

3. Management Discussion and Analysis Report

3.1. Company Business Performance in FY 2023-24

The Company achieved the highest sales of 3.85 million units of 2W ICE in FY 2023-24.

3.1.1. Domestic Business

The Company outperformed the broader Industry which grew by 12.8%. The Company recorded healthy volume growth across segments as enumerated.

Motorcycles

1.22 Mn

Domestic Sales in FY 2023-24

34.4% Y-o-Y increase

0.40 Mn

Premium Sales in FY 2023-24

Primary Growth Driver:
TVS Apache Series

0.82 Mn

Commuter Sales in FY 2023-24

47.6% Y-o-Y increase

Primary Growth Driver:
TVS Raider in executive segment

Commercial Mobility

20,791

Domestic Commercial Mobility Sales in FY 2023-24

29.3% Y-o-Y increase

Primary Growth Driver: TVS King

Scoters

1.45 Mn

Domestic Scooter Sales in FY 2023-24

16.5% Y-o-Y increase

Primary Growth Driver: Jupiter

3.1.2. International Business

The Company's 2W exports in FY 2023-24 were 0.89 million units, a decline of 3% over FY 2022-23 due to the global industry slowdown. Three-wheeler exports during the year reached 0.13 million units, a decline of 18.1% over last year.

2W business is anticipated to rebound in FY 2024-25. The African market is expected to show improvement in

recovering from the global slowdown, inflation moderation, currency devaluation, and effects of maritime disruption.

The Company has put adequate countermeasures in place to address the challenges and expects a good recovery in the international market in FY 2024-25.

3.2. New Product Launches and Initiatives in FY 2023-24



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TVS X

3.2.1. TVS X

At a glittering global event in Dubai, the Company launched its flagship electric 2W, the TVS X. The product bears testimony to the Company's global ambitions. It brings style, performance, and connected technology like no other product available in the market right now. With many industry-first features - the largest 10-inch TFT touchscreen on a 2W, industry-leading performance, and connected features, TVS X is a demonstration of cutting-edge technological innovation.



3.2.2. TVS Apache RTR 310

The latest addition to the Apache line-up is the Apache RTR310 which redefines two-wheeled exhilaration with its impressive blend of power, agility, and style and is poised to captivate motorcycle enthusiasts and adrenaline aficionados around the world. It comes with many segment-first features like Race Tuned Dynamic Stability Control, Climate Control Seat, 5 Ride Modes, Cruise Control, Dynamic Head and Tail Lamp, a 5" TFT Cluster with multiway connectivity, TPMS, and bi-directional quick shifter.



3.2.4. TVS Raider Super Squad Edition (SSE)

India's most award-winning 125cc motorcycle has continuously lived up to its promise of being a thrilling ride with many firsts in the segment and has been a rage amongst the Gen-Z audience since its launch. To further the legacy, Raider SSE was launched – India's first Marvel-themed motorcycle.



3.2.3. TVS Ronin

A special edition was launched with new graphics and triple-tone colour scheme. The special edition has pre-fitted accessories, including a USB charger, a visor, and a new EFI cover.



3.2.5. TVS Jupiter 125 SmartXconnectTM

The new variant comes with segment-leading technology and a Bluetooth-enabled TFT digital cluster which enhances the riding experience. This state-of-the-art technology ensures that the rider is always connected, and stays updated while on the move, guaranteeing a smooth, convenient, and safe journey.



3.2.6. TVS iQUBE

To further enhance the riding experience of consumers, additional features like a larger 31L under seat storage, voice assist, and Alexa skillset were introduced. It has expanded its presence to 690+ dealers and has maintained a strong No. 2 position in the market segment.



3.2.8. TVS NEO AMI 125

The Company launched this Bebek - designed around three core principles of perfect dimension, ultimate convenience, and intelligent innovation, across Africa. It is aimed at fulfilling evolving commuting needs by offering customers 72 exciting new features.



3.2.7. TVS HLX 150F

TVS HLX line of 2Ws, crossed the milestone of 3.5 million customers in international markets. The HLX was first made available 10 years ago in Africa and is now available in 50 countries across Latin America, Africa, and Asia. This model was further enhanced with a powerful yet efficient Ecothrust engine, added safety features, a superior suspension, better styling, and exciting colours.



3.2.9. TVS Racing

The Company launched India's first Electric Racing Championship with the TVS Apache RTE.

Factory racer Harith Noah scripted history by becoming the first Indian to win the Rally 2 Class and finishing in the top 11 at the Dakar Rally 2024.

The Petronas-TVS Racing association has completed 2 seasons with 80% wins across different race formats in India. The partnership will now also focus on introducing co-branded merchandise that aligns with the values and identity of both brands. A new endurance record was set with the Apache RR 310 at the 24-Hour Indian National Speed Endurance by covering 3,658 km at an average speed of 152 kmph, validating the machine's consistent performance and endurance.



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TVS Apache RTR 160SP



TVS MotoSoul, our flagship motorcycling festival marked the unveiling of the new TVS Apache RTR 160 4V, the most powerful motorcycle in the 160cc segment. Thrilling partnerships with 'Alpinestars', the world's leading manufacturer of high-performance riding apparel and gear were also announced.

3.3 Awards and Recognition in FY 2023-24



The Company earned four out of the five awards presented and has been adjudged No.1 in ICE Scooter and Motorcycle in the JD Power APEAL study.

Awards

- TVS Jupiter 110 is the most Appealing Economy Scooter
- TVS Radeon is the most Appealing Economy Motorcycle
- TVS Raider is the most Appealing Executive Motorcycle
- TVS Apache RTR 2V is the most Appealing Premium Motorcycle
- TVS NTORQ is the second most Appealing Executive Scooter

Several products from the Company have emerged as top performers in the Initial Quality Study (IQS), which evaluates the quality of 2Ws within the first six months of ownership.

Awards

- TVS Jupiter 125 is the #1 Executive Scooter in Initial Quality
- TVS Radeon is the #1 Economy Motorcycle in Initial Quality
- TVS Apache RTR 160 2V is the #1 Premium Motorcycle in Initial Quality
- TVS Raider is the #2 Executive Motorcycle in Initial Quality



The Company won various awards, significant among them:

Bike India Awards 2023 and 2024

- Overall Best 2W Manufacturer of the Year
- TVS Raider - 'Bike Variant of the Year'
- TVS Apache RTR 310 - Reader's Choice Bike of the Year and Bike of the Year up to 350cc

Car and Bike Awards 2024

- TVS X – Viewer's Choice Electric Scooter of the Year
- TVS Apache RTR 310 - Viewer's Choice Bike of the Year

Other Awards

- Autocar India Awards 2023 - Green 2W of the Year for TVS iQUBE S
- Jagran Hi-Tech Award 2023 – 2W EV of the Year for TVS X
- Zee Auto Awards 2023 - Most Trusted Brand of the Year (2W)
- Motor Vikatan Technology of the Year 2024 for TVS Apache RTR 310
- Faster Awards Auto Tech Award 2024 for Climate Control Seats in RTR 310
- The Company showcased a suite of made-in-India, made-for-the-world mobility solutions to the Hon'ble Prime Minister of India at Bharat Mobility Global Expo 2024

The Company's leadership was recognised with multiple awards in FY 2023-24.

Awards

- Chairman Emeritus, Venu Srinivasan was awarded 'Outstanding Institution Builder' at the 13th Managing India Awards and the 'Lifetime Achievement' Award by EY
- Managing Director, Sudarshan Venu won the Next-Gen Leader Award in the second edition of Moneycontrol's Indian Family Business Awards



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BMW CE02, co-developed by TVSM

3.4. BMW Association

Scripting a stellar and exemplary partnership amongst the global 2W industry, TVS and BMW Motorrad celebrated ten years of their strategic partnership which has resulted in the development of five products on the 310cc platform.

With over 1,90,000 customers worldwide, the motorcycles have been well accepted across all leading markets like the EU, USA, Latin America, Japan, China, and India.

The partnership is further expanding through the joint development of, and future technologies, including Electric Vehicles. Under this enhanced cooperation, both companies have identified a range of products and technologies to deliver mutual business benefits.

The recently unveiled BMW CE 02, carves a new segment for itself with its trend-setting design and innovative solutions to deliver a new kind of mobility experience that is fun in an urban environment.

3.5. Business Overview and Outlook for FY 2024-25

As TVSM moves into FY 2024-25, it holds a positive outlook for the future. India's GDP growth is anticipated to surpass initial estimates, with expectations of around 6.5%, maintaining its position as one of the highest amongst major economies. This growth is underpinned by key socio-economic fundamentals and proactive and consistent policy management by the Government and RBI.

Growth Drivers

- Stable urban discretionary consumption demand, particularly in services like travel, tourism, and hospitality
- Improved consumer sentiment, as evidenced by the RBI's Consumer Confidence survey
- Increased disposable income among the mid-income group due to previous fiscal year's tax reforms
- Enhanced investment climate supported by well-regulated banking and financial practices
- Record capex outlay of ₹ 11.11 lakh crore in the Central Government budget for FY 2024-25
- Moderate global crude oil and commodity prices



In addition to the above factors, the fast-developing corporate sector coupled with the favourable demography are expected to further fuel the growth of the economy.

The focus of the Union Budget for FY 2023-24 was on boosting capital expenditure while reducing fiscal deficit to pave the way for higher growth and lower future liabilities. The upturn in the consumption cycle is linked to a broad-based increase in economic activity, which the Indian Government is fostering through investments.

Although rural recovery remains sluggish, an expected normal monsoon could help the rural economy to recover faster. The slow rural demand is impacting moped and economy motorcycle segments. The Company is confident that the India growth story has a strong thread of personal, and commercial mobility. The demand for commuter, premium and commercial segments will be driven by the growth aspirations of customers aided by the initiation of the replacement cycle and supported by a favourable overall ecosystem.

Looking ahead to 2030, both the per capita income and vehicle ownership are expected to double driven by formalisation, digitisation, and urbanisation. Enhancements in road infrastructure, economic conditions, and mass transit systems will further fuel the demand for mobility. The 2W segment is currently best positioned to meet this demand, making its fundamentals highly appealing to a resurging India.

