set up as irrevocable trust by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

(ii) Pension

The Company has pension plan which is a defined benefit plan, in respect of senior managers of the Company. The liability for the pension benefits payable in future under the said plan, is provided for based on an independent actuarial valuation as at Balance Sheet date.

(iii) Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Profit and Loss Statement.

(iv) Leave encashment

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

(o) Taxes on Income

Tax expense comprises of current and deferred taxes.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax is net of credit for entitlement for Minimum Alternative Tax (MAT).

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

1 SIGNIFICANT ACCOUNTING POLICIES – (continued)

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to be applied in the period when asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

(p) Government Grants

Government grants are recognised on receipt. Grants identifiable to specific fixed assets are shown as a deduction from the gross value of the asset concerned in arriving at its book value. Where the government grants cannot be identified with any specific identifiable fixed assets, such amount is credited to capital reserve.

(q) Provisions and contingent liabilities

(i) Provision

A provision arising out of a present obligation is recognised only when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

(ii) Contingent liabilities

Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

2 Derivative transactions:

The Company uses forward exchange contracts and certain foreign currency packing credit loans to hedge its exposure in foreign currency.

Derivative instruments outstanding as at 31.3.2014:

S. No.	Particulars	Currency	Amount		Buy / Sell	Amount	
			Foreign currency in millions			Rupees in crores	
			31-03-2014	31-03-2013		31-03-2014	31-03-2013
a)	Forward exchange contracts (net)	US\$ / INR	83.50	8.49	Sell	500.29	46.09
		Euro / INR	2.40	–	Buy	19.84	–
b)	Foreign currency exposures not covered by derivative instruments - receivable / payable (net)	US\$ / INR	4.33	7.88	Sell	25.96	42.81
		Euro / INR	0.03	0.05	Sell	0.21	0.38
		JPY / INR	39.14	62.12	Sell	2.27	3.58
		GBP & CHF / INR	–	–	Sell	0.08	0.10

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

Rupees in crores

3 (a) Defined benefit plans / leave salary as per actuarial valuation:

	Gratuity	Pension	Leave salary
(a) Expenses recognised in the Statement of Profit and Loss			
(i) Current service cost	3.17	–	2.68
(ii) Interest cost	3.60	3.75	0.63
(iii) Expected return on plan assets	(4.07)	–	–
(iv) Net actuarial loss / (gain) recognised in the year	5.76	(1.04)	1.67
Total	8.46	2.71	4.98
(b) Change in defined benefit obligation during the year ended 31-03-2014			
(i) Present value of obligation as at the beginning of the year (01-04-2013)	44.96	46.94	8.99
(ii) Interest cost	3.60	3.75	0.63
(iii) Current service cost	3.17	–	2.68
(iv) Benefits paid	(4.04)	(0.11)	(2.20)
(v) Actuarial loss on obligation	6.34	(1.04)	1.67
(vi) Present value of obligation as at the end of the year (31-03-2014)	54.03	49.54	11.77
(c) Change in fair value of plan assets during the year ended 31-03-2014			
(i) Fair value of plan assets at the beginning of the year (01-04-2013)	48.27	–	–
(ii) Expected return on plan assets	4.07	–	–
(iii) Contributions made during the year	9.69	–	–
(iv) Benefits paid	(4.04)	–	–
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year (31-03-2014)	57.99	–	–
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2013)	(3.32)	46.93	8.99
(ii) Contributions made during the year	(9.69)	–	–
(iii) Expenses	8.46	2.72	4.99
(iv) Benefits paid	–	(0.11)	(2.20)
(v) Value of benefit	(4.55)	49.54	11.78
Note: The net asset in respect of gratuity plan is not recognised as it is lying in 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	NA
Estimates of future salary increases considered in actuarial valuation takes into account the inflation, seniority, promotions and other relevant factors.			

3 (b) Defined contribution plans:

The Company's contribution to defined contribution plans i.e., provident fund of Rs.11.35 crores (last year Rs.10.14 crores) has been recognised in the Statement of Profit and Loss.