Export of 2Ws is anticipated to see recovery in FY 2024-25. The African market is expected to show improvement in recovering from the global slowdown and moderation of inflation. Expansion initiatives in LATAM, ASEAN, and the Middle East will provide additional momentum.

African markets currently face significant challenges due to currency devaluation, persistent inflation, and disruptions caused by maritime issues. However, considering the base effect, further decline is unlikely. The Company anticipates that globally implemented counter measures will mitigate these challenges, fostering a favourable business climate.

To sum up, India has positioned itself as the world's fastest-growing economy, simultaneously claiming the title of the most populous nation. With a substantial demand base, robust infrastructure development, strong fundamentals, and diversified sectoral strength coupled with increased global investments, India is well-positioned to maintain its growth trajectory in FY 2024-25.

3.6. Operations Review

3.6.1. Risks and Concerns

Environmental and Geopolitical Factors

The effect of the ongoing global geopolitical strife is continuing to cause large-scale impact on global trade and economy. It has impacted global liquidity, currency depreciation, food, and energy availability in several emerging markets where the Company has a good presence.

In international business, the recovery is slower than expected due to the volatile political climate and the availability of excess funds. The liquidity and inflationary trends are likely to slow down further compared to last year. However, the nature of risk is expected to be more regional than systemic. The recent attacks on commercial and merchant vessels transiting through the Red Sea's vital shipping lane have led to elevated transport costs; however, the Company expects this to cause limited long-term passover into the global inflation and trade landscape.

Additionally, the two- and three-wheeler export industry is expected to be influenced by changing regulatory policies, especially in some markets like Egypt and Iraq. Strong 2W markets like Sri Lanka, Bangladesh, Afghanistan, and Myanmar are taking longer than expected time to recover.

FY 2024-25 is anticipated to be exceptionally busy in terms of elections, with more than 80 countries globally preparing for major electoral events. Among the significant economies heading to the polls are India, the United States, the United Kingdom, the European Union, and Mexico. Notably, during India's 2019 general elections, a total expenditure of ₹ 55,000 crore was recorded. This time around, it is estimated to surpass ₹ 1,00,000 crore, which is expected to provide a boost to the consumption-driven economy within a relatively short timeframe.

Supply Side Factors

The likelihood of broader supply chain disruptions is projected to be lower than in the previous year. However, EV components might still encounter hurdles, potentially causing delays in service levels and financial performance. Any new geopolitical developments that affect the global supply chain could result in short-term or medium-term disruptions. The Company manages a diverse, multi-sourced, global supply chain to counteract these risks.

Demand Side Factors

Consumption growth has been slow in recent quarters. Nevertheless, domestic 2W demand is anticipated to be robust, as it decouples consumption and growth, driven by a strong replacement cycle. Currently, water reservoir levels are lower than normal. Any further monsoon-related irregularities could lead to agricultural output being affected. This could negatively impact the demand conditions.

A significant portion of Indian 2W buyers rely on retail finance for their mobility needs. New regulatory norms and liquidity controls could potentially impact the 2W sales.

Over the past few years, a variety of factors have contributed to a 35-45% increase in 2W prices in India. This affordability issue has already had an impact on demand. The low and mid-market segments have limited capacity to absorb further price increases without facing demand consequences.

Risk Management Policy

The Company's risk management framework is robust and regularly reviewed by the Risk Management Committee. This framework allows the Board to identify, assess, and monitor key risks and actively mitigate those that could impact the Company's objectives.

Risk identification and prioritisation are based on the Company's risk appetite, strategy, severity, and likelihood. The Board is confident in the effectiveness of the systems and procedures for risk identification, assessment, monitoring, and management.

The Risk Management Committee oversees various risks, including strategic, financial, market, IT, legal, regulatory, reputational, and others, recommending appropriate actions. The Board has approved a Risk Mitigation Policy.

Internal Control and their Adequacy

The Board holds the responsibility for assessing and approving the efficiency of internal controls, including financial, operational, and compliance aspects. The Company has implemented a robust and sufficient internal control system to safeguard its assets against loss and ensure proper authorisation and recording of all transactions.

The internal control system is continuously enhanced and evaluated for effectiveness. The information provided to management is accurate and prompt. The Company prioritises the reliability of financial reporting and adherence to legal and regulatory requirements. To strengthen controls, the Company utilises technology and centralises processes, enhances monitoring, and maintains effective tax and treasury strategies.

The Audit Committee oversees the effectiveness of internal controls, employing new technologies that influence financial controls and risk management.

The Company has established an Internal Financial Control framework, encompassing internal controls over financial reporting, operating controls, and an anti-fraud framework. The framework undergoes regular reviews by management and is tested by both an independent audit firm and the internal audit team.

The results are presented to the Audit Committee. Based on periodic testing, the framework is fortified to ensure the adequacy and effectiveness of Internal Financial Controls.

3.6.2. Total Quality Management (TQM)

Total Quality Management (TQM) remains the central focus within the organisation to drive performance excellence and mitigate business risks in an uncertain industry landscape. This steadfast commitment has been instrumental in keeping the organisation on a growth trajectory over time.

Utilising digital and AI initiatives, the Company continuously enhances customer experience processes and improves forecasting accuracy at the front end. These projects are geared toward achieving specific customer, business, and departmental objectives.

The Company operates with lean stock practices and implements a cash and carry system to maintain stock freshness for consumers and boost profitability for its channel partners. Senior management conducts periodic change management workshops with dealer partners to reinforce a culture of the process for results, emphasising execution excellence through rigorous daily work management.

The introduction of a Dealer TQM cluster approach, involving TQM consultants at the front end, aims to achieve breakthrough targets in customer satisfaction, market share, and profits.

The supplier excellence team runs an ongoing programme to embed the TVS production system within suppliers. The goal is to enhance maturity levels, quality, and delivery performance ratings of selected priority suppliers by establishing sustainable manufacturing systems and focusing on waste reduction.

Cutting-edge tools like Vision AI and predictive maintenance algorithms are being widely implemented as best practices. This initiative is set to expand to a larger number of suppliers in the current year.

Community of Practice (CoP) groups unite individuals with shared expertise and passion in specific areas such as OR, TRIZ, Reliability, and Taguchi methods. These CoPs are leveraged to drive strategic initiatives, swiftly solve complex problems, optimise solutions, transfer best practices, and enhance professional skills and competencies across the organisation, aligning with business objectives.

A culture of total employee involvement is deeply ingrained to achieve safety, quality, and profitability targets by promoting kaizen and cross-functional project initiatives. Emphasising 'waste elimination' in inventory and asset management has significantly improved the Company's working capital management.



3.6.3. Cost and Price Management

The Company provides high-value offerings to consumers achieved through aggressive waste reduction and quality improvement strategies such as value engineering, modularity, lightweight, alternative materials, localisation, and process innovation. These efforts extend across the entire supply chain, incorporating productivity enhancements, process improvements, and low-cost automation.

From Q2 FY2024, TVSM witnessed a softening of commodity prices and the improvement of semi-conductor availability which positively impacted pressure on cost and premium buy. This, coupled with the structured cost-reduction approach comprising alternate sourcing, alternate material, alternate design, lightweighting helped in improving the overall cost realisation across products.

Employee engagement is a cornerstone, driving one of the industry's most active employee suggestion programmes. The staff, at all levels, focus on cost reduction, operational enhancements, and waste elimination.

Digitalisation of internal processes is increasing to reduce waste and improve efficiency, particularly in fixed costs. Intense focus on cost management has enabled the Company to navigate commodity price inflation successfully, achieving record profits and earning recognition in JD Power APEAL and IQS studies, highlighting customer satisfaction.



3.6.4. Research and Development

The Company has consistently pursued in-house research and development excellence since its inception. In recent years, it has further intensified the R&D investments that are sharply focussed on chosen strategic areas.

Towards investing in building world-class in-house skill sets in technology research, product design and development, an exclusive team of specialised engineers has been formed for in-house software development. With mobility solutions becoming smart, connected, and increasingly dependent on software, electronics, and control, the focus on research in connected and embedded systems has been further enhanced.

Retaining the strength of in-depth customer understanding, cutting-edge technology, and design innovations at its core, the Company's R&D has adopted an agile, vigorous trans-disciplinary approach towards creating mobility solutions that are exciting, responsible, safe, and sustainable.

The Company's R&D remains one of the most prolific generators of innovations and patents, not only in India but globally also.

FY 2023-24 saw the launch of two exciting new products that are technologically advanced and provide a peek into the future

- **TVS X** is an electric-native smart electric scooter born out of the Company's future vision. It was created in-house, leveraging decades of know-how and cutting-edge technologies developed in the recent years. It's an innovative and lean design delivering high performance, convenient charging, and state-of-the-art connectivity. A highly advanced all-new technology solution has been built for the infotainment and control architecture which has helped deliver an unparalleled product experience with very high security and cutting-edge OTA capability.
- The **Apache RTR 310** comes loaded with several world-leading technology features in the areas of Intelligent assist, aerodynamically efficient design, state-of-the-art connectivity and climatic controlled seat. The intelligent assist is a bouquet of advanced features offered never before in any other global product of its class, the features enhancing fun and joy of riding, providing assist and enhancing safety under various conditions of ride.

TVS R&D has aligned its future focus in support of the Company's vision for 2030. R&D efforts and investments are directed toward electric mobility, alternate fuels, advanced safety systems, and sustainability. The current product range has more than 87% of parts recyclable and about 95% recoverable parts.



→ Paint shop in Hosur Plant

3.6.5. Digital and AI Technologies

The Company considers Digital and AI as a key organisation-wide accountability area. Currently, it prioritises digitalising the Company's operations in customer experience, retail and service management, manufacturing and supply chain, New Product Introduction (NPI), and enterprise functions.

By enhancing customer facing digital and AI capabilities as part of the TVS Xverse programme in FY 2023-24 by strengthening the web presence globally, the Company aims to increase organic traffic and lead capture of digital visitors. The Company has implemented new social media and marketing automation modules to improve reach, responsiveness, customer experience, and marketing effectiveness. The Company unified the companion mobile application for 2W customers globally and introduced a similar application for its three-wheeler customers.

Digital products used in dealerships, in both sales and service operations, have been improved increasing both retail and service penetration levels. Several AI technologies have been infused into the retail and service operations such as voice AI for lead management, vision AI for dealer upkeep, and auto-ordering systems for parts. The Company is also revamping the parts wholesale and connecting with service stations globally. It launched a new digital commerce capability for accessories and merchandise retail improvement.

The Company has launched an order management system for its international business distribution partners and is piloting a Sales and Operations (S&OP) programme for its vehicle and parts businesses globally, that will be scaled in FY 2024-25. It has deployed its track and trace systems for industrial IoT across its manufacturing locations along with associated digital and AI systems like computer vision AI to improve quality, efficiency, and safety. Warehouse digitalisation also improved transparency and efficiency of operations.

Progressing in its multi-year NPI digitalisation programme, the Company aims to improve the time to market of its new products. It has upgraded and standardised the software and new product introduction processes including for Norton Motorcycle Co, UK. Digital and AI technologies were made available for its new product launches including live commerce at launch, and the vehicle telemetry solution was strengthened to include all connectivity types and AI-based detection and prediction capabilities. Self-serve decision support technologies, including data harmonisation and AI tools, have been implemented for modularity and other NPI initiatives.

Automation of business operations workflows to improve employee experience, productivity, and quality continued this year with several self-serve employee applications in TVS Sampark and similar applications in finance, contract management, policy, and quality management.

Cybersecurity governance improved in line with its plans for information security governance, detection, and response. The Company continued to leverage the cyber governance council, consisting of senior management and industry experts, to expand the coverage of cyber defences and data privacy programmes for coordinated capability improvements for itself and the group companies.

The Company also leveraged its digital and AI capabilities to improve the operations of its subsidiaries. Lead capture and AI engines were deployed in PTTVS Indonesia.

Digital modernisation by leveraging the cloud and new collections system were implemented in TVS Credit. ERP and Product lifecycle management were deployed at The Norton Motorcycle Co. Limited, UK. Marketing and sales automation has been implemented in Swiss E-Mobility Group (Holding) AG, Switzerland (SEMG) along with digital commerce standardisation with Ego Movement.

In FY 2024-25, the Company is continuing its digital and AI investments to holistically enable omnichannel commerce capabilities for the group-wide digital transformation.

3.6.6. Environment, Occupational Health and Safety

All manufacturing Plants at Hosur, Mysuru and Nalagarh locations have been certified under the 'Integrated Management System' of ISO 14001:2015 and ISO 45001:2018. These facilities are also certified under the 'Social Accountability Standard', SA 8000:2014. Canteen facilities operated in-house at Hosur, Mysuru and Nalagarh Plants are certified under Food Safety Management system, ISO 22000:2018.

Impact of Reduce, Reuse, Recycle, Re-purpose Practices and Conservation Projects during FY 2023-24

- Reducing specific water consumption over 10%
- Apart from natural groundwater recharging, 16 million litres of rainwater were directly harvested
- Continuing efforts towards preserving Biodiversity, different varieties of RET - Rare, Endangered and Threatened - plant species were planted as a part of 'World Environment Day-2023'

Impact of 'Renewable Energy - 100%', efforts and projects implemented during FY 2023-34

- Achieving renewable power contribution of 93% in overall share of power and 58,000+ TCO₂e emissions reduction
- The Company won the '4th India Green Energy Award – 2023', by Indian Federation of Green Energy – IFGE - in recognition of Excellence in 2W and three-wheeler category
- Also won the 2nd highest 'Outstanding Green Energy User' in India for Industrial/commercial sector

Health and Wellness Initiative

- Several physical and mental health programmes implemented at all plant locations
- Regular periodic health checkups and vaccination drives conducted for all categories of employees including employees of service providers
- Collaborating with leading hospitals, eye camps organised for fleet drivers of outbound and inbound logistics
- Health care support provided to nearby villages of plant locations
- Road Safety training with experiential learning and defensive riding skills through a Virtual Reality (VR) simulator implemented
- Road safety campaign covering 7,600 employees was carried out during January 2024 commemorating National Road Safety Month at all plant locations
- Strides were taken to transform safety culture from 'dependent' to 'independent', partnering with dss+ - Dupont Sustainable Solutions
- Projects as a part of TICK (Transform, Inspire, Commit, Keep-up) programme were implemented through the five-pillar approach viz. Safety Interaction, Standards-Rules-Procedures, Incident Management, Training and Communication, and Road Safety
- Improving supply chain safety, 30 suppliers were audited for their safety compliance and supported in identifying around 800 improvements
- Plant Safety Rating System'- PSRS score, lead measure of safety performance among plants have improved by 12%





Champion Award

Received for TVSM Hosur plant in the Occupational Health, Safety and Environment Awards Assessment 2023 for Efforts on Safety, in 'National Safety Council – Tamil Nadu chapter'

Continuing the efforts on safety improvement, 624 proactive hazard control measures have been implemented across plants viz., equipment safety features for Robots and COBOTs conforming to ISO standards, 'Advanced Water Mist Fire Protection' for battery assembly and cell storage areas.

The overall 'Plant Safety Rating System' - PSRS score, which is a lead measure of safety performance among plants, has improved by 12%.

624

Proactive hazard control measures implanted in plants

During FY 2023-24, the Company was recognised with 'Excellence' level in the biodiversity category under CII-ITC Sustainability Awards, in addition to the earlier declaration of OECM - other effective area-based conservation measures, based on its exemplary promotion of biodiversity within the campus. Three species of birds, hitherto not seen, have been reported and photographically documented viz. white-bellied sea eagle, cinnamon bittern, and garganey teal. The appearance of the sea eagle is of particular interest because this is a shore-hugging bird, rarely seen far from the coast, yet here it appeared on the Hosur campus.

The Company's policy of maintaining 15% of its factory site area for wild and native forest has yielded a few incredible occurrences, the entry of some of India's largest and most prominent predators into its Mysuru Plant campus viz. leopard, wild dog (dhole), and tiger. While the leopard has made its entrance into the campus earlier, the dhole and tiger are new arrivals. All these exciting 'invaders' have clearly demonstrated that the Mysuru Plant green cover area, which is wholly 'company manufactured', is as good as any natural habitat. These potentially dangerous animals came and left silently and unobtrusively, as observed through recordings from CCTV camera traps at appropriate spots.

In pursuance of furthering its biodiversity conservation endeavours, naturalists have been enrolled to observe, analyse, and implement counter measures to improve its natural richness. At the Hosur Plant location, the obsolete solar pond was converted into a wetland with open water, marsh, and wader habitat. This has proved a success beyond expectation with new records of birds mentioned earlier arriving at the location.

Continuing the efforts on imparting nature education to school children in 6 schools at Mysuru yielded awareness creation and ownership of environment to a larger badge of 130 young student minds as a part of the TVS Greening Minds Initiative. The Centre for Environment Education, Bangalore has been engaged with the responsibility of running this programme at the Mysuru location.

As a part of horizontal deployment of TVS Greening Minds Initiative at Hosur, 5 schools were inducted into the programme covering 157 students from Class 6. Bhoomi College, Hosur has been engaged with the responsibility of running this programme at the Hosur location. Efforts are on towards increasing the number of schools at both locations under this programme.

9,500

Employees attended safety trainings

3.6.7. Human Resource Development

Towards the long-term vision of the Company, the people strategy has pivoted towards building a high performance, future-ready organisation. The Company recognises that business thrives on the contributions of people, and investing in their development is crucial for continued success.

The Company has been recognised among the “Best Company for Women in India”, ranking 11th across all companies and industries; also certified as a 'Great Place to Work in Manufacturing, Top 50' by GPTW.

TVSM has received the prestigious Helen Keller Award for the esteemed work done towards creating equal opportunities for Persons with Disabilities (PwD). Today, PwD are 2% of the employees. Policies have been created to upskill and improve retainment of PwD on merit basis.

In the journey of building a future-ready organisation, the Company adopted a multi- pronged approach for building people capability. Initiatives have been launched to embrace the reinstated TVS values and leadership competencies at all levels. Leadership building through current and future competency development is done through in-house programmes and partnership with globally acclaimed institutions. In addition to continuing education, challenging project assignments and job rotations.

Online learning on a variety of topics and skills has been made available to all employees through launch of learning platform – Pathways. The Company has been able to successfully integrate new capabilities like EV, software, data analytics and AI into the current teams. Sustainability has also been recognised as a key pillar in the future organisation and is being embedded in all processes.

TVS Institute of Quality and Leadership (IQL) focuses on building cultural capabilities, collective capabilities, supporting strategy delivery and enhancing sustainability. IQL initiated key learning solutions such as courses for future mobility, Communities of Practice (CoPs) for business impact in strategic areas, leveraging digital technologies for skill training, dojo centre for collective capability and Conferences to enhance momentum for learning as a community.

The information on no. of persons employed have been provided in BRSR report (Annexure no. VII)



Best Overall Corporate University – Bronze

Received by TVS Institute of Quality and Leadership (IQL) at the 2023 Global Council of Corporate Universities (GlobalCCU) Awards



3.6.8. Corporate Social Responsibility

Committed to social responsibility, the Company works to drive positive change in rural communities through the Srinivasan Services Trust (SST). SST prioritises health, education, environmental well-being, and economic empowerment in these areas. The core approach centres around total community involvement, ensuring all stakeholders participate and that projects are sustainable in the long run.

This participation is central to SST's success. SST has developed a mature model that emphasises community involvement in every project, even adapting best practices from Total Quality Management (TQM) to the rural development landscape. This results in programmes and structures that foster not only growth but also long-term sustainability for these communities.