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

4 Segment information for the year ended 31st March 2014

Rupees in crores

Particulars	Business segment			
	Automotive vehicles & parts	Automotive components	Others	Total
Revenue				
External sales - domestic	6,434.74	125.11	35.55	6,595.40
- exports	1,783.61	–	–	1,783.61
Inter segment sales	0.24	162.77	2.62	165.63
Total sales	8,218.59	287.88	38.17	8,544.64
Less: Inter segment sales	0.24	162.77	2.62	165.63
Net revenue	8,218.35	125.11	35.55	8,379.01
Segmentwise results before interest and tax	341.41	22.61	23.16	387.18
Less: Interest	62.74	5.98	11.37	80.09
Profit before tax	278.67	16.63	11.79	307.09
Less: Tax expense	106.64	7.11	6.46	120.21
Profit after tax	172.03	9.52	5.33	186.88
Segment assets	3,345.61	256.86	29.11	3,631.58
Segment liabilities	2,320.28	121.43	29.04	2,470.75
Total cost incurred during the year to acquire segment assets	256.55	19.42	0.66	276.63
Segment depreciation / amortisation	131.67	10.08	7.21	148.96
Non-cash expenses / (income) other than depreciation / amortisation	–	–	–	–

Notes: The Company and its Indian subsidiaries cater mainly to the needs of the domestic market. There are no reportable geographical segments.

5(a) Related parties and their relationship

	Period	
	From	To
Holding company:		
Sundaram-Clayton Limited, Chennai	01-04-2013	31-03-2014
Ultimate holding company:		
T V Sundram Iyengar & Sons Limited, Madurai	01-04-2013	31-03-2014
Fellow subsidiaries:		
Sundaram Investment Limited, Chennai	01-04-2013	31-03-2014
TVS Capital Funds Limited, Chennai	01-04-2013	31-03-2014
TVS Electronics Limited, Chennai	01-04-2013	31-03-2014
Uthiram Rubber Products Limited, Madurai	06-05-2013	31-03-2014

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

5(a) Related parties and their relationship (continued)

	Period	
	From	To
Prime Property Holdings Limited, Chennai	01-04-2013	31-03-2014
TVS-E Access (India) Limited, Chennai	01-04-2013	31-03-2014
TVS Training and Services Limited, Chennai	01-04-2013	31-03-2014
NCR Autocars Limited, New Delhi	13-05-2013	31-03-2014
Southern Roadways Limited, Madurai	01-04-2013	31-03-2014
Sundaram Industries Limited, Madurai	01-04-2013	31-03-2014
The Associated Auto Parts Limited, Mumbai	01-04-2013	31-03-2014
TVS Interconnect Systems Limited, Madurai	01-04-2013	31-03-2014
Lucas-TVS Limited, Chennai	01-04-2013	31-03-2014
Sundaram Textiles Limited, Madurai	01-04-2013	31-03-2014
TVS Automobile Solutions Limited, Madurai	01-04-2013	31-03-2014
Sundaram Lanka Tyres Limited, Colombo	01-04-2013	31-03-2014
NSM Holdings Limited, Madurai	01-04-2013	31-03-2014
SNS Warranty Solutions Limited, Madurai	26-12-2013	31-03-2014
NK Telecom Products Limited, Madurai	01-04-2013	31-03-2014
NK Tele Systems Limited, Madurai	01-04-2013	31-03-2014
Lucas Indian Service Limited, Chennai	01-04-2013	31-03-2014
TVS Automotive Systems Limited, Chennai	01-04-2013	31-03-2014
Rajgarhia Automobile Solution Limited, Kolkata	01-04-2013	31-03-2014
Pusam Rubber Products Limited, Madurai	01-04-2013	31-03-2014
Sundaram-Clayton (USA) Limited, USA	01-04-2013	31-03-2014
Essex Automobile Solutions Limited, Gujarat	01-04-2013	31-03-2014
Gallant E-Access Private Limited, New Delhi	18-02-2014	31-03-2014
TVS Insurance Broking Limited, Chennai (Previously known as Navratna Insurance Broking Limited)	01-04-2013	31-03-2014
Focuz Automobile Services Limited, Kerala	01-04-2013	31-03-2014
GS Automotive Service Equipments (Chennai) Private Limited, Madurai	01-04-2013	31-03-2014
TVS All Car Services Private Limited (Previously known as SANRAV Automobile Solutions (Chennai) Private Limited), Madurai	01-04-2013	31-03-2014
Sundaram Engineering Products Services Limited, Chennai	01-04-2013	31-03-2014
Associate companies:		
Emerald Haven Realty Limited, Chennai (Formerly known as Green Earth Homes Limited)	01-04-2013	31-03-2014
Green Infra Wind Energy Theni Limited, Chennai (Formerly known as TVS Wind Energy Limited)	17-08-2013	31-03-2014
Sundaram Engineering Products Services Limited, Chennai	01-04-2013	30-03-2014

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

5(a) Related parties and their relationship (continued)