SST fosters integrated, holistic, and participatory village development, working together with both communities and the Government. This collaborative approach ensures sustainable progress in the villages supported. Over the past 28 years, SST has empowered over 60,000 women by organising them into Self Help Groups (SHGs). Furthermore,

SST has implemented over 350 water conservation projects, including desilting tanks and irrigation channels, and has repaired and renovated over 2,600 pieces of rural government infrastructure. Looking ahead, SST is committed to continuous improvement.

60,000
Women empowered by SST

350
Water conservation projects undertaken by SST

2,600+
Rural government infrastructure renovated by SST



In the last few years, SST has stitched partnerships with several NGOs and foundations to work on specific areas of water, health and hygiene, capacity building of SHGs, quality education and livelihoods through effective livestock management and entrepreneurship.

Awards Won by Srinivasan Services Trust (SST) in FY 2023-24

- Best CSR and Sustainability Practices Award 2022-23 (awarded in 2023-24) by Asian Centre for Corporate Governance & Sustainability
- Economic Times Human Capital Awards 2023 – Winner (Gold) in Change Management
- CSR Journal Excellence Award 2023 – Special commendation for water conservation work in Tiruvannamalai
- Maharashtra CSR Awards 2023 by India CSR for Silage: Livestock Development
- CII National HR Circle Award for Best practices – Winners in two platinum in Change Management and Digitisation
- NHRD 12th showcase Best Corporate HR Practice – Runner-up

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

Over 28 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

The Committee formulated and recommended a CSR Policy in terms of Section 135 of the Companies Act, 2013 along with a list of projects/programmes to be undertaken for CSR spending in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The projects/programmes undertaken by SST and other eligible Trusts are falling within the CSR activities as specified under Schedule VII to the Act, 2013.

Based on the recommendation of the CSR Committee, the Board has approved the projects/programmes carried out as CSR for an amount of ₹ 30 crore for undertaking similar projects/programmes constituting more than 2% of the average net profits of the Company, made during the three immediately preceding financial years, towards CSR spending for FY 2023-24 and the Company has met the CSR spending through SST. CFO of the Company has also ensured the spending through SST for FY 2023-24.

The work, SST has been doing, has matured into a model centered on community participation in all its projects. SST's focus is to bring about sustainable development in villages. The key focus areas are women empowerment, repairing and renovating the village government infrastructure like the balwadis, primary schools, health centres and veterinary centres, creation of water conservation structures, desilting of water bodies and preserving the environment. SST encourages the community to alter their attitudes and take ownership of changes that bring about lasting development.

To bring in expertise in specific intervention areas like education, health and hygiene and livelihoods through livestock, SST is working in collaboration with organisations like Agastya International Foundation, Villmart, Navsahyog Foundation, Sankara Eye Foundation, Gramalaya and Shreeja Mahila Milk Producers Company Limited.

All of the projects undertaken through SST, are within the limit of ₹ 1 crore individually and do not require impact assessment.

However, SST is working with Tata Institute of Social Sciences (TISS) and Deloitte to carry out social impact studies. TISS is working to study the impact created on livelihoods by SST in the rural Pabal area in Pune district, Maharashtra. Deloitte is working to study the impact created on livelihoods by NABARD's Wadi programme. This was implemented by SST in Javadhu hills in Tamil Nadu.

As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual Report on CSR, containing the particulars of the projects/programmes approved and recommended by the CSR Committee and approved by the Board for the FY 2023-24 are given by way of Annexure

IV attached to this Report. It may also be noted that the CSR Committee has approved the projects or programmes to be undertaken by the SST and other eligible trusts for the year 2024-25, preferably in local areas including the manner of execution, modalities of utilisation of funds and implementation schedules and also monitoring and reporting mechanism for the projects or programmes, as required under the Companies Amendment Act, 2020.

4. 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, amongst 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. Directors' Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 (the Act, 2013) 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 2024, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- ii. that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors had prepared the annual accounts for the financial year ended 31st March 2024 on a "going concern basis";
- v. that the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. Financial Performance of Subsidiaries & Associates

Acquisitions

During the year under review the Company has:

- a) acquired additional stake of 25% in Swiss E-Mobility Group (Holding) AG ("SEMG"), Switzerland through its overseas subsidiary viz., TVS Motor (Singapore) Pte Limited on 9th June 2023 from the existing shareholders, thereby SEMG has become a wholly owned subsidiary of TVS Motor (Singapore) Pte Ltd. and the Company.

SEMG is a fully integrated e-bike platform with its core business consisting of the purchase and re-sale of own branded e-bikes, third-party branded e-bikes and spare parts through retail and online stores in Switzerland and Germany.

- d) subscribed to 28.57% stake in Indian Foundation for Quality Management ("IFQM") by way of newly issued shares of IFQM on 15th February 2024, a not-for-profit Company, registered under Section 8 of the Companies Act, 2013 that aims to bridge the significant gap in quality & perception of Indian-made goods and bring a positive change in the perception of the 'Made in India' brand.
- b) acquired additional stake of 9.40% in ION Mobility Pte. Ltd. (ION Mobility) on 14th March 2024 by way of subscription of shares through TVS Motor (Singapore) Pte Limited, a wholly owned subsidiary and thereby ION Mobility has become an associate of TVS Motor (Singapore) Pte Limited as well as the Company. TVS Motor (Singapore) Pte Limited holds 25.64% of the paid-up share capital of Ion Mobility.

ION Mobility, a tech and automotive OEM startup, which aims to create and deliver aspirational and sustainable mobility and energy solutions to customers across South-East Asia.

- d) acquired additional stake of 24% in Killwatt GmbH, in two tranches viz. on 15th November 2023 and 20th March 2024, through TVS Motor (Singapore) Pte Limited, a wholly owned subsidiary by way of subscription of shares and thereby TVS Motor (Singapore) Pte Limited holds 49% of the paid-up share capital of Killwatt GmbH, associate company.

Killwatt GmbH, carrying on development, design, manufacture, sale and distribution of high-tech products and components in the field of, inter alia, electric two-wheeler and three-wheeler vehicles.

Disinvestments

- a) During the year under review, the Company has divested the entire shareholding of 43.54% in Emerald Haven Realty Limited (EHRL), an associate on 14th June 2023 and thereby EHRL & its subsidiaries ceased as associates of the Company effective that date.
- b) The Company had sold its entire stake of 23.50% in Tagbox Solutions Private Limited ("Tagbox India") on

30th March 2024 and thereby Tagbox India ceased as an associate of the Company effective that date.

As on 31st March 2024, the following companies and bodies corporate are the subsidiaries/associates of the Company:

Subsidiaries

1. TVS Credit Services Limited (TVS CS), Chennai
2. Sundaram Auto Components Limited, Chennai
3. TVS Digital Limited (Formerly known as TVS Housing Limited), Chennai
4. TVS Motor Services Limited, Chennai
5. TVS Electric Mobility Ltd., Chennai
6. PT TVS Motor Company Indonesia, Jakarta
7. TVS Motor (Singapore) Pte. Limited, Singapore (TVSM Singapore)
8. TVS Motor Company (Europe) B.V., Amsterdam

Subsidiaries of TVS CS

1. Harita ARC Private Limited, Chennai
2. TVS Housing Finance Private Limited, Chennai
3. Harita Two-wheeler Mall Private Limited, Chennai

Subsidiaries of TVSM Singapore Pte. Limited

1. The Norton Motorcycle Co Limited, UK
2. Swiss E-Mobility Group (Holding) AG, Switzerland
3. The GO Corporation, Switzerland
4. TVS Digital Pte Ltd., Singapore
5. EBCO Limited, UK
6. Celerity Motor GmbH, Germany

Subsidiaries of GO AG

1. EGO Movement, Stuttgart GmbH, Germany

Subsidiaries of SEMG

1. Swiss E-Mobility Group (Schweiz), Switzerland
2. Colag E-Mobility GmbH, Germany
3. Alexand'Ro Edouard'O Passion Vélo Sàrl

Associates

1. Ultraviolette Automotive Private Limited, Bengaluru
2. DriveX Mobility Private Limited, Coimbatore
3. Indian Foundation for Quality Management, Bengaluru (w.e.f 15.02.2024)
4. Tagbox Solutions Private Limited, Bengaluru (upto 30.03.2024)
5. Emerald Haven Realty Limited, Chennai and its subsidiaries (upto 14.06.2023)

Associates of TVSM Singapore Pte. Limited

1. Killwatt GmbH, Germany
2. ION Mobility Limited, Singapore (w.e.f. 14.03.2024)

Associates of TVS Digital Pte Ltd.

1. Tagbox Pte Limited, Singapore
2. Predictronics Corp., USA
3. Scienaptic Systems Inc., USA
4. Altizon Inc, USA

SUBSIDIARIES PERFORMANCE

TVS Credit Services Limited (TVS CS)

TVS CS is the retail finance arm of the Company for financing of two wheelers, used cars, used and new tractors, used commercial vehicles, consumer durables, digital finance products, emerging and corporate business loans and personal loans. Along with these, it started offering gold loans during this FY. TVS CS primarily caters to self-employed, new to credit borrowers in the semi-urban and rural areas in India.

During FY 2023-24, TVS CS's overall disbursements registered at ₹ 25,018 crore as compared to ₹ 21,652 crore in the previous year registering growth of 16%.

The book size of TVS CS registered a robust growth of 26% and is presently at around ₹ 25,900 crore. Total income during FY24 grew by 40% at ₹ 5,796 crore from ₹ 4,152 crore during FY23. The PBT grew by 49% at ₹ 763 crore as against ₹ 512 crore during the previous year.

TVS CS raised ₹ 380 crore from PI Opportunities Fund I Scheme II, an alternative investment fund controlled by Premji Invest Limited. PI Opportunities Fund had made an aggregate investment of ₹ 828.52 crore in TVS CS as a combination of primary and secondary investment.

The following companies are the subsidiaries of TVS CS:

1. Harita ARC Private Limited, Chennai
2. TVS Housing Finance Private Limited, Chennai
3. Harita Two-wheeler Mall Private Limited, Chennai

All the above subsidiaries are yet to commence their operations.

Sundaram Auto Components Limited (SACL)

SACL is a wholly owned subsidiary of the Company. SACL manufactures plastics components used in the automobile industry. It has manufacturing plants located at Chennai and Hosur in Tamil Nadu, Mysore in Karnataka, Bhiwadi in Rajasthan, Nalagarh in Himachal Pradesh, and Sanand in Gujarat.

The total income of SACL was ₹ 765 crore in the current year as against ₹ 787 crore in the previous year 2022-23.

SACL earned a profit before tax of ₹ 29 crore after incurring a NIL exceptional cost during FY 2023-24 as against profit of ₹ 24 crore in the previous year after exceptional cost of ₹ 1.9 crore. Exceptional cost includes separation cost.

During the year under review, SACL has distributed a sum of ₹ 310 crore to the Company towards extinguishment of 3,26,31,578 equity shares held by the Company, consequent to the reduction of share capital under Section 66 of the Companies Act, 2013 as approved by the Hon'ble National Company Law Tribunal, Chennai.

SACL declared a dividend of ₹ 1.64 per share on the equity shares for the year ended 31st March 2024 absorbing a sum of ₹ 1.96 crore.

TVS Digital Limited (TVS Digital)

TVS Digital Limited (formerly known as TVS Housing Limited) is a wholly owned subsidiary of the Company.

The name and the main objects of the Company was changed during FY 2023-24 from TVS Housing Limited to TVS Digital Limited to reflect its new objects and carry on the business activities relating to Digital Information Technology and other related services.

TVS Motor Services Limited (TVS MS)

TVS MS was initially the investment SPV of the Company, for funding TVS Credit Services Limited (TVS CS).

TVS MS now holds 0.48% only in TVS CS and TVS MS continues to be a wholly owned subsidiary of the Company.

TVS Electric Mobility Ltd., Chennai (TVSEM)

The Company was incorporated on 13.12.2021 to undertake Electric Mobility business. The entire shares of TVSEM have been subscribed by the Company and hence, TVSEM is a wholly owned subsidiary of the Company. The Company is yet to commence its operations.

TVS Motor Company (Europe) B.V.

TVS Motor Company (Europe) B.V. was incorporated with a view to serve as special purpose vehicle for making and protecting the investments made in overseas operations of PT TVS.

TVS Motor (Singapore) Pte. Ltd.

TVS Motor (Singapore) Pte Limited, is a wholly owned subsidiary of the Company.

During the year, the Company has invested a sum of SGD 199.50 million in the ordinary shares of SGD 1/- each of TVS Motor (Singapore) Pte Limited.

The Company serves as a special vehicle for investments in overseas subsidiaries/associates.

TVS Digital Pte Ltd., Singapore

TVS Digital Pte Limited, Singapore is a wholly owned subsidiary of TVS Motor Company. The Digital start-up offers a range of solutions across their Auto-tech and Fintech platforms and has secured clients in Bangladesh, Bolivia, India, Indonesia, Nepal, Philippines and Singapore. The product offerings centre around AI Driven Credit Decisioning and Collections in Fintech and a suite of Sales acceleration and Consumer Experience enhancements apps in the Auto-tech platform that is also finding applicability in Real Estate and B2B businesses. Revenue streams have commenced, and the team is now focused on scaled profitable growth to help deliver focused unit economics objectives. The Company has recently established an entity in India as well which is focused on IT professional services and is also scaling rapidly.

PT. TVS Motor Company Indonesia (PT TVS)

During the financial year, PT TVS two-wheeler sales grew by 37%, standing at 0.11 million units as against 0.08 million units during the previous financial year, and three-wheeler sales is at 7,000 units as against 19,000 units during the previous financial year. During the year PT TVS reported Operating EBITDA of \$8 million as against \$8.3 million during the last year.

Swiss E-Mobility Group (Holding) AG (SEMG)

The Swiss E-Mobility Group (SEMG), along with its subsidiaries Swiss E-Mobility Group (Schweiz) and Colag E-Mobility GmbH, Germany and Alexand'Ro Edouard'O Passion Vélo Sàrl, operates under the full ownership of TVS Motor (Singapore) Pte Ltd. This organisational structure supports SEMG's strategic initiatives across the European markets, particularly focusing on the e-bike segment.

SEMG is strategically expanding its footprint in Europe, aiming to capitalise on the region's status as the second-largest e-bike market after China. The Company is enhancing its presence through a portfolio of both premium and technologically advanced brands. As a leading provider



in the DACH region (Germany, Austria, and Switzerland), SEMG operates the largest pure-play e-bike retail chain, m-way, with new expansions including two stores in Austria, bringing their total to 35 physical stores across Switzerland and Austria. Additionally, SEMG maintains a robust online presence through two e-commerce platforms.

With a diverse e-bike brand portfolio like Cilo, Sempel, Allegro, and Zenith-Bikes, SEMG has developed a strong omnichannel distribution network. This not only enhances its market presence but also aligns with consumer aspirations within the e-mobility sector.

In FY 2023-24, SEMG reported revenues of \$76.6 million, yet faced a loss of \$25.4 million, mainly due to challenging conditions in the European e-bike market. Holding a dominant position with approximately 20% market share in Switzerland, SEMG stands as the region's leading provider. For 2024, the Company is strategically focusing on reaching profitability by improving operational efficiencies and expanding its B2C (both offline and online) and B2B segments. SEMG is currently piloting the B2C offline model in Germany and Austria and is investing in the introduction of a B2B e-bike brand portfolio. The revenue goal for 2024 is set at \$105 million.

SEMG is leveraging emerging trends in the personal mobility sector by focusing on various e-bike categories, including e-city, e-urban, e-trekking, e-mountain, and e-cargo bikes. As e-bikes gain recognition for their sustainability and user-friendliness, the European market is experiencing increased regulatory backing and consumer uptake. E-bikes currently make up about 17% of all bicycles in Europe, with an expected annual growth rate of approximately 8%, signalling significant market opportunities. The global e-bike industry is projected to reach \$25 billion within the next five years.

In conclusion, SEMG's strong market presence and strategic initiatives highlight its capability to carve out a distinct niche in the European e-bike industry. By concentrating on enhancing operational efficiencies and expanding its market reach, SEMG is well-positioned to transform into a profitable entity, all while contributing to the advancement of sustainable transportation solutions.

The GO Corporation, Switzerland (the GO AG)

In September 2021, the Company acquired majority stake in the GO AG, Switzerland and its subsidiary EGO Movement through TVS Motor (Singapore) Pte Ltd. EGO Movement is a Swiss technology company providing innovative mobility solutions through a portfolio of e-bikes, e-cargo bikes and matching accessories. The Company has a strong presence in Switzerland, Austria and Germany with customer-centric products, a unique omnichannel network and a visionary team at its helm.

The GO Corporation and its subsidiaries have a strong presence in Europe with customer-centric products and a unique omnichannel network. In CY23, the GO Corporation group reported a revenue of CHF 4.9 million as against CHF 4.6 million during CY22. With the further expansion/upgrade

of retail networks, and expansion of e-commerce channels along with the recovery in the economy we expect GO Corporation to do better in the year 2024.

Over the past decade, the personal mobility landscape has evolved significantly with the global sustainability agenda, increasing urbanisation and advancement in battery technology.

EGO Movement's product portfolio focuses on delivering sustainable products with the latest technology and stylish designs. A powerful battery is blended harmoniously into the frame, whose ergonomic design allows for a comfortable upright sitting position. In addition, EGO Movement's connectivity platform is enhancing security and convenience for the vehicle's user with smart features such as keyless go, GPS location with theft alarm and access-sharing. The unique and innovative design philosophy has earned the Company multiple awards, including the prestigious Red Dot Award and in 2022 the German Brand Award.

This acquisition is in line with the Company's commitment towards electrification and the broader sustainability agenda for building an aspirational product portfolio while nurturing sustainable and scalable brands. EGO Movement is a Swiss technology company providing innovative mobility solutions through a portfolio of e-bikes, e-cargo bikes, and matching accessories.

EBCO

In April 2022, the Company acquired a 70% share in EBCO Ltd., a British company providing mobility solutions through E-Bikes, across the Adventure, Urban and City bikes segments.

EBCO offers innovative and high-quality e-bikes in the UK region. During FY24, EBCO reported a revenue of GBP 0.8 million as against GBP 0.5 million during FY23.



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EBCO Street 2

2023 saw a complete revamp of the range to update and modernise the offering providing a premium quality product at affordable pricing to hit the volume market. A new sales team was onboarded in Q3. The UK market was impacted on account of overall market sentiments and huge accumulation of stock in the market.

2024 will be the first full trading period with products available ready for the season's start. There was a small existing network of retail partners in place, and the addition and expansion of retail partnerships is developing to obtain national coverage, whilst working and developing the omnichannel also.

With the new products and strong dealerships planned, EBCO is placed in a good position to obtain good market share.

The Norton Motorcycle Co Limited, UK

Since the acquisition of Norton in 2020, the Company has built a strong foundation by setting up a state-of-the-art facility and a new engineering and design centre to further the growth of Norton. During FY24, Norton has launched special editions to celebrate 125 years of brand legacy.

Overall, the premium and super-premium markets are expected to grow consistently, and Norton is preparing its portfolio to become a strong player with a series of products getting closer to market readiness. The Company will continue to invest during the upcoming 8 quarters. The Company's engineering, design & development and supply chain capabilities will be leveraged to ensure high quality products are delivered in a cost-efficient and timely manner.



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Norton Factory

Ultraviolette Automotive Private Limited (UV)

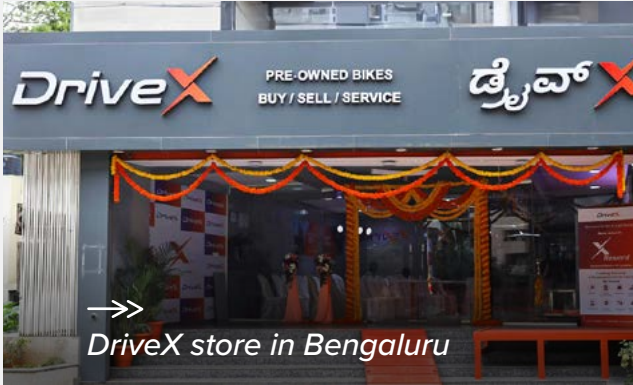
UV incurred a loss of ₹ 59.52 crore in the year 2023-24 as against loss of ₹ 9.03 crore in the previous year 2022-23. UV is a start-up company engaged in developing electric mobility solutions.