	Period	
	From	To
List of Related Parties as per Clause 3(c) of the standard		
Key Management personnel:		
Mr. Venu Srinivasan, Chairman & Managing Director	01-04-2013	31-03-2014
Mr. Sudarshan Venu, Whole-time Director	01-04-2013	31-03-2014
Mr. Manojkumar V Patil, Manager under the Companies Act, 1956	01-04-2013	18-05-2013
Mr. Pradip Kumar Saha, Manager under the Companies Act, 1956	01-06-2013	31-03-2014
Enterprise over which key management personnel and his relative have significant influence:		
Harita-NTI Limited, Chennai	01-04-2013	31-03-2014
Relative of key management personnel:		
Dr. Malini Srinivasan	01-04-2013	31-03-2014

Rupees in crores

As at/ Year ended 31-03-2014	As at/ Year ended 31-03-2013
------------------------------------	------------------------------------

5(b) Transactions with related parties:

(i) Purchase of goods		
– ultimate holding company (TV Sundram Iyengar & Sons Limited, Madurai)	0.46	0.43
– holding company (Sundaram-Clayton Limited, Chennai)	216.25	174.59
– fellow subsidiaries		
TVS Electronics Limited, Chennai	0.25	0.02
Sundaram Industries Limited, Madurai	0.28	0.49
Lucas-TVS Limited, Chennai	42.98	37.50
Lucas Indian Service Limited, Chennai	1.16	0.86
– associate (Green Infra Wind Energy Theni Limited, Chennai)	1.20	–
– enterprises over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	0.59	0.65
(ii) Sale of goods		
– holding company (Sundaram-Clayton Limited, Chennai)	5.93	–
– fellow subsidiary (Lucas - TVS Limited, Chennai)	0.21	0.18
(iii) Rendering of services (including interest received)		
– holding company (Sundaram-Clayton Limited, Chennai)	2.04	1.30
– fellow subsidiary (Southern Roadways Limited, Madurai)	0.01	0.01

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2014	As at/ Year ended 31-03-2013
5(b) Transactions with related parties: – (continued)		
(iv) Availing of services (includes sub-contract charges paid)		
– holding company (Sundaram-Clayton Limited, Chennai)	41.42	38.16
– fellow subsidiaries:		
TVS Electronics Limited, Chennai	0.74	0.88
Southern Roadways Limited, Madurai	2.58	2.28
(v) Investments redeemed during the year		
– erstwhile subsidiary company :		
Green Infra BTV Limited, Chennai (Formerly known as TVS Energy Limited, Chennai - subsidiary upto 16.08.2013). The company divested 7,35,00,000 shares of Rs 10/- each during the year.	73.50	–
(vi) Remuneration to key management personnel	10.49	3.20
Remuneration to relative of key management personnel	0.54	0.20
(vii) Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	34.09	35.44
5(c) Balances with related parties:		
(i) Trade receivables		
– holding company (Sundaram-Clayton Limited, Chennai)	–	–
– fellow subsidiary (Lucas TVS Limited, Chennai)	0.07	–
(ii) Trade payables		
– ultimate holding company (T V Sundram Iyengar & Sons Limited, Madurai)	0.01	–
– holding company (Sundaram-Clayton Limited, Chennai)	19.29	11.28
– fellow subsidiaries		
Lucas-TVS Limited, Chennai	5.96	5.87
Lucas Indian Service Limited, Chennai	0.14	0.14
Sundaram Industries Limited, Madurai	0.12	0.06
– associate		
Green Infra Wind Energy Theni Limited, Chennai	0.05	–
– enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	0.05	0.01
6 Earnings per share:		
Profit after tax before extraordinary items	183.36	188.17
Profit after tax after extraordinary items	186.30	197.54
Number of equity shares	475087114	475087114
Face value of the share (in rupees)	1.00	1.00
Weighted average number of equity shares	475087114	475087114
Basic and diluted earnings per share before extraordinary items (in rupees)	3.86	3.96
Basic and diluted earnings per share after extraordinary items (in rupees)	3.92	4.16