Tagbox Solutions Pvt. Ltd., India/Tagbox Pte Ltd., Singapore (Tagbox)

Tagbox is a start-up company which provides an IoT-based monitoring solution to predict and prevent unfavourable events, optimise reefer fleet and routes and manage inventory. On 30th March 2024, the Company sold its entire shareholding of 4,29,693 shares (consisting of 45,710 equity shares and 3,83,983 compulsorily convertible preference shares) constituting 23.50% in Tagbox Solutions Private Limited ('Tagbox India'), an associate company and thereby it ceased as an Associate Company

DriveX Mobility Private Limited (DriveX)

DriveX Mobility Pvt. Ltd. is engaged in the business of procurement, refurbishment and retailing of the pre-owned multi-brand two-wheeler motorcycles and scooters through its own stores (COCO) or through its franchisee dealers (FOFO). The Company is also engaged in trading of spare parts, accessories and engine oils for two-wheelers. The Company presently has 4 COCOs and around 50 FOFOs. The Company has a presence across India through its FOFOs but predominantly operates in the Southern part of India spreading Karnataka, Tamil Nadu and Kerala.



During FY 2023-24, the Company earned revenue of ₹ 36.61 crore against revenue of ₹ 9.72 crore for FY 2022-23. The Company has incurred a Net loss of ₹ 30.98 crore as against the Net loss of ₹ 11.12 crore incurred during FY 2022-23.

Predictronics Corp, (Predictronics) USA

Predictronics is a start-up company engaged in predictive analytics solution for critical assets, vertical software

for industrial robots and consulting services. Revenue of Predictronics was at ₹ 4.7 crore in 2023-24 as against ₹ 4.9 crore in the previous year 2022-23 with the y-o-y reduction driven by lower spending by the US Public Sector which is their major clientele. Predictronics made a loss of ₹ 4.4 crore in the year 2023-24 as against a loss of ₹ 4.9 crore in the previous year 2022-23 but has since transformed its business model and Go-to-Market approach and also streamlined its solution offerings to help facilitate a more profitable business in 2024-2025.

Scienaptic System Inc (Scienaptic), USA

Scienaptic is a start-up company engaged in explainable AI-powered Advanced underwriting decisioning platform. They have 137 clients currently and have established a niche market with SME Credit Unions in the US. They are now profitable as part of their focused efforts around unit economics. Total income of Scienaptic was at ₹ 62.5 crore in 2023-24 as against ₹ 36.1 crore in the previous year 2022-23. Scienaptic delivered a profit of ₹ 1.2 crore in the year 2023-24 as against a loss of ₹ 17.1 crore in the previous year 2022-23.

Altizon Inc, (Altizon) USA

Altizon is a start-up company which provides industrial IoT solutions and helps enterprises use machine data to drive business decisions. Featured in the top 10 IoT platform's globally and in the Gartner Magic Quadrant consistently, they are now profitable as part of their focused efforts around unit economics. Total income of Altizon was at ₹ 7.2 crore in 2023-24 as against ₹ 7.2 crore in the previous year 2022-23. Altizon delivered a profit of ₹ 0.4 crore in the year 2023-24 as against loss of ₹ 2.3 crore in the previous year 2022-2023.

7. Key Financial Ratios

As required under Regulation 34 of the Listing Regulations, there was a significant change in Debt Service Coverage ratio and Return on Net worth. Details of changes are:

| Ratios | UOM | Standalone | | Consolidated | |
|------------------------------|-------|------------|---------|--------------|---------|
| | | 2023-24 | 2022-23 | 2023-24 | 2022-23 |
| Debt Service Coverage Ratio* | Times | 2.50 | 5.40 | 1.50 | 3.10 |
| Return on Net worth | % | 30.23 | 27.43 | 27.45 | 26.83 |

*Reflects the repayment of borrowings during the year which results variance in debt service coverage ratio is more than 25%

8. Debentures

(a) NON-CONVERTIBLE DEBENTURES (NCDs)

The Company had earlier issued and allotted 5,000 Listed, unsecured, redeemable, non-convertible debentures (NCD) of face value of ₹ 10 lakh each on 15th May 2020 aggregating to ₹ 500 crore at 7.5% pa and the same was redeemed on 15th May 2023.

The Company issued and allotted 12,500 Rated, Unsecured, Redeemable, Floating Rate, NCDs having a face value of ₹ 1,00,000/- each aggregating to ₹ 125 crore (Rupees One Hundred and Twenty Five Crore only) on 14th March 2023 and the same were listed on the National Stock Exchange of India Limited on 15th March 2023. The above NCDs were issued at a coupon rate i.e. sum of Benchmark Rate (Repo Rate as declared by RBI) and spread of 140 basis points and the same redeemable at the end of the third year.

(b) ZERO COUPON DEBENTURES (ZCDs)

The Company had allotted 310 nos. of Unlisted, Unsecured, Redeemable, Non-Convertible Zero Coupon Debentures having a face value of ₹ 1,00,00,000/- each (Rupees One Crore only) on 7th December 2022 on a private placement basis.

During the year, the ZCDs were fully redeemed.

9. Employees Stock Option Plan

The Board at its meeting held on 20th March 2024, based on the recommendation of the Nomination and Remuneration Committee, approved the adoption of 'TVS Motor Company Employee Stock Option Plan' ('ESOP Plan') by way of secondary acquisition of fully paid-up equity shares of the Company having face value of ₹ 1/- ('Equity Shares') through TVSM Employees Stock Option Trust ('Trust') to be set up as per the provisions of all Applicable Laws.

The Company intends to implement the ESOP Plan with an objective to achieve sustained growth of the Company and to create shareholder value by aligning the interests of the employees with the long-term interests of the Company; to attract, incentivise and retain key talent and as well as to motivate the employees to contribute to its growth and profitability; and to recognise and reward the efforts of employees and their continued association with the Company.

The total pool of maximum number of Equity Shares that could be granted under the ESOP Plan to the Eligible Employees shall not exceed 0.25% of the total paid-up equity share capital of the Company as on 31st December 2023 i.e. 11,87,717 Nos. of equity shares of ₹ 1/- each, which may be adjusted for any corporate action(s) in terms of the ESOP Plan.

Board also approved to grant an interest free unsecured loan to TVSM Employees Stock Option Trust 'Trust' for an amount not exceeding ₹ 250 crore (Rupees Two Hundred and Fifty Crore Only) for the purpose of purchasing the equity shares of the Company through secondary acquisition, in one or more tranches which shall not exceed 0.25% of the total paid-up equity share capital of the Company.

There would be no equity dilution for the shareholders of the Company as the ESOP Plan is by way of acquisition of Equity Shares from the secondary market and shall be administered through Trust.

The Company has sought approval of the shareholders by way for the purpose of issue of Employees Stock Option Plan and secondary acquisition of equity shares by way of Special Resolutions through Postal Ballot and the same is pending.

The details of the including terms of reference, and the requirement specified under Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, will be made available on the Company's website post approval.

10. Issue of Bonus Redeemable Preference Shares

The Company has built up substantial surplus reserves, from its retained profits. The surplus reserves are well above the Company's current and likely future business needs. Overall reserves position is expected to improve further even after considering cash requirements for Company's capex programme and working capital requirements.

Accordingly, the Company is of the view that these excess funds can be optimally utilised to reward its shareholders. At the same time, in keeping with Company's tradition of conventional cash management and being mindful of the challenging business environment, the Company is of the view that it would be prudent to retain liquidity as well. Accordingly, the Company has proposed, inter alia, to distribute such funds amongst its shareholders, by issuing fully paid up listed non-convertible redeemable preference shares by way of bonus.

Upon approval of the Scheme of Arrangement in terms of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 by National Company Law Tribunal (NCLT), Chennai Bench, the Company shall issue 4 NCRPS of face value of INR 10 each fully paid up, for every 1 equity share of ₹ 10/- each fully paid up held by equity shareholder of the Company, which will be listed on both the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited. The issue size is ₹1,900.35 crore. The NCRPS shall be redeemed on the

expiry of 12 months from the date of allotment, and these NCRPS will carry a coupon rate of 6% per annum and payable at the time of redemption.

The Company has made an application to both the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited for obtaining No Objection Certificate (NOC). Post receipt of NOC, the Company will file necessary application with NCLT, Chennai for its approval.

11. Consolidated Financial Statements

The consolidated financial statements of the Company are prepared in accordance with the provisions of Section 129 of the Act, 2013 read with the Companies (Accounts) Rules, 2014 and Regulation 33 of the Listing Regulations along with a separate statement containing the salient features of the financial performance of subsidiaries/associates in the prescribed form. The audited consolidated financial statements together with the Auditors' Report form part of the Annual Report.

The financial statements of the subsidiary companies will be made available to the Shareholders, on receipt of a request from any Shareholder. The financial statements of the subsidiaries have also been placed on the website of the Company. This will also be available for inspection by the Shareholders at the Registered Office during business hours as mentioned in the Notice of AGM.

The consolidated Profit Before Tax of the Company and its subsidiaries & associates amounted to ₹ 2,703 crore for FY 2023-24 as compared to ₹ 1,936 crore in the previous year.

12. Directors & Key Managerial Personnel

Special Recognition to Mr. Venu Srinivasan, Chairman Emeritus & Managing Director

During the year under review, Mr. Venu Srinivasan, was conferred with an "Outstanding Institution Builder" Award at the 13th Managing India Awards – recognising his exceptional vision and leadership in building an organisation and who has been the driving force of an organisation.

Mr. Venu Srinivasan also received the 'Lifetime Achievement Award' at the EY Entrepreneur of the Year 2023 in recognition of his visionary leadership and for his decades of entrepreneurial excellence in revolutionising the two-wheeler industry in India.

Special Recognition to Mr. Sudarshan Venu, Managing Director

Mr. Sudarshan Venu received 'Next Gen Leader' award at the Indian Family Business Awards 2022. This remarkable recognition was a testament to his visionary leadership and unwavering commitment to innovation in the automotive industry.

Directors' Appointment/Re-appointment/Cessation

During the year under review, Dr. Lakshmi Venu, Director, expressed her unwillingness for re-appointment at the ensuing Annual General Meeting (AGM), due to her pressing commitments in Tractors and Farm Equipment Limited (TAFE) and Sundaram Clayton Limited (SCL) and hence, would not be re-appointed. The vacancy of the retiring director was not filled up by the shareholders.

The Directors recorded their appreciation for Dr. Lakshmi Venu's insightful contributions in discussions, particularly within her areas of expertise by adding immense value to deliberations on account of her diverse expertise and exposure to other businesses.

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Act, 2013, two-thirds of the total number of Directors i.e. excluding IDs, are liable to retire by rotation and out of them, one-third is liable to retire by rotation at every AGM. Accordingly, Mr. K N Radhakrishnan, Director & Chief Executive Officer, is liable to retire by rotation, at the ensuing AGM.

The Directors have recommended their re-appointment for the approval of shareholders. Brief resume of the Director is furnished in the Notice convening the AGM of the Company.

Independent Directors (IDs)

All IDs hold office for a fixed term and are not liable to retire by rotation.

Appointments

- (a) During the year under review, the Board appointed Dr. Deepali Pant Joshi, as Non-Executive Independent Director (NE-ID) on the board at its meeting held on 11th September 2023, on the recommendation of the Nomination and Remuneration Committee, for a term of five consecutive years effective 11th September 2023. The shareholders have approved her appointment by way of special resolution through postal ballot on 20th October 2023.
- (b) Further, the Board at its meeting held on 20th March 2024 had appointed Mr. Vijay Sankar and Mr. Shailesh Haribhakti, as Non- Executive Independent Directors (NE-ID) on the board, on the recommendation of the Nomination and Remuneration Committee, for a term of five consecutive years effective 20th March 2024 and 1st April 2024 respectively. The approval of the shareholders for the appointment have been sought by way of a special resolution through Postal Ballot and the results will be declared post completion of e-voting on 10th May 2024.

The appointment of new directors is recommended by the Nomination and Remuneration Committee ('NRC') on the basis of requisite qualifications, skills, proficiency, experience, expertise in industry knowledge and competencies as identified and finalised by the Board considering the industry and sector in which the Company operates.

The Board, on the recommendation of the NRC, independently evaluates and recommends to the shareholders. In the opinion of the Board, the Independent Directors appointed during the year are persons of high repute, integrity and possesses the relevant expertise and experience in the respective fields

Cessation

- (a) Mr. T Kannan, Independent Director upon demise on 23rd May 2023.
- (b) Mrs. Lalita D. Gupte, Independent Director had completed her tenure on 22nd October 2023 and she had ceased to be Director effective that date.
- (c) Mr. R Gopalan, Independent Director had resigned from his position as Independent Director of the Company effective 2nd March 2024 due to his personal reasons and confirmed that there are no other material reasons other than those provided. He thereby ceased to be a Director effective that date.
- (d) Mr. Kuok Meng Xiong, Independent Director has expressed his inability to continue as a Director on the Board due to his increasing business commitments & personal reasons and submitted his resignation from the Board effective close of the business hours of the ensuing Annual General Meeting 2024 viz., 6th August 2024.

On 5th March 2019, the IDs viz. M/s. C R Dua and Hemant Krishan Singh were reappointed for the second term of 5 consecutive years from 14th July 2019 and their tenure will be get completed on 13th July 2024.

The Directors appreciated and placed on record the valuable contribution, support and insight provided by the Independent Directors during their tenure.

The terms of appointment of IDs include the remuneration payable to them by way of fees and profit-related commission, if any.

The terms of appointment of IDs cover, inter-alia, duties, rights of access to information, disclosure of their interest/concern, dealing in Company's shares, remuneration and expenses, insurance and indemnity. The IDs are provided with copies of the Company's policies and charters of various committees of the Board.

In accordance with Section 149(7) of the Act, 2013, all IDs have declared that they meet the criteria of independence as provided under Section 149(6) of the Act, 2013 and Regulation 25 of the Listing Regulations and the Board confirms that they are independent of the management.

The detailed terms of appointment of IDs is disclosed on the Company's website in the link as provided in page no 186 of this Annual Report.

All the IDs have registered with the databank of Independent Directors developed by the Indian Institute of Corporate Affairs in accordance with the provisions of Section 150 of the Companies Act, 2013 and obtained ID registration certificate and renewed the same for five years/life time, as the case may be.

Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 11th March 2024.

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

a) Non-Independent Directors (Non-IDs)

IDs used various criteria prescribed by the Nomination and Remuneration Committee (NRC) for evaluation of Non-IDs and Executive Directors viz., M/s Venu Srinivasan, Sudarshan Venu, K N Radhakrishnan and Non-IDs Non Executive Directors viz. Prof. Sir Ralf D Speth and Dr. Lakshmi Venu, and also of Chairman of the Board and the Board as a whole, for the year 2023-24.

IDs evaluated the performance of all Non-IDs individually, through a set of questionnaires.

IDs reviewed the major events and milestones achieved by the Company during the year 2023-24 and products launched, major acquisitions & strategic partnerships and awards & accolades received and the comparative data on financial/market cap for the year 2023-24.

They also reviewed the developing strategic plans aligned with the vision and mission of the Company, displaying leadership qualities for seizing the opportunities and priorities, developing and executing business plans aware of the risks involved, establishing an effective organisational structure, and demonstrating high ethical standards and integrity and commitment to the organisation besides participation at the Board/Committee meetings, effective deployment of knowledge and expertise and constructive comments/guidance provided to management by the Non-IDs.

IDs appreciated and recorded that:

Mr. Venu Srinivasan, Chairman Emeritus and Managing Director's vision is a driving force that facilitated the Company to emerge as third largest two-wheeler manufacturer in India and has also made major contribution to the automotive industry and nation building at large for the last four decades;

His experience and innovative excellence that helped the Company in broadening its product portfolio and market presence in more than 80 countries across the globe and his dedication to the transformation of rural India by empowering women in the rural areas can be seen through his passion towards setting up the Srinivasan Services Trust which has touched the lives of 1.6 million people in 2500 villages across the country in the last 28 years

Mr. Sudarshan Venu, Managing Director's vision of transforming the Company into a leading global mobility player which paved the way for launch of various new products in EV segment. His leadership drove the e-mobility

initiative, resulting in significant market share gains, and the Company recently crossing 25% in the EV market.

His focus on investing in future technologies and acquiring talent in software electronics and digital analytics was notable, and he was positioned to lead TVS Motor to even greater global success and he is also a pivotal role in expanding international business into markets in Africa, Southeast Asia, LATAM, and Europe;

His global experience and leadership skills that helped the Company in various acquisitions across the globe and strategic partnerships with major automotive distributors.

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

b) Chairman

IDs reviewed the performance of the Chairman of the Board.

IDs also placed on record, their appreciation of the Chairman's exemplary leadership skills, exceptional vision, and unwavering dedication, Instrumental in leading the Company through a period of significant transformation, providing both strategic guidance and strong leadership to the Board of Directors and leverages his extensive experience to steer board discussions and decisions that maximise value for the Company and its shareholders.

IDs also noted that his vast experience to bear on steer Board discussions and decisions for the benefit of the Company and Shareholders.

c) Board

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

The evaluation process focused on Board Dynamics. The Company has a Board with a wide range of expertise in all aspects of business and outstanding diversity of the Board with the presence of varied personalities with an expert in each domain viz. Engineering, Finance, Marketing, Legal, Information Technology, Administration and International trades and is well balanced with the addition of directors, with domestic and international experience and also from new industries

The Company's management is well-guided by the Non-Executive Directors; and Board benchmarks well in terms of its overall composition and the value it adds to the business.

As far as shareholders' interest is concerned, IDs noted that a proper system has been established to ensure that the Company is prompt, relevant and transparent.

They were satisfied with the Company's performance in all fronts and finally concluded that the Board operates with best practices. Board composition of the Company is in compliance with the SEBI Listing Regulations and ahead of the benchmark as per the Corporate Governance Scorecard in overall position.

d) Quality, Quantity and Timeliness of flow of information between the Company, Management and the Board

All IDs have expressed their overall satisfaction with the support received from the management and the excellent work done by the management during the year under review and also that the relationship between the top management and Board is smooth and seamless.

The Company is in compliance with the statutory requirements under both the Companies Act and the Listing Regulations and all the information provided to the Directors are very wholesome.

The information provided for the meetings were clear, concise and comprehensive to facilitate detailed discussions and periodic external presentations on specific areas well supplemented the management inputs. The emerging e-technology was duly incorporated in the overall review of the Board.

Key Managerial Personnel (KMP)

Mr. Venu Srinivasan, Chairman Emeritus and Managing Director, Mr. Sudarshan Venu, Managing Director, Mr. K. N. Radhakrishnan, Director & Chief Executive Officer, Mr. K. Gopala Desikan, Chief Financial Officer and Mr. K. S. Srinivasan, Company Secretary are KMPs of the Company in terms of Section 2(51) read with Section 203 of the Act, 2013 as on date of this Report.

Nomination and Remuneration Policy

The Nomination and Remuneration Committee of Directors (NRC) reviews the composition of the Board to ensure an appropriate mix of abilities, experience and diversity to serve the interests of all stakeholders of the Company.

Nomination and Remuneration Policy was initially approved by the Board at its meeting held on 23rd September 2014 and was recently amended by the Board at its meeting held on 20th March 2024 to maintain consistency with statutory amendments to make it up to date and more comprehensive.