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2014	As at/ Year ended 31-03-2013
7 Deferred tax:		
(i) Deferred tax liability consists of:		
– tax on depreciation	179.59	146.91
– tax on amortisation of dies and moulds	10.26	8.07
– tax on expenses admissible on payment basis under Income Tax Act, 1961	–	28.29
(A)	<u>189.85</u>	<u>183.27</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 and others	56.54	101.47
(B)	<u>56.54</u>	<u>101.47</u>
Deferred tax liability (net of deferred tax asset) (A) - (B)	133.31	81.80
8 Warranty provision (current):		
Opening balance	17.72	15.23
Add: Provision for the year (net)	20.48	17.72
	<u>38.20</u>	<u>32.95</u>
Less: Payments / debits (net)	17.72	15.23
Closing balance	<u>20.48</u>	<u>17.72</u>
9 Contingent liabilities and commitments not provided for:		
(a) Claims against the company not acknowledged as debts:		
(i) Excise	57.19	56.55
(ii) Service tax	4.51	5.03
(iii) Customs	1.93	1.93
(iv) Sales tax	3.88	2.44
(v) Income tax	11.81	16.76
(vi) Others	3.50	4.60
(b) Guarantees:		
(i) On counter guarantee given to banks	53.92	24.14
(ii) On guarantee to Housing Development Finance Corporation Limited, Mumbai, on loans granted to employees of the Company	–	1.25
(c) Other money for which the Company is contingently liable:		
(i) On letters of credit	178.18	112.08
(ii) On bills discounted with banks	95.32	61.51
(iii) On import of capital goods under Export Promotion Capital Goods Scheme	33.00	22.08
(iv) On obligation arising out of agreements facilitating credit to a company	41.66	41.66
(v) On obligation arising out of agreements facilitating credit to subsidiary company	53.88	53.88
(vi) On factoring arrangements	3.96	3.49

CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2014	As at/ Year ended 31-03-2013
(d) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	89.95	78.47
10 The audited/unaudited financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principle of its Country of incorporation or International Financial Reporting Standards. The differences in accounting policies of the Company and its subsidiaries / associates are not material.		
11 One of the overseas subsidiaries has an accumulated loss of Rs.416.75 crores as at 31.3.2014. The subsidiary is developing its brand and introducing new products in a highly competitive environment. The subsidiary is also developing their network of distributors, dealers and consumer finance companies. The Company continues to extend financial support to the subsidiary. Considering these measures, the management is of the opinion that the subsidiary will continue to be in operation in the foreseeable future and preparation of the financial statements of the subsidiary (which have been included in preparing the Consolidated Financial Statements) as a going concern is not affected.		
12 The Company has disposed of majority of its investment in shares with nominal value of Rs.73.50 crores, held in TVS Energy Limited, (now renamed as Green Infra BTV Limited, Chennai), erstwhile subsidiary, on 16.8.2013. The assets and liabilities of the said subsidiary as on 16.8.2013, have accordingly been adjusted against the proceeds on disposal and minority interest.		
13 Since the said company (TVS Energy Limited now renamed as Green Infra BTV Limited) ceased to be a subsidiary on 16.8.2013, previous year's results are not comparable with the current year.		
14 Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.		

venu srinivasan
Chairman & Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

S.G. MURALI
Executive Vice President – Finance

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Bengaluru
Date : April 29, 2014

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 Housing Limited, Chennai	TVS Motor Company (Europe) B.V, Amsterdam	TVS Motor Pte. Limited Singapore	PT. TVS Motor Company Indonesia, Jakarta	Sundaram Business Development Consulting (Shanghai) Co., Ltd., Shanghai			
		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	in RMB ¥ in Million
(a)	Capital	11.55	0.05	28.59	201.20	64.36	532.03	1,090,587.80	1.25	1.39
(b)	Reserves	82.84	0.02	(23.93)	(4.80)	(0.44)	(416.75)	(814,965.46)	(0.34)	(0.46)
(c)	Total assets	279.12	29.11	4.85	244.49	74.11	350.37	719,382.90	0.97	1.00
(d)	Total liabilities	279.12	29.11	4.85	244.49	74.11	350.37	719,382.90	0.97	1.00
(e)	Details of investment	3.01	-	-	-	-	-	-	-	-
(f)	Turnover including other income	1,877.06	0.04	1.25	-	-	96.50	174,214.89	1.79	1.83
(g)	Profit before taxation	17.79	0.03	(4.09)	(0.04)	(0.01)	(124.94)	(218,493.44)	0.09	0.10
(h)	Provision for taxation	7.11	0.01	0.13	-	-	14.94	27,817.78	0.01	0.01
(i)	Profit after taxation	10.68	0.02	(4.22)	(0.04)	(0.01)	(139.88)	(246,311.22)	0.08	0.09
(j)	Proposed dividend	2.89	-	-	-	-	-	-	-	-

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. 59.92 / US \$	Rs. 60.28 / US \$
Indonesian Rupiah (IDR) to INR	Re. 0.005298 / IDR	Re. 0.005539 / IDR
Singapore Dollar to INR	Rs. 47.86 / Singapore \$	Rs. 47.58 / Singapore \$
RMB Yuan to INR	Rs. 9.69 / RMB ¥	Rs. 9.79 / RMB ¥

3. Investments exclude investment in subsidiaries.





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