The objective of such policy is to attract, retain and motivate executive management and devise remuneration structure to link to Company's strategic long-term goals, appropriateness, relevance, and risk appetite.

NRC will identify, ascertain the integrity, qualification, appropriate expertise and experience, having regard to the skills that the candidate will bring to the Board/Company, whenever the need arises for appointment of Directors/KMP.

Criteria for performance evaluation, disclosures on the remuneration of Directors, criteria of making payments to Non-Executive Directors have been disclosed as part of Corporate Governance Report attached herewith.

Remuneration payable to Independent Directors

The Shareholders have provided approval for renewal of the payment of remuneration, by way of commission not

exceeding 1% of the Net profits, in aggregate, payable to the Independent Directors of the Company (IDs) every year.

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

Evaluation of the Independent Directors and Committees of Directors

In terms of Section 134 of the Act, 2013 and the Corporate Governance requirements as prescribed under the Listing Regulations, the Board reviewed and evaluated Independent Directors and various Committees viz., Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders' Relationship Committee, based on the evaluation criteria laid down by the NRC.

Board has carried out the evaluation of all Directors (excluding the Director being evaluated) and its committees through a set a questionnaire.

Independent Directors

The performance of all IDs was assessed against a range of criteria such as contribution to the development of business strategy and performance of the Company, understanding the major risks affecting the Company, clear direction to the management and contribution to the Board cohesion. The performance evaluation has been done by the entire Board of Directors, except the Director concerned being evaluated.

The IDs were always kept informed of the constitution of robust framework for the Company and group companies against cyber threats and mitigation plans against cyber-attacks for business continuity.

They also kept abreast of risk mitigation plans viz., financial impact on roll back of FAME II subsidy by March 2024 and International Business Industry Risk on account of forex shortage and currency depreciation.

The Board noted that all IDs have understood the opportunities and risks to the Company's strategy and are supportive of the direction articulated by the management team towards consistent improvement.

On the basis of the report of performance evaluation of directors, the Board noted and recorded that all the directors should extend and continue their term of appointment as Directors/Independent Directors, as the case may be.

Committees

Board delegates specific mandates to its committees, to optimise Directors' skills and talents besides complying with key regulatory aspects.

- Audit Committee for overseeing financial Reporting;
- Risk Management Committee for overseeing the risk management framework;
- Nomination and Remuneration Committee for selecting and compensating Directors/Employees;

- Stakeholders' Relationship Committee for redressing investors' grievances; and
- Corporate Social Responsibility Committee for overseeing CSR initiatives and inclusive growth.

The performance of each Committee was evaluated by the Board after seeking inputs from its members on the basis of specific terms of reference, its charter, time spent by the Committees in considering key issues, quality of information received, major recommendations/action plans and work of each Committee.

The Board is satisfied with overall effectiveness and decision making of all Committees. The Board reviewed each Committee's terms of reference to ensure that the Company's existing practices remain appropriate.

Directors continues to devote such time as is necessary for the proper performance and effectively discharge their duties, all of them to devote appropriate time to fulfil their duties.

Board and its Committees has an appropriate combination of skills, experience and knowledge.

The current committees structure was considered effective and all the committees of the Board were considered to be working effectively.

Recommendations from each Committee were considered and accepted by the Board prior to its implementation during the financial year under review.

Details of Committees, its charter and functions are provided in the Corporate Governance Report.

Number of Board meetings held

During the financial year 2023-24, the Board met eight times and details of the meetings are provided as part of Corporate Governance Report prepared in terms of the Listing Regulations.

13. Auditors

Statutory Auditors

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, having Firm Registration No. 004207S allotted by The Institute of Chartered Accountants of India, were appointed as statutory auditors of the Company for the first term of five consecutive years from the conclusion of the 31st AGM (AGM 2023) till the conclusion of 36th AGM at a Statutory Audit fees of ₹ 85 lakh for the financial year 2023-24 in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

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

The Company has obtained necessary certificate under section 141 of the Act, 2013 conveying their eligibility for being the Statutory Auditors of the Company for the year 2024-25.

The Auditors' Report for the financial year 2023-24 does not contain any disclaimer, qualification, reservation or other remarks and the same is attached with the annual financial statements.

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 secretarial and related records of the Company.

The Secretarial Audit Report for the financial year 2023-24, given by M/s S Krishnamurthy & Co., Company Secretaries, Chennai is attached to this Report.

The Secretarial Audit Report does not contain any disclaimer, qualification, reservation or other remarks.

The Board at its meeting held on 8th May 2024 has re-appointed M/s S Krishnamurthy & Co., Company Secretaries, Chennai having Firm registration Number P1994TN045300 allotted by the Institute of Company Secretaries of India as Secretarial Auditors for the financial year 2024-25.

Cost Auditor

As per Section 148 of the Act, 2013 read with the Companies (Cost Records and Audit) Rules 2014, as amended, the cost audit records maintained by the Company in respect of its engine components manufactured by the Company specified under Customs Tariff Act heading in Table B to Rule 3 of the above rules, are required to be audited by a Cost Auditor.

M/s C S Adawadkar & Co, Practising Cost Accountant, having Registration No. 100401 allotted by The Institute of Cost Accountants of India, was re-appointed as Cost Auditor of the Company for the FY 2024-25 for conducting the cost audit at the same remuneration of ₹ 8 lakh as paid in previous year as remuneration in addition to reimbursement of applicable taxes, out-of-pocket expenses, travelling and other expenses payable to them.

The Company has filed the Cost Audit Report of 2022-23 on 22nd August 2023 in XBRL format.

14. Corporate Governance

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

A separate section on Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Listing Regulations is given as Annexure VIII to this Report.

The Director & Chief Executive Officer (D & CEO) and the Chief Financial Officer (CFO) of the Company have certified to the Board on financial statements and other matters

in accordance with the Regulation 17 (8) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended 31st March 2024.

15. Business Responsibility and Sustainability Report

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with relevant SEBI Circulars, new reporting requirements on ESG parameters were prescribed under "Business Responsibility and Sustainability Report" ('BRSR'). The BRSR seeks disclosure on the performance of the Company against nine principles of the "National Guidelines on Responsible Business Conduct" ('NGRBCs').

As per the SEBI Circulars, effective from the financial year 2023-24, filing of BRSR is mandatory for the top 1,000 listed companies by market capitalisation. Accordingly, for the financial year ended 31st March 2024, Company has published BRSR, in the prescribed format is given as Annexure VII to this Report and is available on the Company's website in the link as provided in page no. 186 of this Annual Report.

16 Policy on Vigil Mechanism

The Company has adopted a Policy on Vigil Mechanism in accordance with the provisions of the Act, 2013 and Regulation 22 of the Listing Regulations, which provides a formal mechanism for all Directors, Employees and other Stakeholders of the Company to report to the management, their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Code of Business Conduct and Ethics.

The Code also provides a direct access to the Chairman of the Audit Committee to make protective disclosures to the management about grievances or violation of the Company's Code.

The Policy is disclosed on the Company's website in the link as provided in page no. 186 of this Annual Report.

17. Public Deposits

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act, 2013, for the year ended 31st March 2024.

18. Statutory Statements

Information on conservation of energy, technology absorption, foreign exchange etc:

Relevant information is given in Annexure I to this Report, in terms of the requirements of Section 134(3)(m) of the Act, 2013 read with the Companies (Accounts) Rules, 2014.

Material changes and commitments, if any, affecting the financial position of the Company, having occurred since the end of the year and till the date of the Report:

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company:

There are no significant and material orders passed by the Regulators or Courts or Tribunals, which would impact the going concern status of the Company and its future operations.

Annual Return:

Copy of the Annual Return (Annexure II) in prescribed form is available on the Company's website in the link as provided in page no. 186 of this Annual Report, in terms of the requirements of Section 134(3)(a) of the Act, 2013 read with the Companies (Accounts) Rules, 2014.

Employee's remuneration:

Details of Employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure III. In terms of first proviso to Section 136(1) of the Act, 2013 the Annual Report, excluding the aforesaid annexure is being sent to the Shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company during business hours as mentioned in the Notice of AGM and any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

Comparative analysis of remuneration paid:

A comparative analysis of remuneration paid to Directors and Employees with the Company's performance is given as Annexure V to this Annual Report.

Details of related party transactions:

There are no material related party transactions under Section 188 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.

Details of loans/guarantees/investments made:

The details of loans and guarantees under Section 186 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2023-24 are given as Annexure VI to this Annual Report. On loans granted to the Employees, the Company has charged interest as per its policy, in compliance with Section 186 of the Act, 2013.

Reference to the details of investments made by the Company is available in the Notes on accounts

Reporting of fraud

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

Secretarial Standards

The Company has complied with the applicable Secretarial Standards as amended from time to time.

General Disclosures

During the year, there were no transaction requiring disclosure or reporting in respect of matters relating to:

- a. issue of equity shares with differential rights as to dividend, voting or otherwise;
- b. issue of shares (including sweat equity shares) to employees of the Company under any scheme;
- c. pendency of any proceeding under the Insolvency and Bankruptcy Code, 2016; and
- d. instance of one-time settlement with any bank or financial institution.

Disclosure in terms of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH), as amended, Company has a robust mechanism in place to redress complaints reported under it. Company has complied with provisions relating to the constitution of Internal Committee under POSH. The Internal Committee (IC) comprises of internal members and external member who has an extensive experience in the field.

In the year 2023, 1 case of sexual harassment was reported, and enquiry is in progress.

During the year 2023-24, initiatives were undertaken to demonstrate Company's zero tolerance policy against discrimination and sexual harassment, which included creation of comprehensive and easy to understand training and communication material. In addition, online workshops were also run for the employees to enhance awareness and knowledge.

19. Acknowledgement

The Directors gratefully acknowledge the continued support and co-operation received from the holding Company viz., TVS Holdings Limited, Chennai. The Directors also 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 of Directors

Prof. Sir Ralf Dieter Speth

Chairman

DIN: 03318908

Chennai

8th May 2024